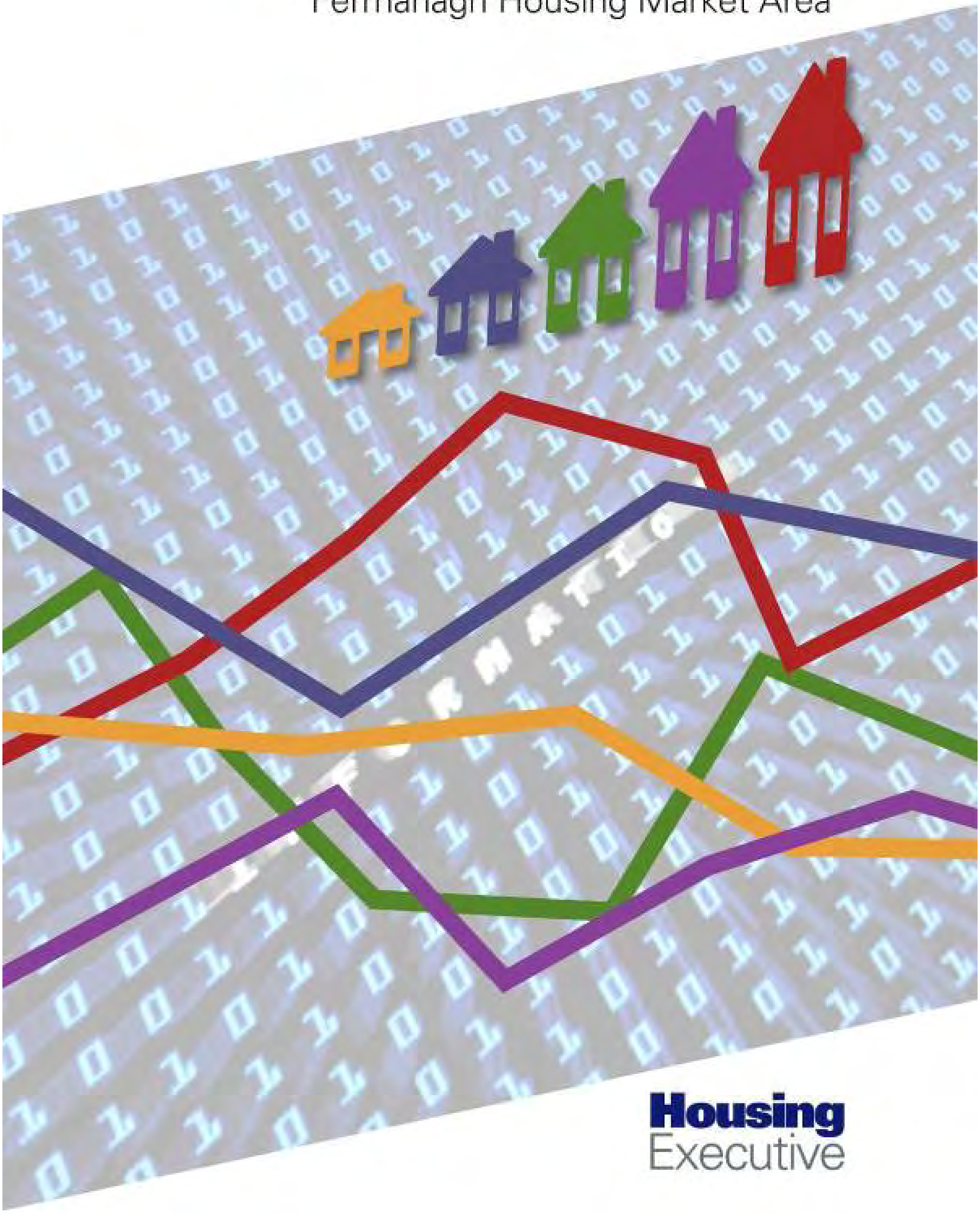
Housing Market Analysis

Fermanagh Housing Market Area



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Acknowledgements

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

Abbreviations

Fermanagh HMA	Fermanagh 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	PRS
RMS	Regulated Mortgage Survey

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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: HMA 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 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 Report's 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 Fermanagh Housing Market Area (Fermanagh 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 Fermanagh HMA;
- Provide a broad indication of the main housing sub-divisions within the Fermanagh HMA;
- Conduct data analysis to establish the current position of the Fermanagh HMA and likely future trends.

Report structure

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

- Section 1 summarises the geography of the Fermanagh HMA;
- Section 2 considers economic and demographic trends and their significance for the Fermanagh 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 Fermanagh HMA, including unmet housing need;
- The Appendices contain further details of information relating to that which is used in Fermanagh HMA. In addition it presents the wider policy and planning context within which the Fermanagh HMA operates. The Appendices also contain Northern Ireland level information.

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 Fermanagh HMA has been defined. In most cases housing market and sub-geographies totals are based on aggregated ward data[1].

Delineating the Spatial Structure of the Fermanagh HMA

In order to analyse a 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 a 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.

[1] As discussed in the guidance manual, in some instances it was necessary (and feasible) to apportion data not published below local government district below sub-market area.

Spatial sub-divisions within a HMA

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 a HMA as a tiered entity where different spatial areas nest into each other such that:

- Housing Market Area (HMA): A 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 HMAs 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 Fermanagh 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 Fermanagh HMA have been identified: **Enniskillen Town** and the **Fermanagh Rural area**.

Improvement Scheme, Enniskillen Town

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EXECUTIVE SUMMARY

Background

Northern Ireland's housing market has faced severe problems of affordability and rising housing pressure at a time when the wider global economy and financial system has been in systemic crisis. 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 Fermanagh HMA.

What is Local Housing Systems Analysis?

Local housing systems analysis (LHSA) is a framework for collecting, analysing and interpreting evidence across a well-defined spatial housing system. It allows housing planners to identify the imbalances or problems an 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 Fermanagh HMA 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 HMA level and, where appropriate, sub-market level;
- Analysis of the internal structure and dynamics of the housing system. This 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 Fermanagh Housing Market Area

- The Fermanagh HMA is situated in the south west of Northern Ireland and includes the entire area of Fermanagh Local Government District (LGD) along with Clogher and Fivemiletown wards, which fall within Dungannon LGD.

HMA Findings

- The Fermanagh housing market area, 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 Fermanagh HMA population increased by 7.5% between 2001 and 2008. This is marginally above the rate of increase for Northern Ireland (5.1%). The increase is largely as a result of a greater number of older persons. The population of the HMA is projected to increase by a further 9% between 2010 and 2023; again only slightly higher than the Northern Ireland rate of increase (8%);
- Despite the low total number of migrant workers in Fermanagh LGD, their numbers continued to increase up to 2009. This was due to the prospect of agricultural work and construction employment associated with the Erne hospital;
- NISRA 2008-based projections indicate that in 2010, Fermanagh HMA was home to over 63,000 households, equivalent to 3.5% of all households resident in Northern Ireland. The number of households in Fermanagh HMA increased by 16% between 2001 and 2010, more than twice the rate of population growth. More than 76% of households in Fermanagh dwell in the rural remainder which also recorded the greatest percentage increase in households between 2001 and 2010;
- The projected increase in household numbers between 2010 and 2023 is 15% for both Fermanagh HMA and Northern Ireland;
- 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 government. Indeed job growth in the region is likely to be slow over the next ten years and will restrict future household growth;
- The annualized HGI for Fermanagh LGD 1998-2015 set out in the RDS, is approximately 400 units per annum. The annual average number of new housing starts from 2000 to 2010 records 630 units per annum. Since 2008 there were 494 recorded starts in 2008/9 and 822 starts in 2009/10. The higher rate of new build compared to the HGI allocation is linked to the completion of existing schemes pre credit crunch, the introduction of PPS21 and the development of dwellings attached to the Erne hospital. Given the fragile state of the housing market, it is uncertain whether this rate of construction and household formation will continue in the years ahead;
- While there is significant surplus housing stock south of the border, there is a lack of employment opportunities to entice households in Fermanagh HMA to move. The economic environment in the Republic of Ireland is likely to deter any household migration from Northern Ireland in the short to medium term;
- Increased affordable housing pressures became a feature of the Northern Ireland housing market in the decade to 2007. This made the prospect of owner occupation untenable for many households. During this period, Fermanagh HMA experienced sharp rises in house prices, which increased more rapidly than

household earnings and incomes. In 2007, despite the Fermanagh HMA average house price being below the Northern Ireland equivalent (£233,415), average household earnings were still insufficient to make owner occupation an achievable aspiration for many;

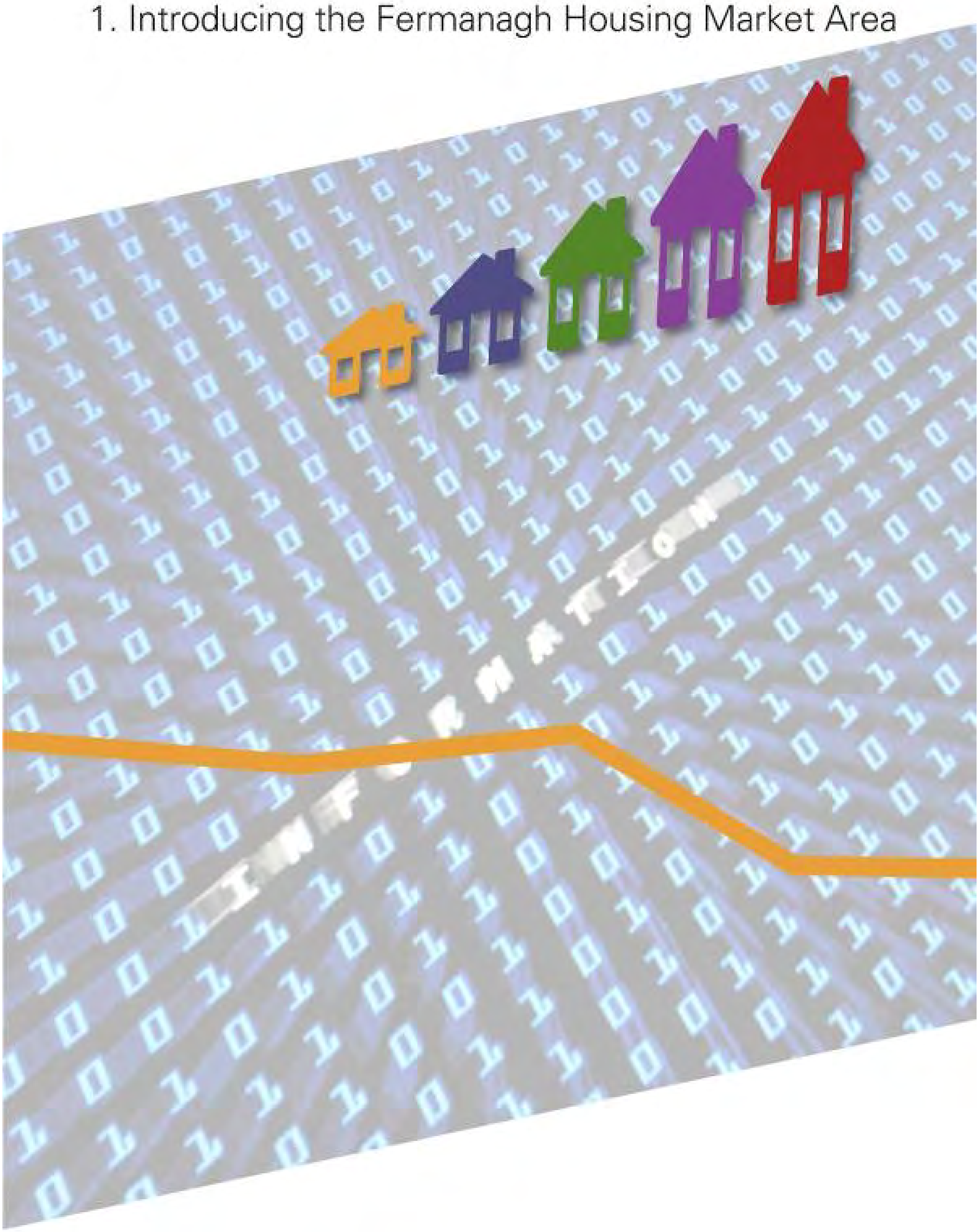
- The price spike that occurred between 2005 and 2007 and believed to have been driven in part by speculator and investor activity appears to be more of a Greater Belfast phenomenon, having only a limited impact on the Fermanagh HMA;
- Falling house prices in recent years have improved affordability as house price to income ratios have subdued. By 2010, the average house price in the Fermanagh area reduced to £130,998, substantially lower than the Northern Ireland average of £158,421. However, this has been offset by tighter lending criteria which has made it difficult for first time buyers to raise the necessary deposits and mortgage finance. Whereas 933 starts were recorded for Fermanagh HMA in 2006/7, only 493 new build starts were registered in 2008/9. Consumer confidence in the housing market is therefore unstable;
- 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 three thousand households could benefit from intermediate housing in the Fermanagh 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. The relatively high number of unsold new build dwellings, together with the high proportion of holiday accommodation in Fermanagh Rural has contributed to the growth in the private rented sector as many of these dwellings entered the sector;
- The increase in Private Housing Benefit claimants to 1,989 at March 2011 from 1,312 in March 2007 (52%), suggests a significant tenure shift to the PRS. Despite the recent additional supply, letting agents report that demand for private renting substantially outstrips availability;
- At 2011, there were only 16 registered HMOs in the Fermanagh LGD;
- Demand for social housing within Fermanagh HMA remains high in relation to the new build provision. The 2011 social housing need assessment identified a five year need for approximately 214 units for Fermanagh 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 Fermanagh HMA housing markets are tied to economic performance and job creation. The Northern Ireland Assembly's highest priority 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 Fermanagh 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 6,800 new houses in Fermanagh LGD over the 17 years from 2008 to 2025. This equates to an average to some 400 units per annum, which is slightly lower than the 2006-based figure of 435. The accuracy of these long-range household projections will require careful monitoring, particularly under the existing and projected mid term economic conditions. New dwelling starts in the decade to 2009/10 have averaged in excess of 400 units annually in Fermanagh LGD. Economic conditions are expected to reduce this trend significantly;
- Despite falling house prices, affordability issues will continue to face first time buyers in the short to medium term due to lending restrictions. Intermediate home ownership 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 in the private sector will be a long-term phenomenon for Northern Ireland. Between 2001 and 2006 there was a significant increase in the PRS and a decline in the owner occupied sector. A key challenge for the longer term will involve looking at ways to support the PRS in Fermanagh 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 HMA 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 16 HMOs recorded within the Fermanagh LGD;
- Registered Social Landlords will require flexibility in the use of current social housing stock and allocation policies to react to the affordability needs of existing tenants and new social applicants;
- The level of vacant properties in the Fermanagh HMA has been consistently above the Northern Ireland average for the past decade, particularly in Fermanagh Rural. Further research is recommended to identify the reason for this.

Social Housing in Fermanagh HMA

1. Introducing the Fermanagh Housing Market Area



1. INTRODUCING THE FERMANAGH HMA

The derivation of the Fermanagh HMA and the other 10 housing markets that function across Northern Ireland is set out in a separate report (Young et al, 2010). The study assessed whether Travel to Work Areas (TTWAs) provided a reasonable approximation of HMAs in 2001 by comparing Census commuting and migration patterns. Migration patterns between 2004 and 2007, which were derived from the Central Health Index (CHI)[2], were then analysed to develop a finer understanding of the link between different geographic areas and the influence of employment centres on population flows. The validity of the set of HMA boundaries were also explored through stakeholder discussions.

The Fermanagh HMA is shown in Map 2 and includes:

- All of the Enniskillen Town area;
- All of the Fermanagh Borough Council area and
- Two wards, Clogher and Fivemiletown, from Dungannon and South Tyrone District Council.

Outside Enniskillen, Fermanagh HMA is predominantly rural in nature. This does not necessarily mean that there is a distinctive rural housing sub-market area. Indeed the large geographical area of Fermanagh means that the rural area should not be considered a sub-market. For example, from Rosslea in the east of Fermanagh to Belleek, which lies on the border with the ROI, is a distance of fifty miles. Fermanagh Rural may be more appropriately referred to as a sub-division.

Though Fermanagh is a geographically large area, there are no defined sub-market areas. In the absence of clearly definable sub-markets, the area has been divided into Enniskillen Town and Fermanagh Rural sub-divisions. This report is not sensitive to local circumstances within each local area, ward or settlement. However it should provide sufficient context and detail to provide analysis of housing system trends within these two sub-divisions.

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

Map 2: Fermanagh HMA

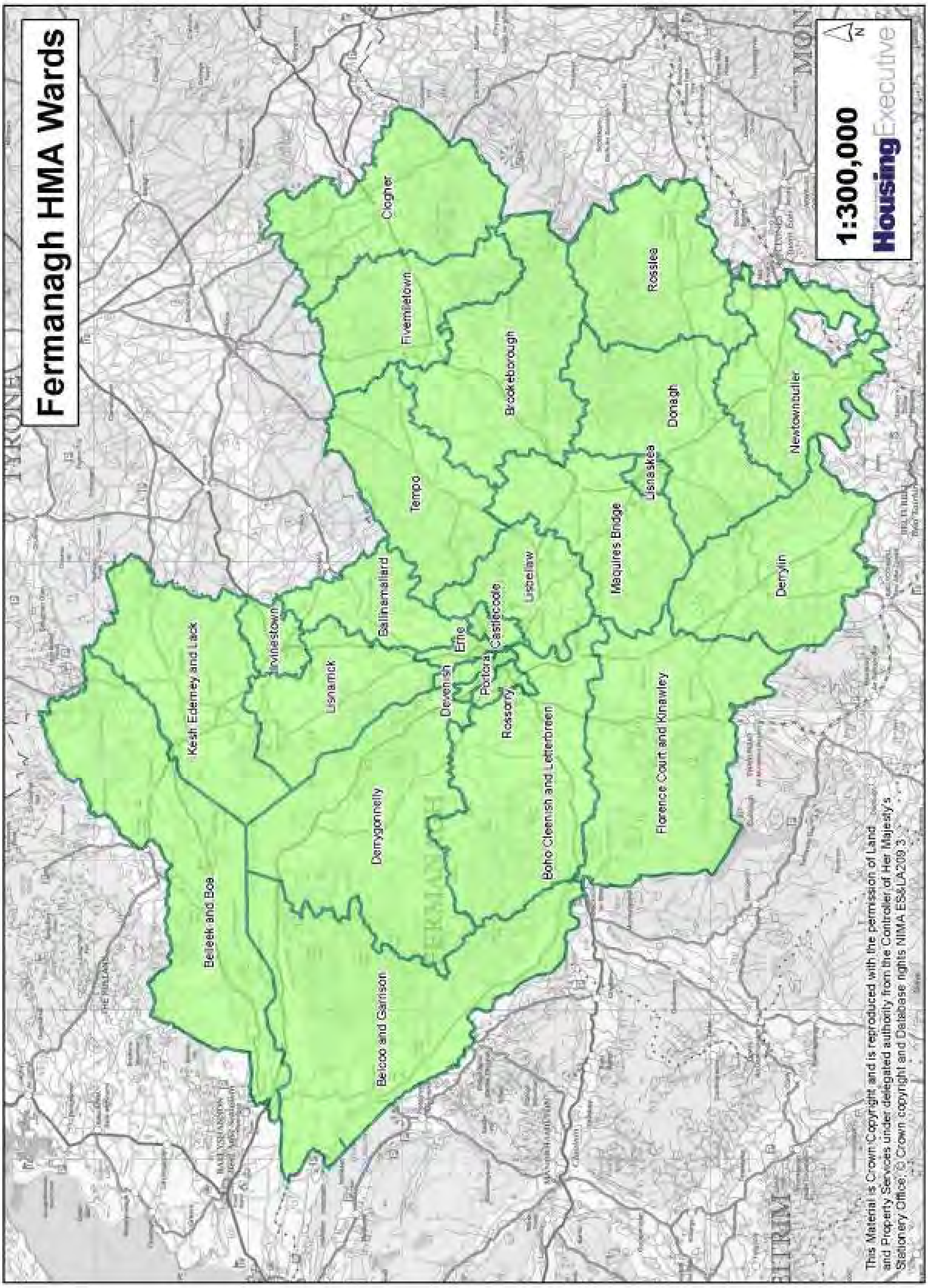


Table 1: Wards within Fermanagh HMA

ENNISKILLEN TOWN	FERMANAGH RURAL
Castlecoole Devenish Erne Portora Rossorry	Ballinamallard Belcoo & Garrison Belleek & Boa Boho, Cleenish & Letterbreen Brookeborough Clogher Derrygonnelly Derrylin Donagh Fivemiletown Florencecourt & Kinawley Irvinestown Kesh Ederney & Lack Lisbellaw Lisnarick Lisnaskea Maguiresbridge Newtownbutler Rosslea Tempo

The wards within Enniskillen Town and Fermanagh Rural are set out in Table 1 and also shown in Map 2.

The Fermanagh HMA is home to approximately 66,000 individuals and 22,000 households.

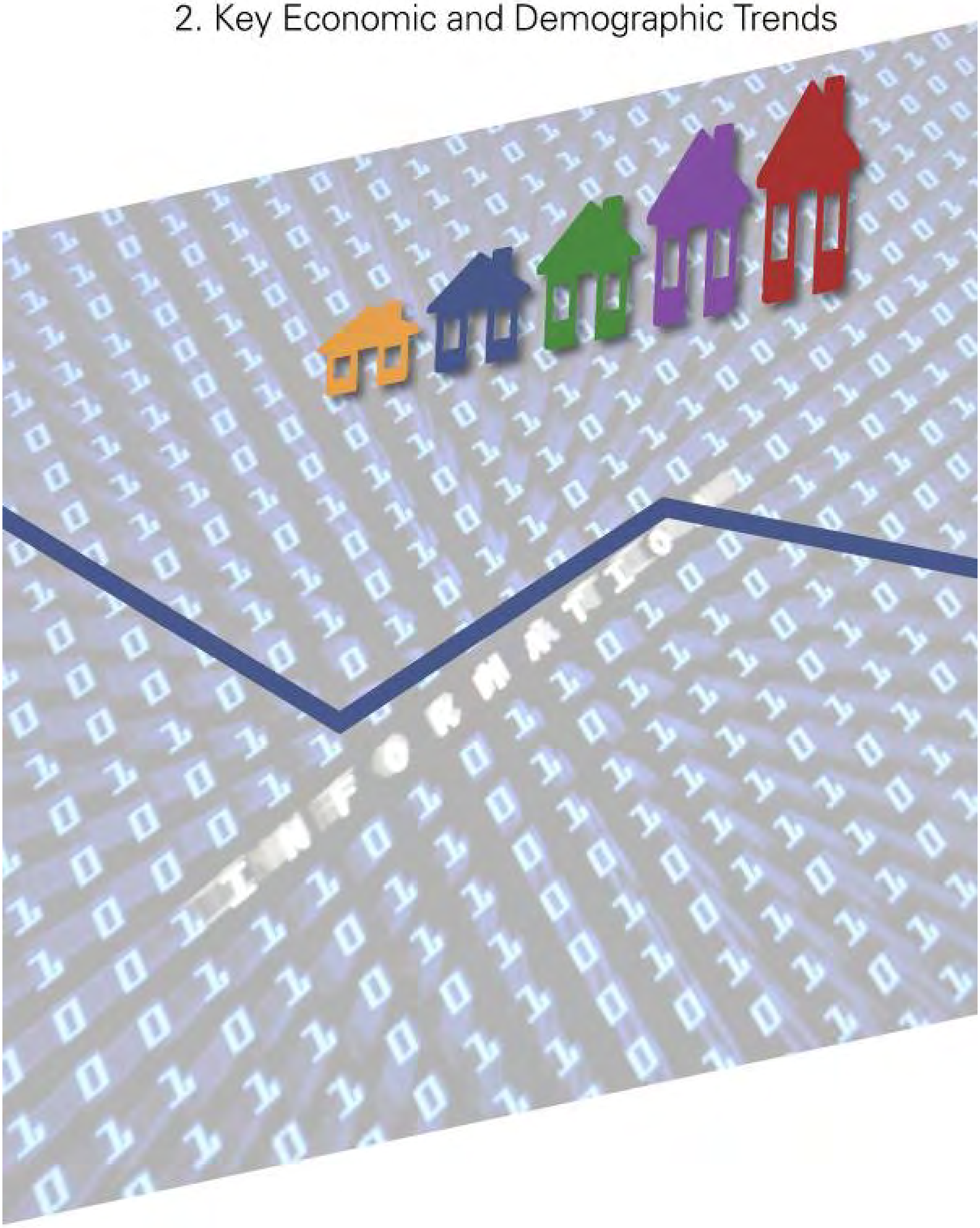
Table 2 confirms that in 2001 owner occupation was the dominant tenure across Fermanagh HMA. Indeed at 74%, it is 4% higher than the Northern Ireland figure. The balancing figure lies mainly in the percentage of socially rented dwellings. It is interesting to note the wide differences between tenure in Enniskillen Town and Fermanagh Rural.

Table 2: Housing tenure of households, 2001

	Owner Occupied (%)	Social renting (%)	Private Renting (%)	Other (%)	All (%)	No households
Enniskillen Town	64	25	9	2	100	5,353
Fermanagh Rural	77	12	7	4	100	16,482
Fermanagh HMA	74	15	8	3	100	21,835
Northern Ireland	70	21	7	2	100	626,711

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

2. Key Economic and Demographic Trends



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2. KEY ECONOMIC AND DEMOGRAPHIC TRENDS

Introduction

Various external factors influence housing system dynamics and the housing choices available to households. These include recent and possible future trends in terms of economic performance, the operation of the labour market and demographic change. The possible implications of these external drivers for the Fermanagh HMA are discussed in this chapter and subsequent sections of this report.

Recent Economic Performance

Economic performance of the wider Fermanagh economy

While there are no GVA growth figures specifically conterminous with Fermanagh HMA, it is appropriate to use the available data for the NUTS 3 areas to highlight issues which directly affect Fermanagh HMA. It is possible to make assumptions about the relative GVA growth within Fermanagh HMA based on the relative figures for West and South of Northern Ireland NUTS 3 areas as presented in Tables 3 and 4:

- In 2008, GVA for the West and South of Northern Ireland NUTS 3 area amounted to £5,351 million and accounted for 18.6% of the total GVA output for Northern Ireland;

Table 3: 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
Republic of Ireland	49,412	129,755			8.5	13,277	29,098	-	-

- From 1995 to 2008, the average annual growth rate for the West and South of Northern Ireland was 5.7%, which was higher than the rate for Northern Ireland (5.5%) and the UK (5.4%);
- Similar to the Belfast NUTS 3 area, the percentage share of Northern Ireland GVA increased slightly for the West and South between 1995 and 2008. For comparison, the percentage share for all the other NUTS 3 areas fell, except for Outer Belfast, where it remained the same;
- GVA per head in the West and South of Northern Ireland fell from 66.5% of the UK figure to 64.4% in the period.

Table 4: GVA for Northern Ireland and the Fermanagh economy by sector, 1995-2008

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
Fermanagh HMA				
	Total GVA 1995 (million)	**Total GVA 2008 (million)**	**As % of GVA 1995**	**As % of GVA 2008**
Agriculture, forestry and fishing	£298	£170	11	3
Production	£585	£1,235	22	23
Construction	£203	£669	8	13
Distribution, transport and communication	£463	£1,186	18	22
Business services and finance	£226	£674	9	13
Public administration, education, health & other services	£828	£1,418	32	26
Total GVA	£2,603	£5,351	100	100

Source: ONS (2010) GVA headline figures by NUTS 3 area (current prices and workplace based).
Notes: Data have been smoothed by ONS using a 5 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.

- 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 West and South areas;
- While the Production Sector fell in percentage terms in Northern Ireland the West and South experienced a slight increase rising from 22% in 1995 to 23% in 2008;
- In West and South NUTS 3 area, growth was experienced in Construction, which increased (from 8% to 13%); Distribution, transport and communication which increased (18% to 22%); Business services and finance which increased (9% to 13%). Subsequently these growth sectors have been hardest hit by the economic crash and collapse of the construction industry;
- Percentage GVA in Public administration, education, health and other services decreased from 32% in 1995 to 26% in 2008, similar to Northern Ireland.

The economy of Fermanagh HMA is obviously influenced by cross border trade. In 1995, cross border trade in Ireland stood at £1,346 million (Intertrade Ireland). This peaked at £2,599 million in 2007 and in 2010 had reduced to £2,114 million. Only twice during the 16 year period has the South to North trade exceeded that in the other direction. During the period 2003 to 2009, the North to South trade was greater by over £500 million annually. In both 2007 and 2008, this figure was above £700 million.

One factor which remains constant throughout the period is that the Food, Drink and Tobacco industries have held the highest percentage of the trade. These industries held 26.2% of trade in 2000, with only Transport Equipment reaching double percentage share among other industries. In 2010, this had risen to 46%. Fluctuations have been experienced by other industries, for example, the aforementioned high share enjoyed by the Transport Equipment industry in 2000 now stands at just 1.4%.

It is not possible to quantify exactly how big an impact these figures have locally. Given Fermanagh's position along the border with Monaghan, Cavan, Sligo and Donegal, it might be reasonable to assume that it enjoys a buoyant trade. Many factors will influence the direction in which this trade flows, including employment opportunities, tax rates, housing availability and the sterling/euro rate. Traditionally the flow has been predominantly North to South. There is no evidence to suggest that this position will change in the immediate future.

During interviews with local estate agents and council officials, there was a sense that since the onset of the recession, much of the local trade exchanges had diminished. The suggestion was that the greatest part of cross border trade was being carried out between the large cities and commercial centres.
Recent employment trends

Fermanagh HMA labour market trends

Labour market participation

The following information is provided at LGD level. As previously stated, Fermanagh HMA incorporates the entire Fermanagh LGD as well as the wards of Clogher and Fivemiletown, both of which are in Dungannon LGD. Consequently, the information given does not accurately represent Fermanagh HMA. Dungannon LGD appears to have lower levels of activity than Fermanagh LGD. It is likely, however, that Clogher and Fivemiletown may be more akin to Fermanagh LGD than Dungannon LGD and any inaccuracy is minor in nature.

LGD findings from the Labour Force Survey 2010 indicate that the economic activity rate for Fermanagh LGD is above the average among the over 16s (65.6%) compared to the Northern Ireland average (59.5%). The highest rate of economic activity was in Banbridge LGD (72.5%).

At 62.4%, the employment rate among over 16s for Fermanagh LGD is also well above the Northern Ireland rate of 55.3%. In fact, just two areas, Antrim LGD and Banbridge LGD show higher employment rates than Fermanagh LGD. Strabane LGD, at 42.4%, had the highest rate of unemployment.

According to the same survey, 69.6% of working age residents in Fermanagh LGD were economically active compared to the Northern Ireland figure of 70.9%. In this group, Banbridge LGD was again the highest at 79%. The employment rate in Fermanagh LGD (66.1%) among working age people was closely in line with Northern Ireland (65.8%). Carrickfergus LGD at 76.6% had the highest employment rate, while Strabane LGD (51.2%) again showed the lowest rate.

Unemployment, worklessness and deprivation

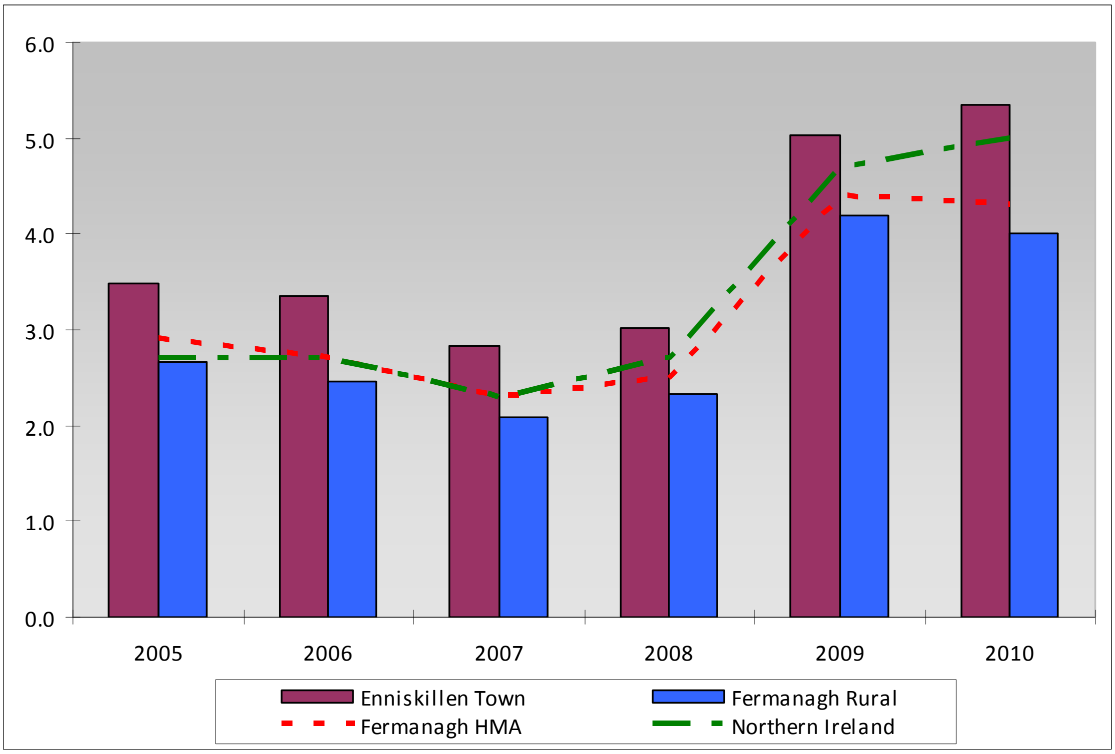
One predictable manifestation of the recession has been a rise in unemployment. Claimant count based unemployment figures for Fermanagh HMA are summarised in Figure 1 and show that:

- Claimant count rates remained below 3% to 2008 but increased sharply in 2009 to 4.4% and only receded slightly to 4.3% in 2010, which is still well below the Northern Ireland figure of 4.9%;
- The claimant count rate in Enniskillen Town is consistently higher than Fermanagh Rural.
- Closer analysis of the source information shows that across Fermanagh HMA, rates vary considerably between wards. Details include:
- Lowest rates are in Lisnarick (2.3%), Lisbellaw (2.4%), Ballinamallard (2.6%) and Fivemiletown (2.9%);

- All other settlements have an unemployment rate over 3%, including four which have a rate 6% or above. These are Newtownbutler (6%), Irvinestown (6.7%), Lisnaskea (6.9%) and Devenish (9.3%);
- Wards in which the claimant count has increased by more than 100% between 2005 and 2010 are:
- Castlecoole (124%);
- Clogher (122%);
- Ballinamallard (130%);
- Boho, Cleenish, Letterbreen (106%);
- Lisnarick (127%);
- Tempo (144%);
- The highest numerical increase in claimants was in Castlecoole, where the count rose by 62 from 50 to 112. The percentage increase in claimants in Fermanagh Rural (74.7%) was significantly higher than the increase in Enniskillen Town (64.4%). The figure across the whole HMA was 71.9%;
- Between 2009 and 2010, only one ward, Kesh, Ederney & Lack showed a reduction in the number of claimants, a minor decrease from 78 to 75.

In October 2010, 47.1% of claimants in Fermanagh HMA had been unemployed for 6 months or more compared to a Northern Ireland average of 46.6%. A slightly lower percentage of Fermanagh HMA claimants (21.7%) had been unemployed for a year or more compared to the Northern Ireland average (23.5%).

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



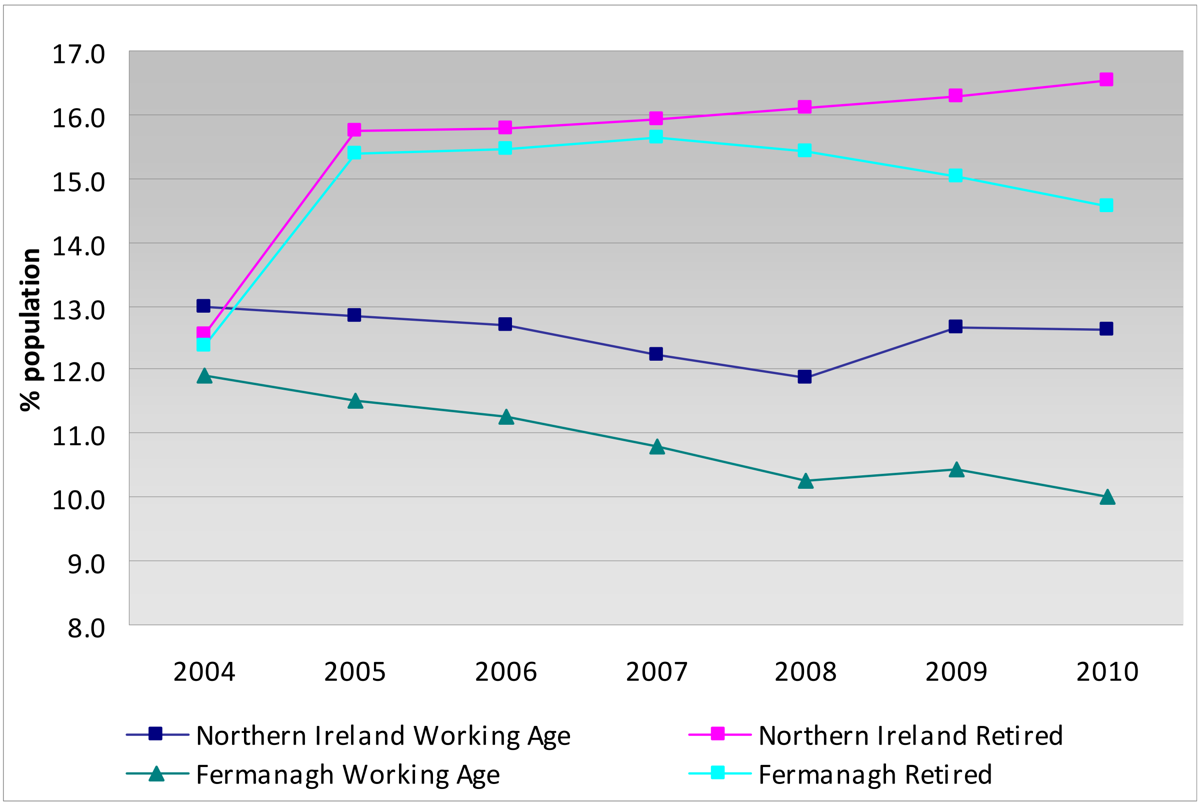
Source: NISRA Annual Average Claimant Count (NINIS, 2011)

Figure 2 shows the proportions of working age adults and retired people in receipt of key state benefits[3] from 2004 to 2010. It indicates that:

- Prior to 2009, the proportion of working age adults in receipt of key benefits had been falling slowly but steadily. In 2009 this trend went into reverse, though Fermanagh HMA did not increase to the same extent as Northern Ireland;
- Nationally, the position stabilised in 2010, while Fermanagh HMA saw a further fall which brought the figure to approximately 10%. This is more than 2.5 percent below the Northern Ireland figure.

3 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

The location of claimants is broadly in line with the location of employment deprivation. The lowest ranked Super Output Areas (SOA)[4] in Fermanagh in relation to employment were Devenish, Irvinestown, Portora, Lisnaskea, Erne and Newtownbutler. This mirrors information previously quoted in this report.

The percentage of key benefit claimants is lower than the Northern Ireland average. This may be partly due to the rural nature of the area, as deprivation is at its highest in urban areas. The Northern Ireland Multiple Deprivation Measure (NIMDM) is the official measure of spatial deprivation in Northern Ireland. It provides information on seven types or 'domains' of deprivation and an overall multiple deprivation measure comprising a weighted combination of the seven domains. These domains are measured at Super Output Area (SOA) level, of which there are 890 in Northern Ireland. For example, a third of Belfast's 150 SOAs are in the most deprived decile for Northern Ireland.

The NIMDM confirms that Devenish is the only SOA in Fermanagh HMA that falls into the bottom 10%. Additionally, Devenish falls into the bottom 10% across four of the seven domains that make up multiple deprivation. These are Health, Education, Environment and Crime.

