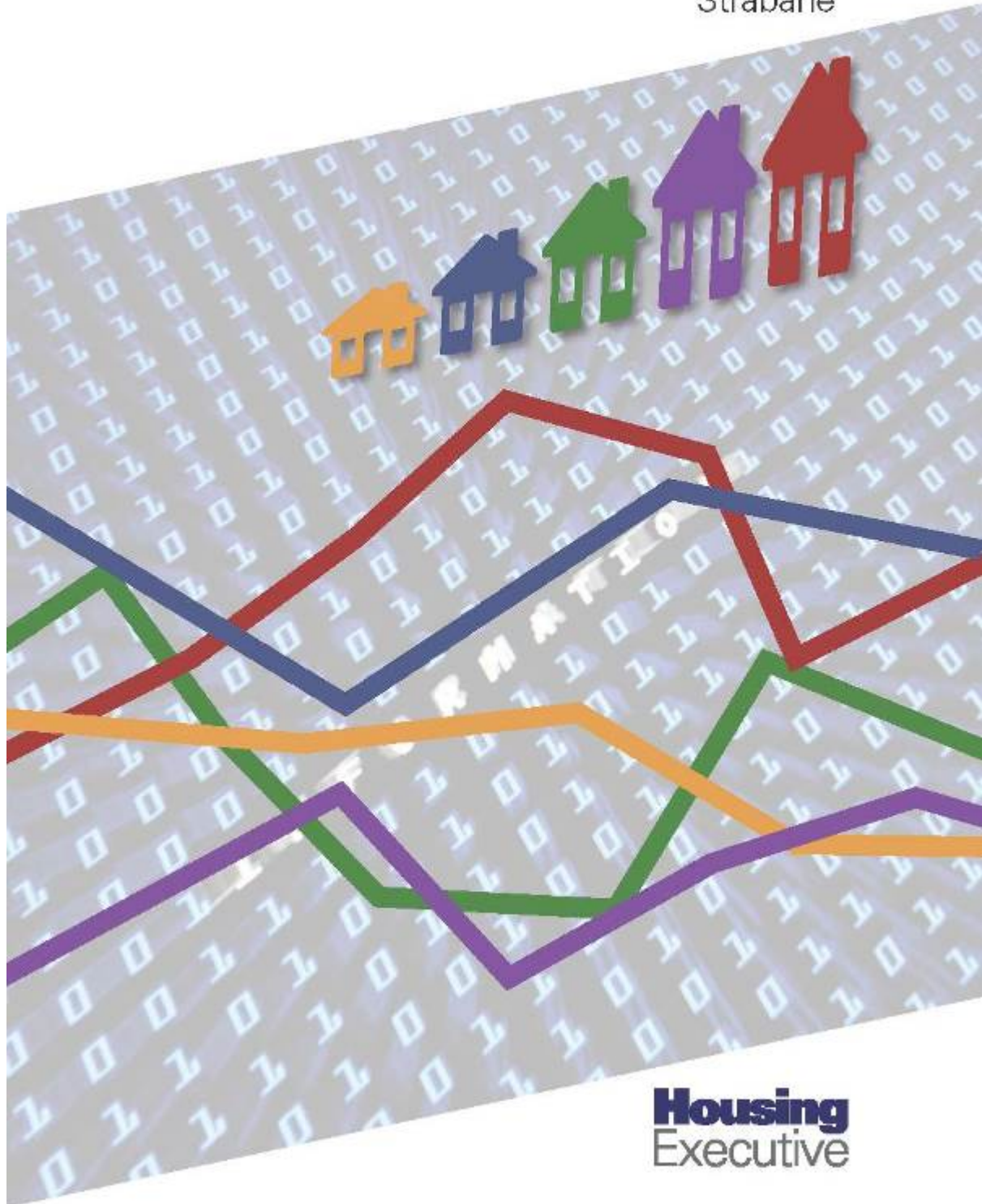


Housing Market Analysis

Strabane



Housing Market Analysis

Strabane



| | |
|--|-----------|
| PREFACE | 4 |
| Study Aims and Objectives..... | 5 |
| Report structure..... | 5 |
| Delineating the Spatial Structure of the Strabane HMA..... | 6 |
| Spatial sub-divisions within a housing market area..... | 6 |
| Executive Summary | 8 |
| Background..... | 8 |
| What is Local Housing Systems Analysis? | 8 |
| The Strabane Housing Market Area | 9 |
| Economic and Demographic Trends in the Strabane HMA | 9 |
| The Owner Occupied Sector Trends in the Strabane HMA | 10 |
| Private Renting Within the Strabane HMA | 12 |
| The Social Housing Sector across the Strabane HMA..... | 13 |
| Bringing the Evidence Together and Identifying Imbalances..... | 15 |
| 1. INTRODUCING THE STRABANE HOUSING MARKET AREA | 16 |
| Strabane HMA | 16 |
| The Spatial Boundary of Strabane HMA | 17 |
| Cross-Border Dimension | 17 |
| 2. KEY ECONOMIC AND DEMOGRAPHIC TRENDS | 20 |
| Introduction | 20 |
| Economic performance | 20 |
| Employment trends | 22 |
| Labour market structure..... | 24 |
| Incomes and earnings..... | 25 |
| Economic outlook and associated challenges | 28 |
| Demographic Trends..... | 30 |
| Composition of population | 31 |
| Minority ethnic communities | 33 |
| Strabane HMA level population projections | 35 |
| Household projections | 37 |
| Cross border comparisons | 39 |
| Summary..... | 40 |
| 3. THE OWNER OCCUPIED SECTOR | 44 |
| Introduction | 44 |
| House building relative to RDS 2001-25 targets..... | 48 |
| Household composition..... | 49 |
| Affordability of home ownership | 52 |
| Alternative affordability measures | 55 |
| Co-ownership housing | 59 |
| Owner Occupation in Strabane Rural | 59 |
| Future prospects | 60 |
| Key Issues | 60 |
| 4. PRIVATE RENTED SECTOR IN STRABANE HMA | 63 |
| Introduction | 63 |
| Market trends since 2001 | 63 |
| Profile of PRS housing stock..... | 64 |
| Vacancies | 65 |
| Dwelling age and condition..... | 66 |