4 Northern Ireland is made up of 890 SOAs which are wards or sub-divisions of Electoral Ward.

Predictably, almost half of the SOAs in Fermanagh HMA are in the lower decile of the Proximity to Services domain. All SOAs except Lisnaskea and those in Enniskillen Town are in the bottom 25% in this domain. Belleek and Boa is the second most deprived of the 890 SOAs in this domain, with Belcoo and Garrison just one place higher.

Derrylin features in the top 10% in the Employment domain while five SOAs score well in Crime and Disorder. These are Rosslea, Derrygonnelly, Boho/Cleenish/Letterbreen, Florence Court/Kinawley and Derrylin. Castlecoole 2 is among the top 10% in the Education, Skills and Training domain.

Labour market structure

Table 5 shows that in 2009, the largest employing industry by far in Fermanagh HMA was the service sector (76%). Manufacturing (16.6%) and construction (5.7%) were the other main sectors. Though a similar split is evident in Enniskillen Town and Fermanagh Rural, the table shows that throughout Northern Ireland, there is an even greater percentage (82.8%) in the service industry. With the construction industry at approximately the same level as the Northern Ireland average, manufacturing in Fermanagh HMA is almost 6% points higher.

Table 5: No of employees in Fermanagh HMA by sub-division (workplace based), 2009

Area	Employee Jobs Total	Full Time (%)	Part Time (%)	Manufacture (%)	Construction (%)	Services (%)	Other (%)	Change 2001-9 (%)
Enniskillen Town	11,541	63.9	36.1	15.9	5.8	76.6	1.7	15
Fermanagh Rural	10,538	66.9	33.1	17.3	5.7	75.3	1.7	11
Fermanagh HMA	22,079	65.3	34.7	16.6	5.7	76.0	1.7	13
Northern Ireland	691,395	65.0	34.9	10.7	5.3	82.8	1.2	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.

While 65.3% of the workforce in Fermanagh HMA was in full time employment in 2009, there are variances among the wards. Derrylin had 89% full time, while Ballinamallard, Boho/Letterbreen/Cleenish, Brookeborough and Donagh were all over 80%. In contrast, over half of the employees in Clogher and Belcoo/Garrison wards were part-time.

According to the Inter-Departmental Business Register (IDBR), Fermanagh LGD had the second highest level of supported business starts in Northern Ireland in 2007/08. However, the rate has fallen in recent years, and also evidence suggests that businesses do not grow as significantly as elsewhere in Northern Ireland. From a peak of almost 250 supported business starts in 2007/08, this has fallen by 50% in 2009/10. This may be due to the reduced attraction of Invest NI's business start programme, in particular the withdrawal of the grant, or to the recession. Indeed the business start up rate in Fermanagh LGD may not have declined, as people may be starting their businesses without participating in the support programme.

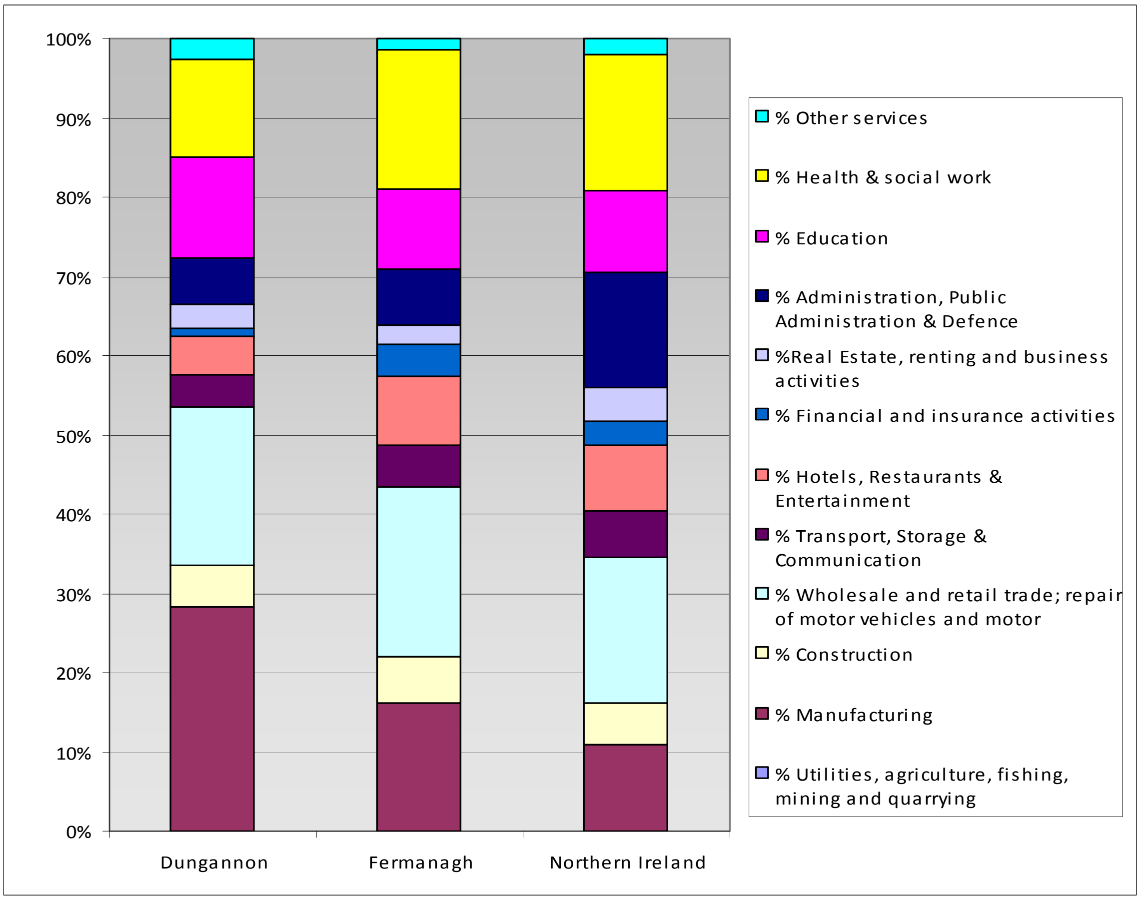
Further IDBR information reveals that in 2009:

- In Fermanagh LGD, VAT and PAYE registered businesses with a turnover of £50,000 or less made up 46% of all registered businesses. The comparative Northern Ireland figure is 26%;
- 62% of businesses in Fermanagh LGD, had a turnover of less than £100,000 compared to 45% of Northern Ireland businesses;
- 80% of Fermanagh LGD businesses had a turnover of less than £250,000 compared to 70% of Northern Ireland businesses.

Further evidence that Fermanagh LGD businesses are small scale comes from the Belfast Telegraph Top 100 Companies (2011) which features no Fermanagh based companies listed. It is worth noting that some of the Belfast based companies may employ people in Fermanagh.

The Standard Industrial Classification of Economic Activities (SIC 2007) employee statistics, which are summarised in Figure 3, indicate that in 2009 most employees in Northern Ireland worked in Wholesale and Retail Trade (18.1%), Health and Social work (17%), Public Administration and Defence (14.3%) and Manufacturing (10.7%). A further 10.2% were employed in Education.

Figure 3: Employees share by industry (SIC 2007 workplace based), 2009



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

Analysis of Figure 4 shows that the industry employing the biggest number of people in Fermanagh LGD is Wholesale and Retail Trade, accounting for over a fifth of the workforce. Other principal industries include Health and Social Work (17.3%), Manufacturing (15.9%), Education (9.9%) and Hotels, Restaurants and Entertainment (8.6%). Industries that employ above the Northern Ireland average are Manufacturing and Wholesale & Retail Trade, while Public Administration and Defence was well below the national percentage.

Fermanagh LGD represents 2.95% of the Northern Ireland workforce. In April 2010, median work based earnings in Fermanagh LGD were £347/week for full time employees, this compared to a Northern Ireland average of £439/week. Median work based earnings were 79% of the Northern Ireland average and the area ranked as the 22nd highest LGD in terms of earnings at that time.

The issue of companies in Fermanagh HMA failing to grow as much as those elsewhere in Northern Ireland is well documented, but despite various initiatives to address it, the problem remains. The most recent initiative is to bring into operation a dedicated innovation team from the Innotech Centre of the South West College, which is based in Cookstown. The main objectives of the team include:

- Broadening the international reach of the College through the development of new collaborative partnerships with other colleges, businesses and organisations outside of NI;
- Supporting local businesses to embrace innovation through high grade knowledge exchange and technology development;
- Providing bespoke training and technical mentoring to industry to help businesses to achieve an advanced level in adopting and embracing innovation and dealing with the inevitable challenges;
- Promoting a culture of innovation in schools and increasing the number of students studying the courses in the areas of Science, Technology, Engineering and Mathematics.

The Centre has established three key areas of specialism:

- Environmental Sustainability;
- Engineering, prototyping and product design;
- Electronics, software and ICT.

Initial take up of the Innotech Centre's services was low in Fermanagh LGD. In order to address this, DEL has awarded additional funding for a dedicated presence in Fermanagh LGD. As a result, four Industrial Technology and Training Associates are now based in Enniskillen – one for each of the three specialist areas listed above and one for a new specialism 'Technical Tourism' to reflect the high number of tourism businesses in Fermanagh LGD.

Fermanagh LGD has found that the lack of availability of appropriate workspace accommodation has been a constraint on the growth of many businesses in the rural and urban parts of the LGD. To help this, the council has provided workspace accommodation in Enniskillen, Lisnaskea, Irvinestown, Kesh, Belcoo and Clabby, with provision planned at Rosslea, Kinawley and Newtownbutler.

In a further initiative to stimulate business growth, Fermanagh and Omagh LGDs jointly launched the 'Survive and Thrive' programme. The programme provides a business review, signposting to existing programmes (such as the Innotech Centre and the Tradelinks cross-border business development programme) and business mentoring. The Survive and Thrive Programme has had a strong uptake in Fermanagh LGD.

As tourism grew rapidly across Northern Ireland in the early 1990s, Fermanagh lost market share principally to the Belfast area. More recently Fermanagh has been able to hold its share of the overall Northern Ireland market as considerable investment has been made by the private sector in the Fermanagh tourism product. During the period 2002-2004 Fermanagh's market share in terms of the number of visits initially declined from 7% to 5% of all Northern Ireland visits. This has now stabilised at 6% of total visits. Northern Ireland Tourist Board statistics place Fermanagh as the 4th most significant tourism area after Belfast, the Causeway Coast and Glens and Armagh/Down.

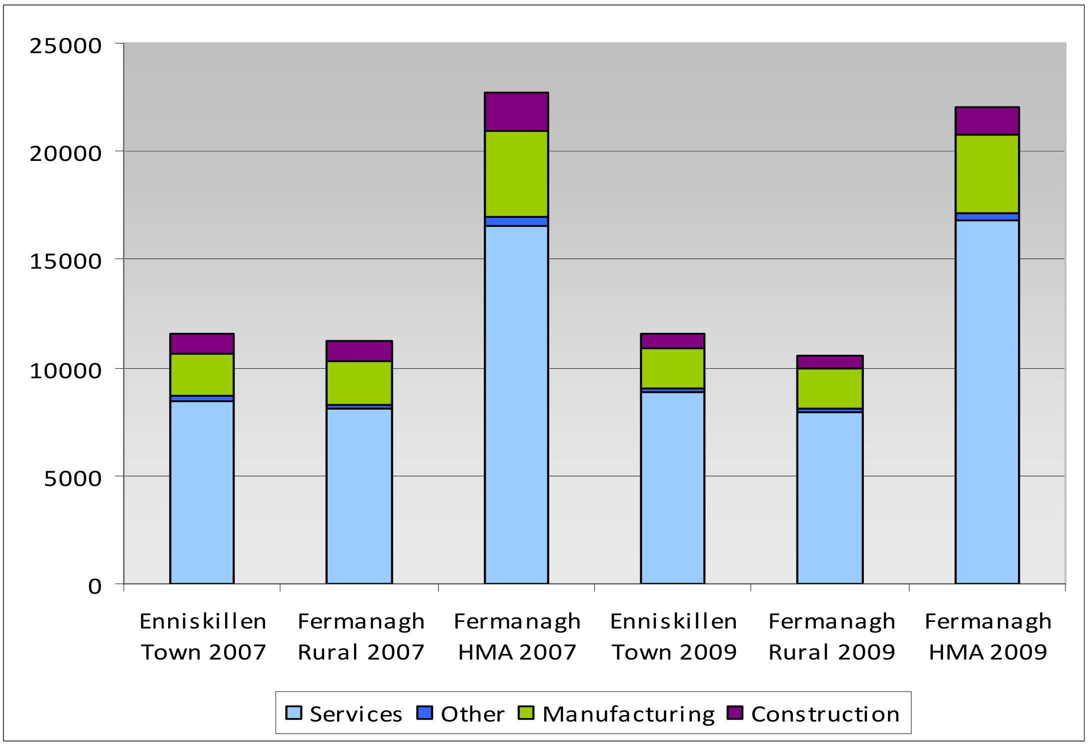
In 2009, Fermanagh LGD had an estimated 177,000 tourism trips (5.7% of the Northern Ireland total), 505,000 tourism nights (4.8%) and tourists spent £32.2 million in Fermanagh LGD (6.3%). Belleek Pottery accounted for 152,600 visitors in 2009, 45% of all visitor admissions to attractions in Fermanagh LGD. Marble Arch caves had 55,500 visitors (16%) while the three National Trust properties of Florencecourt, Castlecoole and the Crom Estate accounted for 20% of all admissions. Other attractions included were Devenish Island and the museums in Enniskillen Castle. (Source: Fermanagh District Council Report June 2011)

The agricultural sector in Fermanagh has experienced a long period of decline. In the period 2000 to 2009, agricultural employment in Fermanagh LGD declined by 14%.

Fermanagh HMA has a high degree of dependence on very small farms. In 2009, there were 533 farms with an area of less than 10 hectares in crops or grassland. In 2009, there were over 500 farms of less than 10 hectares in Fermanagh HMA. Only Newry HMA has a higher number. Fermanagh has the largest agricultural labour force of any LGD in Northern Ireland, estimated by Department of Agriculture and Rural Development (DARD) in 2009 at 5,291. This represents 11% of the total Northern Ireland agricultural labour force of 48,031.

Figure 4 shows that between 2007 and 2009, the number of employees dropped by 659 (2.9%) from 22,738 to 22,079. The drop in numbers is mostly attributable to the construction sector, where numbers fell by over 30% from 1,817 to 1,268. Patterns are similar in Fermanagh Rural to those in Enniskillen Town apart from in the service sector, which showed a 4.3% increase in Enniskillen Town as opposed to a 2.2% decrease in Fermanagh Rural.

Figure 4: Number of employees by sector, 2007-9



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

Incomes and earnings

Earnings

Earning data at LGD level presented in Table 6 provides a broad indication of earnings across the Fermanagh HMA[5]. It shows that:

- Work based median earnings in Dungannon LGD (£413) were higher than Fermanagh LGD (£347). This is also true in the lower quartile. (Dungannon LGD £317 – Fermanagh LGD £282);
- Residence based median income in Fermanagh LGD (£448) was higher than in Dungannon LGD (£432).

Table 6: Full time employee gross weekly pay, 2010

	Lower Quartile		Median	
LGD	**residence**	**Work based**	**residence**	**work based**
Dungannon	£324	£317	£432	£413
Fermanagh	£315	£282	£448	£347
Northern Ireland	£312	£311	£439	£439

Source: DETINI (2010) ASHE

5 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 has 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.

Household incomes

Earnings are only one source of income. Many households in Fermanagh HMA rely on income from other sources. Data on the gross household income (Table 7) is therefore of importance to any assessment of housing demand.

Table 7: Gross household income distributions, 2010

Area	Lower Quartile	Median	Upper Quartile	Average
Northern Ireland	£16,810	£28,780	£51,590	£35,121
Fermanagh HMA	£16,253	£27,252	£42,850	£32,538

Source: CACI (2010) Paycheck

Across all four areas of measurement, household income in Fermanagh HMA is lower than the Northern Ireland figure. This is most obvious in the upper quartile, in which Fermanagh HMA earnings are 17% below the national average. Across all three income distributions, average income in Fermanagh HMA is 7% below the Northern Ireland figure.

Incomes and tenure

CACI Paycheck cannot be used to track trends, but some indication of change in household incomes can be gauged from the HCS. Figures presented in Table 7 show that the income profile of households living in the Fermanagh HMA is lower than the income profile of all households in Northern Ireland.

Unfortunately, information for the private and social rented sectors is too small to be evaluated. Table 8 makes it clear that the combination of these two sectors is at a lower income level than the owner occupied sector.

Table 8: Income of households living in Fermanagh HMA, 2001 and 2006

	Fermanagh HMA								Northern Ireland	
	Owner occupied		Private rented		Social rented		All		Northern Ireland All	
	2001	2006	2001	2006	2001	2006	2001	2006	2001	2006
Mean Income	17,000	20,900	-	-	-	-	15,100	18,800	16,700	19,100
Median Income	12,500	18,000	-	-	-	-	12,500	15,500	12,500	14,500

Source: NI House Condition Survey, 2001 and 2006
NOTES: 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 Information not available for Private rented and social rented at Fermanagh HMA level.

Population Trends and Projections

Recent trends in population numbers

Table 9 shows population change for Fermanagh HMA from 2001 to 2008. Over this period, the Fermanagh HMA population increased by 4,625 to 66,312. This equated to an increase of 7.5%, which was well above the Northern Ireland average (5.1%). Of the two sub-divisions which comprise Fermanagh HMA, Fermanagh Rural is the most populous with a population of 52,714, which is approximately four times greater than Enniskillen Town. Fermanagh Rural has grown consistently over the period 2001 to 2008, experiencing a 9.8% increase compared to 5.1% for Northern Ireland. Enniskillen Town conversely, has experienced a decrease of 0.5% indicating the outward movement of population from the urban centre to the larger rural hinterland.

Table 9: Northern Ireland population estimates 2001 to 2008

	2001 (000's)	2004 (000's)	2008 (000's)	change 2001-8 (%)	change 2004-8 (%)
Enniskillen Town	13,700	13,600	13,598	-0.5	-0.3
Fermanagh Rural	48,000	49,900	52,714	9.8	5.7
Fermanagh HMA	61,700	63,500	66,312	7.5	4.4
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 and sub-division area

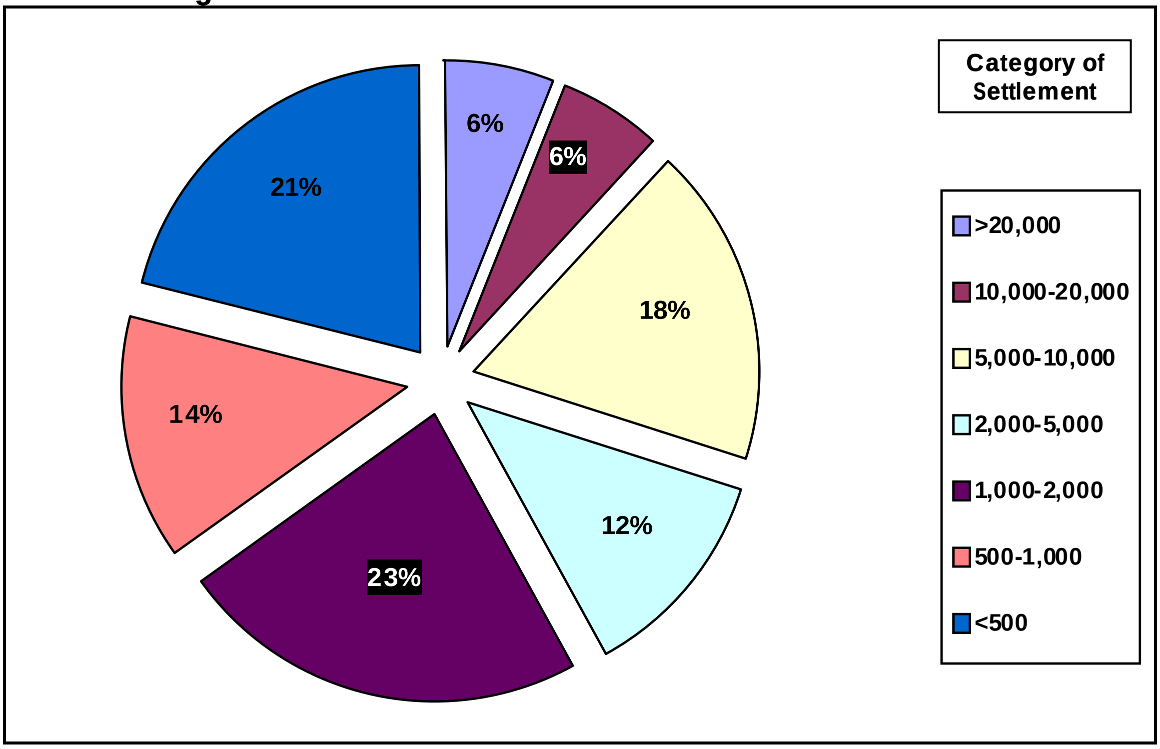
Elsewhere in the Fermanagh HMA:

- Population growth in Fermanagh Rural has tended to be concentrated in Maguiresbridge, Belcoo, Garrison and Lisnarick with the former experiencing the greatest increase between 2001 and 2008 (23.2%). The remaining wards in Fermanagh Rural all increased moderately with the exception of Lisnaskea, which incurred a negative population shift of 5%;
- The decrease in population in Enniskillen Town can in part be attributed to people leaving the Devenish ward, with a decline of 10.3% occurring over the period 2001 to 2008. In the Multiple Deprivation Index 2010, Devenish ward was ranked 83rd most deprived out of 890 Super Output Areas, a fall of 10 from the 2005 position of 93. The ranking of 83, places Devenish in the top 10% most deprived areas in Northern Ireland and this is a causative factor when examining the negative shift in population;
- Another contributory factor is social exclusion due to the perceived single identity of the area which is demonstrated by murals, flag flying and emblems. Rossorry ward also experienced a decline in population over the above period of 0.8% however, the remainder of wards in Enniskillen Town showed some growth, albeit minimal in most cases;

Fermanagh HMA forms part of the Border Region, the latter providing an interface between the two national economies of the Republic of Ireland (ROI) and Northern

Ireland. The Border Region which comprises the six counties of Donegal, Sligo, Leitrim, Cavan, Monaghan and Louth offer a tranquil lifestyle not found in many other regions and is home to a number of picturesque towns and villages with a strong, yet under exploited natural heritage. Such heritage is important in attracting potential residents and to the development of leisure activities. The Border Region has experienced strong population growth over the period 2002 to 2006, reflecting levels of growth nationally. According to the Central Statistics Office, Ireland, since 2006, population growth in the Region up to April 2009 was 7.17%, and is well in excess of the national average of 5.18%. The Region's population however chose to live in smaller settlements and rural areas, reinforcing a dispersed rural pattern as indicated in the chart below.

Figure 5: Percentage Increase in Population of Categories of Settlements in Border Region 2002-2006



Source: Census of Population 2002, 2006 Volume 1

Fermanagh HMA conforms to this population growth on the periphery of villages and settlements often at the expense of the urban core, Enniskillen Town in this instance. This pattern of development and sprawl creates significant challenges for the delivery of services within Local Authorities and raises a number of key issues as indicated by The Border Regional Authority, Regional Planning Guidelines (2010-2022). It advises:

- Careful management of the rural/urban population growth balance, which must be delivered through a more evidence based and policy driven approach;
- The need for a greater focus in the development of Gateways and Hubs, as well as improved connectivity between them. A strong urban structure will provide the

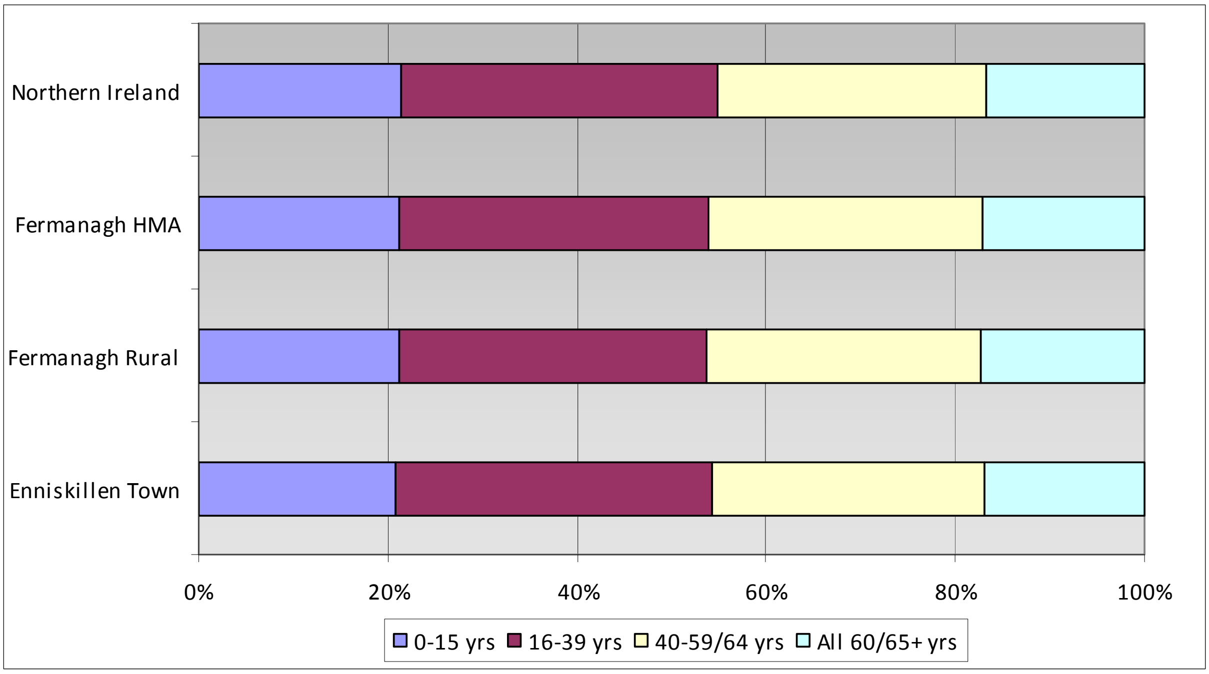
engine for the future growth of the Region. Strong urban centres are required so that this region can compete with other regions in the ROI and Northern Ireland;

- The need to provide a more sustainable form of development outside larger settlements in a way that ensures the viability of rural communities, which is consistent with the aims of the Sustainable Rural Housing Guidelines, and addresses and considers the issues of climate change and water quality;
- The need to develop cross border spatial planning so that there is a greater understanding of the role and function of border settlements which should be developed in a complimentary role, rather than in a competitive way;
- The need to maximise the benefits from public transport and water services investments.

Composition of population

Relative to Northern Ireland, the Fermanagh HMA has comparatively low rates of growth in the number of adults of working and/or retirement age and a sharper fall in the number of children. Nonetheless, the age composition of the Fermanagh HMA population remains similar to that for the population of Northern Ireland as a whole.

Figure 6: Population of the Fermanagh HMA by age, 2008 (%)



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

Looking across Fermanagh HMA, Figure 6 and Table 10 indicate that:

- Both sub-divisions had a seen a growth in the number of adults of working age, although there were differences in the scale and rate of increase;
- Both sub-divisions had experienced an increase in the number of adults over retirement age and the percentage change in Fermanagh Rural was well in excess of the Northern Ireland level. Aging in rural areas, has gained increasing

attention from policy makers and researchers in the last few decades where older people now often comprise a disproportionately large share of those living in rural areas (Heenan 2010). This clearly 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 among those working in the sector;

- In line with the national trend both sub-divisions experienced a fall in the number of children with the percentage drop in Enniskillen Town particularly pronounced (-10%), just over double the Northern Ireland figure (-4.0);
- Fermanagh HMA, like many other housing markets, stands out as having a higher proportion of middle aged and older adults. With the decline in children 0-15 years the gap between the numbers of children and older persons is steadily reducing. This is particularly evident within Enniskillen Town where the gap has reduced from 980 in 2001 to 552 in 2008 (44%).

Table 10: Population estimates 2001 to 2008

	Enniskillen Town	Fermanagh Rural	Fermanagh HMA	Northern Ireland
Population 2008				
0-15 years	2,842	10,534	13,376	381,074
working age	8,467	30,483	38,950	1,098,109
retired	2,290	8,546	10,836	295,832
Total	13,598	49,562	63,160	1,774,995
Population 2001				
0-15 years	3,148	10,950	14,098	397,156
working age	8,345	27,214	35,559	1,029,939
Retired	2,168	7,299	9,467	262,225
Total	13,663	45,465	59,128	1,689,310
Change in population age group 2001-8 (numeric)				
0-15 years	-306	-416	-722	-16,082
working age	122	3,269	3,391	68,170
Retired	122	1,247	1,369	33,607
Total	-65	4,097	4,032	85,685
Change in population age group 2001-8 (percent)				
0-15 years	-10%	-4%	-5%	-4.0
working age	1%	12%	10%	6.6
Retired	6%	17%	14%	12.8
Total	-0.5%	9%	7%	5.1

Source; NISRA (2010) Mid-Year Small Area Population Estimates aggregated to housing market and sub-division 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

Minority ethnic communities

According to the Census in 2001, 99.2% of the Northern Ireland population consider themselves to be white (non-traveller) compared to 92% for the UK as a whole. 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 Europe[6]. Oxford Economics (2009) estimate that in 2008, 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 30,000 individuals from the former A8 countries that NISRA estimate live in Northern Ireland (see Table 10). To put this in context, the Census reported that 720 residents in Northern Ireland 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 living in the Fermanagh LGD is comparatively low, 1,692 at 2009, which equated to 2.5% of the population, and indicates that the expansion in net-international migration from 2004 to 2008 had a larger impact on population growth elsewhere in Northern Ireland, particularly Dungannon LGD. Data collected by the Department for Employment and Learning indicates that the majority of migrant workers in the Fermanagh HMA and Northern Ireland are young with the largest grouping consisting of those between the ages of 25 and 34 and the second largest between the ages of 18 and 24. Statistical data also indicates that increasingly, whole families are migrating to Northern Ireland, unlike other parts of the United Kingdom and the decision to move to Northern Ireland was primarily economically motivated, however family reunification, quality of life and lower costs of living also play a part.

Local representatives from Fermanagh LGD, recognise that a significant number of migrant workers in the Fermanagh HMA and Northern Ireland are under employed and their skills are not fully utilised. Reasons for this can 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 progression within a professional structure. Fermanagh corporate plan states that

6 Cyprus & Malta joined the EU in 2008, as did 8 other countries often referred to as the A8 (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia). Romania and Bulgaria joined in 2007.

action needs to be taken to ensure that the skills of migrants are maximised and fully utilised in all sectors currently encountering skills shortages.

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 Fermanagh HMA, a large proportion of the local migrant worker community are employed in the agricultural sector, more so than in other parts of Northern Ireland due predominately to the rural hinterland which comprises the majority of this area.

Table 11: NISRA estimated A8 Stock Population by LGD, 2009

LGD Name	A8 Population (2009)	2009 Mid Year Estimate	% of Population
Dungannon	4,400	56,400	7.7
Fermanagh	1,300	62,400	2.1
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).

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 Great Britain, the ROI and the rest of the world. The term international migration refers to migration from outside the UK.

The NISRA migration figures and assumptions which are used to inform population estimates and projections do not generally 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 led to the emergence of net in-migration. NISRA (2009a) estimate, in the decade to 2004, that 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%). Analogous to this recent trend, net migration has remained the main contributor to population growth in Fermanagh HMA, although the relative importance of natural change and net migration has varied from one sub-division to another (see Figure 7).

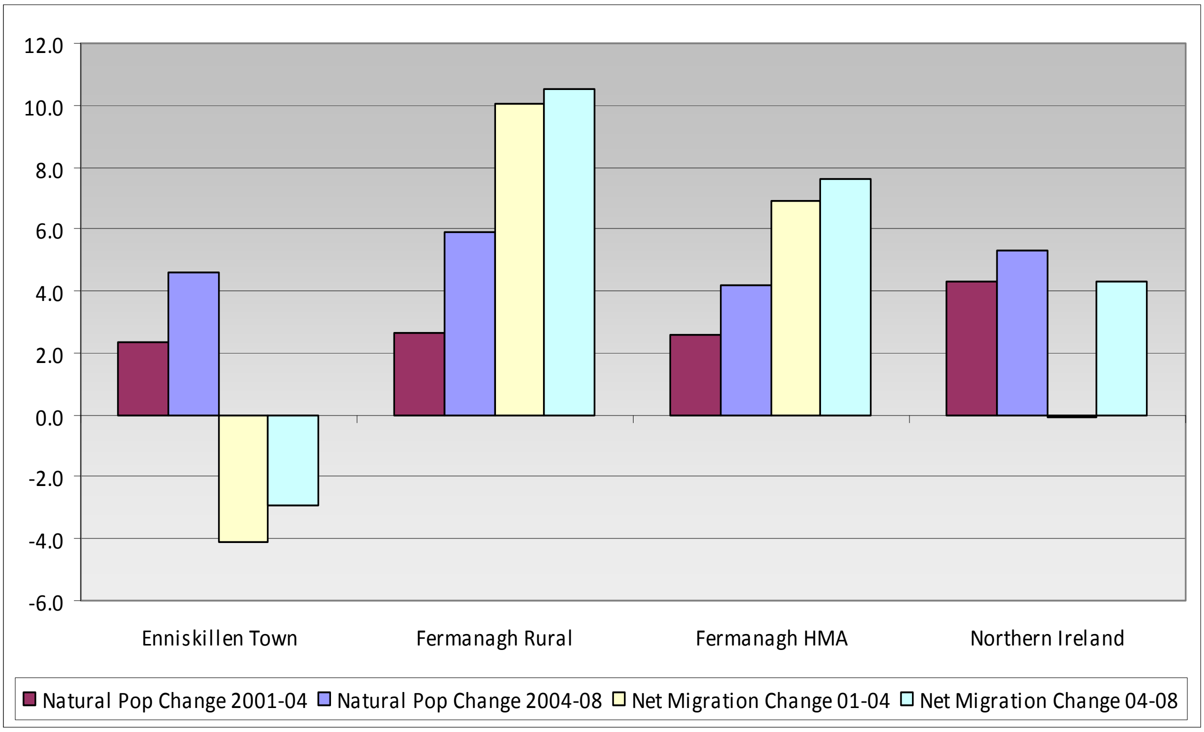
The decline in the Enniskillen Town population from 2001-2008 was the result of net out-migration, which was in excess of natural growth. The net outflow was primarily to Fermanagh Rural however, there has been an outward migration of young people leaving for further education opportunities both within and outside of

Northern Ireland. The low population in their twenties in Fermanagh HMA, compared to Northern Ireland as a whole indicates that better job opportunities exist elsewhere, particularly for the well educated. Population growth in Fermanagh Rural has been a function of natural change and net migration chiefly between 2001 and 2008.

Net migration has contributed more to population growth in Fermanagh Rural however, the influence of natural change more than doubled from 2004 onwards. This increase, which has happened throughout most of the United Kingdom, can be partially attributed to rising birth rates among UK born women. The increase in birth rates to foreign born women has played a larger part.

Drivers behind the increase in births vary by age group. Most of the overall increase in births to women in the peak childbearing age groups, 25–29 and 30–34, is due to the rising foreign born population at these ages. At ages 20–24, 35–39 and 40 and over, UK born women have contributed more than foreign born women to the increase in births, as a result of rising UK born fertility. Birth rates also rose among UK born women aged 25–29 and 30–34 but their impact was outweighed by the changes in size and age structure of the UK born childbearing population which had a negative impact on the number of births. (Office for National Statistics, Tromans, Natamba & Jeffries)

Figure 7: 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

Fermanagh HMA level population projections

In May 2010, NISRA published 2008-based population projections at LGD level. 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 2006 to 2008 with the NISRA population projections of the same period both yield largely similar results with a steady increase in population for Fermanagh HMA.

NISRA projections (see Table 12) suggest that the population of Fermanagh HMA could increase by over 4% in the period to 2015 and by over 9% by 2023.

Table 12: Fermanagh HMA population projections, 2010-23

	2010	2015	2023	change 2010-23		change 2010-15
				No	(%)	(%)
2008-based population projections						
Fermanagh HMA	67,955	70,538	74,112	6,157	9%	4%
Northern Ireland	1,802,200	1,862,200	1,945,800	143,600	8%	3.3%

Source: NISRA 2006 and 2008-based LGD population projections pro-rata allocation to sub-divisions.
NOTES: Consistent with NISRA advice projections have been rounded to the nearest 100.

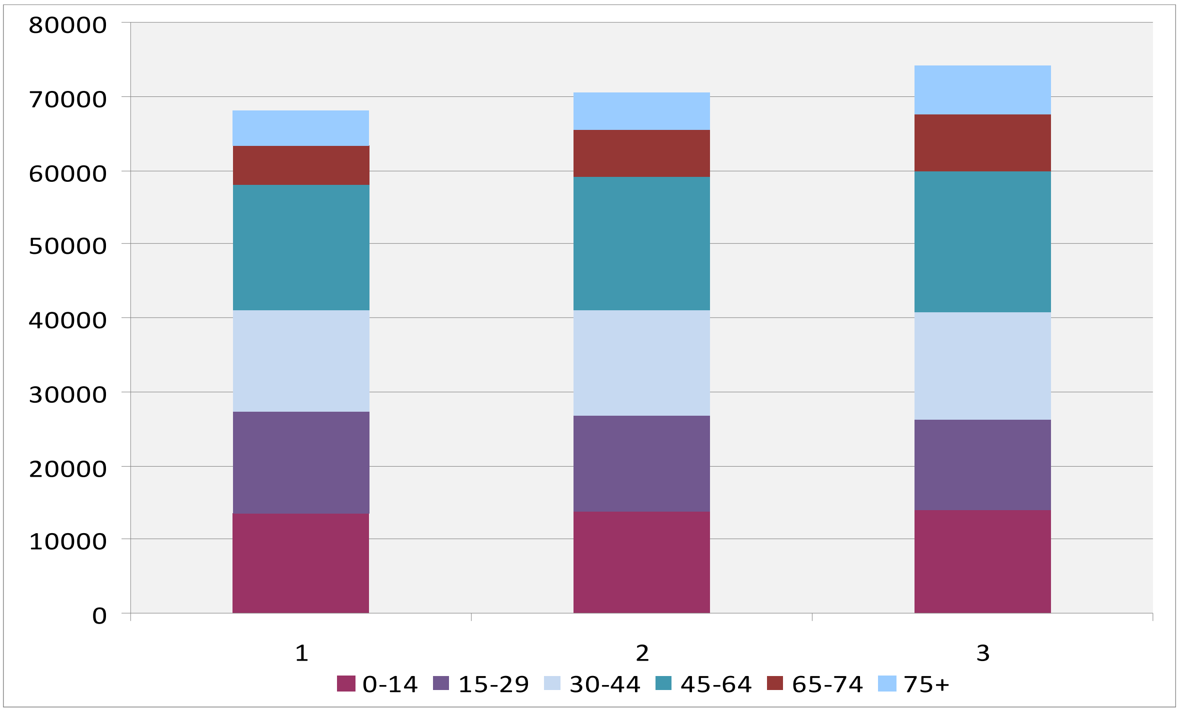
The rate of population growth projected for Fermanagh HMA over the period to 2023 is 9%, which is above the projected rate of population growth for Northern Ireland.