Housing Market Analysis

Strabane



| | |
|--|------------|
| Households | 67 |
| Impact of Welfare Reform on the private rented sector | 71 |
| Private Rental Issues in HMA Rural Area | 72 |
| Tenancy management issues | 72 |
| Inter-tenure flows | 73 |
| Future Prospects | 74 |
| Key Issues | 74 |
| 5. SOCIAL HOUSING WITHIN THE STRABANE HMA | 77 |
| Introduction | 77 |
| Profile of the social housing stock | 77 |
| Changes in stock numbers over time | 79 |
| Dwelling attributes | 79 |
| Dwelling age | 82 |
| Profile of existing social rented tenants | 84 |
| Economic status and incomes | 84 |
| Annual supply of social housing | 85 |
| Applications for social housing | 89 |
| Social rented pressure ratios | 90 |
| Comparisons with other evidence | 94 |
| Profile of new applicants in housing stress | 97 |
| Capacity of applicants to access private rental or owner occupied market | 97 |
| Welfare Reform | 98 |
| Summary | 99 |
| Key Issues | 101 |
| 6. Bringing The Evidence Together And Identifying Imbalances | 104 |
| Introduction | 104 |
| Appendix 1: References | 118 |
| Appendix 2: The Policy Context | 125 |
| Appendix 3: Northern Irelands Economic Performance | 135 |
| Appendix 4: Recent Employment Trends | 140 |
| Appendix 5: Northern Ireland level population projections | 142 |
| Appendix 6: CACI PayCheck and Family Resources Survey Incomes Compared | 147 |
| Appendix 7: Changes in households and occupied stock numbers for 2001-2010 | 153 |
| Appendix 8: Stock condition | 159 |
| Appendix 9: Average public sector rent | 160 |
| Appendix 10: Characteristics of Social Housing Tenants by Urban/Rural | 161 |

Housing Market Analysis

Strabane



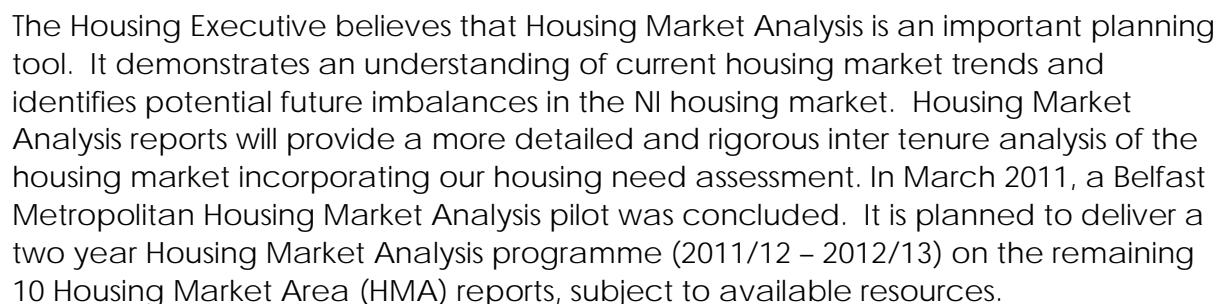
We would like to extend our thanks and gratitude to the organisations, and individuals who contributed to the production of this document.

Abbreviations

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

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.

Map 1: Housing Market Area Geographies





METHODOLOGY

Study Aims and Objectives

The aim of this study is to:

Produce a local housing system analysis (LHSA) for the Strabane Housing Market Area (Strabane 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 Strabane HMA;
- Provide a broad indication of the main housing subdivisions within the Strabane HMA;
- Conduct data analysis to establish the current position of the Strabane HMA and likely future trends.

Report structure

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

- Section 1 summarises the geography of the Strabane HMA;
- Section 2 considers economic and demographic trends and their significance for the Strabane 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 Strabane HMA, including unmet housing need;

The Appendices contain further details of information relating to that which is used in Strabane HMA. In addition, it presents the wider policy and planning context within which the Strabane HMA operates.

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 House Condition Survey. 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 the 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 Strabane HMA has been defined. In most cases, housing market and sub-geographies totals are based on aggregated ward data. Time lags in the publication of data mean that some of the analysis is less timely than we would have hoped.

Delineating the Spatial Structure of the Strabane HMA

In order to analyse a housing market area, a vital first step is to define the spatial extent and structure of the housing market area.

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.

Spatial sub-divisions within a housing market area

Large and complex housing market areas that extend across large areas can contain distinct spatial sub-divisions. These areas typically display a reasonable degree of self-containment. Nonetheless, they are influenced by events and trends at the wider HMA level. Some parts of the Strabane 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 impediments 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 subdivisions within the overall Strabane HMA have been identified: Strabane **Urban** and Strabane **Rural**.

Housing Market Analysis

Strabane



River Finn, Strabane



EXECUTIVE SUMMARY

Background

Northern Ireland's housing market is currently affected by a range of problems: a crisis in the financial markets that is curtailing development loans and mortgages, a consequent fall in owner-occupied demand due to a housing market collapse, increased dependence on Housing Benefit and demand for rented accommodation, together with welfare reforms which are streamlining and reducing elements of the housing benefit system.

The challenge for housing planners is therefore two-fold: to facilitate the immediate the future needs of the housing market, and second, to mitigate insofar as possible against future imbalances by planning and advocating for a sustainable housing market. Part of this is being able to distinguish between long and short term trends, but it also more requires better engagement across all stakeholders in the housing market to ensure better alignment between supply and demand and ultimately achieve more sustainable development.

This Local Housing Systems Analysis (LHSA) attempts to provide baseline report on the state of the housing market in the Strabane area using a functional market area referred to as the Strabane Housing Market Area (HMA).

What is Local Housing Systems Analysis?

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

- An assessment of the boundaries of the Strabane 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 Strabane HMA level. This should include an appraisal of likely future trends and their consequences for the housing system;
- Analysis of the internal structure and dynamics of the housing system involves looking at current and anticipated trends within and between the three main tenures. It can also involve looking at important segments within the housing system such as different types of local areas or particular groups of the population;
- The evidence collected should be able to allow planners to conduct an 'imbalance' assessment of the key problems facing their housing system. This is the key output of the LHSA process.



The Strabane Housing Market Area

- Housing markets function over an area that reflects the housing and location choices of consumers rather than administrative boundaries. Housing demand is largely contained within it, and it is where most households both live and work;
- The Strabane HMA is dominated by Strabane town, which is described as a main hub by the Regional Development Strategy (RDS) for Northern Ireland 2035, forming a cluster with Derry/Londonderry in the North West region with cross border linkages;
- According to Mid-Year Estimates, the Strabane HMA had a population of 37,787 and includes all of the Local Government District of Strabane District Council with the exception of Slievekirk Ward in the north of the district;
- Within the HMA, two subdivisions have been devised to enable the housing market to be studied at a smaller geographical level. These are Strabane Urban (comprising the town of Strabane) and the Strabane Rural (comprising the remainder of the HMA);
- The impact of the border with the Republic of Ireland (ROI) on the Strabane HMA will also be considered in this report.

Economic and Demographic Trends in the Strabane HMA

- The majority of people in the Strabane HMA live in the rural subdivision which had a population of 23,750 in 2010 in comparison with the urban subdivision (Strabane Town) which had a population of 14,037 in 2010;
- Relative to Northern Ireland, the Strabane HMA has experienced comparatively lower rates of growth in the number of adults of working age;
- Between 2001 and 2010 Strabane HMA experienced a sharper increase in persons of retirement age (19%) than Northern Ireland's 15% increase;
- In 2010 the proportion of persons in the 0-15 age group was slightly larger in the Strabane HMA than Northern Ireland with 23% of the HMA population between 0-15 years old compared with Northern Ireland's 21%;
- NISRA project that 15,600 households may be living in the Strabane HMA by 2023 which is lower than the comparable rate for Northern Ireland;
- The HMA is situated in the North of Northern Ireland EU NUTS3 sub-region, which is one of the least economically productive areas of the UK;
- The Strabane economy underperforms within the context of Northern Ireland and UK economy, with a negative employment growth recorded between 1998 to 2007 and a declining GVA since 2004;
- The main employment sectors in the HMA in 2009 were construction, agriculture, distribution and retail, and education. Compared to the Northern



Ireland average, there is a smaller proportion of people employed in higher skilled positions;

- The rural economy is experiencing employment decline, particularly as its service jobs were usually linked to other declining sectors such as construction, agriculture and manufacturing;
- The HMA had a resident employment rate consistently below the Northern Ireland average since 1998, with the number of employees decreasing by 2.1% from 2001 to 2009;
- 6.9% of the working population were claiming unemployment benefits in March 2011, compared to a Northern Ireland average of 5.1%;
- The electoral ward of Strabane East (within Strabane town) had a claimant count of 16.1% in March 2011, and has a high level of deprivation;
- The Super Output Areas (SOAs) of East Strabane (within Strabane town), Ballycolman and Castlederg were among the top 100 most deprived SOAs in Northern Ireland;
- In March 2010 youth unemployment in Strabane District was 29.7%, more than 50% higher than the Northern Ireland equivalent;
- Long term unemployment was 1.5% of the total population, and ranked 418 worst on a scale of 434 UK districts;
- 2009 figures show that the HMA had a higher proportion of the workforce in part-time employment (39% as opposed to NI average of 34.9%);
- Work-based incomes are notably less than residence-based incomes across the HMA (this would indicate that those who live there but work outside are more likely to have higher income levels than those both work and live in the HMA);
- The HMA has a higher proportion of households in the lower income brackets than the Northern Ireland average. Income increases during 2001 – 2006 were mainly experienced in the owner-occupied sector and for those with higher skills;
- Fuel poverty is similar to the Northern Ireland average.