In terms of the projected age profile of Fermanagh HMA, Figure 8 shows that NISRA project from 2010 to 2023:

- By 2023, some 62% of the population could be adults of working age, 19% could be children under 15 years and 19% could be aged 65+ years;
- The number of adults aged 15-29 years, which is the key household-forming age group, may decline by 12% to 12,131. Most of this decline (7%) is projected to occur after 2015. The 2001 Census and NISRA projections show that the Fermanagh HMA had a lower population in their twenties compared to Northern Ireland as a whole. Reasons for this may include:
- Better job opportunities elsewhere, particularly for those educated to a high standard. The Fermanagh HMA has a proportionality high number of people employed in the lower paid sectors such as manufacturing, hospitality, transport storage & communications and agriculture compared to Northern Ireland. A large number of public sector jobs have been transferred out of the area and opportunities in finance, real estate, renting and business activities are limited. The economy of this HMA remains largely rural and is heavily reliant on agriculture which is a concern as this sector is currently in decline worldwide;

- There appears to be an outward migration of young people who are leaving to attend university and access further education opportunities as, within the Fermanagh HMA, there is only one college of further education. Many of the young people who leave do not return to the Fermanagh HMA due to a perceived lack of well paid jobs and opportunities. This is a matter of huge concern as the future economic success of the Fermanagh HMA is dependant on the 15-29 age profile and the continued outward migration of this group can only adversely affect the economy. In order to address this, Fermanagh District Council, has initiated a review of educational provision and developed a Business Education Links programme. This is to raise awareness among young people of the business opportunities available in the Fermanagh HMA and harness links between businesses and local schools;
- The migration and the household formation patterns of this age group (15-29 years) 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 65-74 years could increase by 2,245 or 42% to 7,577 whilst the number aged 75 years or above could increase by 2,118 or 47% to 6,666. Nine percent 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;
- It is projected there will be increasing numbers of people in the older age groups, chiefly 45-64, 65-74 and 75+, and a corresponding increase in the number of children in the Fermanagh HMA;
- The figures suggest that the future population profile in the Fermanagh HMA will result in higher proportions at the younger and older ends of the age spectrum, which will greatly impact all aspects of life, in particular the economy, healthcare provisions and housing.

Figure 8: Fermanagh HMA population projections by age, 2009-2021 (2008-based)



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

The 2008-based projections for the period to 2015 appear to provide a plausible scenario of the general direction of population change at Fermanagh HMA level. There is, however, a risk that the rate of population growth for Fermanagh 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 ahead to 2023, it is less certain what future rates of internal and external migration may be. 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 expresses demand and need in the housing system is of particular significance.

Fermanagh HMA household trends

A small proportion of people live in communal establishments, such as 'medical and care' establishments. According to the Census, in 2001, 1.15% of the Fermanagh

HMA population lived in a communal establishment compared to 1.2% of the Northern Ireland population[7]. Most people, however, live in private households.

Table 13: Fermanagh HMA household estimates 2001-10

	2001	2010	change 2001-10	
			No	(%)
Enniskillen Town	5,400	5,890	490	+9%
Fermanagh Rural	16,440	19,340	2,900	+18%
Fermanagh HMA	21,840	25,230	3,390	+16%
Northern Ireland	628,490	706,400	77,910	+12%

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 trend towards the formation of smaller and single person households ensured that the number of households had grown across Fermanagh 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. The factor of most significance is that older persons, who outlive their partners, continue to live alone for a much longer time than in the past.

Household estimates[8], which are summarised in Table 13, suggest that from 2001 to 2010:

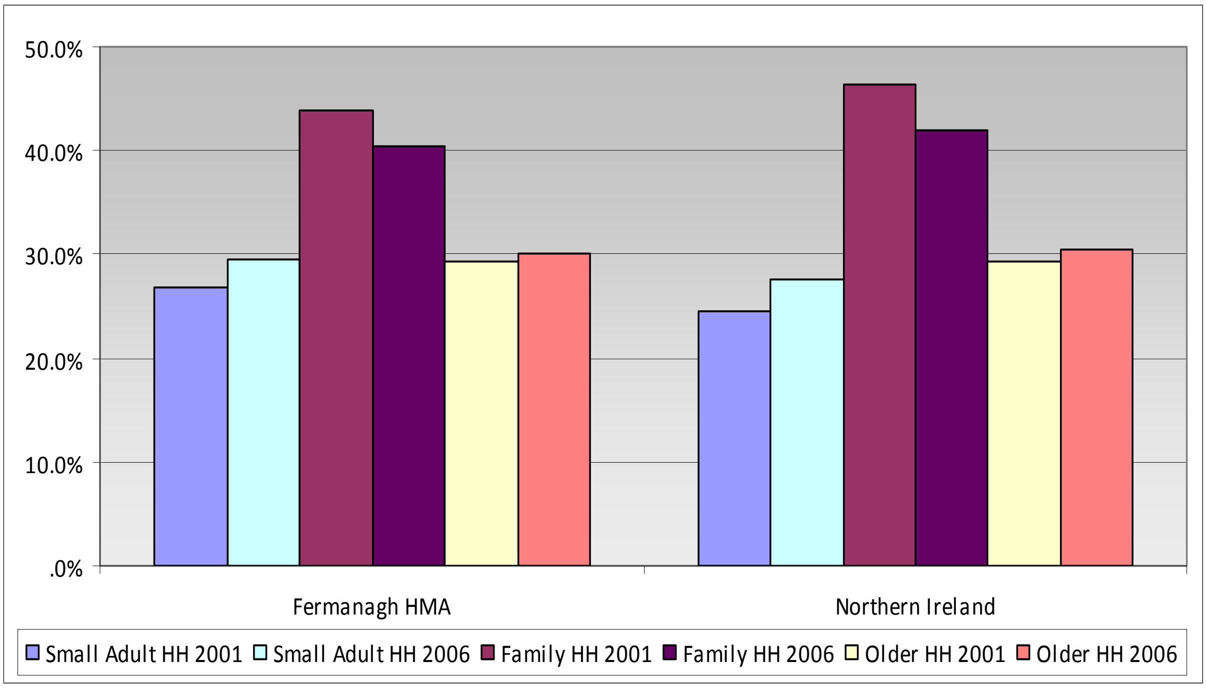
- The number of households in Fermanagh HMA increased by 16% to 25,230, which was well above the comparable rate for Northern Ireland (12%);
- Household growth was particularly pronounced within Fermanagh Rural, which increased by 18%. The wards of Maguiresbridge, Derrygonnelly and Belcoo/Garrison both showed the highest percentage increases at 27.3%, 26.3% and 26.3% respectively;
- Within the Fermanagh HMA, increasing numbers of the population are choosing to live in rural settlements, approximately 80% at 2010. This is negatively impacting growth in Enniskillen Town, reducing the percentage increase of the latter to exactly half that of Fermanagh Rural over the same period;
- The increased outward household movement has resulted in a higher number of dwellings being constructed in the countryside. Over the period 2001-2010, there were a total of 7,799 completions in the Fermanagh HMA with 6,845 (88%) of those in Fermanagh Rural. New housing in Fermanagh Rural is more likely to be of a semi-detached and / or bungalow house type which is much sought after by family and older person households, whereas, in Enniskillen Town, apartments are more likely to be constructed in order to maximise available space.

7 Those living in communal establishments were concentrated in Greater Belfast & North Down.

8 NISRA prepare local authority level household projections but not annual household estimates. We used occupied stock numbers to produce household estimates for the Fermanagh HMA and its sub-division areas. These estimates were controlled to the NISRA projected numbers of households at the LGD level. As discussed in Appendix 8, this method has drawbacks but it provides useful insights into the direction of change.

- The increased number of households moving to rural areas within Fermanagh HMA is putting extra pressure on the public transport system which serves these areas. Due to the size, approximately 1,800 km with an average of 34 people per sq km, Fermanagh HMA's population relies heavily on road transport and this need will only increase as numbers grow. The road, social, economic, business and health infrastructure in this HMA will also all require extensive investment and restructuring as the number of households in the countryside increases. (Fermanagh Local Economic Development Strategy 2008-13: Fermanagh Council).

Figure 9: Change in household composition in the Fermanagh HMA, 2001-6



Source: HCS, 2001 and 2006

HCS (2001 and 2006) evidence (see Figure 9) suggests that there has been a steeper rise in the proportion of the Northern Ireland population living in smaller adult/older person households than in the Fermanagh HMA. This has impacted the numbers living in family households which has fallen and the proportion is lower than the Northern Ireland figure.

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 the Fermanagh HMA, which are summarised in Table 14.

NISRA project that 29,200 households may be living in Fermanagh HMA by 2023, however, the projected rate of growth is slowing. 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.

Table 14: NISRA 2008-based household projections for Fermanagh HMA 2010-23

2008-based	2010	2015	2021	2023	change 2010-15	change 2010-21	change 2010-23
Fermanagh HMA	25,400	27,000	28,600	29,200	6%	13%	15%
Rest of Northern Ireland	316,600	339,300	363,400	371,600	7%	15%	17%
Northern Ireland	706,400	749,200	794,400	810,400	6%	12%	15%

Source: NISRA 2008-based household projections (2010)
Figures rounded to be consistent with NISRA reporting conventions

The change predicted over the period 2010-2023 for the Fermanagh HMA is almost identical to the trend shown by Northern Ireland. Figures suggest that projections will see a 15% increase in households by 2023 however, between 2021 and 2023, the rate is slowing considerably.

Table 15: NISRA 2008-based projected households by household type to 2023

	2010	2015	2023	change 2010-23 No	change 2010-23 %	change 2010-15
Fermanagh HMA						
Single person households	7,700	8,500	9,900	2,200	29%	10%
Two adults without children	6,700	7,200	8,000	1,300	19%	7%
Other households no children	3,500	3,500	3,200	-300	-9%	0%
Lone adult with children	1,300	1,300	1,400	100	8%	0%
Other households with children	6,200	6,400	6,800	600	10%	3%
All households	25,400	27,000	29,200	3,800	15%	6%
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%

Source: NISRA household projections 2008-based

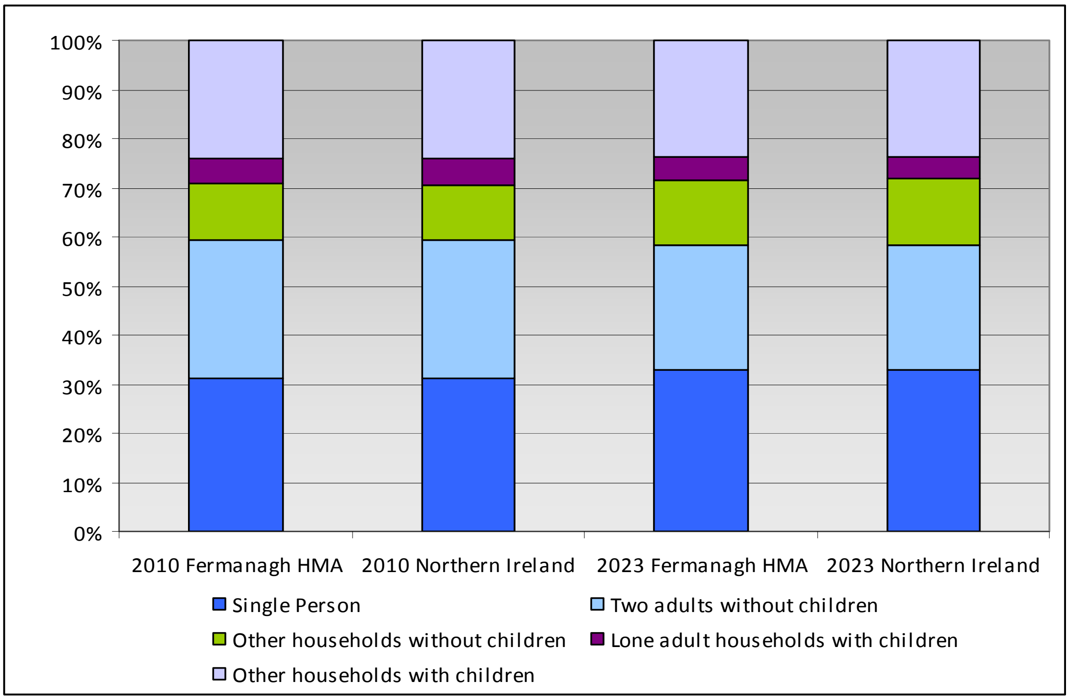
NISRA do not produce LGD level projections for household composition. Table 15 therefore shows projections for the Fermanagh HMA and highlights:

- Single person households are projected to show the greatest increase in numbers by a considerable margin. This will have tangible implications for the overall demand for, and supply of, housing and other resources which tend to increase in proportion to the number of households rather than the total population. This trend therefore could have significant social and environmental implications;
- The state of living alone is more precarious, in that many people living alone will be wholly reliant on themselves for their income and may not have support available when adverse events occur. This may mean some groups could be particularly vulnerable;
- The above projections suggest that two adults without children will be the second largest household grouping by 2023. This development is consistent with the declining birth rate in the Fermanagh HMA;
- There is also likely to be a decline in the number of larger households without children in the Fermanagh HMA on a level just below that of Northern Ireland;
- By 2023, almost three out of five households living in the Fermanagh HMA may comprise of single or two person households.

Household projections do not attempt to predict the possible impact of future government policies, changing economic circumstances or other factors on demographic behaviour. Analysis 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 Fermanagh HMA and sub-market level projected 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 overall levels of household growth.

Figure 10: Change in projected household composition in the Fermanagh HMA, 2010-2023



Source: NISRA

Short and longer term economic outlook and associated challenges

The immediate impact of economic recession on the housing system

As noted earlier, Northern Ireland saw an abrupt downturn in the economy during 2008. The tightening of credit made it difficult for firms to secure funds for investment in their business and for consumers to secure funds to purchase housing and other services.

The economic slowdown, alongside increased borrowing costs, had an immediate and severe impact on the housing market. There was a sharp decline in sales to first-time buyers as well as in sales to 'buy to let' investors throughout Fermanagh HMA. This led to a steep downturn in housing construction, property transactions and house prices. As prices reduced 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 construction and business & financial services, has been severely impacted by the recession. This is partly because it includes sectors vulnerable to housing market weakness, such as banks, solicitors, quantity surveyors, and estate agents.

The Department of Enterprise, Trade and Investment (DETINI) (2010b) economic commentary in June 2010, observed that output in the business & finance service sector has fallen by 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 on 2007.

Short to medium term outlook

The UK economy has now pulled out of recession, but signs of improvement in economic and labour market conditions in the Fermanagh HMA remain tentative. There is still much uncertainty about how quickly the local economy will recover and what scale of recovery is likely.

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 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 against the comparable numbers for the same period to January 2010.

One reason for the lack of economic recovery in Fermanagh has been the regional economy's exposure to the ROI's economy. As DETINI (2010c) observed in December 2010, the ROI accounts for 29% of manufacturing exports by Northern Ireland companies. In addition, there has been a sharp fall in retail expenditure by households visiting Northern Ireland from the ROI.

The economy of 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) reported 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.

The reduction in the NI Executive spending plans over the next four years is 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 earliest[9].

9 PriceWaterhouseCoopers (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. Moreover, Belfast City and Oxford Economics (2010) suggest that the Belfast economy will experience no significant growth in employment until 2013.

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 increases. Until then, demand for private and social rented housing will remain high. Whether the rented sector will respond to 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 difficulty is that 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 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. However, predicting the reaction of private landlords to changes in housing benefit is difficult. Ultimately it is likely to be shaped by the market in which they operate.

Finally, weak economic and housing market conditions are likely to see some increase in the number of people living with their parents or sharing housing with others. As a result, household formation rates may be below the projected trend for the next three to five years. If this does arise, the number of households in Fermanagh HMA by 2015 will be lower than NISRA projection.

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 'policy neutral' 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 would be that long-term rates of population and household growth would be lower than NISRA currently project. Another possible risk is that demand for housing would moderate over the long term due to proportionately fewer households having the capacity to purchase housing.

Richard Barnett's (2009) review of economic policy suggests the root problem of the Northern Ireland economy is an under-developed private sector. In order to close the productivity gap with the UK (excluding London and the South East) the 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 graduates;
- Address the stubborn persistence of deprivation in many neighbourhoods and ensure that the shift to higher levels of graduate jobs is accompanied by expansion of other employment opportunities and skills development to prevent further social and economic marginalisation of low skilled workers.

The NI Executive's Economic Strategy, which is currently in preparation, 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.

Summary

In the decade to 2008, a dynamic economy and strong employment growth resulted in rapid demographic change across Northern Ireland. Both the population and the number of households increased. Household growth was also supported by the continuing trend towards the formation of one and two person households and an increase in life expectancy. This was most evident in Fermanagh Rural, with high rates of private housing construction within many settlements. Much of the increase can be attributed to an outflow of households from Enniskillen Town, which has been experiencing a downward population shift since 2004. Most of the wards within Enniskillen Town have shown a small increase in population. The exception, Devenish, has suffered a significant decrease.

NISRA projections indicate that Fermanagh HMA will continue to experience population and household growth but this will partly depend on how quickly the housing market recovers. As with Northern Ireland and the UK, the recession has taken its toll in Fermanagh HMA. The local economy has many characteristics that make it vulnerable. Dependence on low margin, declining employment sectors; disproportionate numbers of people employed in the lower paid sectors; large numbers of small businesses with no significant growth or job creation; and a high number of long term benefit claimants. These factors restrict the financial capability of the working age population and their ability to exercise choice in the housing market. Planned reductions in public spending and welfare reforms may influence people's ability to set up an independent home. This will further stifle the rate of household formation.

The severity of the economic recession will influence future patterns of housing need and demand. The precise nature and scale of this influence remains difficult to forecast. There are many variable and volatile factors, but it is important that the housing market remains responsive to this change.

The possible implications of recent and future demographic and economic trends on the dynamics of the housing system are examined in the following chapters. However, it is important to keep in mind that as the situation has changed rapidly over the past months and is continuing to do so. As a result, some of the implications that we discuss have involved a degree of informed conjecture based on assessment of available local evidence, emerging findings from other research and professional opinions.

Rural Summary

The population movement has been towards rural locations, with 78.4% of Fermanagh HMA living there in 2008 compared with 76.9% in 2001. Household growth has been commensurately high, with an 18% increase since 2001. Maguiresbridge, Derrygonnelly and Belcoo/Garrison are the most obvious examples of this increase. This has placed emphasis on the infrastructure of Fermanagh HMA. The quality and extent of the roads network is poor. Significant investment is necessary to meet the social, economic, business and healthcare needs of a growing population.

Economic points specific to Fermanagh Rural include:

- A consistently lower claimant count rate than Enniskillen Town;
- Unemployment rates above 6% in Newtownbutler, Irvinestown and Lisnaskea;
- Increases over 100% in claimant count rate in Clogher, Ballinamallard, Boho/Cleenish/Letterbreen, Lisnarick and Tempo;
- Claimant count rose significantly more in Fermanagh Rural (74.7%) than in Enniskillen Town (64.4%).

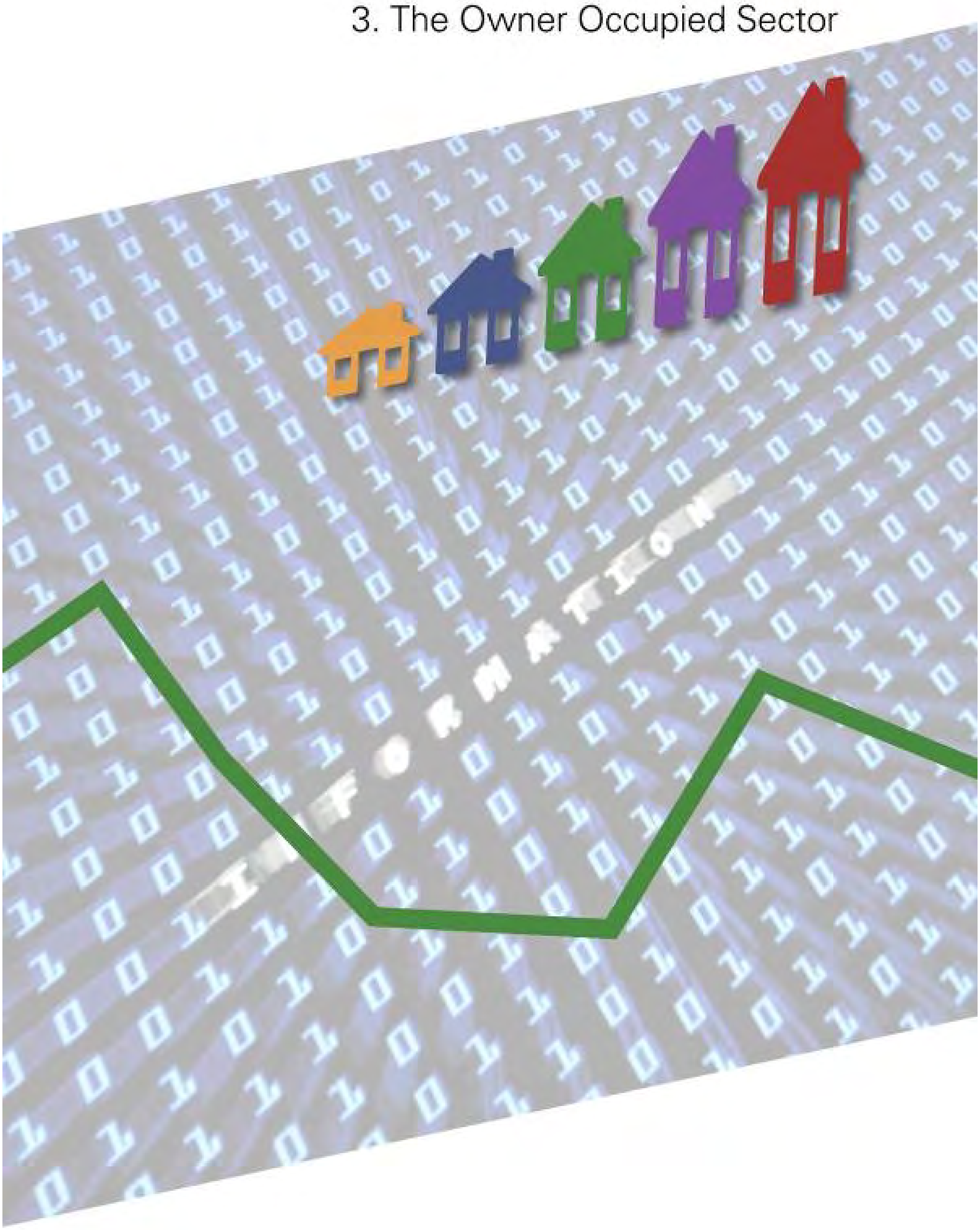
Key issues

- The 'credit crunch' has led to a steep downturn in the housing market in Fermanagh HMA and Northern Ireland as a whole;
- Within Fermanagh HMA, there are areas of low income and benefit dependency among the working age population with a consequent restriction on 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 of the family home. This may lead to suppressed demand for housing in the short to medium term;
- A lack of economic growth may lead to further residential segregation as only affluent households will have choice in the housing market;
- Household growth in Fermanagh HMA was supported by the trend towards the formation of one and two person households;
- Longer life expectancy means increasing numbers of older households. Many of these 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.

Housing Executive

3. The Owner Occupied Sector

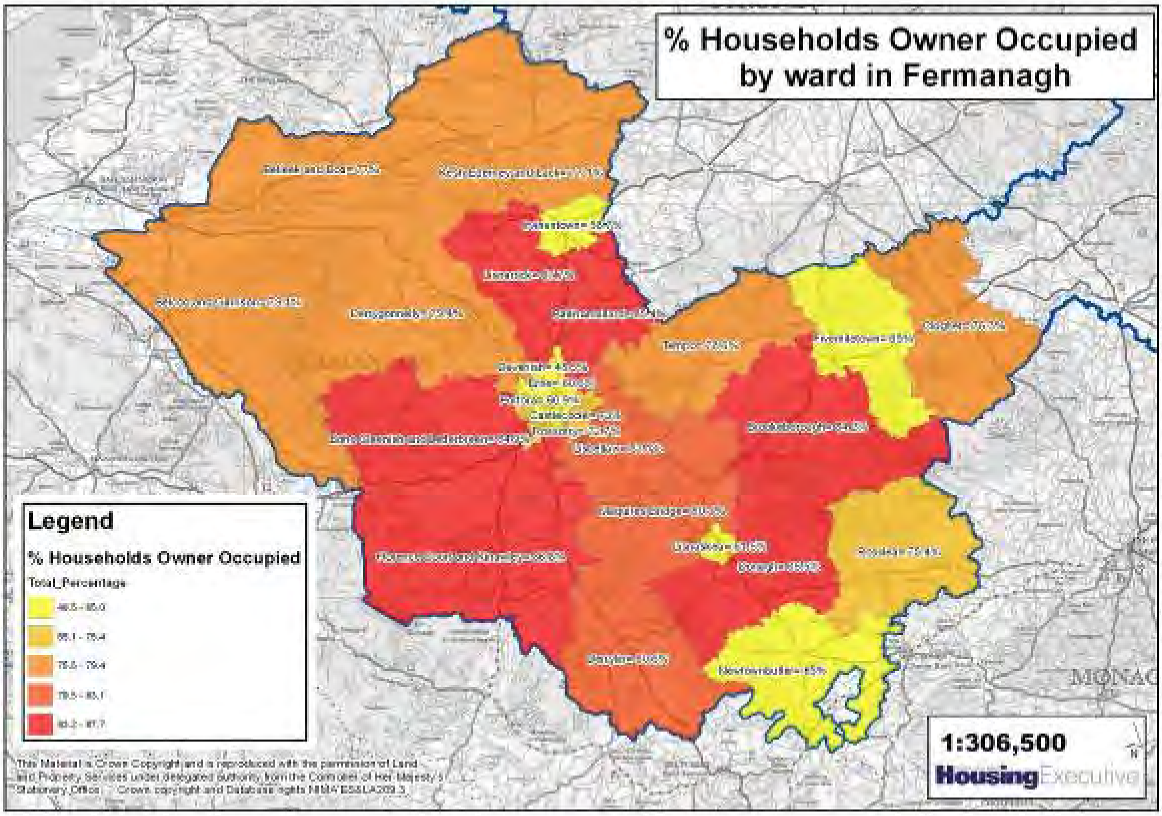


3. THE FERMANAGH HMA: THE OWNER OCCUPIED SECTOR

Introduction

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

Map 3: Analysis by ward of households in owner occupied sector, Census 2001



Source: NIHE GIS

Profile of the owner occupied sector

Stock attributes

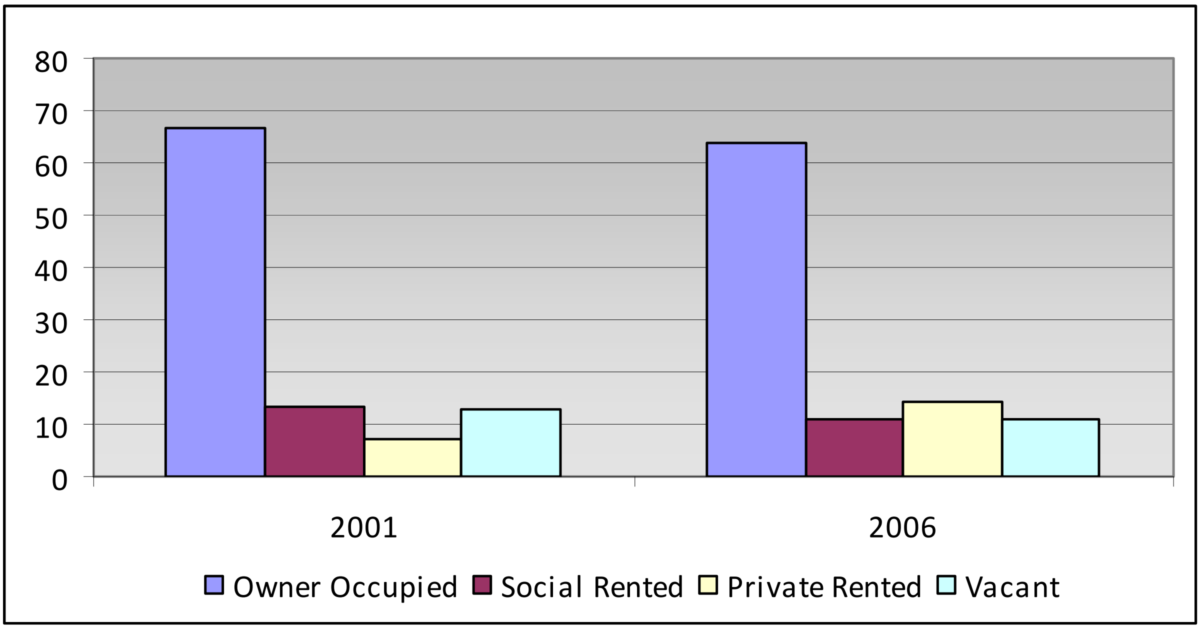
In 2001, 74.2% of households in the Fermanagh HMA were living in the owner occupied sector, which was above the Northern Ireland figure as a whole. There were significant variations across the area and very clear differences between urban and rural locations. Map 3 shows this, with 77.4% owner occupied in rural areas compared to just 64.3% in Enniskillen Town. Some of the rural settlements have very high levels of owner occupation. In Ballinamallard, Donagh, Florence Court and Kinawley, and Lisnarick over 85% of dwellings are in this sector. Particularly low levels are evident in Portora, Lisnaskea, Irvinestown, Erne and Devenish and it is

noteworthy that three of these wards are within Enniskillen Town. Devenish is particularly low at less than 50%.
There is limited data available on the size and type of dwellings in Fermanagh HMA. However, dwellings in the owner occupied sector are generally larger than dwellings in other tenures. Rural properties also tend to be larger.

Recent tenure trends

Evidence from the HCS suggests that between 2001 and 2006 the numbers of inhabited dwellings in the owner occupied sector across Northern Ireland increased by 35,700 to 468,800. However, at 67% there was little change in the proportion of the total housing stock made up of such dwellings (see Figure 11). Likewise, at around 71%, there was little if any change in the proportion of households that owned their home. Findings from the Continuous Household Survey also suggest that the proportion of households that were homeowners began to stall during this period.

Figure 11: Tenure of occupied and vacant stock in Fermanagh HMA, 2001-2006



Source: HCS 2001 & 2006

Between 2001 and 2006, the proportion of households in the Fermanagh HMA that owned their own home fell from 74.2% to 71.7% whilst the proportion of the housing stock comprised of owner occupied dwellings fell from 66.7% to 63.8%. The proportion of owner occupied dwellings in the rest of Northern Ireland fell by 2%. Since 2006, tenure trends in the Fermanagh HMA have been similar to national trends. There has been a fall in the proportion of households living in the owner occupied sector and an increase in the proportion renting their home from a private landlord.

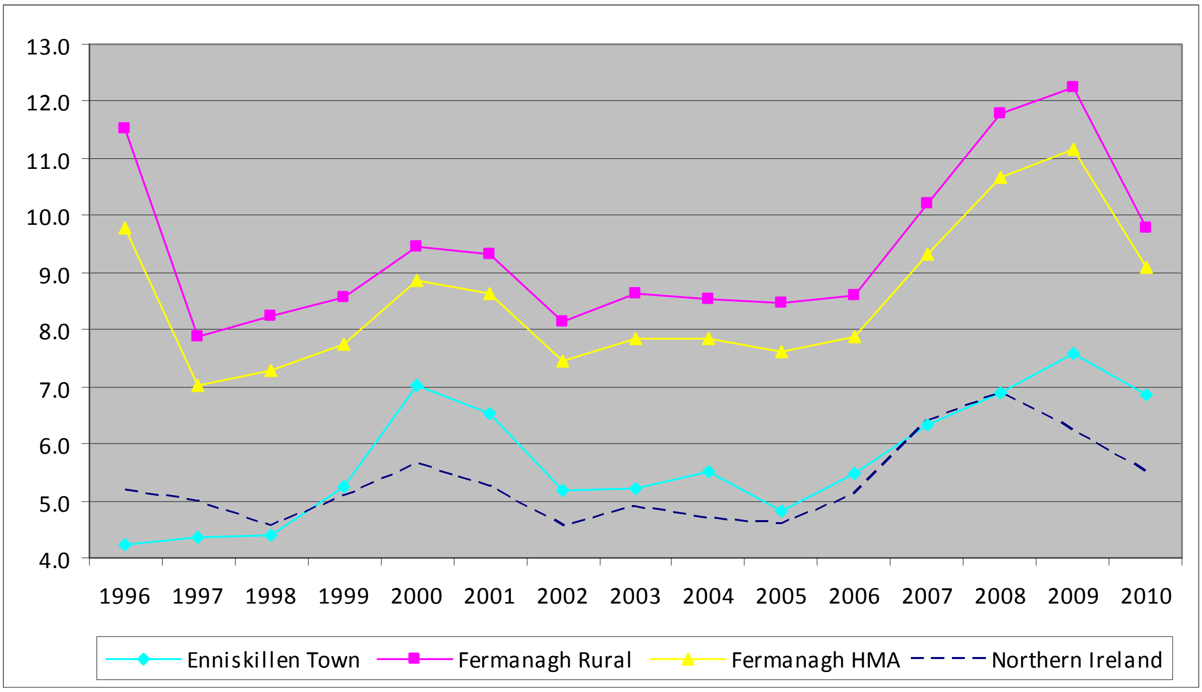
Vacant dwellings

A minimum level of vacant dwellings is required to allow households to move from one dwelling to another. In addition, a number of dwellings at any point in time will be vacant because they are undergoing repair or have just been completed. This must be taken into consideration when looking at the balance between the supply of dwellings and the numbers of dwellings required to meet the housing requirements of households.

The RDS 2011-2025 assumes that a vacancy rate of 5.7% is necessary at the Northern Ireland level across all sectors of the housing market. Evidence from NINIS indicates that vacancy rates for the Fermanagh HMA as a whole have tended to exceed this. Indeed the rate has been consistently above 8% since 1998. The peaks and troughs across the years have occurred simultaneously across Enniskillen Town and in rural areas, with the trend being almost identical since 1997. The rural area carries a greater percentage of vacant dwellings than Enniskillen Town and in 2009, it was over 12% in Fermanagh Rural. This may be partly due to a higher incidence of second homes and holiday lets that may be occupied for only part of the year.

Levels of vacant stock vary from place to place. At 2010, Clogher had a significantly higher level than all other wards, with vacancy rates running at 16.4% of all stock. The three wards with the lowest level at 2010, Castlecoole, Rossorry and Erne, are all in Enniskillen Town, while Lisnaskea also has a small percentage. Wards where vacant dwellings have increased considerably in the period 2005-10 include Portora, Irvinestown, Ballinamallard, Devenish, and despite their still comparatively low levels, Lisnaskea and Erne. The most likely cause of this is the difficulty in selling new build property in the latter part of this period.

Figure 12: Annual vacancy rates across Fermanagh HMA, 1996-2010



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

It is sometimes assumed that vacancy rates considerably in excess of 5% signal weak demand whilst rates considerably below this, may signal excess demand. A limitation of this assumption, however, 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, vacancy rates of 10% or more are common due to the much shorter duration of tenancies and higher turnover rates.

HCS findings for 2006 and 2009 also confirm that the bulk of vacancies are in the owner-occupied and PRS and not in the social housing sector. The percentage of vacancies is reducing in the owner-occupied sector. This is largely due to that sector's reducing share of the market. The owner occupied sector appears to have better scope to adjust itself to changing market conditions.

The overall number of vacant dwellings increased from 40,294 to 43,390 (7.7%) between 2006 and 2009. However, the percentage in the private sector fell to 83.1%, with 42.9% owner occupied and 40.2% private rented. Therefore, the percentage in the public sector increased in direct proportion and at 2009 represented 16.8% of vacant dwellings.

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 at the Fermanagh HMA level (54%) as well as for the province as a whole (57%) suggest other factors must also have been at play.

Evidence would suggest that many vacancies occurred simply because the growth of the PRS led to increased turnover and a consequent increase in vacancies.

One strong possibility is that the growth in the private rental market had increased the numbers of transitional vacancies in this sector, which has fed through into higher vacancy rates. In 2006, some 16% of all private rented properties were recorded as vacant in the Fermanagh HMA, suggesting that the normal 'churn' in this sector has been a significant factor in terms of the increase in vacancy rates. Another possibility is that the high numbers of new units constructed in the three or four years to 2008 pushed up vacancy rates. Greater levels of new supply can lead to some increase in vacancies in the short term. The onset of the recession combined with severe credit constraints and an ebbing away of consumer confidence has heightened the impact of this short-term effect.

Housing stock flows

New house building

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

Between 2001 and 2006, there was an annual average of 651 new dwellings started in the Fermanagh HMA. This represented 26 new starts per 1,000 households. In the period 2007 to 2010, the annual average climbed to 724, which was 28 starts per 1,000 households. This is above the comparable rate of 21 units per 1,000 households for Northern Ireland. As Table 16 shows, 2006/07 was the peak year with 972 new starts, the huge majority of which were in new private housing construction.

Table 16: New dwelling sector starts in the Fermanagh HMA, 2000-10

year	New Dwelling Starts Private Sector	New Dwelling Starts Housing Associations (HA)	New Dwelling Starts Total All Sectors	HA starts as % of all New Dwellings
2000/1	487	12	499	2.4
2001/2	574	9	583	1.5
2002/3	670	0	670	0
2003/4	729	12	741	1.6
2004/5	682	30	712	4.2
2005/6	702	0	702	0
2006/7	933	39	972	4.0
2007/8	596	11	607	1.8
2008/9	490	4	494	0.8
2009/10	746	76	822	9.2
Average 2000/1- 2003/4	615	8	623	1.3
Average 2004/5- 2006/7	772	23	795	2.9
Average 2007/8-2009/10	611	30	641	4.7
Average 2001/2 – 2009/10	661	19	680	2.8
Total Fermanagh HMA	6,609	193	6,802	2.8
Northern Ireland	114,007	10,282	124,289	8.3

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 all LGDs in the Fermanagh HMA

Apart from a small decrease in 2004/5, private construction rates increased steadily each year between 2000/01 and 2006/07. A 36% fall in 2007/08 was followed by a further decrease in 2008/09. There was a recovery in 2009/10 when 746 private dwellings were constructed, a 52% increase on the previous year but still 20% below the 2006/07 peak.

The sustained high level of new private housing in the seven years to March 2007 supported the growth in the numbers (as distinct from the proportion) of households living in the owner occupied sector. The lack of a corresponding increase in the proportion of owners reflects the high share of newly constructed private dwellings that entered the PRS, often as 'buy to let' investments.

House building relative to RDS 2001-25 targets

The Housing Land Availability Summary Report 2010 issued by DOE Planning in January 2011 indicates that by July 2010, 3,146 dwellings had been completed in Fermanagh HMA since the 31st December 1998, which was the start of the RDS 2001-25 housing allocation period. There were over 112,000 completions throughout Northern Ireland.

Table 17 therefore compares the annual average numbers 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 could be considered to provide a 'policy neutral' scenario in the sense they indicate what would happen if underlying trends were to continue. It suggests that:

At the Northern Ireland wide level, the numbers of starts have exceeded the current HGI targets in spite of 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.

Table 17: Comparison of annual average completions 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
Northern Ireland	208,000	12,200	280,400	8,000	12,429	102%	155%
Fermanagh LGD	7,400	400	6,700	250	630	158%	252%

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 17 provides a useful indication of long run trends.

Performance in Fermanagh HMA has exceeded the RDS policy intention and is significantly above the 'policy neutral' scenario implied by the NISRA household projections. This suggests that in recent years the numbers of new dwellings developed have risen faster than the market could absorb in the short term.