The Owner Occupied Sector Trends in the Strabane HMA

- From 2001 to 2006 the rate of home ownership increased to a level comparable with the Northern Ireland average of approximately 66%. In subsequent years, there is evidence of a decline in home ownership, following trends elsewhere;
- Home ownership is distributed throughout the HMA in both the urban and rural areas, but particularly outside settlements where there are few other housing options;
- Vacancies across the HMA were comparable to the Northern Ireland average at just over 6%, vacancies approached 7.8% in rural areas as opposed to an urban rate of just 4%. This compares to the 5.7% benchmark



contained in the Regional Development Strategy 2035. Since 1996, most years have shown this discrepancy between urban and rural areas;

- Rural vacancies may be the result of a combination of factors: house building exceeding the rate of household formation, prevalence of older or smaller houses, distance to community facilities and higher commuting costs to places of work;
- There is limited potential for vacant private sector dwellings to be used for social housing, from evidence gathered by the Housing Executive/DSD because most of the dwellings are in areas of social housing need;
- From 2001 to 2010, the average annual rate of house starts in the HMA was approximately 35% greater than the annualised equivalents of the Housing Growth Indicators as set out in the Regional Development Strategy 2035. This was partly supported by a household growth that was 8% above the projections for the same period, however it nevertheless contributed to a surplus in the home ownership market from 2009 onwards;
- There is evidence of a longer term shift from home ownership to the private rented sector, which is facilitated by Housing Benefit;
- Average household size is larger in the HMA than the Northern Ireland average, however household sizes are falling similar to trends elsewhere;
- Estate agents report poor level of house sales, and no evidence of a property market recovery. Sales prices are generally falling, especially on the secondhand market and for distressed properties. Some new-build property prices are not reducing to the same extent;
- Figures from January 2013 indicate approximately 280 properties across the HMA for sale, over 90% of which were situated within settlements, and 11% of which were new-build. Almost a third of new-build properties were individual 'one-off' houses in the countryside;
- House prices fell 54% in Strabane District between 2007 and 2011 which is higher than the provincial trend of 40%. The Northern Ireland equivalent was 40%. Large differences between peak and trough house prices do not provide the conditions for a stable housing system, but cause inequity and affordability issues across the market. Apart from the social implications, the impact of housing on the economy underlines the need to create more stable conditions within it;
- Affordability is not driven solely by income and price but also by other factors such as cost and the availability of credit and finance. An estimated 60% of younger households are unable to afford a 95% mortgage and 53% unable to afford a 80% mortgage, these figures compare poorly with other areas notably the adjacent North West HMA;
- Negative is an issue, but likely not to be as significant as other areas due to the fact that the rate of house building peaked in 2004 when values were not as high;



- Estate agents report a continuing demand for Co-ownership housing, but some of the conditions may preclude some applicants, notably requirements on employment status.

Private Renting Within the Strabane HMA

- The tenure share of the private rented sector in the HMA increased from 6.1% to 7.1% between the period 2001 and 2006 according to the House Condition Surveys. There is no directly comparable figure from the 2009 Survey, but evidence throughout Northern Ireland showed a continued expansion of the sector.
- Most landlords within the HMA have small property portfolios, and many entered the sector during the period of rising property values;
- The proportion of housing stock in the private rented sector is increasing though still low compared with the Northern Ireland average. There is some evidence of a cultural shift away from owner-occupation, facilitated by the availability of Private Housing Benefit;
- Since 2008, there has been a strong demand for additional private rented properties in Strabane town and across all the main settlements, and therefore few vacancies;
- New-build development for the private rented sector is curtailed as a result of a tightening of 'Buy-to-let' rules which include issues around mortgage deposits, rent to mortgage values, and leasing arrangements; although there has been some transfer of unsold properties to the private rented sector;
- While the bulk of private rented stock includes terraced, semi-detached houses and flats/apartments, local estate agents point to a demand for family-sized accommodation with private garden space;
- The private rented sector across Northern Ireland, at 17%, had the highest proportion of occupied housing that failed to meet the Decent Homes Standard in 2009, though this is an improvement from the two previous House Condition Surveys;
- The requirement for landlords to acquire a Certificate of Fitness under the Private tenancies (Northern Ireland) Order 2006 (Article 33) has contributed to an improvement of housing stock;
- There is a wide variety of household groups seeking private rented sector accommodation and increasingly those in mortgage distress and those on above-average incomes, though the biggest demand is from younger and lower income households;
- HCS 2009 reports that unemployment in the private rented sector had risen to 21% across Northern Ireland. The increase in Private Housing Benefit claimants since 2006, and above average unemployment levels in the HMA, would suggest a similar trend locally;



- The HMA has greater affordability problems than the Northern Ireland average. Over half of households could not afford private renting, and over 57% cannot afford to rent with Housing Benefit. Almost 50% of younger households (<age 40) cannot afford to rent;
- Local estate agents report that welfare changes are likely to exacerbate affordability problems, and the number of social housing applicants may increase especially for some small families and single parents with access to children;
- There will be an increased demand for shared accommodation in the private rented sector as a result of welfare reform;
- Intermediate housing options have the potential to increase housing supply;
- Regulation and better management of the private rented sector will assist in providing a higher quality and more sustainable accommodation solutions for a diverse range of clients.

The Social Housing Sector across the Strabane HMA

- In the Strabane HMA, the number of households renting from a social landlord has steadily declined over the last decade, both nominally and as a share of overall tenure;
- The highest concentration of social housing in the HMA is in the east side of Strabane town in the Ballycolman and East electoral wards. Other areas with a high concentration of social housing include the West electoral ward of Strabane town as well as the settlements of Castlederg and Newtownstewart;
- By 2006, there were 2,688 social rented units in Strabane HMA (or 19.3% of total households. In 2001, it was 3,020 households (or 22.8% of total);
- The Strabane HMA had the second highest percentage of social rented homes of all eleven HMA areas;
- The neighboring North West HMA has the highest proportion of social rented housing in the province;
- Between 2001/2 and 2009/10 a total of 844 Housing Executive dwellings were sold across the Strabane HMA. The number of Housing Executive house sales was just over three times the number of social housing completions in the nine year period to March 2010;
- 2.6% of social housing completions in Northern Ireland were located within the Strabane HMA, which is a relatively average proportion given that the area has only 2.1% of the Northern Ireland population.
- The majority of current social housing stock is therefore family sized accommodation. Approximately 67% of the social housing stock is houses, 29% are bungalows, and 4% is flats;

Housing Market Analysis

Strabane



- Rural areas have proportionately more bungalows, less houses, and almost no flats. This suggests that urban areas offer a broader mix of dwelling types, and more suited to smaller and single households;
- The fact that there is a broader mix of property types in the urban subdivision may indicate that the rural subdivision is less equipped to deal with the implications of welfare reform;
- The numbers and proportions of couple households and families in the social rented sector have declined in Northern Ireland. There has also been an increase in the proportion of economically inactive tenants;
- Across Northern Ireland, about half (49%) of tenants are in single households. Two-person households are the next most common household type (at 24%) – though some of these are lone parents; and families represent 35% of households;
- Singles between the ages of 16-44 represent the largest household group of applicants in housing stress followed by small families which are mainly lone parents;
- As a legacy of conflict, social housing in the Strabane HMA remains largely segregated by community background;
- Very few of the social rented tenants living in the Strabane HMA or elsewhere in Northern Ireland are from ethnic minority groups. Currently, the Northern Ireland figure is 0.5%;
- Between 2005 and 2009 the amount of applicants for social housing in Strabane HMA decreased from year to year but from 2009 until 2012 figures have been increasing;
- The number of applicants across Strabane HMA increased by 15.7% compared to 68.7% across Northern Ireland during the same period.
- The greatest percentage increase in Strabane HMA took place in the Strabane Urban subdivision;
- Between 2003 and 2012, the Strabane HMA showed an increase in housing stress of 21%. This is significantly lower than the Northern Ireland figure of 49%;
- Since 2005, the social rented pressure ratio in the Strabane Urban subdivision was below the NI average. In 2012 the figure for the urban subdivision was 3.5 while the figure for Northern Ireland was 4.5;
- This gap has been more pronounced between the Strabane Rural subdivision (2.3) and Northern Ireland;
- In the rural subdivision 27% of all applicants were in housing stress in 2012 while in the urban subdivision 32% of applicants were in housing stress;
- The PRS has attracted many tenants that would have traditionally opted for social housing. The changes to Private Housing Benefit may give rise to an increased demand for social housing;



- There may be a hidden need for social housing in certain rural areas of the district. If this is deemed to be the case NIHE may carry out Latent Demand Tests in order to identify whether or not a need exists;
- There has been a steady increase in transfer applicants within the HMA since 2008. This was particularly marked between 2011 and 2012 when there was an increase from 45 to 66.

Bringing the Evidence Together and Identifying Imbalances

- There is a significant demand for private rented accommodation and not enough housing stock, which is already taking some of the slack from an under-invested social sector across the HMA ;
- There has been fall-off in the popularity of home ownership, though this may be related to the current economic conditions including increased mortgage default, reduced income security, and the level of social support available for non-homeowners;
- There is an increased demand for smaller sized units across the social and private rented sectors in response to Welfare Reform;
- Greater expressed interest for low-cost housing and new models of housing delivery that is affordable;
- From 2001 to 2010, the rate of household formation was higher than anticipated by the Regional Development Strategy, yet was not enough to fill the high number of housing units constructed in the same period which was 35% above the annualised equivalents of the housing growth indicators;
- A relatively high rate of vacancies in rural areas as a consequence of increased housing demand from 2001 to 2006 some of which subsequently turned out to be unsustainable after the financial crash of 2007;
- There is a need for a planning system that is more discerning and informed in relation to the location, type of quantity of housing; in order to mitigate against any future imbalances between supply and demand; and
- The importance of a clearer understanding of the links between housing, deprivation, health and social stability.



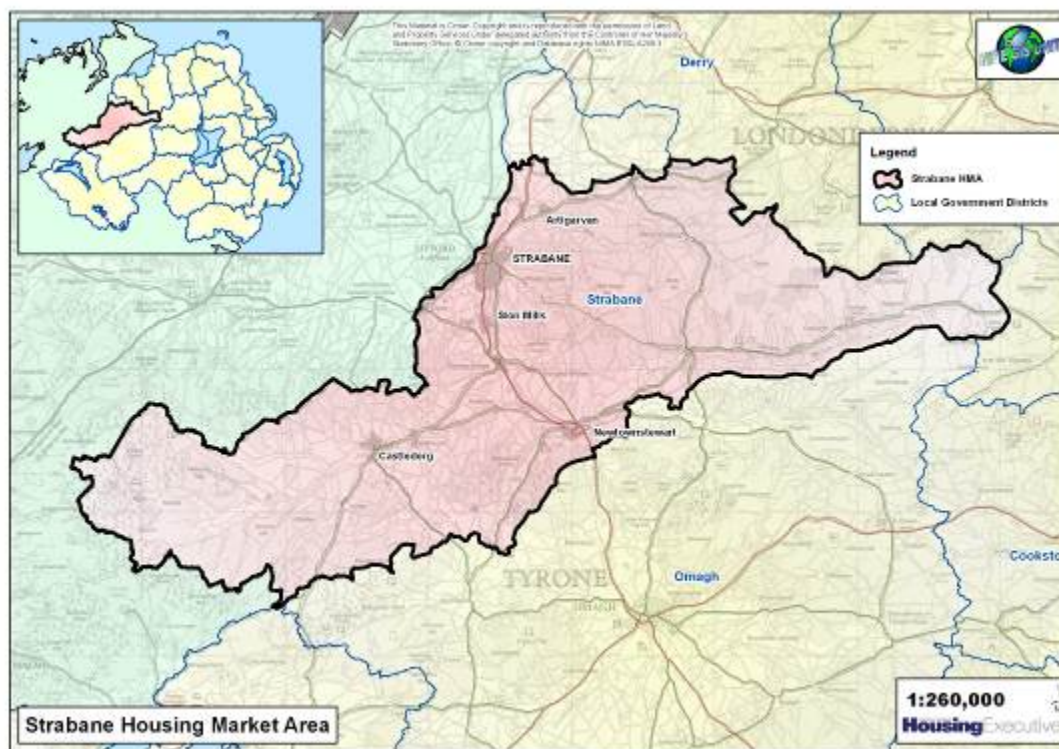
1. INTRODUCING THE STRABANE HOUSING MARKET AREA