Other stock flows

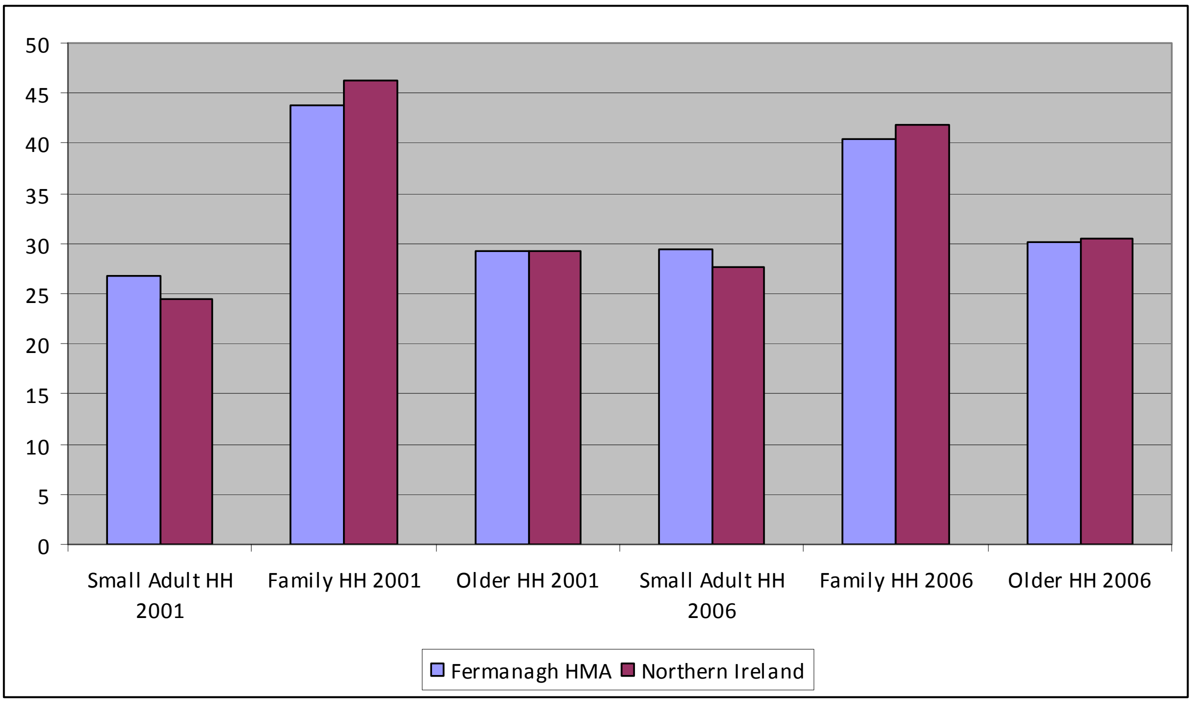
Stock changes resulting from demolitions, conversions and closures are difficult to quantify. DSD statistics suggest that between 2003 and 2010, around 800 properties have been lost from the Housing Executive defined South Area. It is not possible to identify the number in Fermanagh HMA.

The sale of social housing has also contributed to the growth in owner occupation, although sales rates have fallen back since the start of the decade. Between 2000 and 2004, sales to sitting tenants added well over 100 units to the owner occupied sector in the Fermanagh HMA each year, peaking at around 160 in 2003. However in 2005 house sales fell below the 100 mark and this route to home ownership has continued to decline. In 2010/11, there were just eight sales in the Fermanagh HMA.

Profile of Owner Occupiers

Household income among households living in the owner occupied sector in the Fermanagh HMA increased in comparison with Northern Ireland in the period 2001-2006. However, it remained below the Northern Ireland level. There are few substantive differences between the profile of owners in the Fermanagh HMA and the rest of Northern Ireland.

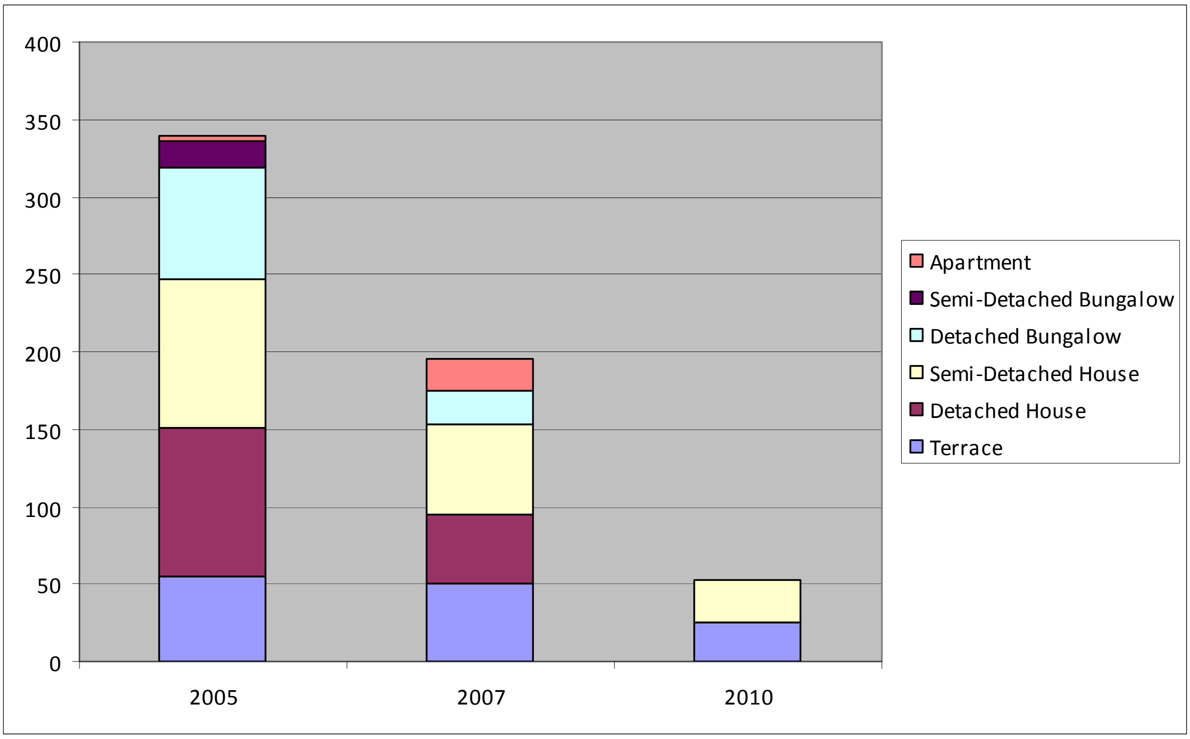
Figure 13: Owners by Household Group, 2001 & 2006



Source: HCS 2001 & 2006

As Figure 14 shows, there is a slight shift in owner occupied dwellings away from families towards a greater number of small households. Small adult households increased from 26.8% to 29.4%, with older households also increasing slightly from 29.3% to just over 30%.

Figure 14: Sample of sales volumes across Fermanagh HMA, 2005 to 2010



Source: University of Ulster Quarterly House Price Index (based on outputs supplied for this study)
N.B. No information was available for 2009

At the UK level, there were about 885,000 sales in 2010 with a value of £40,000 or more. This is around 45% fewer than recorded in 2007 (DCLG, live table 530). The ONS has not updated figures on the numbers of sales in Northern Ireland since early 2008. Figures from University of Ulster, which are based on a sample covering 30-40% of activity, suggest that the numbers of new build and second hand sales in 2009 were 56% lower than in 2007. Unfortunately, data is not available on all house types in 2010 and as such, a proper comparison is not possible. However, sales of terraced and semi-detached houses are both around half of the 2007 level and approximately a third of the 2005 level.

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 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 have looked likely to continue to fall.

Estate agents from across the Fermanagh area report some movement in the number of sales. However, this is largely attributable to the huge decline in prices. Construction of new dwellings has all but stopped. The activity in house sales is mostly at the lower end of the market, with terraced and semi-detached dwellings the most popular. Apartments do not yet form a large part of the housing market in Fermanagh and estate agents predict that this resistance may remain for some time.

House prices in the Fermanagh HMA

Price trends by dwelling attribute

Figure 15 summarises average[10] prices from 2005, 2007 and 2010 for the Fermanagh HMA by dwelling type, which were derived from data supplied by University of Ulster. Patterns are as expected, but information at 2010 only exists for terraced and semi-detached houses. Between 2007 and 2010, prices for these properties fell by 40% and 41% respectively. Opinion gathered from estate agents suggests that the decrease in price among detached houses may be even more pronounced, with 50% widely suggested as an accurate figure.

As expected, detached dwellings were the most expensive. Where there is information available, the average price of a detached dwelling was approximately double the average price of a terraced house. Terraced housing was consistently the least expensive dwelling type in the Fermanagh HMA.

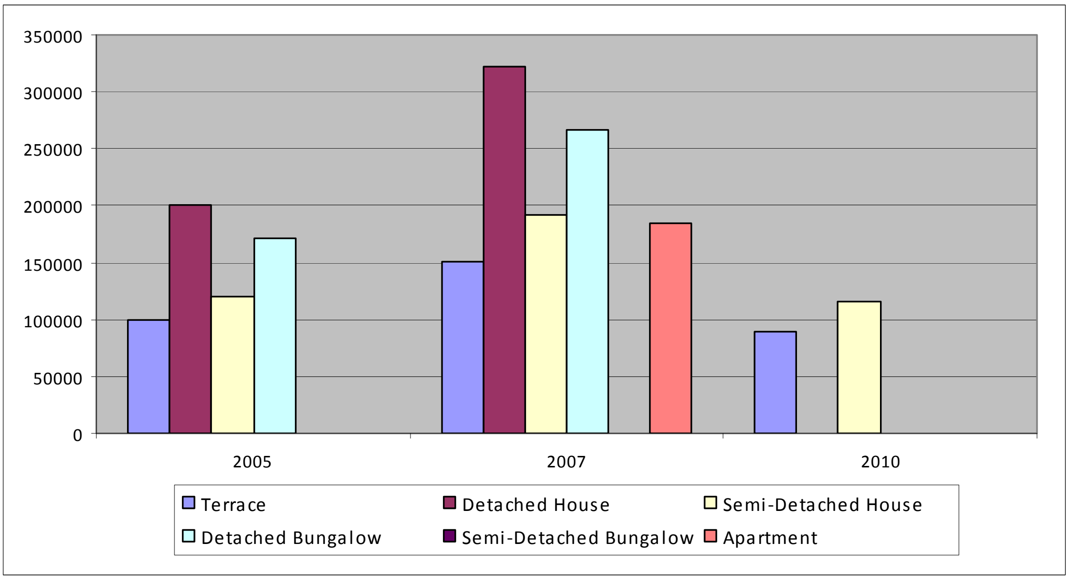
Across the UK new build prices have traditionally commanded a premium relative to second hand properties. University of Ulster (Adair et al 2009b) identified that one effect of the housing market downturn has been a narrowing of this gap. The authors explained that this was mainly due to deep discounting 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'.

Price trends by sub-division

In a HMA, average property prices vary from one sub-division to another. 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 looking 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.

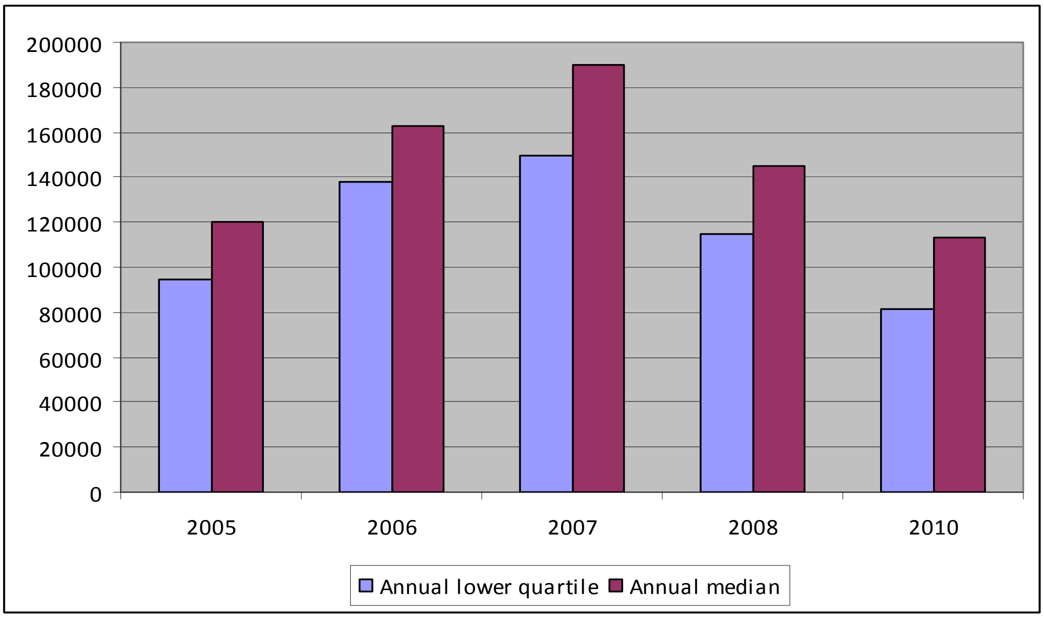
10 If all sales in a given period are ranked in descending order, the lower quartile price is the price of the dwelling which marks the point where one quarter of sales fall below it.

Figure 15: Average Annual House Price Fermanagh HMA, price by dwelling type



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

Figure 16: Lower Quartile and Median House Prices for 2/3 bedroom properties, Fermanagh HMA, 2005-10



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

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 volumes of sales are 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).[11]

In 2010 the lower quartile threshold price in the Fermanagh HMA for two/three bedroom dwellings was £81,500. This was 46% below the corresponding statistic of £150,000 in 2007. Notably, it is also 14% below the 2005 figure of £94,500.

In 2010, the median price for two/three bedroom properties was £113,500, a fall of over 40% from the 2007 position. As with the lower quartile price, it is worth noting that the 2010 median price is over 5% below the 2005 figure.

Affordability of owner occupation

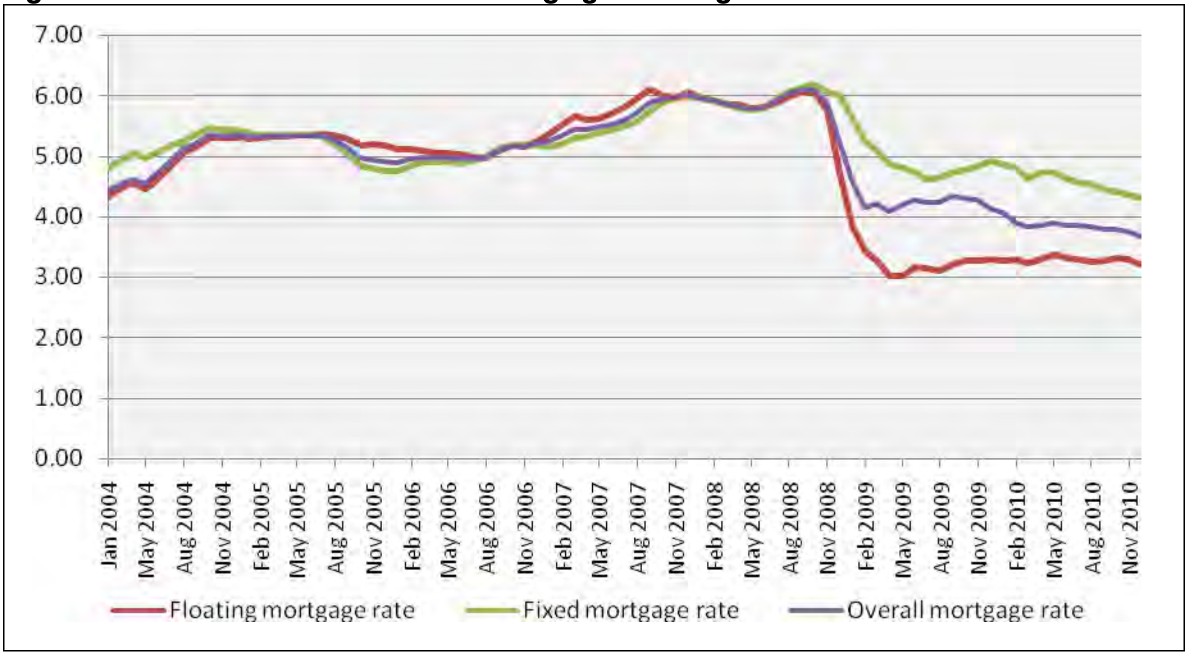
Recent trends

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 the Fermanagh 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. For Northern Ireland as a whole 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 it is likely that house price to income ratios have fallen to under 4.0.

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 17). 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.

[11] 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 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 Regulated Mortgage Survey (RMS). In three 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 sample was considerably larger.

Figure 17: 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 that have found expression 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 major barrier for first time buyers that have to save a deposit from their own earnings and cannot rely on support from their family.

Negative equity is a constraint on a household's ability to secure mortgage finance and, therefore, their ability to move home. In April 2009, the Council of Mortgage Lenders estimated that some 5% of homeowners across Northern Ireland had negative equity, in line with the UK average. This existence of negative equity may have contributed to the sharp 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. There has been some upturn in mortgage arrears and repossessions in 2010 and 2011 and is a matter that will require careful monitoring going forward.

Affordability ratios across the Fermanagh 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 the Fermanagh HMA.

CACI Paycheck income figures for 2010 show lower quartile and median gross annual household incomes across Northern Ireland.

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 18 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 each of the Fermanagh HMA sub-markets.

Table 18: Fermanagh 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
Fermanagh HMA	£81,600	£113,500	£16,253	£27,252	5.0	4.2	3.0
Northern Ireland	£95,500	£124,950	£16,810	£28,780	5.7	4.3	3.3

Source: Non adjusted simple price data supplied by the 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 18 suggest that:

- Lower quartile prices, in spite of the scale of recent falls, remain above affordable levels for younger single income households across all sub-market areas. These figures suggest that, younger single income households would struggle to purchase a home unless they had considerable savings or access to other sources of funds.
- Lower quartile house prices have become more affordable for dual income households and other households with incomes close to or above the median income.
- Median house price to median income ratio exceeds the 3.5 affordability benchmark.

Alternative affordability measures

Affordability ratios give no indication of the proportion of households experiencing affordability problems. Therefore, we sought to extend the analysis of affordability to look at the costs of buying and renting privately.

This analysis, which is summarised in Table 18, is intended to illustrate the potential proportions of younger households under the age of 40 that may 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 numbers of younger households that cannot access the private housing market, instead it seeks to provide a consistent measure that can be used to consider the relative difficulty of accessing the lower end of the privately owned and rented market from one geographical area to another.

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. These figures are derived from the private rental index database in the Fermanagh HMA;
- In terms of house purchase, a household could borrow 3.0 times their income and secure a 25-year repayment mortgage with an interest rate of 4.7%;
- In terms of rent payments, this should not exceed 25% of gross household income. This rent and the above owner occupation benchmarks are broadly consistent with CLG (2007) and Scottish Government Guidance (2008);
- 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 levels 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 will already be suitably housed and will not be looking to buy or rent. This will include households already living in the social rented sector as well as households that have already become homeowners.

The findings presented in Table 19 suggest that:

- 47% of younger households in the Fermanagh HMA could not afford to purchase a dwelling of the value of £81,600 assuming lenders were willing to provide mortgages with a loan to value ratio of 95%;

- If we assume households could raise a deposit in order to secure a mortgage with a loan to value ratio of 80%, 38% of younger households in the Fermanagh HMA could not afford to purchase a dwelling of the value of £81,600;
- 31% of younger households in the Fermanagh HMA have an income below the level suggested by the DCLG guidance that a rent should not exceed 25% of gross household income. The sharp fall in house prices has therefore seen the gap between the cost of purchase and the cost of private renting narrow considerably.

Table 19: Comparison of the cost of owning and private renting

	Northern Ireland	HMA
Estimated number of households under 40 years	199,456	7,173
Lower quartile purchase price (two/three bed lower quartile)		
95% mortgage	£90,725	£77,520
80% mortgage	£76,400	£65,280
Weekly cost of option (25 year repayment mortgage at 4.7% interest)		
95% mortgage	£120	£103
80% mortgage	£101	£86
Private median rent for a 2 bedroom dwelling	£91.87	90.54
Gross income required to access open market		
3.0 multiplier and 95% mortgage	£30,242	£25,840
3.0 multiplier and 80% mortgage	£25,467	£21,760
Rent equals 25% gross income	£19,109	£18,832
Affordability test 1: Lower quartile purchase: 95% mortgage & 3.0 multiplier		
No unable to buy	105,113	3,378
% unable to buy	52.7	47.1
Affordability test 2: Lower quartile purchase: 80% mortgage & 3.0 multiplier		
No unable to buy	87,162	2,726
% unable to buy	43.7	38
Affordability test 3: private rent 2 bedroom dwelling (not exceeding 25% gross income)		
No unable to afford	60,036	2,238
% unable to afford	30.1	31.2

Sources: CACI PayCheck, University of Ulster Quarterly House Price Index and published Rental Index dataset 2010. Note: HCS 2006 percent of householders aged 17-39 years applied to NISRA projections to derive household count for younger households.

The estimates are sensitive to the price threshold and mortgage multiplier adopted. For example, if the multiplier were increased to 3.5, the proportion of households in the Fermanagh HMA unable to afford to purchase a dwelling of the value of £81,600 with a 95% mortgage would fall to 38.9%. If the price increased to £120,000, the proportion would increase to 65.8%. A price threshold of £120,000 and a multiplier of 3.5 would suggest 57% would be unable to buy in the Fermanagh HMA as a whole.

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 lower than the prevailing private market rate. The term therefore covers a wide range of types of provision but the essential features of intermediate housing products are that:

- The housing 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. We therefore estimated the numbers and proportions of younger households that may benefit from some form of intermediate housing on the basis that they should have more than sufficient income to pay a social rent without recourse to housing benefit but insufficient income to purchase an a two/three bedroom house with a 95% mortgage[12].

This approach is broadly comparable with that adopted by Wilcox (2007, 2008). The findings suggest that at the Fermanagh HMA level:

- 36.4% 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 19, almost 53% 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;
- 55.3% 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 the Fermanagh HMA.

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

Housing Executive

Set against this however, at least 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 there is a possibility that intermediate housing would simply result in households moving from the PRS.

A clear limitation of this approach is that it takes no account of demand. It simply provides an estimate of the numbers of households that may be in a financial position to pay for intermediate housing. Any policy decisions regarding intermediate housing would therefore need to consider whether various intermediate tenure options would be attractive to consumers.

Previous research (McGreal and Murie et al 2005) has shown that Co-ownership, which is a long-standing housing finance model that operates in Northern Ireland, is a popular product for which there has been sustained demand. By contrast, evidence from the UK is at best mixed about the strength of demand and popularity of intermediate tenure products.

Co-ownership housing

The Northern Ireland Co-ownership Housing Association (NICHA) plays a key bridging role in the local housing market through its 'Do-it-Yourself-Shared-Ownership Scheme'.

In 2009/10, the average purchase price under Co-ownership for Northern Ireland as a whole was £127,310. Whilst below the prevailing average open market purchase price, the figure is above the lower quartile price for two or three bedroom properties.

Over the past decade, an increasing share of those purchasing through Co-ownership have 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 housing that is consistent with their preferences and aspirations.

There is little evidence in Fermanagh HMA that additional funding for the scheme has had a positive impact. At March 2011, a total of 294 properties in Fermanagh had been purchased since the introduction of the scheme, but just three of those had been purchased during the previous year.

The Housing Executive introduced an Equity Sharing scheme in February 2009, which allows tenants to buy as little as 25% of their home, with increments of a minimum of 5%. There has been a very low response to these incentives. A lack of confidence in the economy and uncertainty in the job market may have influenced this. In addition, as house prices have fallen, tenants may be more inclined to purchase their property outright.

Future prospects

By the end of 2010, there was little evidence that house prices in the Fermanagh HMA or the rest of Northern Ireland had stabilised. Even in regions of the UK, which have seen some recovery in house prices, transactions and house building remain weak. Most commentators therefore remain cautious about the future direction of the housing market.

The general impression is that a sustained rise in real house prices will only occur once unemployment levels decline, wages rise and credit constraints have eased for consumers and developers alike. Reductions in public sector spending, heightened uncertainty over future employment prospects and work in hand by the EU and Financial Service Authority (FSA) to tighten regulation of the mortgage market are likely to dampen the pace of economic and housing market recovery.

One plausible scenario is that nominal house prices in the Fermanagh HMA may gradually stabilise over the next year 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 upside is that this would allow house price to income ratios to return to long-term trend levels. A more prudent lending environment may also help to counteract a potential threat of another housing bubble emerging.

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

The housing slump forced house-builders and developers to mothball developments and take measures to reduce costs such as cutting back on staff. There are fears that this may have reduced the industry's capacity to respond promptly to any recovery in demand.

Aside from potential recruitment problems, recessions tend to make housing developers risk averse and they often prefer to focus on sites that pose the least challenge. For the same reasons 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. This may not be of great consequence in Fermanagh where apartments had not yet become a popular form of accommodation. Urban areas with a high-density of apartments, particularly Belfast, will have felt this impact more keenly.

On balance, the continuation of modest private house-building rates during 2011 and 2012 may be manageable because of a possible short-term moderation in household growth noted in earlier in this chapter.

On the other hand, continued modest house building rates for five or more years would pose a risk that the level of new housing would fall below the current RDS housing growth indicators and the lower housing growth indicators proposed in the RDS 2011-25 (see Appendix 2). In effect, as time progresses it would become more difficult for the construction sector to 'catch up'. Whether this would create a gap between supply and demand, and therefore push up prices and increase affordability problems is highly uncertain. Ultimately, the outcomes of a myriad of demographic, economic and policy processes on the long-term direction of the owner occupied sector and the building industry will only become clear as events unfold.

Conclusion

The Fermanagh HMA is dominated by owner occupation and this is predicted to continue. Numbers may continue to rise but the sector has seen a decline in percentage share in recent years and this too may characterise the coming years. Demographic projections suggest that there will be a continued upward trend in the numbers of older households over the next 15 years and beyond. The large majority of these 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 housing that presents few barriers to mobility that will encourage 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 the existing housing stock, the scope for this within the owner occupied sector stock seems very limited.

In the decade to 2007, the Fermanagh HMA experienced a steep rise in house prices. Over this period, rates of housing construction were broadly in line with RDS ambitions and exceeded household growth. Supply shortfalls were not, therefore, a major factor in the rise in prices. By contrast, the rapid expansion of the numbers of 'buy to let' investors and other speculative investors entering the housing market contributed to the overly optimistic house price expectations that underpinned the housing bubble witnessed in the Fermanagh HMA and the rest of Northern Ireland in the three years to 2007.

The housing market has been at the forefront of the economic recession. By 2009, the reducing number of first-time buyers and 'buy to let' investors in response to the imposition of 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 the Fermanagh HMA. If sustained over the long term this should lead to an upturn in the numbers of first time buyers. In the short term however, other criteria have undermined the affordability benefits arising from falling prices.

Most existing homeowners have benefited from lower mortgage interest rates. On the downside, the scale of price decline means that negative equity will remain a continuing risk for homeowners that purchased their home in the last few years. 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 polices and are therefore likely to have a dampening effect on housing demand.

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 numbers 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.

Although land values have fallen back, this may not necessarily encourage new development, as landowners may prefer to wait and see if prices recover. This could limit the availability of land and postpone new housing development.

In summary, the economic conditions required to return to stable but modest house price growth and to secure sustained expansion in private housing construction are unlikely to reappear in the near future.

Key issues

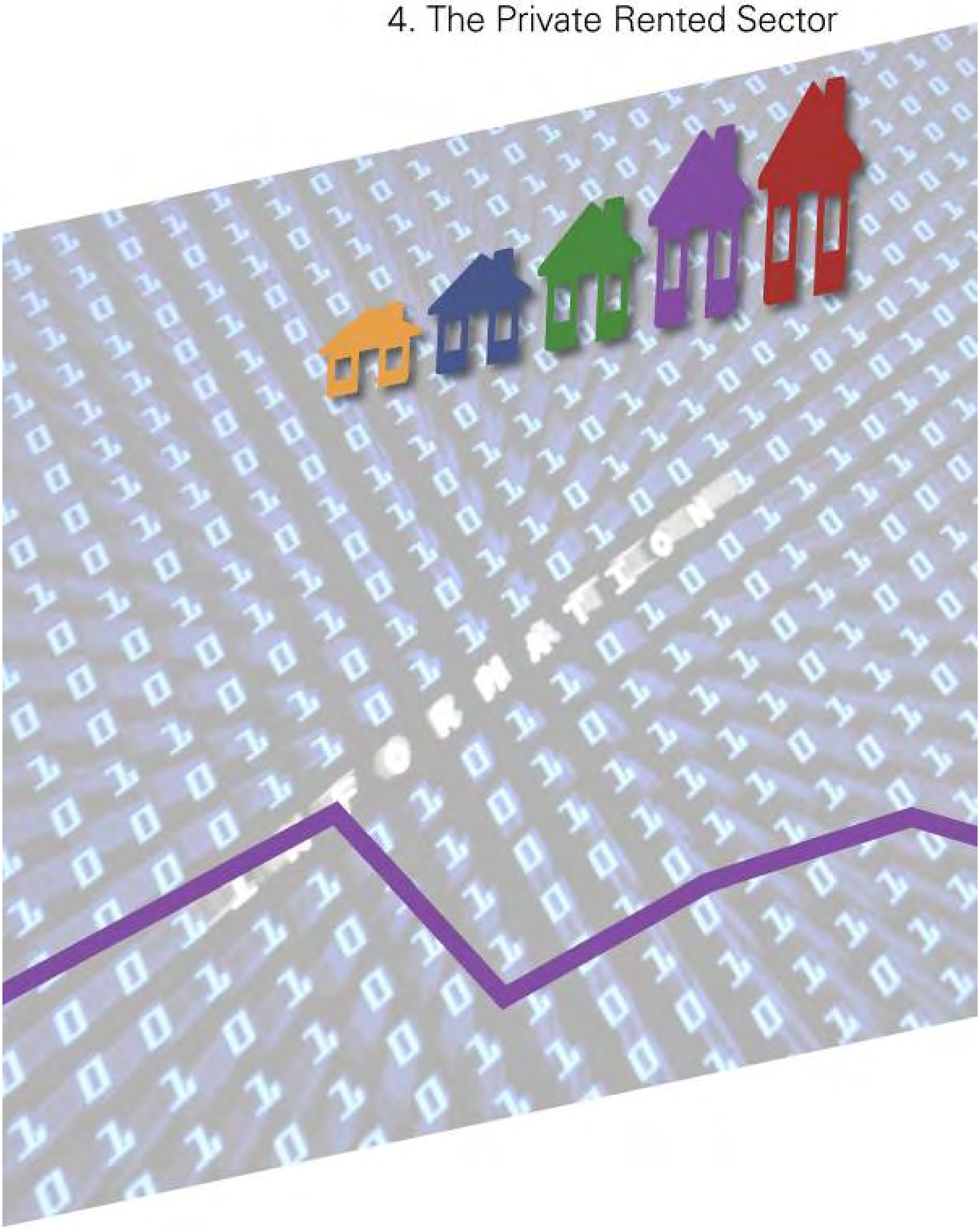
- Owner occupation remains the tenure of choice in Fermanagh HMA with higher rates than the Northern Ireland average;
- There is a higher level of owner occupation in Fermanagh Rural (77%) than in Enniskillen Town (64%);
- The economic downturn has impacted heavily upon the construction sector and led to a dramatic fall in levels of new build dwellings for sale;
- Whilst the affordability gap has narrowed, tighter lending criteria and a lack of consumer confidence have continued to stifle transactions among first time buyers;
- 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 continue to present a risk for home owners;
- 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;

- There is potential for ‘intermediate housing’ options to meet the housing needs of those who can not afford owner occupation and are ineligible for benefits.

Private housing development, Enniskillen

Housing Executive

4. The Private Rented Sector



4. PRIVATE RENTING WITHIN THE FERMANAGH HMA

Introduction

This chapter explores the dynamics of the PRS in the Fermanagh HMA. It highlights the distinctive features of the different segments found within the sector. It also looks at a number of key issues, including affordability, and inter-tenure flows, and the significance of private renting for the wider housing system. The chapter concludes by considering future prospects for the sector.

This chapter draws upon evidence from the HCS[13] to augment analysis from the 2001 Census data[14]. This information has been supplemented by direct discussions with local estate/letting agents and other stakeholders.

Expansion of private renting

In Fermanagh LGD, the proportion of the total housing stock in the PRS increased from approximately 7% to over 15% during the period from 2001 to 2006. Based on national trends anywhere from 16% to 18% of the total stock in the Fermanagh HMA may now be in the PRS.

Following years of decline, regionally 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 the total housing stock for Northern Ireland increased from just under 8% to 13%. Since 2006, evidence from the 2009 HCS indicates that the sector has continued to expand rapidly. Between 2006 and 2009 the occupied PRS stock increased by 43,800 to 124,600 units whilst the total PRS stock (i.e. including vacant units) increased by 47,400 to 142,000. Thus by 2009 the PRS accounted for almost 17% of the total occupied stock and over 19% of the total stock[15]. The 2009 HCS figures suggest that in the Fermanagh and Omagh area, the PRS represented around 15.3% of total housing stock.

There has been an increase in the number of private Housing Benefit claimants, with the number of claimants increasing by 52% between 2007 and 2011 in Fermanagh LGD. The expansion of PRS stock numbers in Fermanagh HMA since 2001 is consistent with the following:

- There has been considerable investment in the PRS, including a substantial inflow of funds from the ROI and UK buy to let investors;

[13] It should be noted that information from 2009 HCS is not comparable with previous versions. In the 2009 report data is reported by Local Government Districts (LGD) as proposed under the Review of Public Administration rather than by existing LGDs.

[14] The NI House Condition Survey sample size is sufficient to report evidence at Fermanagh LGD level but not at ward level and therefore it is sometimes necessary to draw on Census 2001 data.

[15] 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.

- Since the downturn in the housing market noted previously, there has been a marked increase in the share of new constructed housing taken up by PRS landlords as well as an increase in PRS supply from ‘accidental landlords’ renting out properties, albeit temporarily.

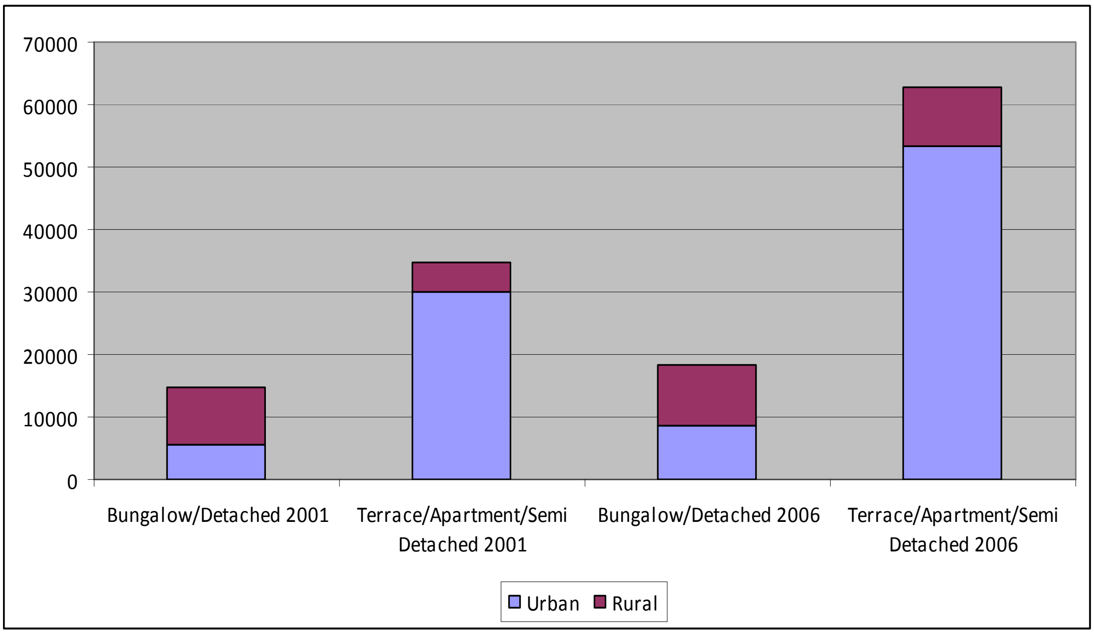
Profile of the private rented sector stock

Dwelling type

Figure 18 shows private rental stock by urban/rural breakdown for Northern Ireland at 2001 and 2006 and broadly reflects the position within Fermanagh HMA:

- The PRS continues to be over represented in urban areas with the proportion of private rented stock increasing by 75%, whereas the comparable proportion for rural areas was 36%;
- The proportion of PRS stock comprising the build form of terrace/apartment/semi-detached properties increased from 70% to 78% at the expense of detached properties which fell back from 30% to 23%. This would support suggestions that these types of properties, particularly in the Enniskillen Town sub-division, are the most popular in the PRS;
- According to the 2006 HCS, the PRS accounted for 11.5% of the total housing stock in Northern Ireland. There are however, considerable differences across district council areas in the proportion of dwellings that were privately rented. Fermanagh LGD, comprising the majority of the Fermanagh HMA, has more than 15%, (3,490 dwellings) of total housing stock (22,900 dwellings) located in the PRS which is one of the highest percentages recorded throughout Northern Ireland;
- Figure 18 shows that compared to the owner occupied sector, the PRS has much lower proportions of bungalows/detached houses and significantly higher proportions of apartments/terraced and semi-detached houses. Local estate agents suggest that within the rural sub-division however the renting of bungalows and larger dwellings has become more common, but is still at quite low levels.

Figure 18: Private rental stock by Urban/Rural Breakdown, 2001 and 2006 (NI)



Source: HCS, 2001 & 2006 (edited dataset)
NB: Consistent with advice from NIHE Research Unit these figures have been rounded to the nearest 100.

Vacancies

Vacant dwellings can affect neighbourhoods, communities and residents in a number of ways including:

- Social degeneration;
- Acting as a focus for anti-social behaviour;
- Devaluation of neighbouring properties;
- Revenue loss (rates are not levied on empty properties in the private sector);
- Increased housing supply.

There are a variety of reasons for properties being vacant in both the public and private sector and while many of these can be complex, four distinct themes can be identified:

- Failing Housing Markets – characterised by high turnover, lower than average house prices and high numbers of vacant homes;
- Rural Unfitness/Disrepair – highest in peripheral rural areas and in dwellings built before 1919;
- Investment Properties – Investors 'buying to leave' properties to try and maximise capital gain. It should be noted that current economic conditions have minimised this practice;
- Second Homes – a holiday home or weekend cottage.

Housing Executive research and information from local estate agents suggests that the PRS is thriving within Fermanagh HMA. An assortment of property types are currently being offered for rent, including 'second homes' with landlords competing to hold onto or attract tenants. Conversely, within the owner occupied sector a number of 'new developments' lie boarded up/vacant within the urban and rural sub-divisions of the Fermanagh HMA. The PRS has clearly become the optimum housing choice for many during this period of economic stagnation. In 2006, 14% of the PRS stock in Northern Ireland was vacant compared to 5% for the housing stock as a whole.