Strabane HMA

The derivation of the Strabane HMA and the other ten housing markets that function across Northern Ireland is set out in a separate report (Young et al, 2010). The study assessed Travel to Work Areas (TTWAs) by comparing Census commuting and migration patterns which were derived from the Central Health Index (CHI)¹. The validity of the set of HMA boundaries were also explored through stakeholder discussions.

The Strabane HMA is shown in Map 2 and includes all of the Strabane District Council area except for the Slievekirk electoral ward, which is located close to Derry City Council boundary and was considered as part of the North West HMA published in 2011/12.

Map 2: Strabane HMA



The Strabane HMA is situated in the north west of Northern Ireland and extends from the Sperrin Mountains in the east, to the Aghyarn area in the west. It is predominantly rural in character². Although the majority of the HMA population is spread throughout rural areas the highest concentration of population is in Strabane town followed by the villages of Castlederg, Sion Mills and Newtownstewart.

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

² The formal definition of 'rural' is a settlement of less than 4,500 people.



Newtownstewart is located in the south of the HMA on the along the A5 road to Omagh while Castlederg is located to the west of Newtownstewart.

Strabane HMA is comprised of the wards listed in Table 1. Five electoral wards within Strabane Town are classed as urban while electoral wards throughout the rest of the HMA are rural which reflects the intrinsically rural character of the Strabane HMA.

Table 1: Strabane Urban and Rural Wards

| Urban Wards | | |
|-----------------|------------|-------------|
| North | East | Ballycolman |
| South | West | |
| Rural Wards | | |
| Artigarvan | Castlederg | Clare |
| Dunnamanagh | Finn | Glenderg |
| Newtownstewart | Plumbridge | Sion Mills |
| Victoria Bridge | | |

The Spatial Boundary of Strabane HMA

Housing markets often operate across a spatially defined area. This is because households usually relocate within a limited area, reflecting accessibility to place of work or education and proximity to friends and family. A housing market is therefore conceived as a spatial area that contains the origin and destination of most households who relocate. Defining HMAs provides a basis for better understanding how a local housing system functions and the economic, social and environmental factors that shape housing supply and demand dynamics. This in turn should help to inform policies aimed at: providing a mix of market and affordable housing across Strabane HMA that takes account of local demand and need and the quality of place and managing/getting the most effective use out of the existing stock.

The Regional Development Strategy 2035 (RDS 2035) describes Strabane Town as a 'main hub' within the North West which is defined as the council areas of Derry and Strabane and extends into County Donegal. RDS 2035 aims to enhance the role of Strabane within the wider North West area as the town performs an important role in providing services to surrounding and local communities. It also highlights opportunities for the area to capitalise on its undeveloped tourism potential due to close proximity to the Sperrin Mountains and Donegal. Strabane is also recognised in the Republic of Ireland's national spatial strategy as part of a 'key corridor into Northern Ireland'.

Cross-Border Dimension

The border region on the island of Ireland provides an interface between the two national economies of Northern Ireland and the Republic of Ireland. It possesses key trans-regional development linkages and opportunities and it would be remiss of a