Dwelling age and condition

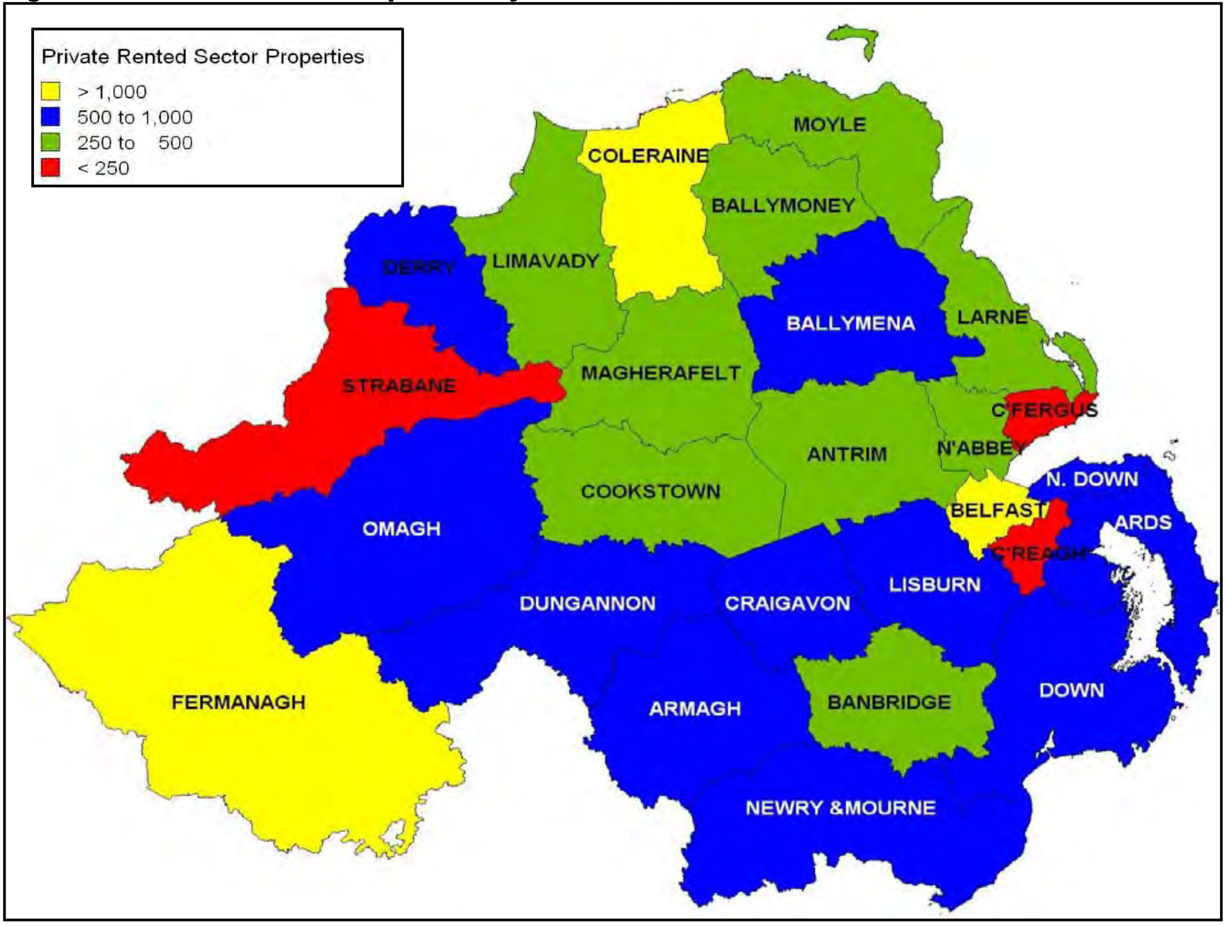
Traditionally private rented stock has been associated with older dwellings however the 2006 HCS shows that while the PRS has a higher proportion of older stock than any other occupied tenure, the number of newer dwellings built after 1980 is increasing.

In 2001, 38% of privately rented dwellings were built before 1919, and by 2006 this had decreased to 28%. Similarly, the proportion of dwellings built between 1919 and 1944 decreased from 21% in 2001 to 16% in 2006 (although numerically the number has increased slightly). The proportion of properties in the PRS which were built after 1980 has jumped from 15% in 2001 to 25% in 2006, representing an increase of 12,700 dwellings.

Further analysis of privately rented dwellings constructed since 1980 found that the vast majority were constructed after 1990 (15,000 dwellings compared to 5,100 dwellings constructed between 1981 and 1990), confirming the investment in new build properties by buy-to-let investors.

Figure 19 illustrates the spread of pre 1945 private rented accommodation across the Northern Ireland District Council areas. It has not been possible to show this information at Fermanagh HMA level however since Fermanagh LGD comprises nearly all of the Fermanagh HMA the figures are considered robust. The map shows that Fermanagh LGD is one of three LGDs throughout Northern Ireland which had over 1,000 private rented dwellings constructed before 1945.

Figure 19: Pre 1945 PRS Properties by District Council Area



Source: HCS

Stock constructed pre 1945 raises issues with achieving the Decent Homes Standard and unfitness levels. A decent home is one that meets the following four criteria:

- It meets the current statutory minimum standard in housing;
- It is in a reasonable state of repair;
- It has reasonably modern facilities and services;
- It provides a reasonable degree of thermal comfort.

In 2006, the HCS estimated there were approximately 162,100 dwellings that failed the Decent Home Standard, representing 23% of the total housing stock in Northern Ireland. Of the dwellings that failed the Decent Homes Standard 85% failed on the thermal comfort criterion, 29% failed on disrepair and 15% failed on lack of modernisation. The 2006 survey provided some information at Fermanagh LGD which showed that 26.6% of all stock failed the Decent Homes Standard with failure on the basis of the thermal comfort criterion the primary reason.

The Northern Ireland level preliminary analysis of the 2009 HCS indicates that the overall housing level of unfitness has fallen from 3.4% of the stock in 2006 to 2.4% of all dwellings. For the PRS, comparable figures show a fall from 2.6% to 2.2%. The figure was 8.7% in 2001. However, the 2009 results indicate that unfitness is associated with vacancy (nearly three in five unfit dwellings in 2009 were vacant) but a declining proportion of vacancies are unfit and the Housing Executive attribute this to the growing proportion of vacant buy to let properties (which are presumably relatively modern or newly constructed). Unfitness is also associated with older pre-1919 properties however within the Fermanagh HMA this is not problematic due to the limited number.

Households

The PRS performs a number of important roles within the local housing system. One of its functions remains a 'traditional role' in housing people who have lived in the sector for many years (numbers are historically small and dwindling) and providing emergency housing of last resort (e.g. to assist with homeless applications). A second function is the provision of relatively easy access (and exit) housing for young and mobile households, such as young professional singles, couples, migrant workers and students. Thirdly, the PRS also provides a range of employment linked or 'tied' accommodation that is inaccessible to the general public. (David Rhodes, 2006). A fourth role is to provide housing to those who are unable to access the mainstream tenures of owner occupation and social housing. Thus, there is the view that low-income households can be forced into renting privately in areas where social rented housing is in short supply (Department of the Environment, Transport & Regions, 2000). Finally, a new role for the PRS has been identified, in providing an 'escape-route' from social rented housing for some social renters who choose to move into the PRS to obtain a better house or live in a different neighbourhood (Kemp and Keoghan, 2001).

Across the Fermanagh HMA, evidence from local estate agents would suggest that the PRS is dominated by one and two person households however three person households have been increasing in number, particularly within the rural sub-division. Larger size households (four or more persons) are under represented in the Fermanagh HMA. Local evidence also indicates that the household groupings of single persons, small adult (two persons 16-59 years old) and small families (one or two persons aged 16 or over, with one or two children) would appear to be the major clientele of the PRS in both the urban and rural sub-divisions of the Fermanagh HMA. Some local estate agents suggest that some young couples were shifting away from the PRS back to the owner occupied sector in the knowledge that they could afford to buy their own property for the same financial outlay a month, usually £450 - £500 p/m dependent on dwelling type. The falling prices of dwellings within the owner occupied sector with many new developments not requiring a deposit has enabled this change. Parental assistance has also encouraged this behaviour. However, while numbers in the owner occupied sector increase, percentage share of tenure continues to reduce.

With regard to the economic activity profile among the residents of the PRS, local estate agents commented that the sector attracts people from all walks of life, single professionals, lone parents and families with the head of household in employment, the unemployed and migrant workers. In the urban sub-division of the Fermanagh HMA one local estate agent stated that his main clientele over the past year had been Spanish workers, approximately 700 in number, who had been brought over to Northern Ireland to work on the new South West Hospital site just outside Enniskillen. Most of the workers had now returned to their country of origin as work on the hospital is well advanced and he noted that there had been no issues with the letting of the properties that they vacated.

As well as proving attractive to professionals, the PRS has also been proving very popular with those on housing benefit, although it is clear from notices in the local newspapers that many landlords do not wish to let to benefit claimants. It will prove interesting to monitor whether those on benefit continue to rent privately with the changes that have been made, in April 2011, to Local Housing Allowance (LHA). Most tenants will now have to find extra money to put to their rent as it is now calculated on the 30th percentile value of similar properties in an area. Top ups or excess payments will no longer be provided either as was the case pre April 2011.

It has been clear from talking with local agents that Housing Executive tenants moving into the PRS has been playing a pivotal role in the decline in the waiting list across the Fermanagh HMA. Local agents report a steady number of Housing Executive tenants requesting accommodation in the PRS. Most common reasons include the type of dwellings available, newer houses with oil or gas heating plus a range of ‘white goods’ and dwellings located in more ‘desirable’ areas or areas where there is no Housing Executive stock available. The lack of security of tenure does not seem to deter social tenants from choosing housing in the PRS chiefly because of the size of the sector and the number of dwellings available.

On whether the PRS weakens or reinforces wider community divisions across the Fermanagh HMA, it would appear that the community divide is less obvious in the PRS. The new development areas have promoted greater inclusivity, however, divisions are still obvious in some of the older Housing Executive estates.

The number of migrant workers has been declining due to the current economic conditions. Those that remain in the Fermanagh HMA tend to live close to their employment which is chiefly within the Enniskillen Town sub-division.

Landlords

The Housing Executive has commissioned research on the PRS in Northern Ireland, re-analysing and in some cases augmenting HCS data. One such study concerns landlords and involves a follow up survey of 191 landlords conducted in 2009 for Northern Ireland as a whole.[16]

[16] NIHE has released the draft findings only. The work was carried out by the University of Ulster and will be the sixth in a series of short studies on the Northern Ireland PRS.

The interim findings included the following points:

- The majority of landlords operate on a small scale (two thirds have five or less properties), though their portfolios are increasing;
- Many entered the market during the period of rapidly rising prices and stated financial reasons as the main explanation for their choice;
- The distribution in Northern Ireland shows a small number of landlords with large portfolios;
- Many landlords are new to the sector, being active for less than five years;
- The vast majority of those surveyed said they became a landlord for financial reasons; about 15% said, they were accidental landlords;
- Others identified pension income, investment and long-term reasons that combined both rental and capital growth returns;
- Approximately 30% own their portfolio outright, whereas the rest have borrowed in different ways including buy to let, etc;
- A substantial proportion had quite low Loan to Value (LTV) borrowing outstanding, suggesting scope to lever in more finance if required. However, the Council of Mortgage Lenders noted that the LTV borrowing by NI landlords was higher than that of UK landlords;
- The majority of landlords do not use a letting agent but manage directly and approximately two thirds would be interested in leasing schemes.

The spectacular growth of the sector in Northern Ireland appeared to have ended in the aftermath of the 2007 credit crunch. The 'buy to let' market is currently flat and is not expected to pick up soon, for a number of reasons. Rents are relatively low compared to other UK markets; there is an oversupply of new or recent stock in some areas of Northern Ireland, particularly apartments. There has also been a tightening of specific 'buy to let' lending rules, namely large deposits of 40% plus, credit and income checks, a lease/tenant in place and a minimum requirement that rents cover at least 125% of mortgage repayments. As a consequence new supply is limited.[17]

Key issues

Affordability

PRS rents are deemed affordable if the market rent is less than or equal to 25% of gross household income (based on CACI income analysis).

In 2010, the median rent for two bed accommodation in Fermanagh HMA was £90.54, a little higher than the mean figure. Table 20 indicates that this was unaffordable for 31.2% of households.

[17] 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.

Table 20: Two Bed Rental Affordability, 2010

Geography	Measure	Rent £ per week	Can afford (%)	Cannot afford (%)
Fermanagh HMA				
	Median	90.54	68.8	31.2
	Mean	87.48	70.4	29.6
	Mode	85.43	71.4	28.6
	Lower Quartile	76.82	75.8	24.2
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

Table 21 shows the same information as Table 20 but for three bed properties. The median rent of £91.81 per week was unaffordable to around 32% of households. The most commonly requested rental value of £92.38 remains unaffordable to just over 32% of households.

Table 21: Three Bed Rental Affordability, 2010

Geography	Measure	Rent £ per week	Can afford (%)	Cannot afford (%)
Fermanagh HMA				
	Median	91.81	68.2	31.8
	Mean	91.22	68.5	31.5
	Mode	92.38	67.9	32.1
	Lower Quartile	84.85	72.1	27.9
Northern Ireland				
	Median	100.75	65.9	34.1
	Mean	103.9	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 suggest that the levels of rents and gross incomes in the Fermanagh HMA PRS represent affordability problems for those not able to access Housing Benefit through the Local Housing Allowance (LHA). On the face of it, this might imply that the PRS would be less suitable for low-income households as an alternative to social housing; but we must take account of the mitigating impact of LHA. Between 2001 and 2006, PRS households in Northern Ireland, receiving Housing Benefit, grew from 37% to 45%. Of tenants paying rent in full, or where Housing Benefit did not cover the market rent in full, 45% said they found finance very or fairly difficult and 5% were at least two weeks in arrears. Table 22 repeats the affordability analysis above but uses the estimated levels of LHA that would apply at the same geographies (for two bed properties).

Looking at 2010 data, Table 22 contrasts the two bed Local Housing Allowance level of rent in the PRS with the actual mode and median rents quoted in Table 20 for two bed properties. It shows the LHA rent level of £84.85 is not affordable for 28.3% of households in the Fermanagh HMA.

Table 22: Local Housing Allowance Affordability (2 bed)

Market	LHA (£)	cannot afford (%)	PRS mode rent (£)	% cannot afford (%)	PRS median rent (£)	cannot afford (%)
Fermanagh HMA	84.85	28.3	85.43	28.6	90.54	31.2
Northern Ireland	86.41	27.6	103.9	29.7	91.87	30.1

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

The key issue that Table 22 highlights is the extent to which the LHA alleviates non-affordability for PRS households. We can indirectly assess this by subtracting the median rent from the LHA to make a rough and ready assessment. This indicates that the median rent payer eligible for the full LHA could expect to have £84.85 of £90.54 (93.7%) met if living in the Fermanagh HMA. This equates to around £295.88 per year, £24.66 per month that the rent payer has to make up from other income sources, and to a low-income household, or welfare dependent household, this is a significant amount of money.

Since April 2011, housing benefit LHA rates have been reduced from that used previously. At November 2011, the Local Housing Allowances for the wider Fermanagh area were £79.75 for a two bed property and £88.39 for a three bed property. This now means about three in ten properties for rent in an area should be affordable to people on Housing Benefit rather than five in ten properties in the past. It also means that for many the amount of Housing Benefit they receive has reduced.

Estate agents in Fermanagh HMA report (Nov 2011) that rental amounts being requested are around £90 to £100 per week for two bed properties in the area, with Enniskillen Town rents, being slightly higher than those in rural locations. Three bed properties attract rents of around £112, to £120 per week, again, depending on location. Certainly, for those on Housing Benefit this would suggest that the shortfall between rental values and Housing Benefit (LHA) assistance is widening.

Expert interviews confirmed the importance of the Housing Benefit (LHA). It is considered by some that a large part of the PRS is underpinned by public funding through the LHA, particularly at the current juncture in the market. Unlike in the rest of the UK there were no direct changes to rent when the LHA was introduced, meaning that most landlords still receive their rent LHA payments from the Social Security Agency rather than the tenant. They argued that consequently any future cuts in Housing Benefit as part of wider fiscal austerity measures will be serious for the sector's future. This may impact on the capacity of the sector to take on long term leasing for homeless households if landlords are not guaranteed rents paid directly.

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 in Fermanagh HMA and across the province 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 three 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 first of 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:

- Low-income households having to give up their existing properties as they can no longer afford to rent, or the shortfall between rent and LHA benefit received;
- Seek accommodation in the limited numbers of cheaper/shared properties, or give up their independence and return to the family home;
- Social housing waiting lists are likely to increase with people turning to them as the only option as the supply of affordable private rental declines;
- A significant potential for a rise in homelessness;
- Investment opportunities for landlords to respond to the affordable PRS. This may prove difficult in the current lending environment.

Private Rental Issues in the Fermanagh Rural Sub-division

As stated throughout this chapter, information is limited on the private rental sector in Fermanagh HMA with most evidence drawn from local housing management and estate agents in the area. This is even more evident when it comes to the Fermanagh Rural sub-division.

Qualitative data from estate agents suggests that private rental accommodation is scattered throughout all of the rural settlements within the Fermanagh HMA however, actual numbers are difficult to gauge. Many of the dwellings that have entered the sector are within private developments where the developer has been unable to sell and has rented to provide an income. These properties are mostly three and four bedroom houses. Estate agents also report that there has been an upward trend in the number of newly constructed large homes, four/five bedroom, offered for rent in rural areas. The original intention with many of these dwellings was use as a family home however, the cost of completing the build proved crippling financially and in many instances the individual/family cannot afford to live in it.

Local information also indicates that a number of 'second homes' are being rented out in the rural sub-division. The growth of second homes in Fermanagh has been in a different geographical context than other areas throughout Northern Ireland due to the LGD being landlocked. Development has been largely in the Fermanagh Lakelands area, which encompasses Enniskillen, Irvinestown, Belleek, Lisbellaw, Maguiresbridge, Lisnaskea, Kesh and Derrylin. Over half of these dwellings where constructed in the past 12 years with the main reasons for purchase cited as: lifestyle and leisure; use at weekends and holidays; for future retirement; as an investment; attracted to the area by location and facilities and family or other associations in the area. The downturn in the economy/cost of living increases however, has resulted in a high number of these dwellings offered for rent to enable the owner to generate additional income and facilitate the costs associated with owning such a property. Estate agents also confirmed that the purchase of such properties has dropped away dramatically over the past two to three years.

Qualitative information suggest that it is chiefly local people who are interested in establishing roots in the rural sub-division, and with younger people experiencing difficulties purchasing, there is a demand and need for rental accommodation. Estate agents and housing management alike however confirm that Enniskillen Town has the greater supply of private rental accommodation in the Fermanagh HMA. They also agree that more supply of private rental stock is required throughout the Fermanagh HMA as affordability problems are predicted to continue for some time to come, keeping demand for the PRS high.

Tenancy management issues

The Northern Ireland Housing Market Review and Perspectives 2011-2014 indicates that there are approximately 10,000 HMOs in Northern Ireland, playing a key role in meeting the housing needs of single people in temporary work, on low incomes, students and increasingly, since 2004, migrant workers. In Fermanagh LGD there are 16 HMOs, mainly found in Enniskillen Town. HMOs are now within a statutory registration scheme which will ensure management standards improve. The 2006 HCS suggested that 89% of tenants said they had a good relationship with their landlord/letting agent and 56% were very satisfied (27% were satisfied) with the overall service provided.

Welfare reform will potentially see an increase in HMOs as landlords convert larger properties into single room lets to meet the likely increase in demand from younger single households and the capping of housing and other benefits.

Inter-tenure flows

The PRS is making a contribution to meeting unmet housing need as it accommodates households who would previously have been buying in the open market, or would have been traditionally reliant on the social rented sector. Within Fermanagh HMA, evidence from key stakeholders and the data presented in this chapter does support the notion that the PRS has been playing an important role and making a contribution to addressing unmet need. The increase in tenure share of the PRS has not been to the same extent as some other parts of Northern Ireland but considering the predominately rural nature of the Fermanagh HMA, the increase has been impressive.

In Northern Ireland as a whole, there is evidence, particularly since 2007, that the buy to let market has outpaced owner occupation in terms of persons purchasing properties coming on the market for sale. This has largely been stimulated in response to the demand generated by first time buyers who are increasingly unable to access owner occupation; are waiting until the market/economy improves before committing to purchase or are finding it difficult to secure social renting tenancies.

The relationship between the PRS and social renting therefore is potentially very important if the PRS can contribute to addressing unmet social housing need. Social housing managers clearly feel that the PRS is substituting for social renting in many areas in Northern Ireland, despite the lack of security of tenure. It is argued that the PRS offers greater flexibility as well as a number of rental opportunities in new housing developments and avoidance of the perceived stigma of social housing. There is also potential for new models of provision within the PRS such as Assured Tenancies or other new leasing arrangements that could usefully be explored.

However, in a separate study for the Housing Executive, Newhaven Research (2010) suggested that the rapid growth in the PRS since 2000 has been accompanied by an increase in the number of households assessed to be in housing stress (approximately 10,000 in 2001 and 20,000 in 2008). This was likely because of insecurity of tenure and resulting homelessness but also lack of amenities and disrepair. This would suggest that whilst the PRS may provide easier access to housing, many private renters do not perceive this tenure as a permanent or satisfactory long term solution.

In summary, the evidence suggests that the PRS is perceived by a significant and growing number of landlords as an investment vehicle primarily rather than a long term going concern. Increasing numbers of tenants also see it as a staging post, as they take steps to secure social renting, or are saving to buy. On this basis, trends in PRS are a reflection of the current economy and housing market in Northern Ireland.

Given the lack of flexibility of social housing to respond quickly to demand and lack of finance availability for owner occupation more households will continue to look to the PRS for housing solutions. However, it is clear that in Northern Ireland and Fermanagh HMA the aspiration is still for owner occupation, where possible. This is likely due, in some part, to the fact that there are no significant alternatives to the current tenures. There is clear evidence to suggest that there is an 'intermediate' market currently social renting or on the margins of buying, who would welcome a wider range of private or below market rent products.

Future prospects

In the Fermanagh HMA, new build in the area has kept up with household formation, and there is no apparent shortage of housing across the owner occupied and private rented tenures. If current market conditions continue, owner occupation will continue to remain largely inaccessible in Fermanagh HMA; social housing budgetary constraints will see a reduction in new social stock and available relets, therefore an affordable PRS will see a further role expansion within Fermanagh HMA. This would be the case, especially if innovations such as long-term leasing, assured tenancies etc were developed as letting models.

Despite the apparent levelling-off of growth and the stalling of new investment throughout Northern Ireland, the prospects for the PRS remain good, not least because of continuing affordability problems in respect of home ownership. While there is some evidence to suggest some investors are leaving the market, most trends indicate that the risk of large-scale disinvestment is low.

Stakeholders point to the importance of the future direction taken by the Northern Ireland economy in shaping the PRS (and other tenures). There does seem to be strong demand for the PRS but little sense of a supply recovery, not least until mortgage lending conditions in the buy-to-let market ease. We remain sceptical about the scope for the sector to make a major contribution to meeting the needs of those most vulnerable and in greatest housing need. It is also important to recognise that there are large proportions of households who would find unsubsidised private rents unaffordable, and for whom the PRS is not an option, leaving social housing the only affordable housing choice. The upcoming welfare reforms will impact significantly on the PRS.

As the sector approaches a fifth of all housing in Northern Ireland, it is clear that it has, and will continue to play, a vital role in the housing market within Fermanagh HMA and Northern Ireland. It will increasingly service that proportion of the population who are not in housing stress and those who can readily afford to buy within the more stringent lending arrangements. A well managed and good quality PRS combined with a range of new 'intermediate housing' solutions at less than market rents, together with expanded Co-ownership style arrangements can all provide such households with choice that currently is lacking.

In order to inform such investment and policy making decisions further research into the nature and operation of the PRS at the Fermanagh HMA level, and below, is considered necessary.

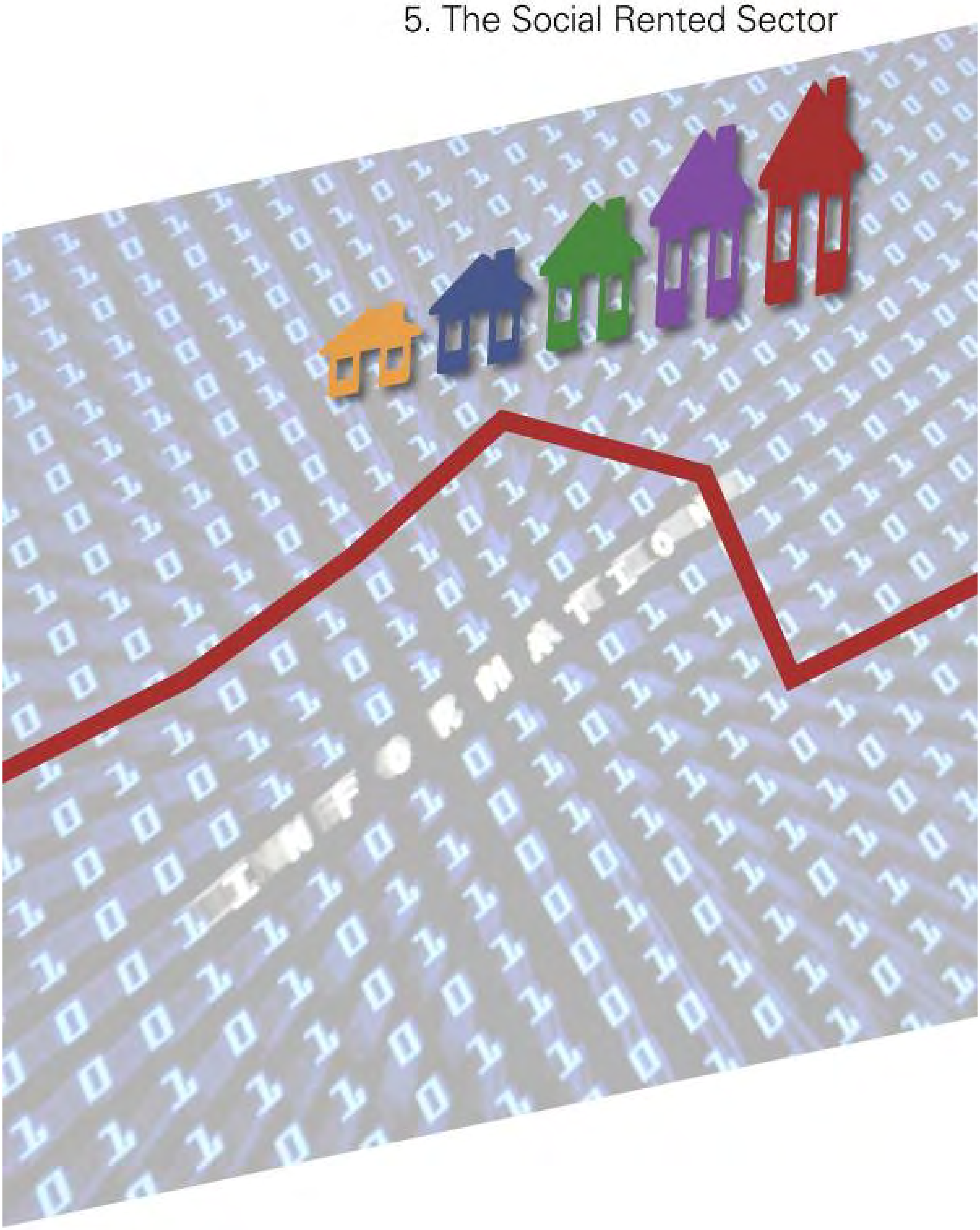
Key actors point to the importance of the future direction taken by the Northern Irish economy. While there is still a significant number of vacant properties, there is little chance of any dramatic change in vacancies until mortgage lending conditions in the 'buy to let' market ease. While there is uncertainty about the scope of the sector in meeting those most vulnerable sections of households in need it is important to recognise the large proportions of households who would find unsubsidised private rents unaffordable.

Key Issues

- In Fermanagh HMA the PRS has increased its tenure share in the market quite dramatically and is making a considerable contribution to meeting housing need, the declining social waiting list being evidence of this;
- The majority of private rented properties are located in Enniskillen Town however there is an ever growing number scattered throughout the rural sub-division;
- This sector is unaffordable to significant numbers of households in this HMA;
- Welfare Reform is likely to impact on the ability of households to access suitable private rental accommodation;
- There are indications that while households are content to dwell in this sector temporarily, many do not see it as a long term housing option. This is mainly due to insecurity of tenure and the quality of housing. The sector needs to adapt accordingly if it is to be seen as more than a stop gap;
- Further research into the nature and operation of the PRS at the Fermanagh HMA level and below is considered necessary.

Housing Executive

5. The Social Rented Sector



5. Social Housing Within The Fermanagh HMA

Introduction

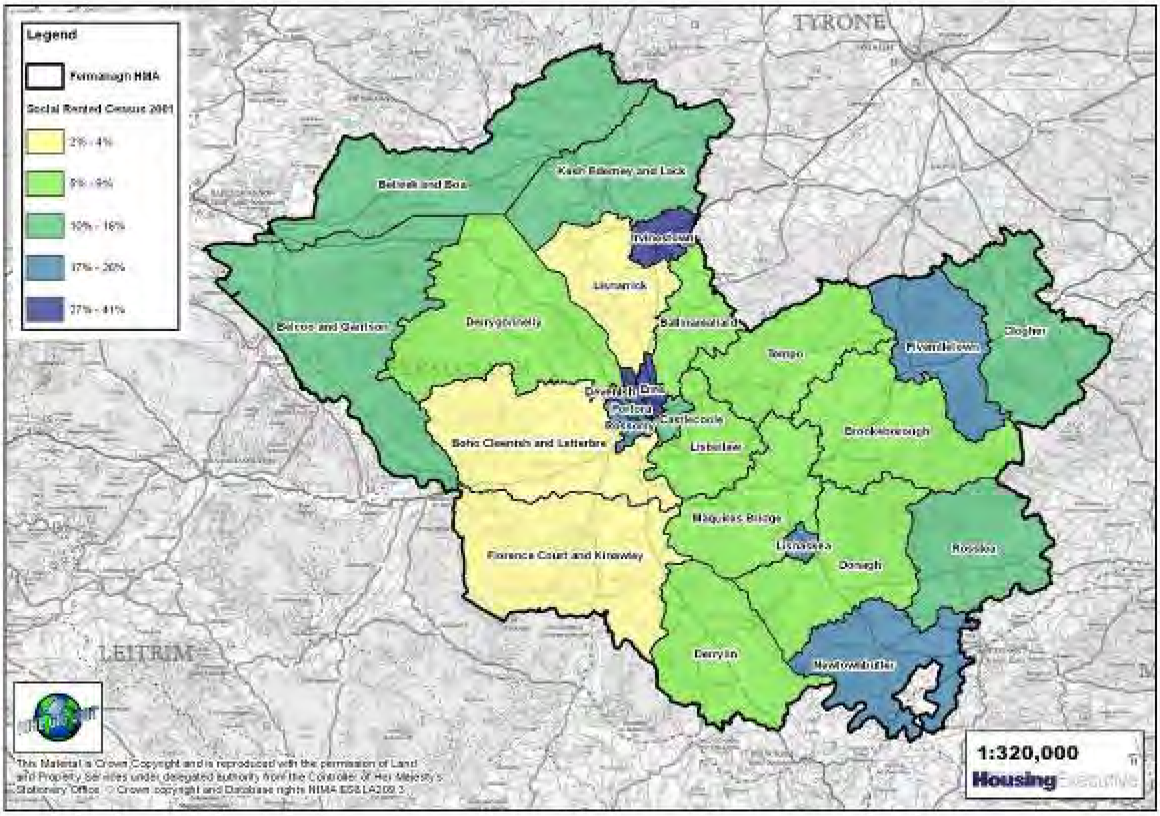
This chapter examines the social rented sector. It looks at the changing profile of social housing provision and its occupants as well as the expressed demand for the sector.

Profile of the social housing stock

Numbers and spatial distribution of social housing

At March 2010 the Housing Executive owned 89,300 dwellings across Northern Ireland whilst housing associations managed 26,800 self-contained dwellings and a further 4,500 non-self-contained units.

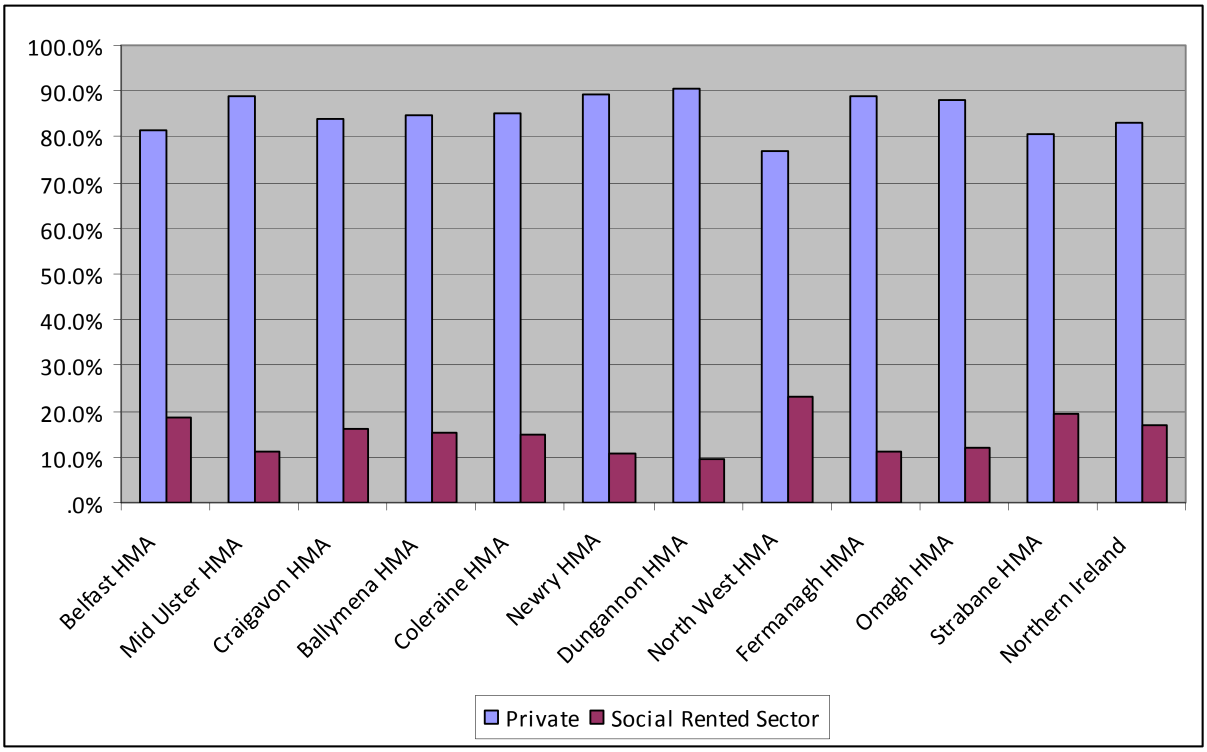
Map 4: Percentage of households living in social rented sector in 2001, at ward level



Within Fermanagh HMA, the number of households renting from a social landlord has steadily declined over the last decade largely as a result of the impact of the house sales programme. Map 4 and Figure 20 show that:

- In 2001, census data indicates that around 15% of households in the Fermanagh HMA rented from the Housing Executive/Housing Associations (14% rented from the Housing Executive and 1% from Housing Associations). This compares to the Northern Ireland breakdown of 18% Housing Executive and 3% Housing Association;
- By 2006, the HCS showed that in Fermanagh HMA around 11% of households rented from social landlords, this being amongst the lowest percentage of social renting as a tenure share with only Newry and Dungannon HMAs lower;
- Within Fermanagh HMA, the greatest concentration of social housing tenants at 2001 census was contained within Enniskillen Town, wards with particularly high levels of social renters include Devenish and Erne. In Fermanagh Rural, Irvinestown showed the highest level of social renters.

Figure 20: Comparison of HMA households in public or private housing (All HMAs)



Source: HCS, 2006

The above statistics show that the social rented sector is continuing to decrease in the Fermanagh HMA with the continuing increase of households in owner occupation and the recent growth of the PRS.

Changes in stock numbers over time

The decline in social rented stock has been driven by the sale of Housing Executive dwellings, which has outweighed construction of new social rented dwellings by all social landlords. Between 2001/2 and 2009/10 some 2,518 Housing Executive dwellings were sold in the Fermanagh HMA with the sub-division of Fermanagh Rural experiencing the highest number of sales, (1,608). The sale of social housing dwellings in rural settlements has reduced further, the already limited numbers of

Housing Executive and Housing Association stock in these areas. During the same time there were only 550 social new build completions, 383 of these in Fermanagh Rural.

This further constrains the options of those households on low incomes, who despite the slump in the property market find the owner occupied sector inaccessible due to affordability pressures. The lack of availability of social housing places a great deal of reliance on the PRS.

Comparable to the rest of the UK social house sales began to reduce from 2005/06 onwards and this decline has been shaped by changes in the profile of the stock and the tenant base plus wider housing market conditions[18].

Table 23: Social rented sector completions and NIHE sales 2000/1 to 2009/10

Area	Total 2001/02 -2009/10		
	No social completions	No NIHE sales	Completions as % of sales
Northern Ireland	9,192	25,626	35.9
Enniskillen Town	167	910	18.4
Fermanagh Rural	383	1,608	23.8
Fermanagh HMA	550	2,518	21.8
Rest of NI	2,380	11,164	21.3

Source: NINIS (2011) Social rented completions and NIHE sales to 2009/10
Notes: Fermanagh HMA defined as all LGDs in area
Sales total excludes a very small number of 'special' NIHE sales plus all HA sales.

Table 23 shows that in the nine years to March 2010 just 6% of social housing completions in Northern Ireland were located within the Fermanagh HMA with the majority located in the Fermanagh Rural sub-division. The 550 new social rented dwellings completed in the Fermanagh HMA compensated for just 22% of the dwellings lost from the sector as the result of Housing Executive sales. This 'replacement ratio' is much lower than the Northern Ireland average of 36%. Looking at the Fermanagh Rural and Enniskillen Town sub-divisions the 'replacement ratio' was broadly similar, sitting at 24% and 22% respectively.

The number of social housing completions has clearly been inadequate. The task of delivering the Social Housing Development Programme has been complicated by the dramatic reversal of the property market and the fact that the allocation of public funds has been insufficient. The changing composition of the new build programme has also been heavily influenced by the housing boom and consequent bust and associated trends in the land and property market.

Most of the social housing new build schemes in the Fermanagh HMA and elsewhere in Northern Ireland comprise of projects that involve less than 100 units. In rural

18 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%.

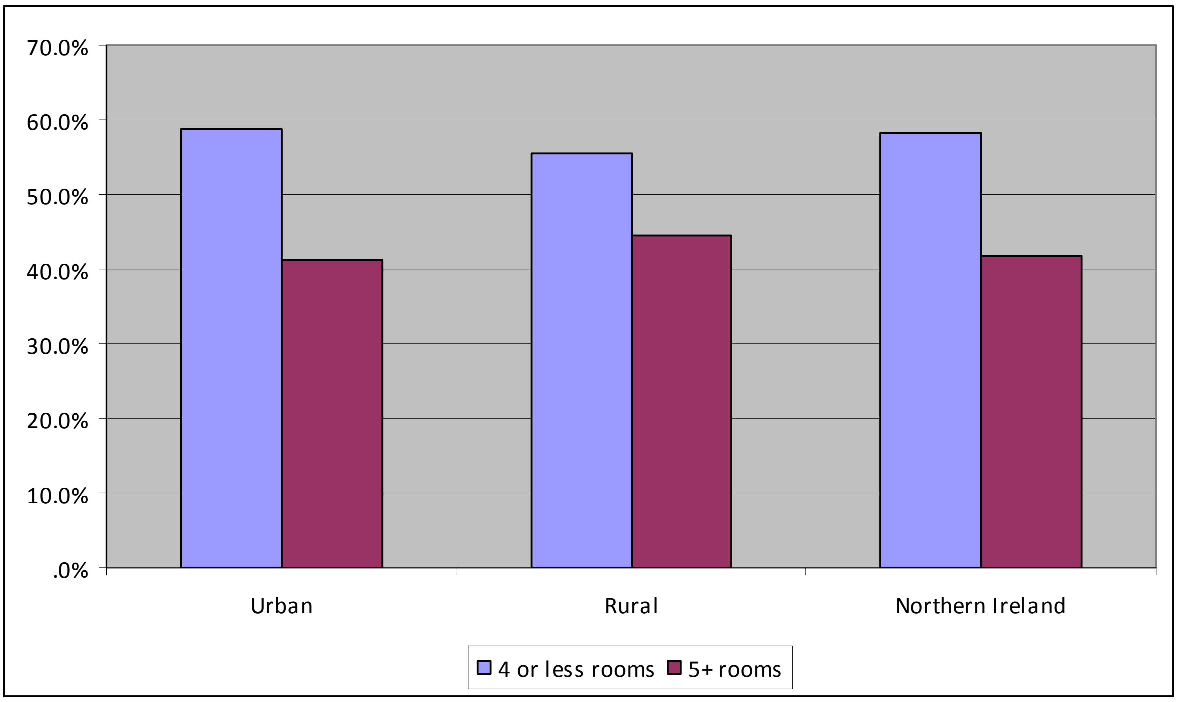
locations the numbers can be in single figures, another factor accounting for the lower than average level of new build completions in Fermanagh HMA.

Dwelling Attributes

Size and dwelling type

Figure 21 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 in response to changing household demographics, and the fact that a higher share of family size dwellings containing five or more rooms has 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 was recorded rurally with 55.4% comprising four rooms or less.

Figure 21: Breakdown of social rented households by Urban/Rural by No. of rooms



Source HCS 2006

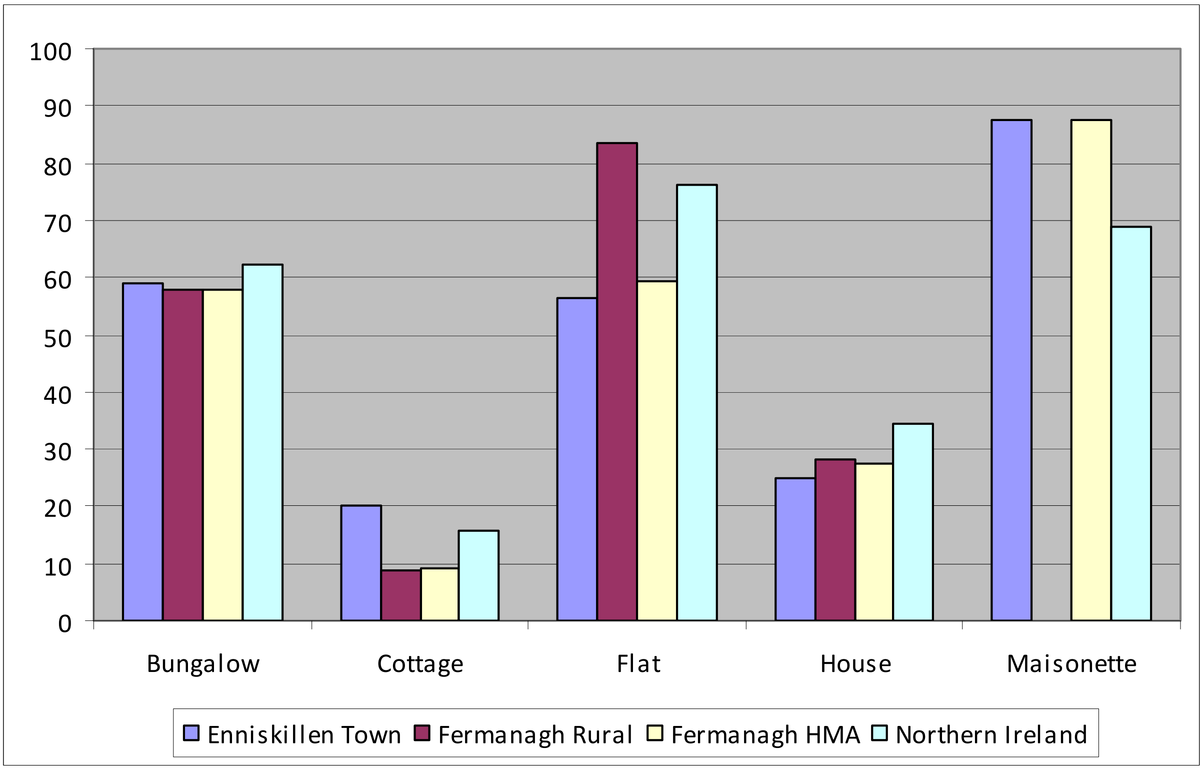
Since the introduction of the House Sales Scheme in 1979, the amount of Housing Executive dwellings in Fermanagh HMA has reduced by 63% from 5,564 to 2,041. The majority of this reduction was due to house sales, with some possibly as a result of selective demolition. Of the 2,041 Housing Executive dwellings within Fermanagh HMA at March 2011, 980 (48%) were houses, 890 (44%) were bungalows, 132 (6%) were flats, 21 (1%) were maisonettes and 18 (1%) are cottages. The bulk of Housing Executive stock remains within the Fermanagh Rural sub-division (78%).

Figure 22 compares Housing Executive stock by house type at March 2011 as a percentage of stock in 1979. The chart confirms that as mentioned above across the Fermanagh HMA and Northern Ireland, the greatest reduction has been in the number of houses. In Enniskillen Town sub-division there was a larger reduction in

houses (75%) than in Fermanagh Rural (72%). This demonstrates the popularity of this dwelling type and possibly the fact that these dwellings tend to be larger and are occupied by older working families who can afford to purchase.
Houses, despite being the biggest seller at HMA and Enniskillen Town level, continue to comprise the majority of social stock. Conversely, in Fermanagh Rural bungalows are now the predominant dwelling within the sub-division, with the loss of many terraced and semi-detached housing stock to sitting tenants through their 'right to buy', see Figure 24.

In both sub-divisions, comparatively few maisonettes have been sold indicating of the lack of appeal towards this dwelling form. Flats are also unpopular particularly in Fermanagh Rural with only 16% of the total stock being sold compared to 41% within Enniskillen Town.

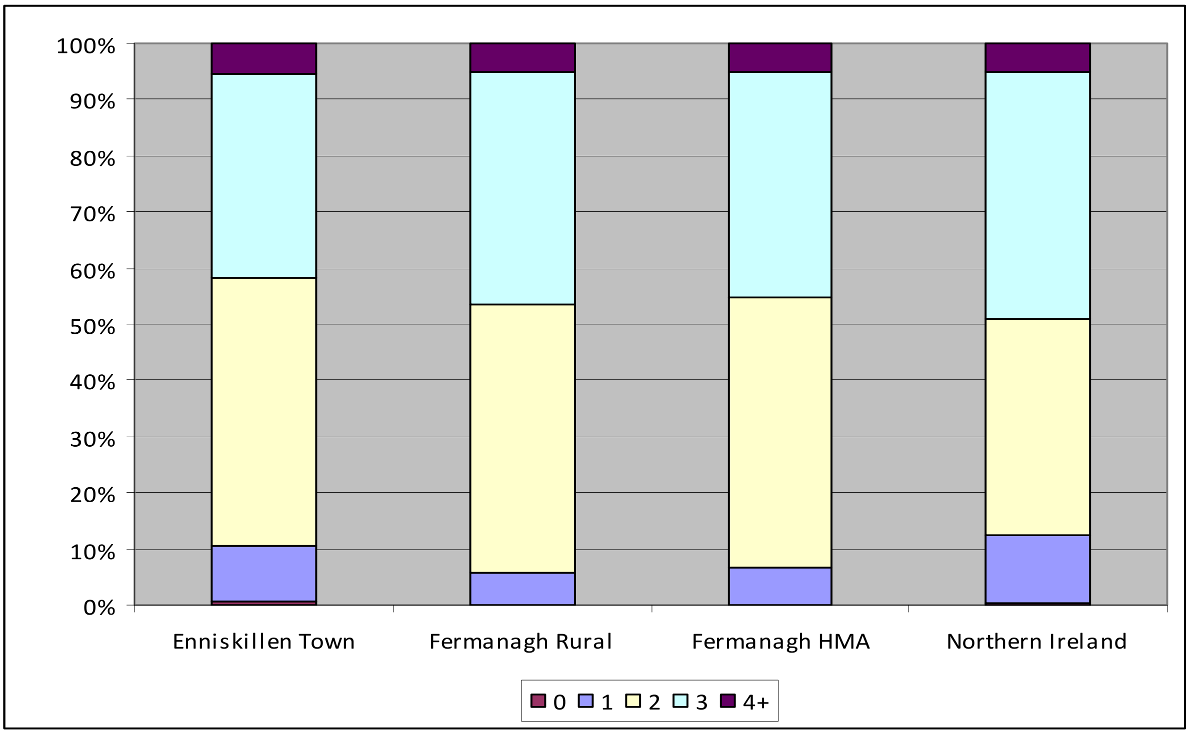
Figure 22: Housing Executive Stock 2011 as a % of 1979 stock by house type



Source: NIHE Stock Data, April 2011

Figure 23 shows that since the House Sales Scheme was introduced in 1979, over 60% of all two and three bedroom properties that were owned by the Housing Executive at that time had been sold by the end of 2011. This was true at the Northern Ireland, Fermanagh HMA and the sub-division level. Current stock in Fermanagh HMA consists of 49% two bedroom dwellings, 40% three bedroom dwellings, 7% one bedroom dwellings and 4% four plus bedroom dwellings. Both sub-divisions share an almost identical pattern with regard to stock bedroom numbers, the only variance concerns quantity. Only just under a third of houses remain compared to three quarters of all flats and maisonettes that were owned by the Housing Executive in 2011.

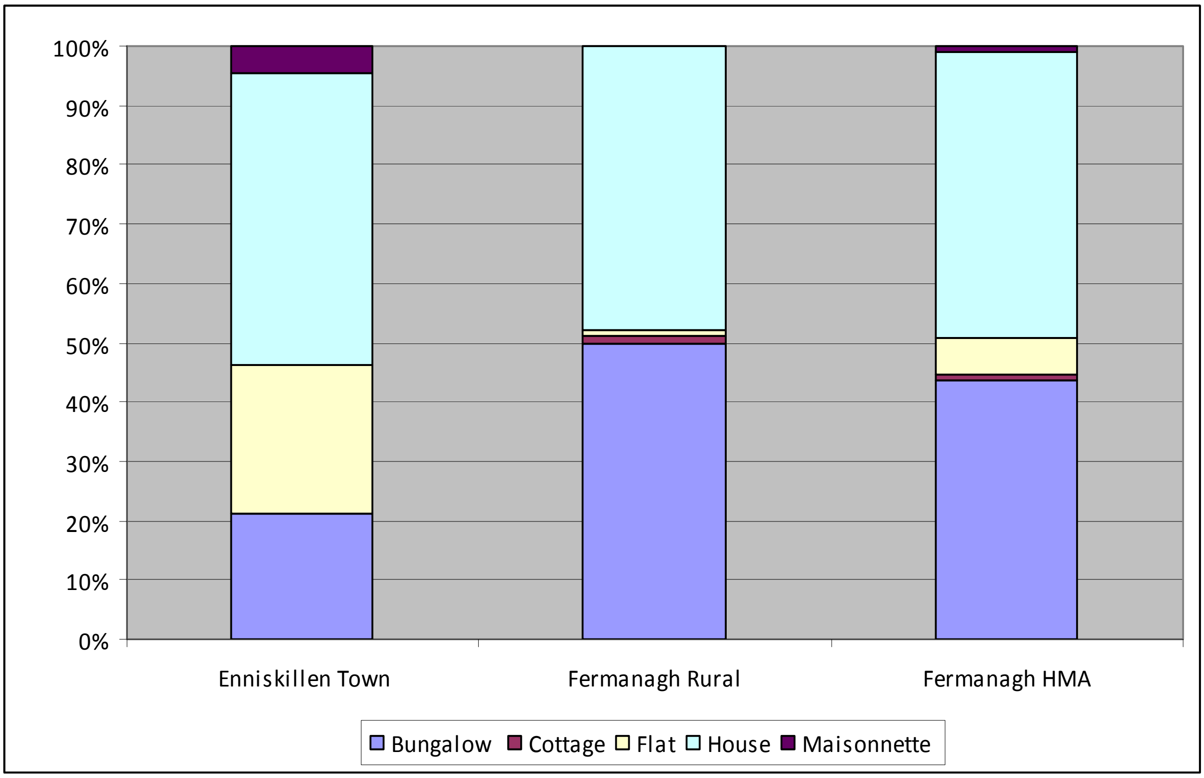
Figure 23: Housing Executive 2011 Stock distribution by number of bedrooms (%)



Source: NIHE Stock Data, April 2011

Housing Association Stock within the Fermanagh HMA consists chiefly of two and three bedroom accommodation with houses being the most familiar and requested dwelling form. A small number of apartment type units are available within the urban sub-division and a limited number of bungalows can be found within some of the rural settlements however, numbers of the latter have been greatly impacted by DSD legislation regarding the provision of such dwellings.

Figure 24: Housing Executive Stock 2011 Stock Distribution by dwelling type (%)



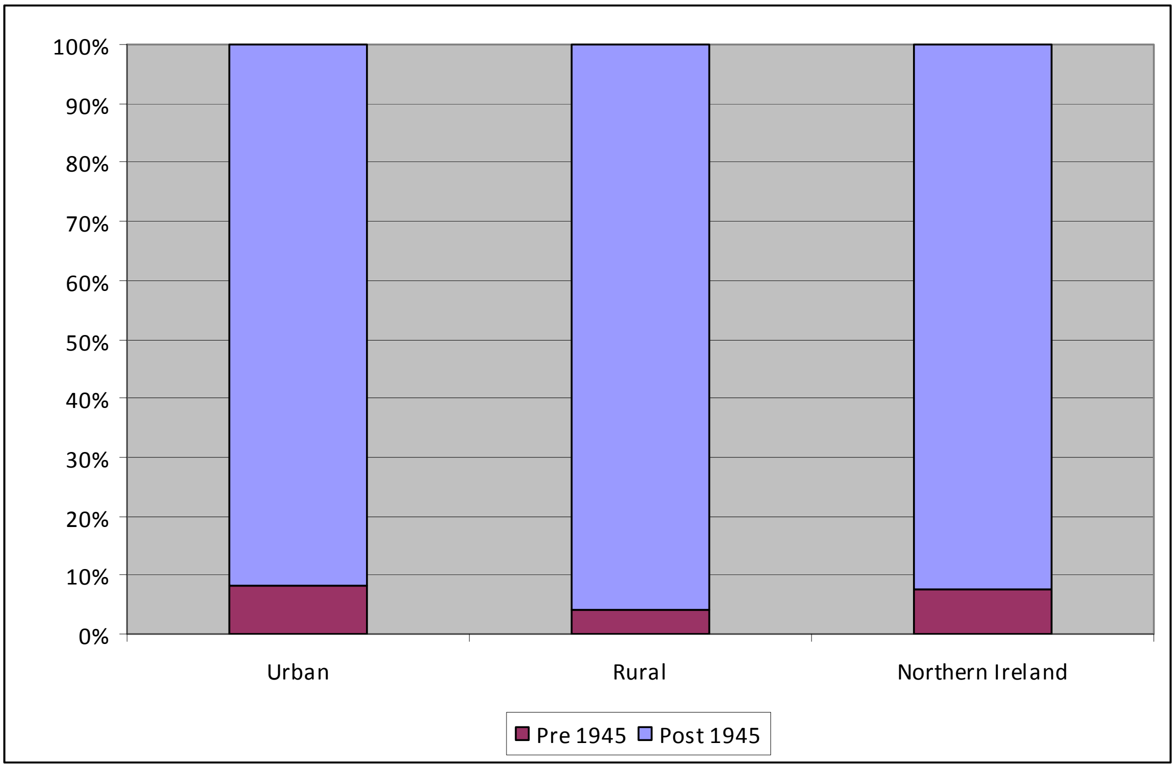
Source: NIHE Stock Data, April 2011

Dwelling age

The majority of social stock within the Fermanagh HMA, (approximately 70%), was constructed during the period 1946-1979. Only 2% of dwellings were built before 1945 and an even smaller number constructed pre 1920. The remainder of social stock within the Fermanagh HMA, approximately 29%, was constructed from 1980 onwards. Analysis of the dwelling age by location shows that a considerably higher proportion of rural dwellings were built before 1945 compared to those within the urban sub-division. In fact most of the dwellings constructed pre 1920 were located in isolated small settlements throughout the rural sub-division. The urban sub-division of Enniskillen Town, in contrast, has a higher proportion of dwellings constructed from 1980 onwards.

Housing Association stock within the Fermanagh HMA largely comprises dwellings constructed after 1980.

Figure 25: Social rented stock by year of construction (Pre/Post 1945)



Source: HCS, 2006

Figure 25 shows social housing stock built pre and post 1945. It shows that in Urban NI there is a slightly larger proportion of pre 1945 stock than in Rural NI.

Stock condition

Information from the 2006 HCS provides some insight into the condition and quality of houses in Northern Ireland and the LGDs. At 2006, unfitness for all stock within Fermanagh LGD, which comprises the majority of the Fermanagh HMA was 7.4%, the highest figure throughout Northern Ireland, although this was an improvement on the 2001 position of 13%. Unfortunately, a breakdown in tenure is not available at this geographic level, however levels of unfitness in the social rented sector are low with less than 1% of both Housing Executive and housing association stock in Northern Ireland unfit in 2006.

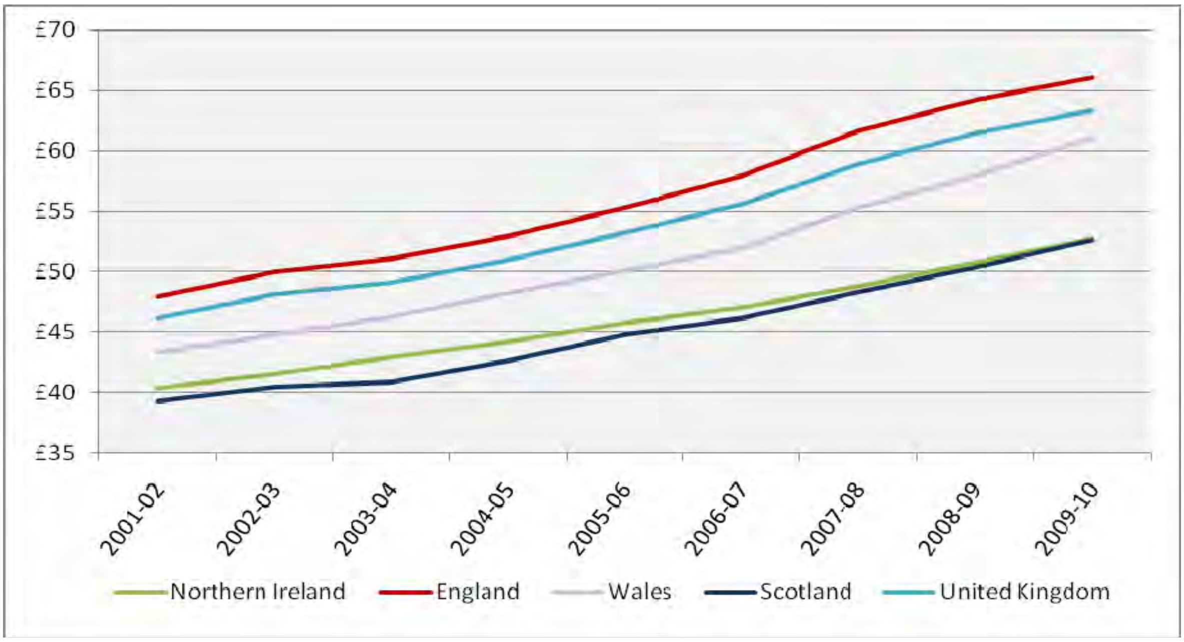
In terms of the Decent Homes Standard, just over 26% of the housing in the Fermanagh LGD failed the standard, which was above the Northern Ireland average of 23%. Again tenure breakdown is not available at LGD level, however the 2006 HCS found that almost all Housing Executive dwellings that failed Decent Home Standards did so on the thermal comfort criterion (97%).

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 Standards.

Rents

Figure 26 shows that 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%.

Figure 26: 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)

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 the 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.

Housing Executive rents 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 sub-market area and another is therefore simply a reflection of variations of the Housing Executive housing stock.

Profile of existing social rented tenants

Household composition

Over time there has been a decline in the numbers and proportions of adult couple households and families within the social rented sector. Single person households are increasingly holding the highest percentage of the waiting list with small families second and elderly households third. There has also been a decline in the proportions 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.

New Social Housing – Enniskillen Town

Table 24 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 over 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 single 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 that £29,999 with 20% having 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.

Table 24: Characteristics of social renters by Urban/Rural breakdown

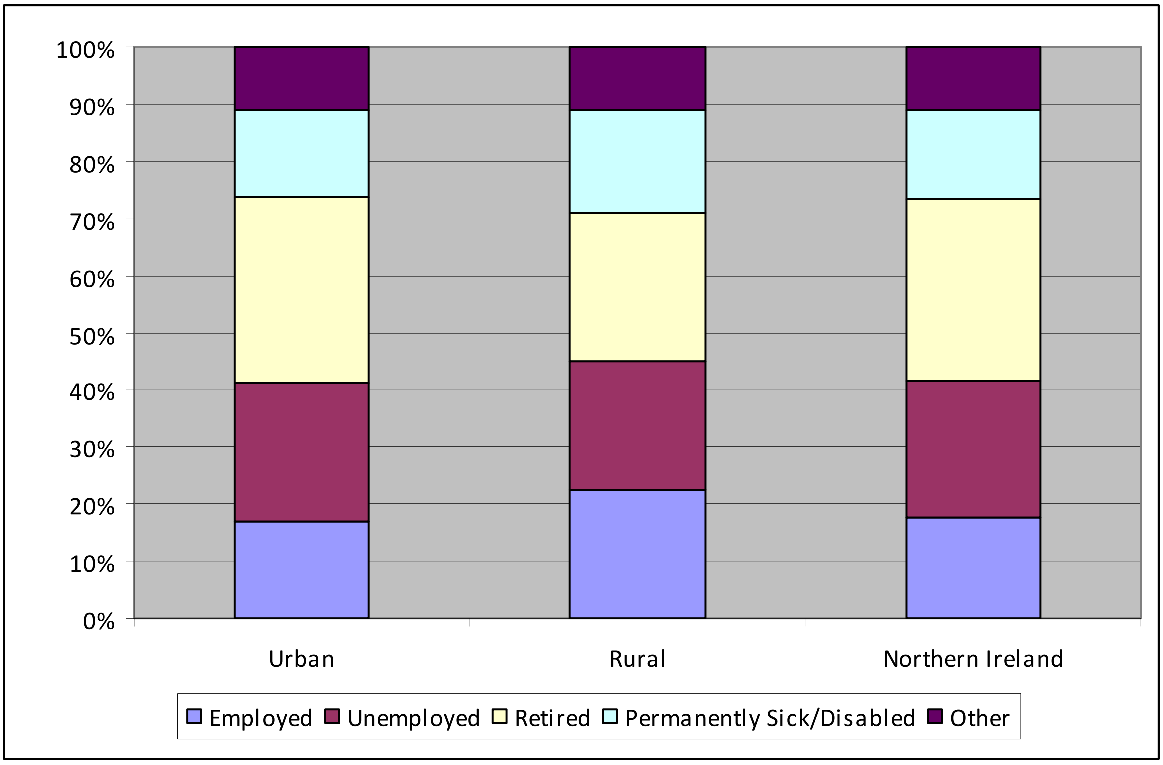
	Urban	Rural	Northern Ireland
Age			
17-24	5	4	5
25-39	21	27	22
40-59	35	30	35
60 plus	39	39	39
Gender			
Male	42	52	44
Female	58	48	56
Household Size			
1 person	49	47	49
2 persons	23	27	24
3 persons	14	13	14
4+ persons	14	13	13
Economic status			
Employed	17	23	18
Unemployed	24	22	24
Retired	33	26	32
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

Economic status and incomes

As Figure 27 shows, less than a fifth of social tenants in Northern Ireland are in employment. 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.

Figure 27: Economic Status of social renters by urban/rural breakdown



Source: HCS, 2006

The number of Housing Executive tenants in receipt of housing benefit in Fermanagh HMA has remained consistent since March 2009. The number of Housing Executive tenants remained at 1,657 over the period March 2009-2010 and declined slightly (0.5%) to 1,648 at March 2011. Conversely tenants in the PRS in receipt of housing benefit continue to increase, rising by 52% over the March 2007 – March 2011 period.

In Chapter 2 the income of social housing tenants was briefly discussed and it was determined that when the private rented and social sectors were both combined, the income level was still lower than that of the owner occupied sector.

Unfortunately more detailed analysis was not possible due to small sample sizes. It does indicate however the financial chasm between the income of households in the social rented sector compared to other tenures.

Evidence from the CTOS indicates that the majority of tenants' report incomes of around £10,000 or less, which alongside very substantial rises in fuel costs, have increasingly become the main factors associated with the continuing serious and difficult to resolve 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 all households.

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 re-housed in the sector, the annual flow of lettings is of much greater significance than stock numbers. Table 25 therefore shows the numbers 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 25 are based on relets of existing Housing Executive stock plus allocations of new and existing housing association stock. Table 26 presents comparable information for Housing Executive relets from 2005 to 2011.

New Social Housing - Donagh

Table 25: All Fermanagh HMA social rented sector allocations by applicant type and sub-division, 2003-11

Area	Enniskillen Town				Fermanagh Rural				Fermanagh HMA				Northern Ireland			
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	82	64	18	78	216	180	36	83	298	244	54	82	11,298	8,258	3,040	73
2004	50	41	9	82	223	183	40	82	273	224	49	82	10,665	7,899	2,766	74
2005	66	52	14	79	151	120	31	80	217	172	45	79	9,568	7,153	2,415	75
2006	58	47	11	81	151	129	22	85	209	176	33	84	9,802	7,472	2,330	76
2007	66	49	17	74	166	141	25	85	232	190	42	82	8,978	6,916	2,062	77
2008	69	53	16	77	213	185	28	87	282	238	44	84	8,194	6,370	1,824	78
2009	59	45	14	76	214	178	36	83	273	223	50	82	9,418	7,318	2,100	78
2010	105	93	12	89	188	158	30	84	293	251	42	86	19,754	15,252	4,502	77
2011	60	52	8	87	183	160	23	87	243	212	31	87	19,831	15,181	4,650	77
2003-5 ave	66	52	14		197	161	36		263	213	49		10,510	7,770	2,740	
2006-8 ave	64	50	15		177	152	25		241	201	40		8,991	6,919	2,072	
2009-11 ave	75	63	11		195	165	30		270	229	41		16,334	12,584	3,751	

Source: NIHE: All NIHE and HA allocations to social sector in year to 30 September each year; Fermanagh HMA and sub-markets based on aggregation of CLA and LHA figures

Table 26: All Fermanagh HMA, Housing Executive relets, as a percentage of Housing Stress

Area	Enniskillen Town			Fermanagh Rural			Fermanagh HMA			NI		
Year	Relets	Housing Stress	% Housing Stress	Relets	Housing Stress	% Housing Stress	Relets	Housing Stress	% Housing Stress	Relets	Housing Stress	% Housing Stress
2005	52	135	39	114	300	38	166	435	38	7,248	30,162	24
2006	47	189	25	83	343	24	130	532	24	6,842	33,899	20
2007	26	224	12	131	368	36	157	592	27	6,223	38,133	16
2008	52	196	27	184	392	47	236	588	40	6,664	42,246	16
2009	30	169	18	176	290	61	206	459	45	7,264	41,621	17
2010	60	160	38	153	223	69	213	383	56	7,729	39,674	19
2011	22	170	13	160	203	79	182	373	49	7,468	41,480	18
2005-8 ave	44	186	24	128	351	36	172	537	32	6,744	36,110	
2009-11 ave	37	166	22	163	239	68	200	405	49	7,487	40,925	

Source: NIHE: NIHE allocations to social in year to 30 September each year; Fermanagh HMA and sub-markets based on aggregation of CLA and LHA figures

Housing Stress across the HMA has been in decline since 2007 dropping from 592 to 373 in 2011. Allocations fluctuated between 2003 and 2011; steady decreases saw numbers drop from 298 in 2003 to 209 in 2006. In 2010, allocations had risen again to 293, but then dropped back to 243 in 2011. The trend within both sub-divisions was broadly similar. Relets, similar to total allocations have also fluctuated over the same period, with a low of 130 in 2006 to a high of 236 in 2008. Housing stress need however remains largely unmet.

The decline in relets to 2008 was likely due to rising house prices reducing the ability of working households on modest incomes to move from the social rented sector into private tenure. Evidence suggests however, the declining affordability of the owner occupied sector has had less impact on Housing Executive relet rates than elsewhere in the UK because of the low proportions of tenants in employment (17%) relative to other parts of UK (around a third[19]).

19 The English Household Survey 2008/9 reports that 34% of social tenants in England were in employment whilst CORE and SCORE data show that over a third of 'new' tenants in England or Scotland were in employment.

The increase in allocations/relets in 2008 and 2009 may be partially explained by newly constructed social housing transfers to properties better suited to tenant's needs. The former may explain the upturn in relet activity with Enniskillen Town but, it does not adequately account for the situation within Fermanagh Rural where new build activity was low. The increase here is more likely due to a substantial increase in tenants leaving the sector.

Some former tenants may have moved back to their parental home or, in the case of migrant workers, returned to their native country. The reported sharp rise in the number of privately renting tenants in receipt of housing benefit in recent years lends support to the perception that there was an increase in the number of social tenants accessing the PRS.

This suggests that the expansion of the private rental sector has made it more attractive for social tenants to terminate their tenancy in the social sector. It is anticipated the forthcoming amendments to housing benefit and Local Housing Allowance will impact on this trend and the Housing Executive waiting list will see a proportionate increase.

Policy factors would appear to have had a similar impact as housing market conditions in shaping the downward trend in lettings. In short:

- Implementation of the Housing Executive's improvement strategy and associated capital investment programme to upgrade Housing Executive stock to Decent Homes Standards and wider community regeneration programmes have improved the popularity of stock;
- The provision of adaptations and housing support has increased the number of older tenants and other vulnerable tenants able to remain in their own home;
- The loss of number of larger properties to the owner occupied sector has gradually decreased the opportunity for tenants to transfer to more suitable accommodation as their family expands.

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 27 therefore shows trends in the total numbers of applicants recorded on the Common Waiting List (CWL) at the end of March each year.

Housing Executive

Table 27: Total number of applicants on Common Housing Waiting List at March, 2003-11

Area	Year									change 2003-11	% of Apps NIHE Stock
	2003	2004	2005	2006	2007	2008	2009	2010	2011		
Enniskillen Town	202	251	234	311	382	352	357	361	405	203	90.6
Fermanagh Rural	439	510	588	650	705	730	596	519	499	60	35.9
Fermanagh HMA	641	761	822	961	1,087	1,082	953	880	904	263	49.2
Northern Ireland	26,819	27,581	29,674	31,967	36,217	39,688	39,013	38,120	39,891	13,072	44.3

Source: NIHE

In 2011, there were 904 applicants that wished to be housed in Fermanagh HMA, a 41% increase on the 2003 number of 641. The vast majority of applicants already lived in the area. However, exceptions occurred in bordering rural settlements where people requested housing in a neighbouring village/hamlet which was located within a different HMA, and households from other areas seeking to move closer to family. In contrast the number of transfer applicants has fluctuated from year to year but has averaged around 215 over the 2003-2011 period.

Enniskillen Town showed fluctuating behaviour over the period shown in Table 27. The number of applicants increased in all but two of the eight years, but in the final analysis the number has increased by 100%. Applicants in Fermanagh Rural increased every year between 2003 and 2008, but have fallen significantly since then. The statistics indicate an increase over the period of just 14%

These findings are consistent with the perception that increasing affordability pressures in the wider housing market have been reflected in the build up of accumulated 'demand' for social housing. The rate of increase across Fermanagh HMA is greater than the Northern Ireland average by a considerable margin. This is most likely due to the comparative under provision of social housing throughout the Fermanagh HMA, the population increase of 7.5% over the period 2001-2008, compared to the Northern Ireland average of 5.1% (see Chapter 2) and the aforementioned economic conditions.

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 28: 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									
Enniskillen Town	202	251	234	311	382	352	357	361	405
Fermanagh Rural	439	510	588	650	705	730	596	519	499
Fermanagh HMA	641	761	822	961	1,087	1,082	953	880	904
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)									
Enniskillen Town	64	41	52	47	49	53	45	93	52
Fermanagh Rural	180	183	120	129	141	185	178	158	160
Fermanagh HMA	244	224	172	176	190	238	223	251	212
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									
Enniskillen Town	3.2	6.1	4.5	6.6	7.8	6.6	7.9	3.9	7.8
Fermanagh Rural	2.4	2.8	4.9	5	5	3.9	3.3	3.3	3.1
Fermanagh HMA	2.6	3.4	4.8	5.5	5.7	4.5	4.3	3.5	4.3
Northern Ireland	2.9	3.1	3.7	3.8	4.7	5.4	4.8	4.1	5

Source: NIHE common waiting list and NIHE all allocations in year to 30 September 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 to be re-housed. This measure is also sometimes used to look at the relative popularity of different areas. Ratios of around one or two tend to be regarded as a potential indicator that a low demand trend may be emerging. This may be due to factors such as anti-social behaviour or may suggest a hidden demand.

Looking at waiting list to letting ratios for the period 2003 to 2009, Table 28 shows that in Fermanagh HMA, like Northern Ireland there has been a build up of pressure within the social rented sector. The pressure was particularly acute during 2006 and 2007 when the figures rose to 5.5 and 5.7 for the Fermanagh HMA indicating very high demand. Comparative figures for Northern Ireland were 3.8 and 4.7.

Enniskillen Town experienced acute pressure throughout the entire period with the exception of 2003 and 2010. Demand has been such that the ratio peaked at 7.9 during 2009, more than double the figure recorded at 2003. The consistently high number of applicants on the list, coupled with low lettings, increased the pressure with comparatively low numbers of social new build compounding the situation. Local actors also confirm that many put their names on the CWL while simultaneously renting from a private landlord, to have a 'fall back' position. Within Enniskillen Town, knowledge obtained from local estate agents/housing officers and advertisements placed in newspapers would appear to indicate that there is a plethora of private rented dwellings in the Fermanagh HMA, however high rents and insecurity of tenure cause many to seek the relative security of the social sector.

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.

Anecdotal evidence also suggests that total numbers within Enniskillen Town has increased due to a rise in the household grouping of single persons, in particular those who have suffered marriage/relationship breakdowns and younger people looking to move out of the family home.

Fermanagh Rural also experienced pressure over the period although not as pronounced as Enniskillen Town, higher during 2005-2007 than Northern Ireland. Within the settlements comprising Fermanagh Rural, total waiting list numbers vary quite dramatically with some areas exhibiting high housing need and others registering minimal to no activity. In such rural settlements where demand is not always evident on the Housing Executive waiting list, Latent Demand Testing is carried out to see if there is a hidden or unidentified housing need.

A number of settlements have been tested throughout Fermanagh Rural with a number yielding positive results. Such exercises prove that waiting list figures in rural areas cannot always be taken at face value as in some instances, further examination is required. Figures within Fermanagh Rural began to reduce from 2008 and unlike Northern Ireland and Enniskillen Town, figures did not experience any recovery in 2011. The small upturn in lettings has been responsible for the continued decrease of applicants.

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 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. 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 29 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 Fermanagh HMA level there was an increase in the total number of applicants on the CWL assessed to be in housing stress between 2003 and 2007. From 2008, numbers began to reduce slightly in Fermanagh HMA, however, this situation was not replicated at Northern Ireland level until 2009;
- In 2008, 0.9% of the estimated household population in Fermanagh HMA were waiting list applicants assessed to be in housing stress;
- Within Enniskillen Town, those in housing stress almost doubled over the period 2003 – 2007 and then began a gradual decline until 2010-11 when there was a slight recovery. Single person households dominate the housing stress category in both sub-divisions, consistently accounting for nearly half of the overall figure recorded;
- Within Fermanagh Rural, the small percentage change of 0.5% does not reflect the fluctuations that took place over the period 2003-2011. Housing stress rose to a peak of 392 in 2008 which was a 94% increase from 2003;
- Waiting list figures within rural areas are not completely reflective of housing need as many people choose not to register because of the limited social housing stock in most rural settlements. Other reasons involve social stock only becoming available (relet) occasionally and people are wary about 'wasting a choice'. Latent Demand Testing has been carried out in many of the rural settlements across the Fermanagh HMA to determine if there is any 'hidden' social housing need. These exercises, carried out annually, have resulted in a social housing need being identified in the settlements of Derrygonnelly, Kesh and Clogher.

Table 29: Waiting list applicants in housing need (30+ points and applied in last 5 years)

Area	Year									change 2003-11	% change 2003-11
	2003	2004	2005	2006	2007	2008	2009	2010	2011		
Enniskillen Town	117	159	135	189	224	196	169	160	170	53	45
Fermanagh Rural	202	276	300	343	368	392	290	223	203	1	0.5
Fermanagh HMA	319	435	435	532	592	588	459	383	373	54	17
Rest of NI	12,728	13,728	15,139	16,696	19,115	20,776	20,037	19,333	20,594	7,866	62
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

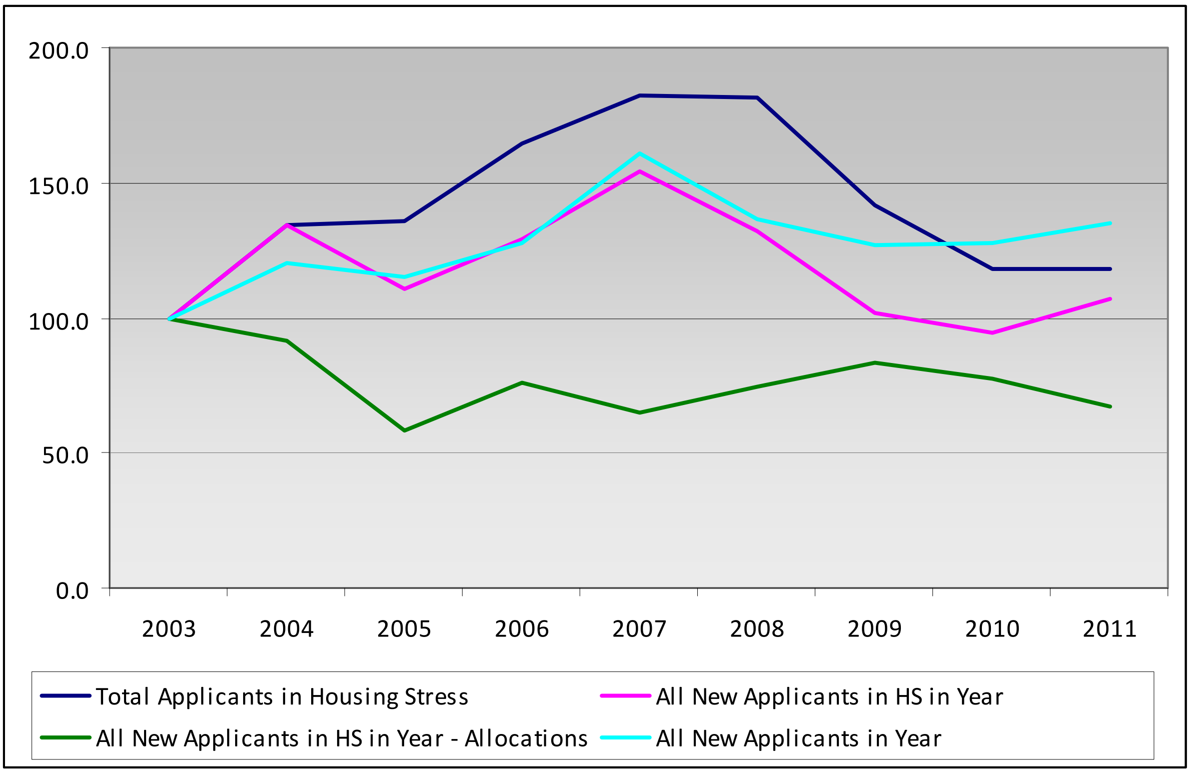
Annual flow of new (waiting list) applicants

To provide some insight in relation to the extent of this pressure due to a growth in the numbers of 'new' applicants assessed to be in stress over time, we examined the annual flow of new waiting list applicants. 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 September each year; plus
- All non-transfer applicants that applied for and were re-housed in the 12 months to 30 September. These applicants were therefore identified through the allocations data.

Figure 28 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 September 2003.

Figure 28: Change in annual numbers of new waiting list applicants in Fermanagh HMA 2003-11



Although we would caution that we do not believe the numbers are fully comprehensive, Figure 28 shows that:

- The total number of applicants in housing stress has levelled out after a sharp decline from 2008 onwards, resulting in a 2011 figure similar to the position at 2003;
- There has been a volatile pattern of new applicants in housing stress, peaking in 2007 and reaching a low point in 2010 before increasing in 2011;
- The pattern among new applicants not in housing stress is a little smoother. Although the increase and decrease in 2007 and 2008 respectively were equally sharp, it leveled out in 2009 and began to rise in 2010, a year earlier than new applicants in housing stress;
- Since 2006, the number of new applicants not in housing stress each year has been greater than those in housing stress;
- The trend in allocations has been comparatively smooth since 2006, but has consistently been below the level of 2003;

The most obvious characteristic of the waiting list is unpredictability. Figure 28 illustrates the fluctuations during 2003-2011 and it may be reasonable to suggest that, since 2008, the PRS has been playing a major role within the Fermanagh HMA.