Housing Market Analysis

Strabane

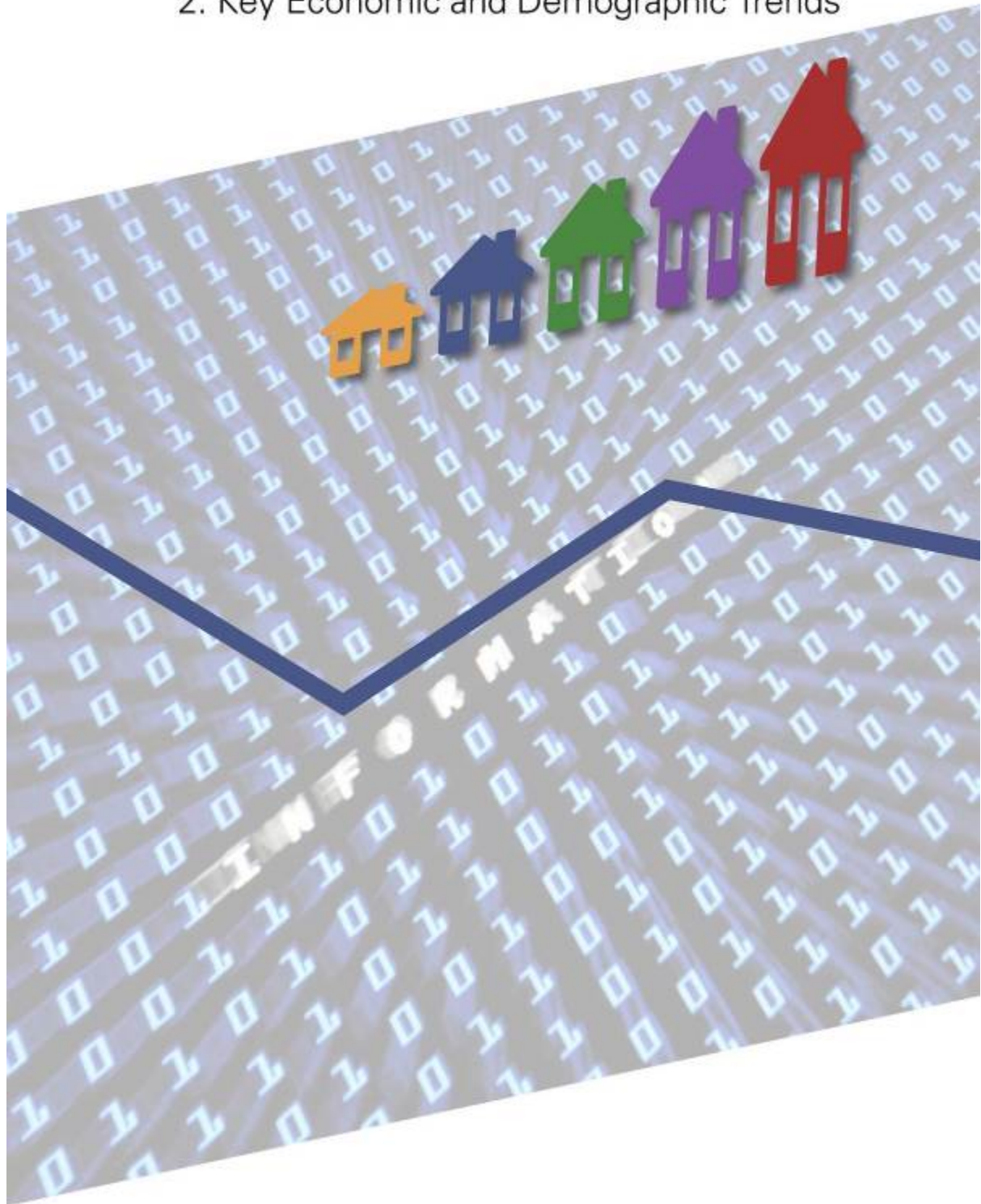


strategic housing market assessment for the Strabane HMA not to consider the impact of County Donegal, and in particular the links between Strabane Town and Lifford the town centres of which are approximately two miles apart.

On a cross-border basis, industry, services and family ties has traditionally been crucial in driving economic and spatial ties along the Tyrone/Donegal border. A number of Northern Ireland towns have strong functional relationships with settlements in the Republic of Ireland and this is most telling in the relationship between the Strabane HMA and North Donegal towns like Lifford, Ballybofey and Letterkenny.



2. Key Economic and Demographic Trends





2. KEY ECONOMIC AND DEMOGRAPHIC TRENDS

Introduction

A range of factors influence the operation of the housing market and the housing choices available to households. Labour, economic performance and demographic trends affect housing choice and demand. These are all discussed in this chapter.

Economic performance

For much of the decade up to 2007, 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 Irish economy all ensured strong economic growth. In spite of this growth, Northern Ireland remained amongst the less prosperous regions of the UK to 2008³.

Economic growth during this period, together with its proximity to the Republic's high-growth economy, has benefitted parts of the Strabane economy by increasing consumer demand and economic activity.

An indicator of economic performance, GVA, is a measure of the value of the goods and services produced within the economy. The Strabane economy consistently underperforms within the context of the Northern Ireland economy, with a declining GVA since its 2004 peak and negative economic growth between 1998 and 2007 (Oxford Economics, 2010)⁴.

The Strabane HMA lies within NUTS 3 sub-region known as 'North of Northern Ireland' (UKN04) which comprises the local government districts of Strabane, Derry, Limavady, Coleraine, Ballymoney and Moyle. Economic data has been assembled on this sub-regional basis. Appendix 3 shows the boundaries of the five sub-regions in Northern Ireland, and compares their performance in terms of GVA and growth.

The following shows some key information for the North of Northern Ireland sub-region:

- From 1995 to 2008, the average annual growth rate for North of NI was 4.7%. This compares to a Northern Ireland figure of 4.9% and a UK figure of 5.4%;

³ See Figure 22, Appendix 3.

⁴ The economic performance of Northern Ireland and other UK regions is set out in Appendix 3. Comparisons between the five EU sub-regions of Northern Ireland (including the North of Northern Ireland sub-region of which Strabane HMA is a part) are also set out here.

Housing Market Analysis

Strabane



- While growth has occurred, it has been at a lower rate than for Belfast and Northern Ireland as a whole and the North of Northern Ireland sub-region is one of the least economically productive areas of the UK;
- From 1995 to 2008, there has been an increasing gap between the GVA of the sub-region and the Northern Ireland average. This illustrates the strength of the Belfast Metropolitan Area as the economic driver of Northern Ireland over this period.

While the sub-region mirrors much of the general trends for Northern Ireland in terms of economic production by sector (see table 31), it differs from the other sub-regions in several significant ways:

- From 1995 to 2008, the production sector declined as a share of local GVA compared to Northern Ireland. The most likely explanation is that the traditional manufacturing base of the sub-region suffered from competitive disadvantage, and the development of other economic activities did not sufficiently offset this loss;
- Public administration and services increased their overall share of local GVA in the sub-region in the period 1995-2008. This contrasts with the overall trend in Northern Ireland which showed a decline in the same period.

The above sub-regional data conceals some internal differences across the area. The HMA economy had a greater reliance on the construction industry and associated services in the decade up to 2008; and a greater reliance on the retail and distribution sector which depends on disposable income and favourable conditions for cross border trade. All of these sectors have, in various ways, been affected by the recession since 2008.