We can therefore conclude that:

- A growing share of households that have not been able to secure access to the owner occupied market, have selected to rent privately and, in some instances, have not sought, to access social housing;
- 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 12 months. 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 in Table 29.

Profile of new applicants in housing stress

Evidence from the CWL indicates that applicants in housing stress in Fermanagh HMA 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 be seeking 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 wish to move 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.

Supported Housing, Enniskillen

Capacity of applicants to access private rental or owner occupied market

Households on the CWL are generally 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 suggest 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 and the Fermanagh HMA. Sample size limitations preclude sub-market area level analysis.

Housing Executive assessment of housing need

Annual housing need assessments based on March 2011 waiting lists have recently been carried out on all LGDs in Northern Ireland. These assessments highlight that in Fermanagh LGD, 43 new social housing units may be required annually over the next five years. Approximately 100 units may be required in Dungannon each year. Housing need is concentrated on the single, small family and older person households. Waiting lists are considerably higher in the main urban centre of Enniskillen Town.

Social housing issues in Fermanagh Rural

In Fermanagh Rural, similar to Enniskillen Town, demand for social housing increased year on year until 2008 when numbers began to decline, but remained significantly higher than the 2003 position. Housing Stress applicants followed a similar pattern for both sub-divisions. Within Fermanagh Rural relets have catered for up to 80% of those in housing stress compared with less than 20% for Northern Ireland since 2009. Enniskillen Town conversely is more comparable with Northern Ireland, with the exception of 2010.

The higher relet figure within Fermanagh Rural cannot be explained by newly constructed social housing and tenants transferring to properties better suited to their needs/in more desirable locations as the new build completion figures are low. The increase is more likely due to a substantial increase in tenants leaving the sector. The reported sharp rise in the number of privately renting tenants in receipt of housing benefit in recent months lends support to the perception that there was an increase in the number of social tenants accessing the PRS. This suggests that the expansion of the private rental sector has made it more attractive for social tenants to terminate their tenancy in the social sector.

The PRS also increased within the Fermanagh HMA due to the increased in-coming workforce who secured employment at the South West Hospital site. Most of these were Spanish workers who secured housing within the Enniskillen Town sub-division. However a number chose to live in the Fermanagh Rural sub-division. When the rules for the European Union and former A8 population relaxed, some also chose to register on the social housing waiting list. The majority of this workforce has now returned to their country of origin. It is worth noting that according to local estate agents this has not left a high number of vacant PRS dwellings.

It is clear that the settlements of Ballinamallard, Belleek, Belcoo, Lisnaskea, Tempo and Derrylin have demonstrated social housing need over a sustained period. These areas may require further analysis of waiting list and affordable housing trends to identify if intervention and additional housing is required. Rural villages have significant problems with stock levels and low turnover as a large proportion of Housing Executive stock has been sold. Lack of developable land also contributes to the problem. In order to combat this, the Housing Executive carries out Latent Demand Testing which assesses hidden need in rural locations where land is available. Currently, the settlements of Ballinamallard and Lack are being tested and may result in development at a later date.

It is unlikely that many dwellings that have been vacant for 12 or more months are in a location or of a type that could help to meet social housing need. Evidence from Great Britain indicates that measures to bring empty properties back into use have shown limited success and the UK Government has announced that the rules relating to the use of Empty Dwelling Management Orders by councils in England are to be tightened up. The new rules include a requirement for buildings to be in a state of disrepair, before a Management Order can be issued, which will effectively make it irrelevant for new properties.

Welfare reform may impact on the scale and nature of demand in rural areas and will require close monitoring.

Conclusion

The proportion of households living in the social rented sector across the Fermanagh HMA has been declining since 2008 to the extent that it has attracted the interest and concern of many local councillors in the area.

The decline in total applicants and those in housing stress has been accompanied by a steady decline in new registrations and an increase in deletions from the waiting list since 2006. Fermanagh LGD, which comprises the majority of the Fermanagh HMA, had 328 terminated tenancies between April 2008 – March 2010 and an annual average of 666 deletions over the period 2006-2010, NIHE (2010:p7). It is considered that some of these tenants took advantage of a prosperous private rented market.

The decline of social rented stock within the Fermanagh HMA has partly been driven by the sale of Housing Executive dwellings, with 2,518 units sold for owner occupation between 2001/02 – 2009/10, 1,608 in Fermanagh Rural. House sales have reduced in recent years however, the construction of new social rented dwellings has compensated for just 22% of dwellings sold to the owner occupied sector between 2001/02 and 2009/10. The sale of social dwellings and the low ‘replacement ratio’ of new social build limits the options of those households on low incomes who, despite the slump in the property market, find the owner occupied sector inaccessible due to affordability.

Within the Fermanagh HMA, local estate agents had experienced a large increase in the number of properties to rent particularly in the urban sub-division. Some new properties, which were originally intended for the owner occupied market are now being rented due to the over supply during the housing boom particularly in the Enniskillen Town sub-division. The prospect of these new properties, many in desirable locations, prove an attractive option for both applicants on the waiting list and existing social housing tenants. Local estate agents consulted commented that they are also handling in the short term at least, a high number of ‘accidental landlords’ in both sub-divisions who have found themselves unable to afford the finance on their new property and have decided to privately rent their properties until the market recovers.

The high number of private sector tenants in receipt of housing benefit suggests that the growth of the PRS has been largely at the expense of the social sector. Across the LGD, private sector tenants receiving housing benefit have increased by 52% over the period 2007 to 2011. Feedback from local housing management has suggested that private rental properties in the Fermanagh HMA tend to be newly constructed houses, with oil or gas heating, double-glazing, private gardens and are situated in desirable areas.

There is a high risk that the reforms to Housing Benefit and LHA announced in the UK Government budget may lead to a fall in demand for private renting and a corresponding increase in the numbers of new applicants seeking social housing in Fermanagh HMA and across Northern Ireland.

The limiting of Housing Benefit for working age social tenants, to the rent payable for properties they are judged to require, from April 2013 (a one bed unit for a single person etc), is likely to result in many tenants, who are under occupying, to seek smaller accommodation if they cannot afford to make up the Housing Benefit shortfall. It may be opportune to re-evaluate what potential incentives and measures might be required to address this issue.

The interaction between private renting and social renting will require careful monitoring by the Housing Executive in the short to medium term given the fluid/rapid transitions that can occur between the two tenures.

There are also mounting problems in terms of fuel poverty. Resolution of fuel poverty remains a challenging and difficult problem due to the low incomes of tenants and current high fuel prices. Fuel poverty directly impacts on a household’s ability to access other tenures by deflecting income that could otherwise service rent or mortgages.

The future for social housing therefore appears to be increasingly one of a residual tenure of ‘last resort’ catering mostly for those in greatest need, generally with low incomes and higher levels of vulnerability. Housing stress is expected to increase in the coming years as households are finding other tenures too expensive or difficult to access.

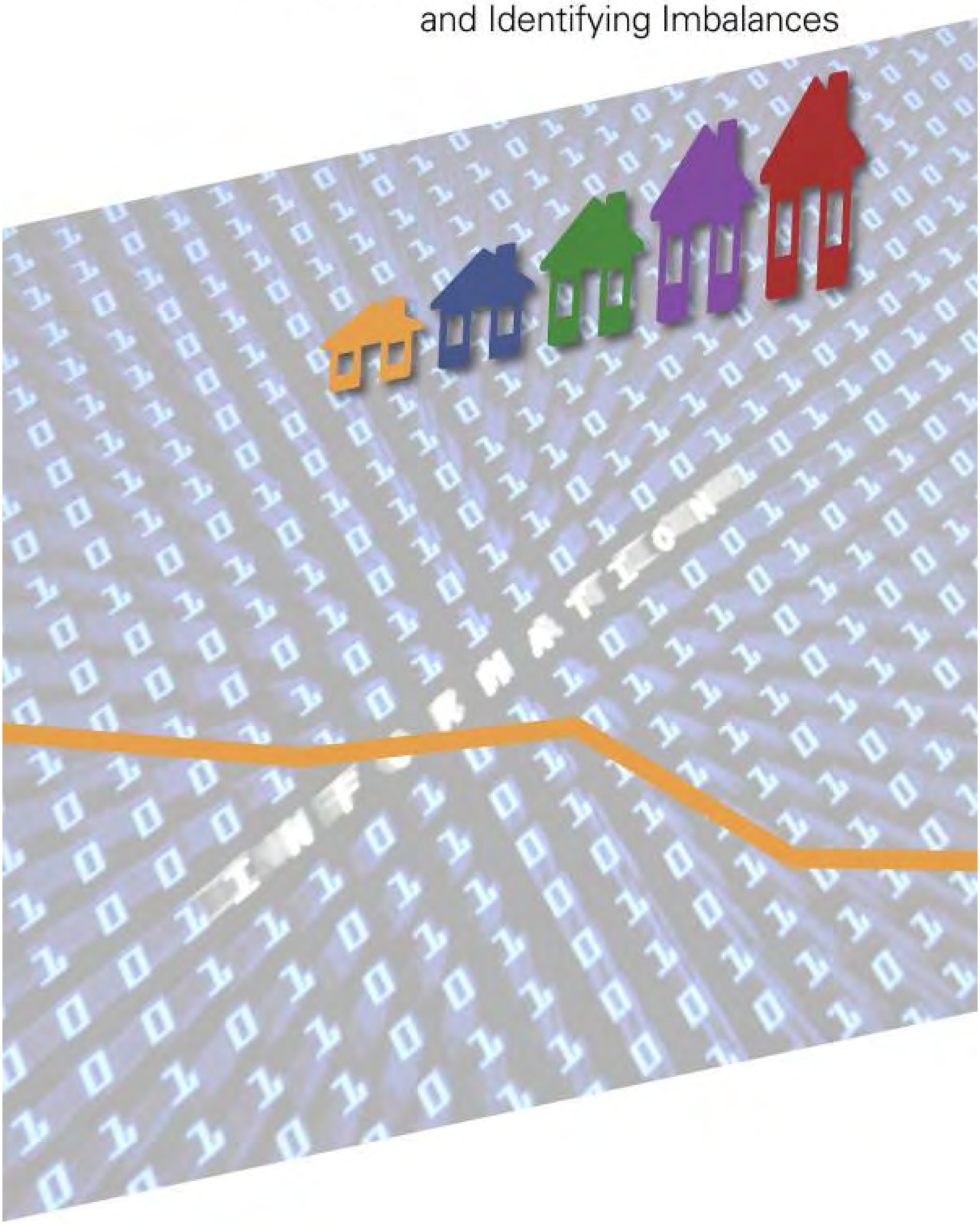
Key issues

- The social rented sector’s tenure share of the market in Fermanagh HMA and across Northern Ireland has reduced over recent years resulting in fewer available relets;
- New social housing has not kept a pace with the number of dwellings sold to sitting tenants through the House Sales scheme;
- The number of applicants in housing stress on the waiting list has been declining since 2007;
- 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 will increasingly be required.

Housing Executive

6. Bringing the Evidence Together and Identifying Imbalances



6. Bringing the Evidence Together and Identifying Imbalances

Introduction

This chapter draws on the evidence presented in chapters 2 to 5 to identify the main housing system imbalances in the Fermanagh HMA and to consider how the housing system may develop in the future.

Given the many and variable contributory elements, predicting the future of the housing system is a speculative task. This is rendered more difficult with the prevailing economic conditions therefore, predictions carry a greater degree of uncertainty than normal, as past trends offer no guarantee of future behaviour.

Demographics and Economics

In the decade to 2008 a dynamic economy and strong employment growth led to rapid demographic change across Northern Ireland. There was a significant increase in the number of migrants coming from Britain, the ROI and overseas. There was also an increase in residential mobility among existing residents. Consequently, the number of people and households living in the Fermanagh HMA increased at a faster rate than in the 1990s.

This household growth was supported by the 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. NISRA statistics indicate that in 2010, the Fermanagh HMA was home to around 25,000 households. Detailed statistical information is included in Chapter 2 of this report.

The combination of strong demographic and economic growth, alongside the expansion in the money supply and the willingness of financial institutions to offer consumers and firms credit at low interest rates and generous lending terms also 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 the increasing difficulties faced by households seeking to gain entry to the owner occupied sector. In common with the rest of Northern Ireland and much of the UK, Fermanagh 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 unaffordable for most potential first time buyers by 2005.

The increase in investors from the ROI 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. Certainly the growth in the number of terraced houses in the PRS supports local perceptions that potential first time buyers became increasingly unable to compete with investors and speculators that entered the 'buy to let' market during this period.

One consequence of heightened affordability problems has been that the growth in the rate of homeownership has halted at Northern Ireland and Fermanagh HMA level. Looking across the HMA, the proportion of households living in the owner occupied sector has declined in recent years.

An ageing population

The population of Northern Ireland 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 older people aged 80 years or above will also have implications in terms of the demand for housing adaptations, specialist housing, or 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 stress that the majority of older households that will be living in the Fermanagh HMA in 10 or 20 years time will be homeowners living in the general housing stock. This is in line with national policy, which seeks to enable older households to live independently for as long as possible. It also reflects the fact that older households prefer to remain in their own home.

Looking across the UK, older people often experience a reduction in income on retirement. In the case of older homeowners, a decline in income and a gradual decline in 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 style services is likely to increase.

There may also be merit in investigating the housing aspirations of those in their 50s to 60s and the factors that might attract them to move to housing better suited to their changing needs as they age. This information could be shared with developers to encourage them to provide 'mainstream' housing that is appealing for older households and is conveniently located near 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. These are the types of properties which the population age profile for the Fermanagh HMA suggest will remain in high demand for 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.

Housing Executive

Improving the residential offer

From a consumer perspective, the upturn in residential mobility in recent years has been a positive development. That said, there are also important policy issues in terms of the impact these residential flows have on residents in those areas that people move to or away from.

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.

It may be valuable for the LHSA studies to investigate what factors are influencing households' decisions to leave one location and move to another. This might include drawing on the local knowledge of housing management staff, local authority and other public and private partners engaged in the planning and/or delivery of housing to explore:

- The locational characteristics that have 'pulled' households to particular parts of the Fermanagh HMA such as a sense of security, privacy, access to green spaces, safety for children to play, and the quality of local schools and other public services;
- The 'push' factors that have shaped individuals decision to exit an area.

Over time, the development of this more qualitative approach to such matters as part of the ongoing LHSA for each sub-market offers the potential to:

- Enhance understanding of these more elusive changes in the housing system in order to inform discussions about the planning, housing and regeneration policy responses that might be appropriate;
- Provide a better understanding of 'what is missing' in terms of the residential offer in RDS specified settlement growth points and what residential developments in terms of the mix of dwellings (tenure/type/size) and other factors might increase selective 'residential mobility' to these areas.

The Owner Occupied Sector

Following the period of sustained and strong growth, Fermanagh HMA has been going through a period of housing market correction. The impact of the economic recession on the housing market has been worse than most initially expected.

During 2008, the global credit crunch and the lack of liquidity in the financial market brought about a sharp reduction in the number of mortgages and other loans issued. This in turn led to a steep downturn in housing construction, property transactions and house prices. During 2009 and 2010, a recessionary economy and rising unemployment had a further downward effect on housing demand as both potential homeowners and developers lost further confidence in the market. Between 2007 and 2009 figures from the University of Ulster suggest that the median house price for the Fermanagh HMA fell from over £190,000 to £113,500. Likewise, the lower quartile price for a two and three bedroom dwelling, which is typically used to approximate the entry-level price threshold, fell from fell from £150,000 to £81,600. During 2010 available evidence indicates that house prices continued to fall back.

Falling house prices have improved affordability in the sense that price to income ratios are more closely aligned. However, this has been more than offset by tighter lending criteria which has made it extremely difficult for potential first time buyers to raise the necessary deposits and finance. In the long term a more prudent lending environment may constrain house price rises and help to prevent the re-emergence of affordability problems of the kind witnessed between 2005 and 2007. In the short term however, it is difficult to see what housing-based interventions and policies at the Fermanagh HMA level (as distinct from the national level) could do to increase the supply of loan finance.

Most existing owners that are buying their home with a mortgage have benefited from lower housing costs resulting from the reduction in mortgage rates since 2007. For those unfortunate to have seen a fall in income due to a reduction or loss in earnings, UK wide policy measures, such as the changes to the rules relating to Income Support for mortgage interest 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 the Fermanagh HMA may continue to face affordability related problems for some time.

At present, it is difficult to predict short-term price trends with any certainty. Likewise supply and demand in the private and social rental market remain very volatile. There are emerging signs that, during 2010, the sharp upturn in vacant stock in 2008 went into reverse and that private rents began to moderate. This suggests that some property owners have selected to rent out properties they were holding vacant in the hope of selling them quickly. More generally, the underlying economic conditions required to pull the housing market out of recession are not in place and may not be in place for some considerable period.

An important consideration is that of the UK Comprehensive Spending Review which will cut financial resources available to the Northern Ireland Executive over the next four years. It is almost inevitable that housing construction projects will be deferred or cancelled, with long term implications for the Fermanagh HMA. As the Northern Ireland Executive (2010) Draft Budget 2011-15 observes:

> "The public expenditure reductions will have a negative impact on economic prospects. The impact will be felt more severely in Northern Ireland given our relatively higher dependence on the public sector. Public expenditure in Northern Ireland represents 62.6% of total output compared with 39.8% for the UK as a whole. Public expenditure reduction of the magnitude outlined previously will have significant negative consequences for economic growth and employment."

The Private Rented Sector

There has been large growth in the size of the PRS. This sector contains a higher number of vacant dwellings, due largely to the high rate of turnover. It is likely that a proportion of vacant private housing stock was acquired by investors that were perhaps primarily interested in equity growth not rental income.

Although the rise in private renting tends to be discussed solely in terms of rising house prices and speculative investment, other factors have been at play. Faced with the burden of student debt and less employment security, growing numbers appear to have altered their behaviour, for example, by delaying entering into long-term commitments associated with forming a partnership and buying a home.

Private rental is perceived by many to lack security as leases tend to be relatively short term in nature. There is a need for this tenure to respond more readily to the needs and aspirations of consumers through offering greater security and improved housing management. Until these issues are addressed, it will continue to be seen as a 'stop gap' by many people who still aspire to have security of tenure, either in the social rented sector or through home ownership.

It is apparent that the PRS is becoming unaffordable to an increasing proportion of households as the shortfall between rental values and Local Housing Allowance widens. Imminent welfare reforms are likely to drive certain groups out of private rented accommodation and towards the social rented sector, or change the type of accommodation sought by households in this market. There could be increased demand for shared accommodation, for example, as the Local Housing Allowance entitlement for those under the age of 35 shifts to a 'shared room rate'. It is perhaps more likely, though, that this will result in young people deferring leaving the family home to take on a private tenancy in the short term. Given strong demand in the PRS, it would seem unlikely that welfare reforms will lead to any significant reduction in rent charges. However, if the reforms produce any significant decline in demand, landlords may be forced to consider rent reductions.

As noted earlier, the PRS has grown in size and importance relative to other tenures. Views vary as to whether small investors will continue to favour housing as an investment in the future. On the one hand, 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 see a further shift towards greater labour market flexibility. This would mean fewer permanent full time jobs and more fixed term and part time jobs;
- A potential legacy of the credit crunch is that there may be less lending and as a result fewer households may be assessed to have the ability to access mortgage funding;
- The growth in single person and lone parent households that are reliant on single earnings or benefits and are in a weaker financial position to buy.

On the other hand, 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 numbers 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 more modest pace than witnessed over the past decade. The future rate of growth is likely to depend on a mix of factors, including:

- The alternative investment opportunities which emerge for smaller investors and whether these are perceived to be more attractive and less risky;
- The Coalition Government's proposed welfare changes including changes to Housing Benefit, the downward adjustment to the Local Housing Allowances and the eventual introduction of the Universal Credit;
- The extent to which the private rental market is orientated (or otherwise) towards housing low-income households that are reliant on state assistance to pay their rent;
- The appetite in Northern Ireland to emulate other parts of the UK in exploring leasing of private rented properties to address homelessness and other forms of housing stress;
- The willingness of more affluent households currently in their 50s and 60s that own their home to trade down and use released equity to invest in the private rental market;
- The appetite among large scale investors such as pension funds to get involved in the housing market.

The Social Rented Sector

Changes in the housing market have also had effects on the social rented sector. Since 2000, there has been a significant rise in the number of applicants in housing stress. In the eight years to 2008, the number of households on the common waiting list (CWL) assessed to be in housing stress increased by over 40%.

This increase in housing stress reflects a mix of factors, not least the fall in the number of social rented dwellings that become available for let each year. It is striking that there has been no discernable increase in the annual number of new applicants joining the CWL in recent years.

The lack of any such upward trend suggests that a growing share of households that have been unable to buy may feel that they have little chance of securing a social tenancy in the short term. They have then turned to the PRS. Consequently, the increase in the level of housing stress has probably been lower than it might otherwise have been[20].

Set against this however, many new applicants that 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 necessarily seen as providing a satisfactory long term or permanent housing solution by many existing tenants.

Changing demographics and reduced funding for social housing are likely to drive changes within this sector. The continued trend towards smaller households and an ageing population may see construction concentrating on one or two bed units rather than three bed or larger homes. These may then present housing management issues.

Social landlords may be required to take action to tackle under-occupation of existing stock so that best use is made of what is available. It is almost inevitable that intermediate housing models will begin to evolve. For example, there are moves in Great Britain to fund affordable housing over and above social housing. Some housing associations there have been enabled to charge affordable rents for some of their housing and use profits to subsidise social housing. It is likely that we will move in a similar direction.

Persistently weak housing market conditions and limited new construction will limit the potential for securing social or affordable housing through the use of PPS12, which has been a policy ambition for some time. Once a sustained upturn in the housing market is apparent, sensitive application of this mechanism should help to deliver more affordable housing and infrastructure. In the meantime, it may be beneficial to investigate additional approaches that might facilitate the delivery of new housing across all sectors, particularly new models of intermediate housing for sale or rent.

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[20] 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.

New Social Housing, Enniskillen

Longer term housing system challenges

Total housing requirements

The RDS 2011-2025 includes updated housing growth indicators. These indicate a requirement for 6,700 new houses in Fermanagh LGD over the 17 years to 2025. This equates to an average to just under 400 units per annum and is below the 2006-based figure of 7,400. A similar downward adjustment has occurred in respect of the rest of Northern Ireland and is primarily a consequence of using the 2008-based household projections.

Determining future housing requirement is not an exact science which is made more difficult by volatile economic conditions. As such the RDS housing growth indictors will require careful monitoring. 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;

- It is unclear 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 (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.

Until 2007, housing construction rates for the Fermanagh 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 once 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 further couple of years seems likely. A matter of greater concern is the risk that the construction sector may be unable to develop sufficient numbers of new dwellings to achieve the RDS housing growth indicators if housing demand does not recover within five years.

Ultimately the outcome of these difference processes will only become clear through regular monitoring of household growth and housing supply and subsequent revisions to demographic projections to reflect emerging evidence.

Continuation of weak housing market conditions and limited new construction will limit the potential for securing social or affordable housing through the use of PPS12, which has been a policy ambition for some time. Once a sustained upturn in the housing market is apparent, sensitive application of this mechanism should help to deliver more affordable housing and infrastructure. In the meantime, it may be beneficial to investigate additional approaches that might facilitate the delivery of new housing across all sectors.

Responding to housing stress

The Housing Executive annual assessment of housing need indicates that at the Fermanagh HMA level, the requirement for additional social housing has been well in excess of social housing construction rates for most of the past decade. Annualised average estimates from the latest assessments suggest that around 200 additional social units may be required in the Fermanagh HMA in the period to 2016.

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 very constrained. In this regard, it is important to remember that the estimate of ‘housing need’ generated by either model is not the same thing as the number of new social rented housing units required. In practice, how best to respond to ‘housing need’ and the potential shortfall in social rented housing provision is a policy decision.

Given the severe funding constraints 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 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 on intermediate housing products. Evidence presented in previous chapters indicates that on paper there appears to be potential to introduce some form of intermediate housing in the Fermanagh HMA. In practice however, new products may largely displace consumer demand from the PRS.

Some of the recently completed new build provision is counted as non-effective. This suggests there may be opportunities to harness some of under-used 'buy to let' stock to accommodate lower income households that see 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, including the introduction of a rent deposit scheme.

The announcement that empty homes will have the same rating liability as occupied homes from 1 October 2011 may also increase the potential opportunity to enter into some form of private leasing arrangement to bring empty homes back into use.

Finally, many of the public sector employees who may lose their jobs are likely to be homeowners in their 30s to 50s. Early preventative action to assist this group of households may help to minimise the threat of repossession and homelessness and upward pressure on housing stress indicators.

Key issues

Economic & Demographic

- Household growth up to 2008 was shaped by the increased trend towards one and two person households and people generally living longer;
- In response to household growth, private housing construction increased in the decade to 2008. The ready availability of credit and finance was also a major factor;
- The changing economic conditions led to a significant reduction in new construction, falling house prices, a significant drop in house sales, rising

unemployment and a lack of consumer confidence in the housing market in Fermanagh HMA;

- Regular monitoring of household growth, housing supply, housing need and market imbalances along with revised demographic projections will be required in order to respond appropriately to changes;
- Planning and innovation in terms of housing, health and social care will be necessary to meet the needs of the ageing population.

Owner occupation

- Similar to the rest of the UK, Fermanagh HMA experienced sharp rises in house prices in the decade to 2007. In 2005, even the least expensive housing types were unaffordable to most first time buyers;
- Whilst owner occupation is still the tenure of choice, its share in the housing market as a whole has decreased slightly since 2006 in Fermanagh HMA. Although actual numbers may increase, percentage share of the market may continue to fall in the short to medium term;
- Falling house prices have eased the affordability problem to some degree. However, tighter lending criteria and a lack of confidence in the market have continued to stifle demand;
- Mortgage arrears, repossession, and negative equity remain as risks for many households.

Private rented sector

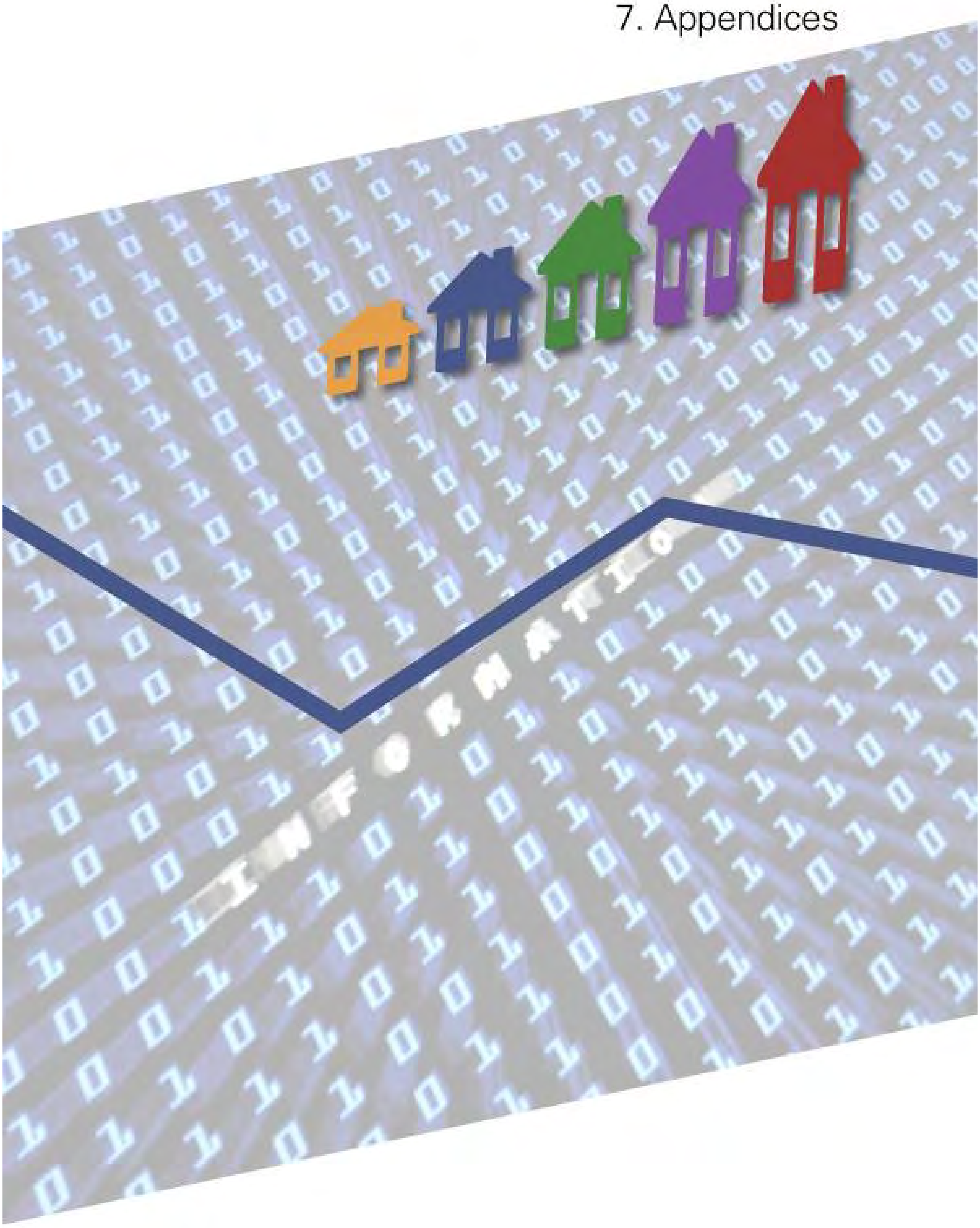
- The PRS has grown in Fermanagh HMA and in percentage terms is significantly higher than in Northern Ireland generally;
- The PRS is helping to meet housing need but many households do not see it as a long term housing option;
- Insecurity of tenure and poorer quality of housing stock in the sector are noted as areas of concern. The sector needs to respond to these issues if it is to be considered more than a temporary solution for households;
- 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.

Social housing

- Between 2003 and 2011, the number of applicants in housing stress on the waiting list has increased by over 40%;
- There is a need for 'intermediate housing' options to be developed in Fermanagh HMA to cater for those who are unable to access owner occupation and are ineligible for Housing Benefit or social housing;
- The social rented sector's tenure share of the market in Fermanagh HMA and across Northern Ireland has reduced over recent years resulting in fewer available relets;
- New social housing construction has not kept a pace with the number of dwellings sold to sitting tenants through the House Sales scheme;
- Fuel poverty continues as a significant issue for many households in the social rented sector;

- New models of intermediate housing within the social sector or delivered by social sector landlords will increasingly be required.

7. Appendices



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Appendix 2: The Policy Context

Introduction

This chapter describes the strategic housing and planning policy context within which the Fermanagh 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 2014/15. 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 budget also confirmed measures to reduce housing benefit and other welfare benefit expenditure by some £18 billion over four 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 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.

The Northern Ireland Budget

In March 2011, the NI Executive published a budget setting out proposed spending plans for 2011 to 2015. 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 of 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 £269.6 million in 2010/11 to £120.3 million in 2014/15, a decrease of 55%.

Projected expenditure for the Housing Executive and Housing Associations is to reduce by 21% from £211.8 million in 2010/11 to £165.5 million in 2014/15 and, over the same period, capital investment for this sector is to decrease by 30% from £130.1 million to £90 million.

Welfare Reform and Housing

On 11 November 2010, UK Government announced plans to introduce a 'Universal Credit' from 2013 to replace most in work and out of work benefits[21] 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 2011/12. For private tenants these changes include calculating 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.

It is difficult to assess in detail the impact of this in Northern Ireland but the changes will affect 50,000 tenants privately renting, who have their housing benefit assessed based on Local Housing Allowance. It is estimated each of them would lose on average over £7 per week and that almost £260 million would be removed annually from the Government's support to the PRS. Inevitably, more tenants privately renting would lose their home and landlords would experience greater difficulties trying to collect a viable rent.

[21] Universal Credit 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 Universal Credit. 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.

Local Government Reform

Reform of local government is ongoing and 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.

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. It is anticipated the housing sector will be a major contributor to the community planning process.

Review of the Housing Executive

In October 2010, the Minister for Social Development announced his intention to examine all functions of the Housing Executive in detail, with a view to providing a comprehensive assessment of their contribution to housing and other departmental and Government policy objectives. PriceWaterhouseCoopers completed the review for the Department in March 2011 examining the effectiveness of Housing Executive operations, including the appropriateness of existing structures and making recommendations for improving performance and delivery of housing policy and objectives.

At the time of writing, Minister McCausland was currently considering the reports recommendations before setting out his own proposals for the way forward.

Planning Context

Planning 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 (LDP). 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.

The Regional Development Strategy (RDS)

The RDS was published in 2001. It has played an important role in shaping the housing market. The RDS 2035 published in 2012 proposes a changed spatial framework. It is intended that a sub-regional approach should replace the 2001 HUB based Spatial Development Strategy (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 9 sub-regional centres;
- There would be Gateways and Economic Corridors based around transport interchanges.

In terms of the Fermanagh HMA, Enniskillen forms the South West Gateway with strategic links to Sligo.

The RDS 2035 'provide 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 draft Revised RDS 2025 also emphasises that there should be a minimum of five years supply of housing land within LGDs.

RDS Housing Requirements for Fermanagh HMA

Fermanagh HMA, as noted in Chapter 1, extends across Fermanagh LGD, and includes an area of Dungannon LGD. The 2001 RDS's 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 30 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 the draft Revised RDS 2011 for the period from 2008 to 2025 are also summarised. It confirms that whilst the projected net additional housing requirement has fallen at the Fermanagh HMA level, as at the Northern Ireland level, the share of net additional requirements allocated to the Fermanagh HMA has not been changed.

Table 30: Housing requirement spatial allocation (housing growth indicators) 1998 to 2015 and proposed allocation to 2025.

Area	Original allocation RDS 2001 1998-2015		DRD Revised allocation 2008 1998 - 2015		DRD Revised allocation RDS 2035 2008-2025	
	No	**%**	**No**	**%**	**No**	**%**
Fermanagh	5,400	3	7,400	4	6,800	4
Dungannon	4,400	3	5,500	3	5,000	3
Northern Ireland	160,000	100	208,000	100	189,500	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 (PPS) and Development Plans.

PPSs 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 of new social housing development predicated on the findings from Housing Needs Assessments prepared by the Housing Executive. The present spatial planning framework requires the Housing Executive to undertake a housing needs assessment, which is expected to form a technical supplement to support of local development plans;
- 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 Fermanagh HMA, include the Fermanagh Area Plan 2007, adopted in 2007, and the Dungannon, and South Tyrone Area Plan 2010, adopted in 2005.

Housing Market Assessment

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 HMA boundaries within Northern Ireland. This Housing Market Assessment marks an important step towards ensuring the Housing Executive ongoing programme of housing need assessments are understood and interpreted in light of the workings of the wider housing system.

Conclusions

The Fermanagh 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 Fermanagh 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 reforms 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.

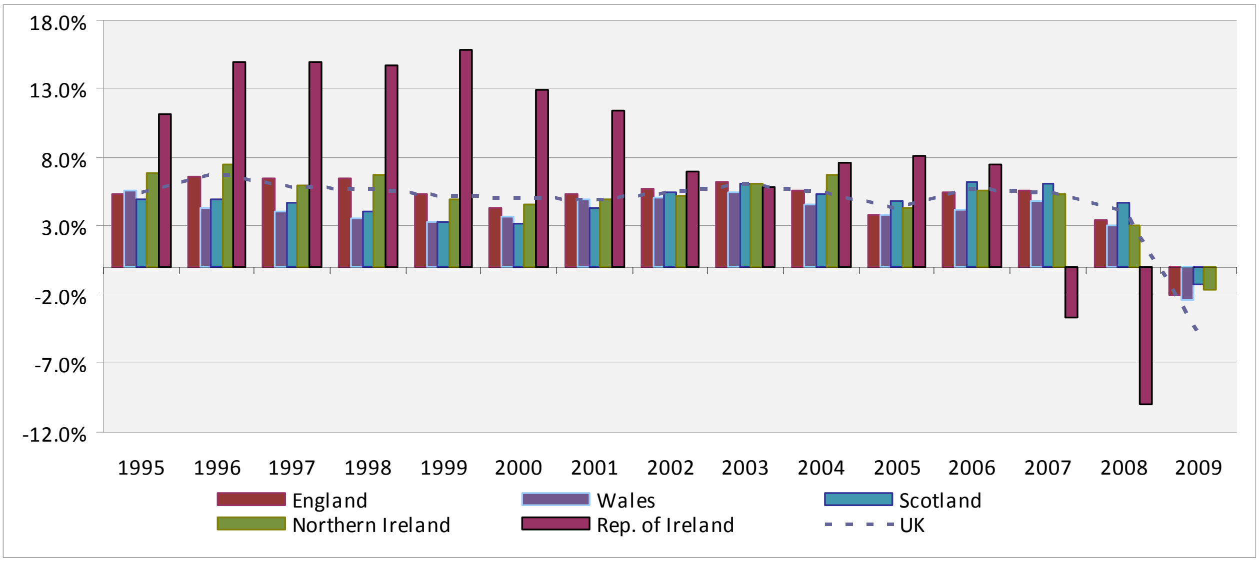
Reform of the planning system and local government will also have potentially far-reaching implications. The reforms will necessitate the creation of new intra-government relationships. It will require individual departments, agencies and LGDs to adopt a more integrated approach to spatial planning and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

In terms of the proposed revisions to the spatial framework underpinning RDS 2035, it remains to be seen whether the sub-regional centre and cluster approach will prove acceptable to citizens and LGDs and whether the use of Housing Growth Indicators will be taken forward. In the case of the Fermanagh HMA it will be important to maintain a watching brief in terms of future development in respect of Enniskillen which is identified as a Sub Regional centre.

Appendix 3: Northern Ireland's Economic Performance

Relative economic performance of any area is an important factor in attracting households to move to or remain within an area. In turn, this results in the required level and demand for housing. Gross Value Added (GVA) is an agreed measure of the value of the goods and services produced within the economy. It is the Office for National Statistics (ONS) preferred measure for monitoring economic performance at a sub–national level. Using this measure, Figure 29 shows how Northern Ireland's economy performed in the years from 1995 to 2009.

Figure 29: Total GVA (current prices) annual rate of growth, UK and ROI, 1995-2009

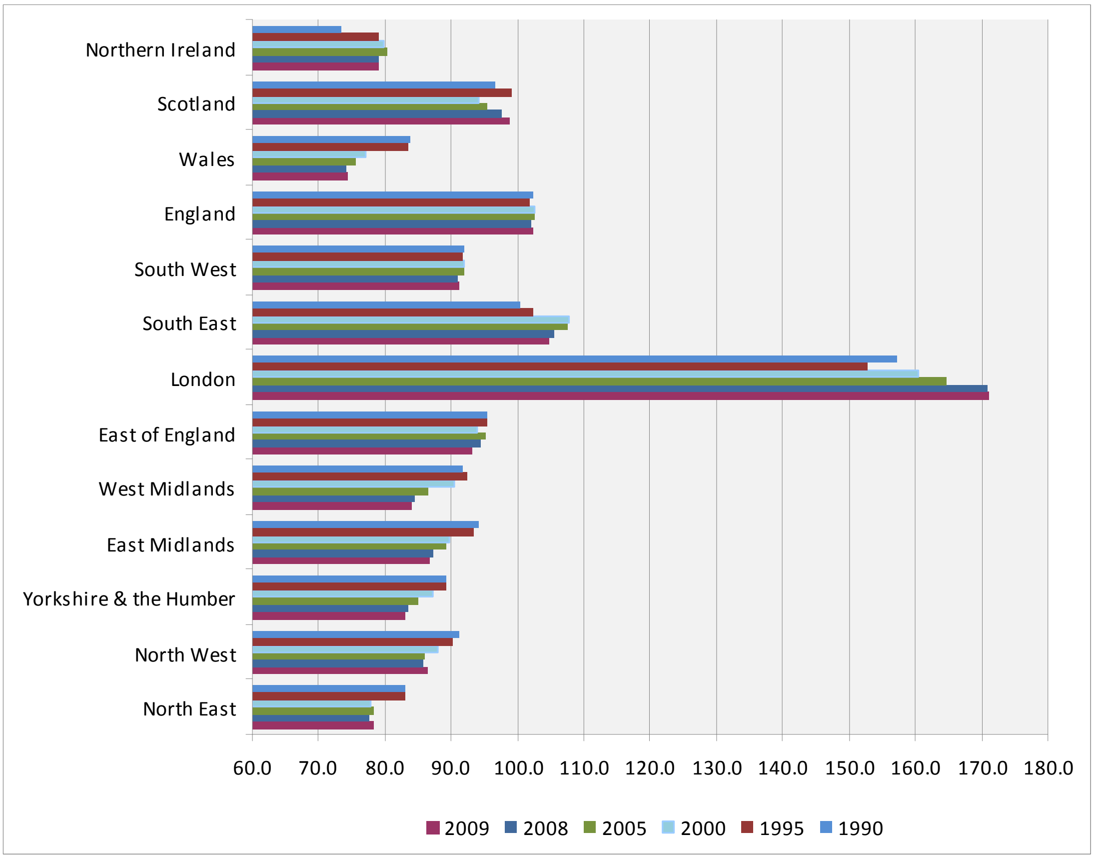


Source: ONS (December 2010) total annual workplace based GVA 1990-2009 per head at current prices. Note: UK figures are Extra- Region and exclude statistical discrepancy and offshore contribution that ONS do not assign to any region. Also, the estimates presented are current prices and do not take account 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 less prosperous regions of the UK to 2008. Figure 30 shows that in 2009 Northern Ireland was ranked eleventh lowest of the UK regions in terms of GVA per head.

Figure 30: GVA per head indices compared to UK average (100), 1990-2009



Source: ONS (2010) GVA per head of population index in 2008, where UK Extra-Region =100.

As Barnett (2009) observed, Northern Ireland's GVA per head remained around 80% of the UK average from the mid 1990s to 2009. 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 NI Executive's 2011 consultative economic strategy highlights, low economic activity rates amongst the working age population have negatively affected productivity. This is one reason why the consultative document's promotion of improving productivity and increasing employment remain imperative.

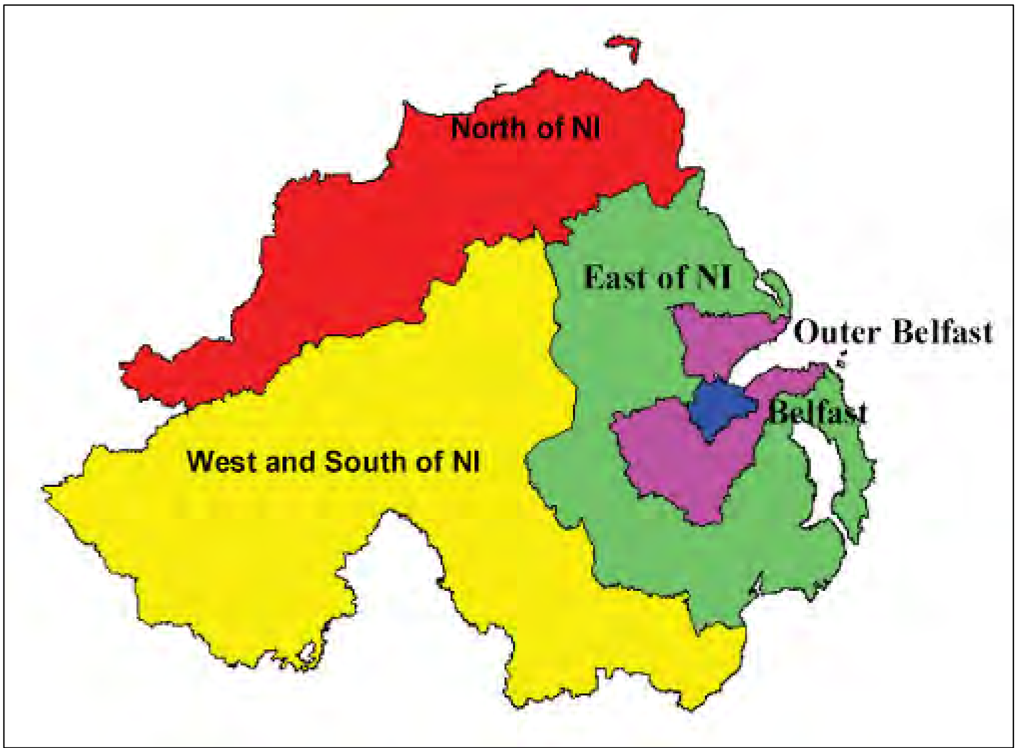
In 2009, total GVA contracted in Northern Ireland and the rest of the UK. This was a direct consequence of the abrupt downturn in the economy in the latter half of 2008 in the wake of the global financial crisis also known as the credit crunch. During 2009, the economic recession deepened in spite of a series of moves to bolster the economy. This included 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 led 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. The construction industry has been particularly affected by this issue.

During 2010, the UK economy gradually eased out of the recession but the fallout from the recession and public expenditure constraints discussed in Chapter 2 will shape economic, labour market and housing market conditions for several years to come. Moreover, the pace of recovery in the Fermanagh HMA and elsewhere in Northern Ireland will be shaped by the underlying strength and structure of the local economy. Future prospects for the economy and their potential implications for the housing system are discussed earlier in this report.

Economic performance of the wider Fermanagh HMA economy

It is reasonable to state that the local economy is linked very closely to that of the Northern Ireland and UK economy. It is not possible however, to compare GVA growth of Fermanagh HMA directly with either Northern Ireland or the UK, as data for the study area is not available. Figures for GVA are broken down to a sub-regional level at the Nomenclature of Units for Territorial Statistics 3 (NUTS 3) areas. Map 5 below shows the geographical dispersion of the NUTS areas.

Map 5: Northern Ireland NUTS 3 Areas



The Fermanagh HMA falls under the coverage of NUTS 3 sub regional area **West & South of NI**. It is still possible to use data from the West and South to highlight issues affecting the Fermanagh HMA.

Table 31: 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	-	-

- From 1995 to 2008, the average annual growth rate for West and South of NI was 5.7%. This compares to a Northern Ireland figure of 5.5% and UK figure of 5.4%;
- Growth has occurred at a lower rate than for Belfast, but higher than Northern Ireland as a whole. It is recognized that service sectors together with retail and public services tend to gravitate towards urban centres;
- The growth experienced in Fermanagh HMA has been most notably seen in the expansion of the business services and finance sector and the distribution, transport and communication sector.

Table 32: GVA for Northern Ireland and the Fermanagh economy 1995-2008

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
Fermanagh HMA	**Total GVA 1995 (million)**	**Total GVA 2008 (million)**	**As % of NI GVA 1995**	**As % of NI GVA 2008**
Agriculture, forestry and fishing	£298	£170	11	3
Production	£585	£1,235	22	23
Construction	£203	£669	8	13
Distribution, transport and communication	£463	£1,186	18	22
Business services and finance	£226	£674	9	13
Public administration, education, health & other services	£828	£1,418	32	26
Total GVA	£2,603	£5,351	100	100

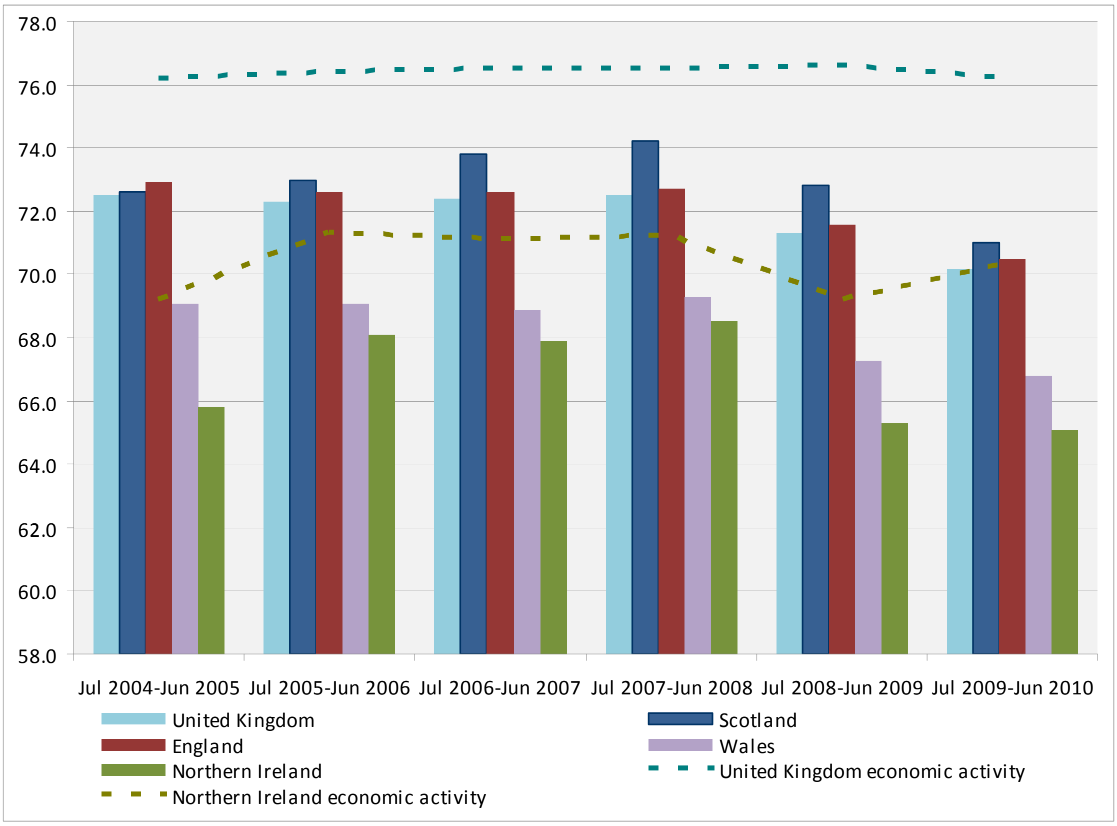
Source: ONS (2010) GVA headline figures by NUTS 3 area (current prices and workplace based). Notes: Data have been smoothed by ONS using a five year moving average and may also not sum due to rounding
Distribution includes hotels and restaurants; wholesale and retail trade; repair of motor vehicles, 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

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 increased by approximately 1% to 70%, although this proportion remained below the UK rate of approximately 76%. This upward trend was accompanied by a decrease in the proportion of working age adults in employment. The rate remained the lowest of all countries that make up the UK (see Figure 31). Official rates of unemployment also fell (see Figure 32).

Figure 31: Economically active and employment rates across UK 2004 -2010



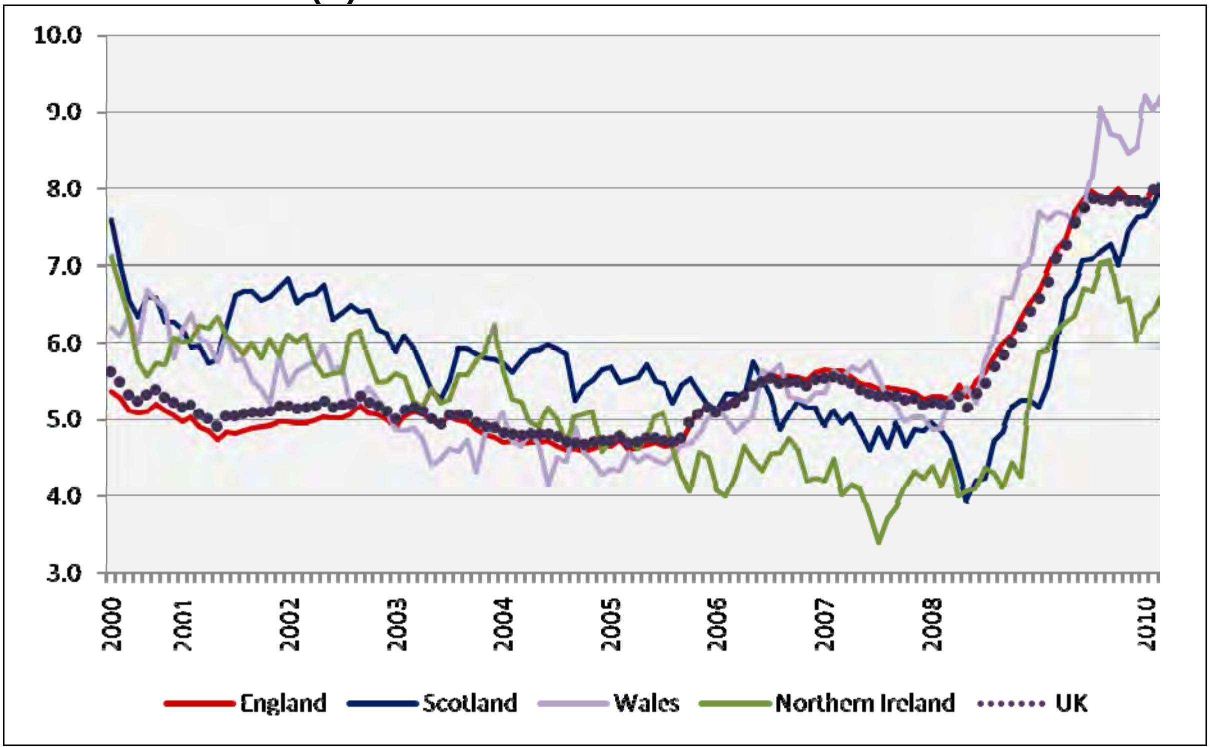
Source: Labour Force Survey and Annual Population Survey (via Nomis, DETINI and NISRA)

In spite of the improved economic performance in the decade to 2010, economic inactivity rates remained persistently higher than in any other UK region. In the year to September 2008, some 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 climbed to 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 10 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 32: International Labour Office (ILO) defined unemployment rates, 2001-2010 (%)



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

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 33 summarises alternative NISRA population projections for Northern Ireland for the period from 2008 to 2021. Figure 33 summarises the natural change and migration assumptions that underpin these alternative projections. Together they show that:

- The 2006 and 2008-based population projections are based on 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;

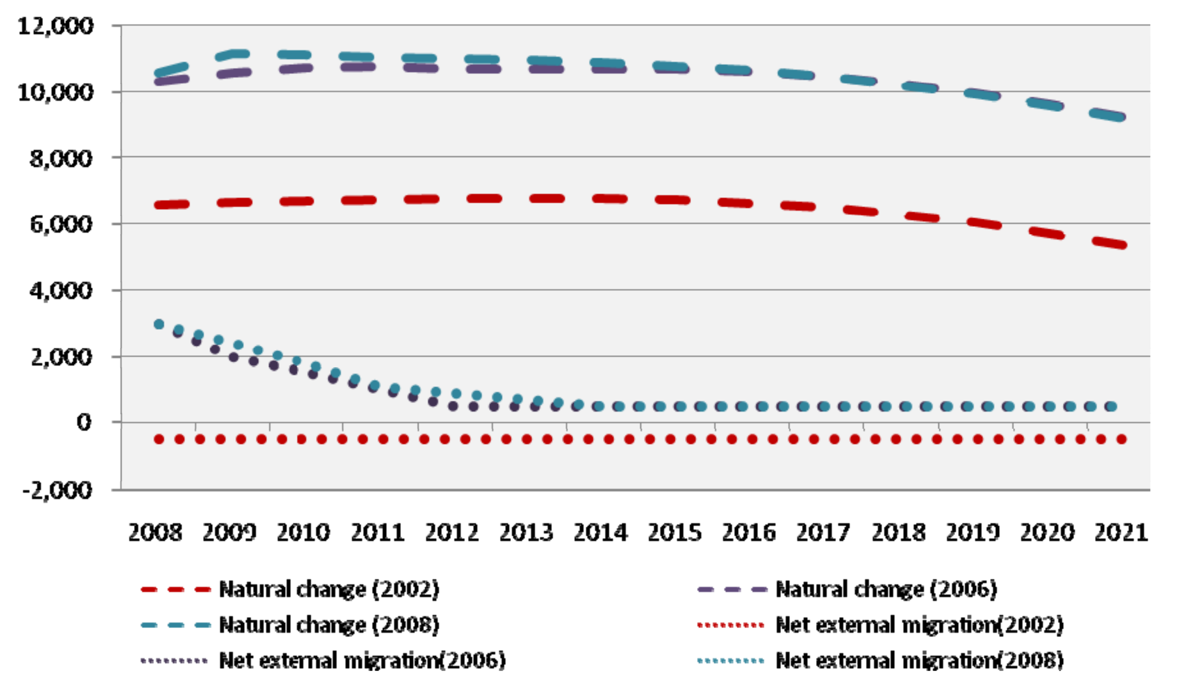
Table 33: NISRA alternative Northern Ireland population projections

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

- There is a big 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 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 numbers of people living in Northern Ireland in the long term.

Figure 33: NISRA component of population change assumptions



Source: NISRA population projections

The net external migration assumptions incorporated into the 2008-based projections are higher than those assumed in 2002[22]. Nonetheless, they are modest compared to the rates 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) have suggested that the 2004-8 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 fall back. 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 migrant workers elsewhere in Europe means the rates of net external migration could more or less remain in balance for much of the coming decade.

22 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 3,000 fewer people would come to Northern Ireland than leave each year.

Components of population change

The main components of population change are:

- Natural change (the difference between births and 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%).

Household Change

Northern Ireland projections

NISRA latest 2008-based household projections are summarised in Table 34. 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.

Housing Executive

Table 34: 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 single person or two person households. By 2023 therefore, over six out of 10 households living in Northern Ireland may comprise of one or two adults;
- The numbers of households with dependent children will continue to rise until 2023, after which the numbers of families and lone parents may begin to fall back;
- 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 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 projections[23]. The corresponding rise in average household size reported by NISRA supports this assumption.

NISRA sub-national household projections and household composition
NISRA issued 2008-based regional household projections to 2023 for the Fermanagh HMA, which are summarised in Table 35. It shows:

NISRA project that 74,100 households may be living in the Fermanagh HMA by 2023, which is significantly lower than the comparable rate for Northern Ireland.

Table 35: NISRA 2008-based household projections for Fermanagh HMA 2010-23

2008-based	2010	2015	2023	change 2010-15	change 2010-23
Fermanagh HMA	68,000	70,500	74,100	3.7%	9%
Northern Ireland	706,200	749,200	810,600	6%	15%

Source: NISRA 2008-based household projections (2010)
Figures rounded to be consistent with NISRA reporting conventions

23 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.

Housing Executive

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 which 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 years 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 UK[24], 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.

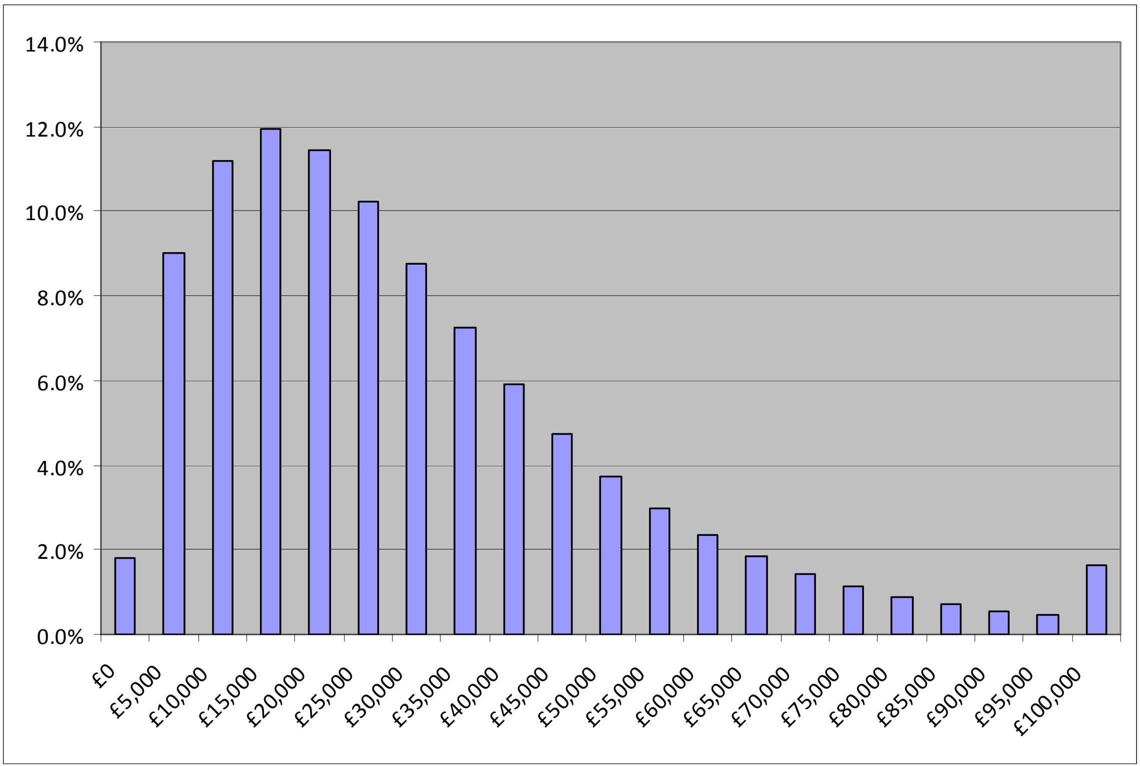
It is possible that for some small areas (such as postcode units) the model incorporates very few (if any) actual observations and instead relies solely on imputed data, which is created from the known relationship between income and household characteristics. CACI data is regularly updated but it is not designed to permit time series analysis because methodological changes typically limit year on year consistency.

FRS and CACI compared

Figure 34 shows the distribution of households in the Fermanagh HMA across the £5,000 bands of household income according to CACI Paycheck in 2010. Most households have a gross income in the range from £10,000 to £40,000. Just under 2% of households had an income greater than £100,000 per annum.

[24] From 2008 the Living Costs and Food (LCF) module of the Integrated Household Survey (IHS), has replaced the EFS.

Figure 34: Distribution of gross annual income, Fermanagh HMA, 2010

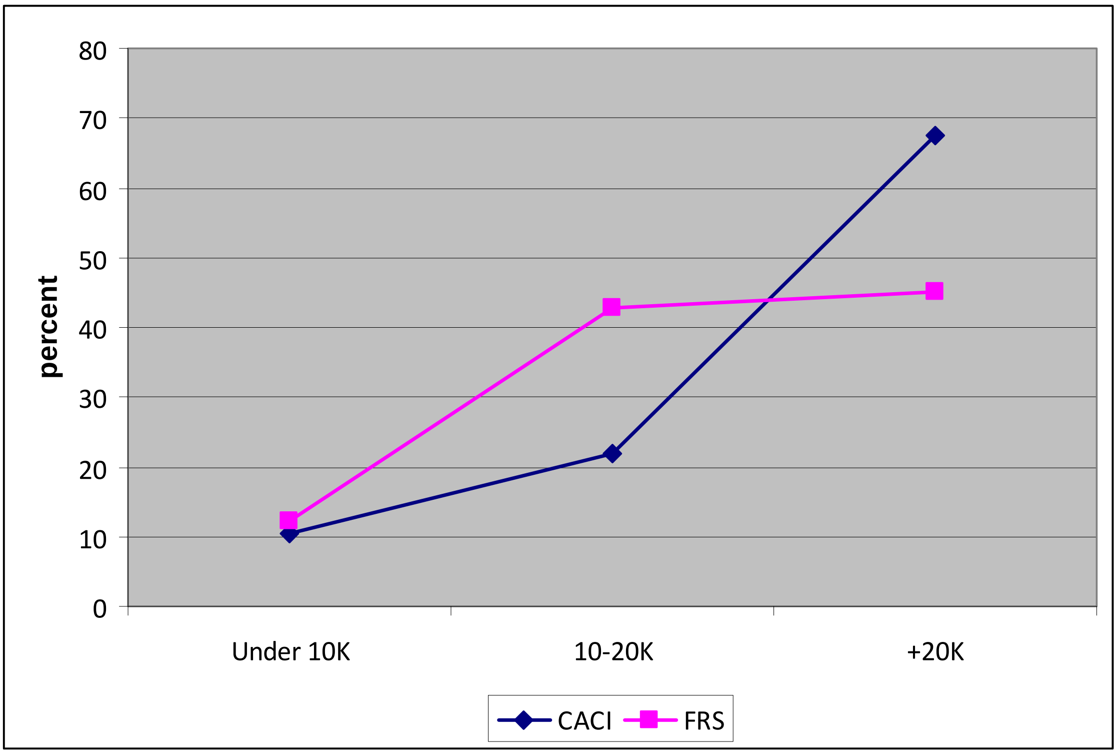


Source: CACI Paycheck 2010

Figure 35 compares the FRS 2009/10 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 just over 60% of households are estimated to have a gross income of between £10,000 and £40,000;
- Relative to the FRS, the CACI suggests that a much lower proportion of households have a gross income of under £10,000. This difference cannot be explained solely be reference to the time lag in respect of the FRS.

Figure 35: Comparison of FRS & CACI at Northern Ireland



Source: FRS 09/10 and CACI PayCheck 2010

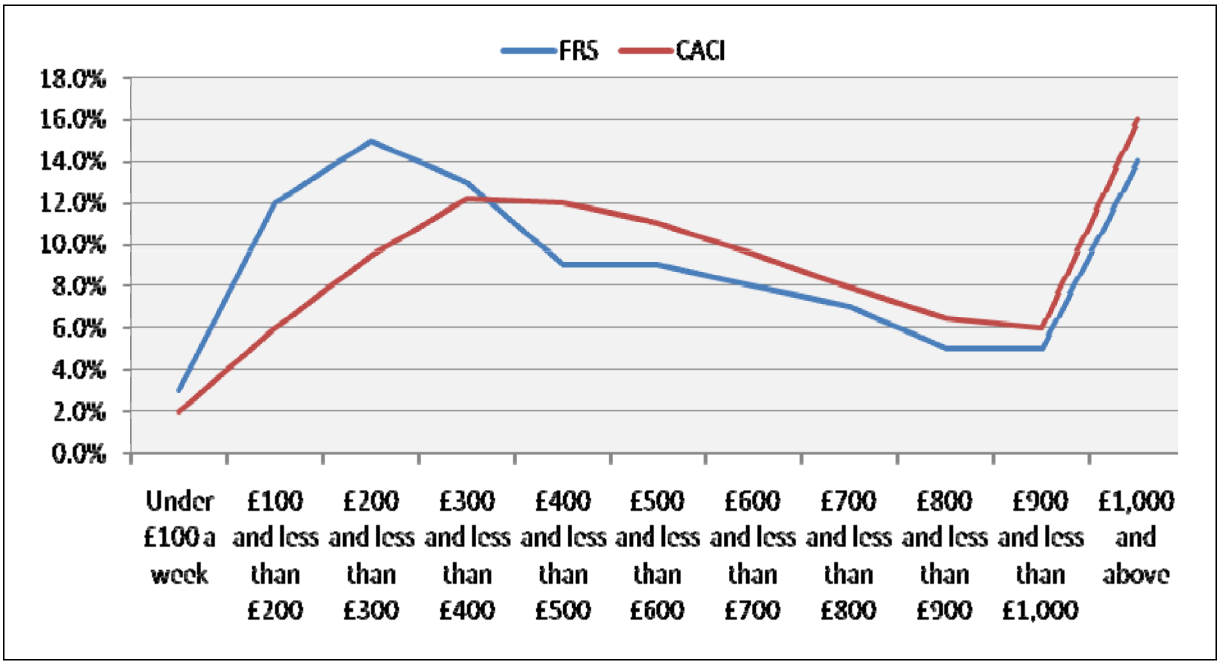
There are several possible reasons why FRS and CACI are not more closely aligned:

- 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 the Fermanagh HMA and the rest of 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 36 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 36: 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 across the Fermanagh HMA;
- 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"

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 Fermanagh HMA, it was necessary 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. Also, whether other data sources might shed light on recent developments in terms of the numbers of households resident within the Fermanagh HMA and the movement patterns of households across the Fermanagh HMA.

This appendix sets out an analysis of this. 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 shows 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. This also appears to be true in the Fermanagh HMA. By contrast, the disparities between household projections and occupied stock estimates at the sub-market area could not be explained by measurement errors alone. Some of the disparity reflected housing market and economic developments that occurred in the five year period to 2008.

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Relationship between projected household and occupied dwelling counts

As Table 36 shows, in the period from 2001 to 2008, 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 36: Northern Ireland occupied stock and projected household numbers, 2001-08

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

Source: NISRA

- 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 and nor are they designed to forecast year-to-year fluctuations;
- The 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 RCS dataset used to compile dwelling estimates;
- The household projections and occupied dwelling count cover slightly different periods. The RCA stock dataset[25] reports stock figures for 31 March each year whereas projections relate to mid year (June);
- Landlords that enter into an agreement with Land & Property Services (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.

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25 The data on the dwelling stock comes from 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 generally 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 37 compares the occupied stock to projected household ratio for Northern Ireland, and Fermanagh 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 has 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;
- Occupied stock levels have increased steadily over the period 2001-10 but not to the same extent as projected households hence a widening gap between the figures. The ratio has fluctuated from a peak in 2005.

Table 37: Occupied stock as a % of households across the Fermanagh HMA 2001-10

Year	Northern Ireland	Fermanagh HMA
2001	99%	98%
2002	99%	101%
2003	100%	100%
2004	100%	101%
2005	100%	102%
2006	99%	98%
2007	97%	94%
2008	98%	97%
2009	99%	98%
2010	99%	97%

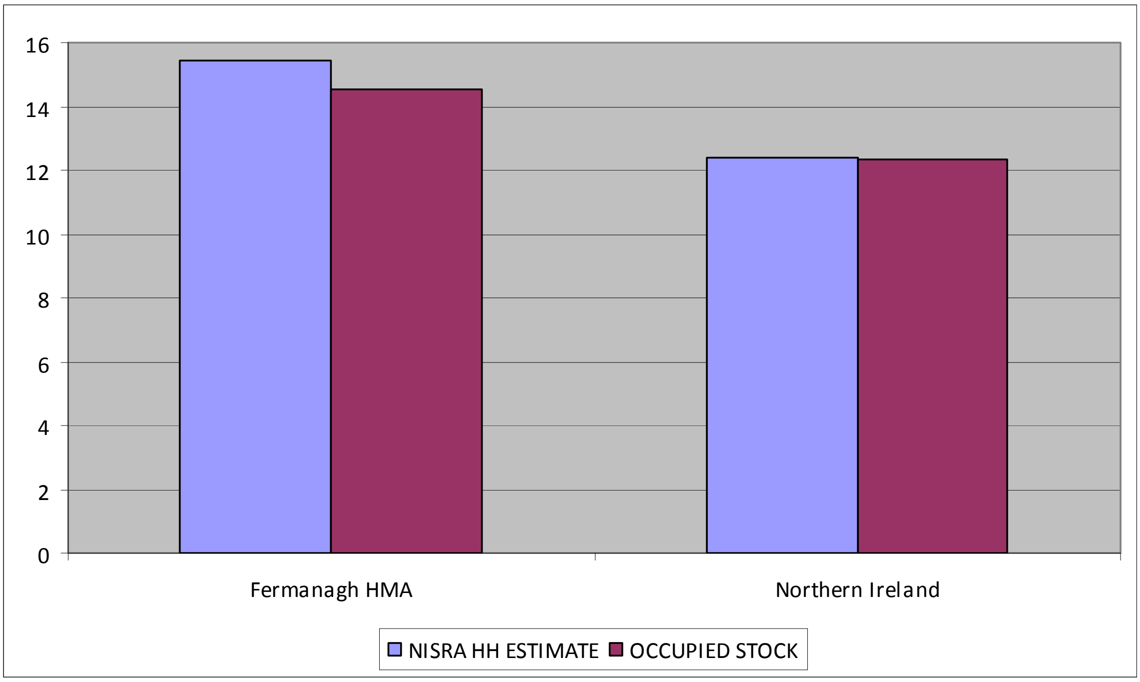
Source: NISRA (20080 household projections and NISRA (DSD) ward level occupied stock estimates published on NINIS aggregated up to selected geographies Figures for 2007 should be treated with caution as there appears to be some under-reporting of occupied stock in some wards

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.

Between 2001 and 2008 the number of occupied dwellings in Northern Ireland increased by 9% whilst the projected number of households increased by 10%. As expected, the rate of growth in the Fermanagh HMA has been lower in respect of both the occupied dwellings (8%) and the projected number of households (7%).

Figure 37: Increase in occupied dwellings and projected household 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, in 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 vacancies[26] 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 had increased by 8% in this 3 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 Fermanagh HMA.

Housing market dynamics

Other HMAs
It should be noted that some of the HMAs in the south and west of Northern Ireland also appear to have experienced lower rates of household growth than NISRA projected. These include Dungannon HMA and Newry HMA.

[26] 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.

Appendix 8: Stock condition

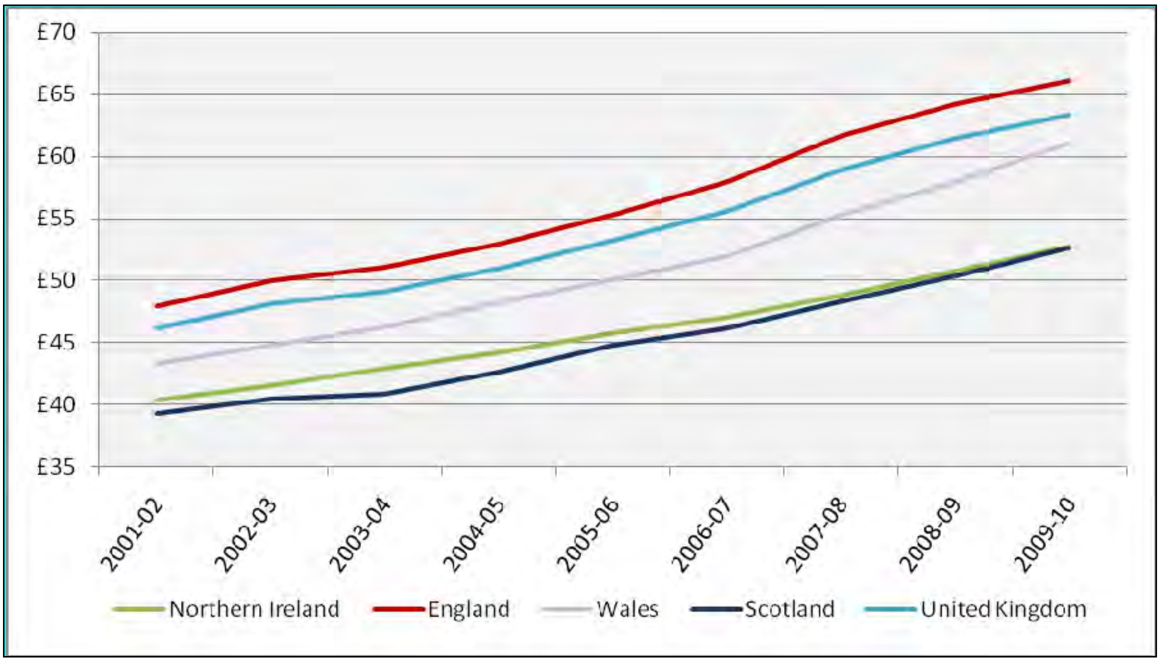
Information from the HCS 2009 provides some insight into the condition and quality of housing at proposed new council area level. In Fermanagh and Omagh, unfitness was 6.6%, which compares with a figure of 7.4% from the 2006 survey. It must be noted that the 2006 survey reported on Fermanagh District rather than the RPA area. Clogher and Fivemiletown are included in Mid Ulster, where unfitness at 2009 was 5.1%. Unfitness in Northern Ireland as a whole was 2.4% in 2009. Although running considerably higher than the NI rate, there has been a sustained reduction in unfitness in Fermanagh LGD.

There is a distinct urban/rural split with unfitness higher in rural areas. This is probably the case in both Northern Ireland and Fermanagh HMA. The highest level of unfitness tends to be in vacant stock. Almost a quarter of vacant dwellings were unfit at 2009. This represents 59% of all unfitness. Owner occupied dwellings make up 25% of unfit dwellings, with social housing extremely low at just 0.6% of the total.

In terms of the Decent Homes Standard, 16.4% of dwellings in Fermanagh and Omagh failed at 2009. This is slightly above the Northern Ireland figure of 15.1%. The 2006 survey had shown Fermanagh LGD as 26.6%, but it is not appropriate to consider this as an improvement as the figures are not comparable. Of the social rented dwellings in Northern Ireland that fall short of this standard, the majority fail to meet the thermal comfort criterion.

The Housing Executive's improvement programme, which includes the replacement of inefficient solid fuel or electrical heating with central heating (mainly natural gas), has increased the proportions of social rented dwellings that comply with the Decent Homes Standard since 2006. Most housing association stock is less than 25 years old and is widely assumed to be in good condition and should comply with the Decent Homes Standard. Reduced public sector funding will adversely affect the ability to meet the Decent Homes targets as improvement schemes have had to be delayed or reconfigured.

Appendix 9: 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)

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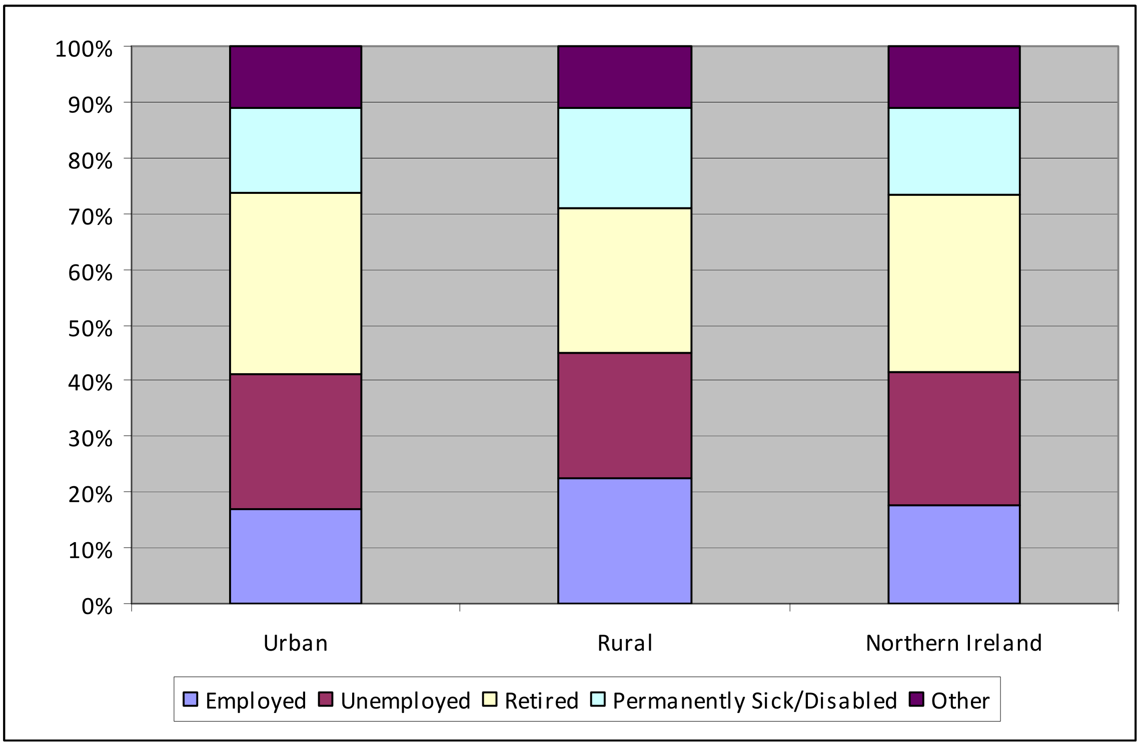
Appendix 10: Characteristics of Social Renters by Urban/Rural % Breakdown (2006)

	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 £7,000	20	24	20
£7000-£29,999	76	72	76
£30,000+	4	4	4

Source: HCS 2006

Figure 38: Economic status of social renters by Urban/Rural breakdown



Source: HCS, 2006

Housing Executive

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 in Northern Ireland. 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 indictors 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.