Nevertheless, the HMA has a number of advantages that could form the basis of its economic recovery. The HMA is dominated by Strabane town, which is described as a main hub by the Regional Development Strategy (RDS) for Northern Ireland 2035, forming a cluster with Derry/Londonderry in the North West region with cross border linkages. The RDS also states that Strabane “has the potential to benefit from its industrial resource offering a range of employment opportunities and development programmes”. It also suggests capitalising on its cross border location in terms of function, services and as a gateway to the Sperrins. The town is also strategically placed on the A5 road corridor which is proposed for upgrade⁵.

The Strabane economy will ultimately benefit from a recovery of the UK and Irish economies when that happens, but some weaknesses in the local economic structure could undermine some of its growth potential.

⁵ Funding was announced in February 2012 for the sections of road from Londonderry to Strabane and Omagh to Ballygawley, however the decision to proceed was quashed in March 2013 by a successful legal challenge. Further assessments are now to be carried out in 2014 to address impacts of the proposed road on environmental designations and proposed mitigation measures.



Employment trends

Although the period from 1998 to 2007 was generally a decade of employment and economic growth in Northern Ireland, this was not experienced in the Strabane HMA. Strabane was the only local government district of Northern Ireland to record a negative employment growth in that period (Oxford Economics, 2010).

Over that ten year period, the HMA had a resident employment rate consistently below the Northern Ireland average, although since 2005 there has been some convergence (Oxford Economics, 2010). According to the Census of Employment, the number of people working in the Strabane HMA area decreased by 2.1% from 2001 to 2009 (8,995 and 8,806, respectively). Employment in the Strabane HMA peaked in 2005 in contrast to most of Northern Ireland where employment peaked three years later.

Employment participation and deprivation

The Strabane HMA is characterised by weak labour market participation as evident from the Labour Force Surveys since 2005. According to the Labour Market Bulletin No. 23 (DEL, March 2011, p.39), an analysis at Travel-to-Work-Area (TTWA) level shows that claimant count rates as a percentage of working age population were generally highest in the north west of Northern Ireland. The highest rates were 7.4% in Derry District and 6.9% in Strabane District against a Northern Ireland average of 5.1%. Data from Census 2011 show that the rate of unemployment among those who are economically active was 7.1% for Strabane District compared to a Northern Ireland average of 4.96%.

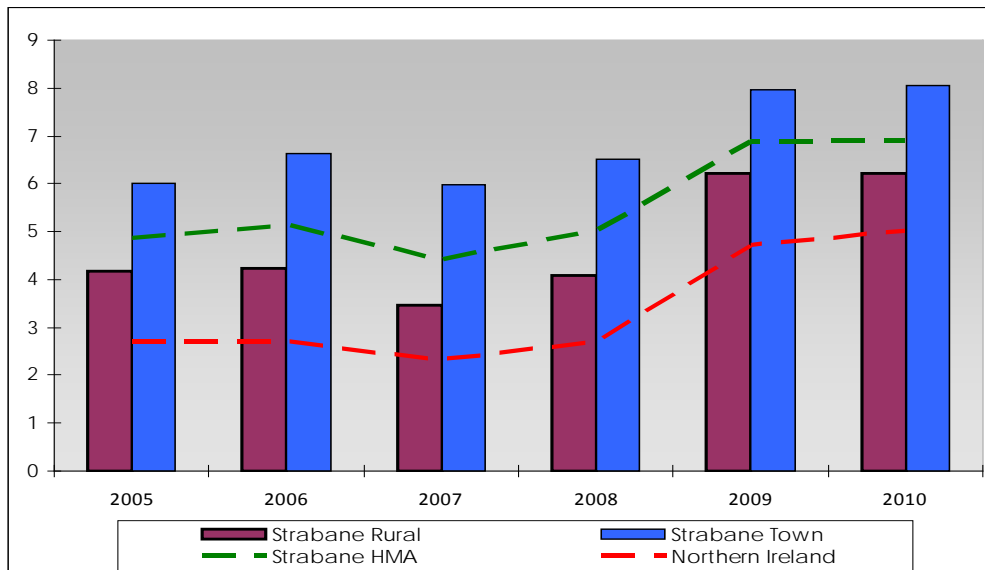
Overall claimant count based unemployment figures for Strabane HMA are summarised in Figure 1 and show that:

- Claimant count based unemployment rates across the HMA are consistently higher than the NI average from 2005 to 2010 but followed a similar trend;
- Urban areas have a higher percentage claimant count than rural areas. This pattern has been consistent across the entire 2005 to 2010 period; and
- The percentage claimant count in both the urban and rural parts of the region has stabilised since 2009, similar to the Northern Ireland average.

According to the Labour Market Bulletin No. 23 (DEL, March 2011), Strabane East ward was the worst performing ward in Northern Ireland with a claimant count of 16.1% in August 2010, which is a deterioration from 11.1% in December 2008 (DEL, June 2009) when it was second worst. Figures from March 2010 show that 7 of 15 wards in the HMA area had claimant counts below the Northern Ireland average (Oxford Economics, 2010).



Figure 1: Annual Claimant unemployment for Strabane HMA, 2005-10



Source: NISRA

In terms of jobs density, there are only 48 jobs in the district for every 100 people of working age in 2008, the fourth worst in Northern Ireland which has an average of 76 jobs (ibid, p.42). The latest Labour Market Bulletin (DEL, March 2011, p.40) also shows Strabane among the four worst performing districts in Northern Ireland with a jobs density less than 0.5.

In January 2012 youth unemployment in Northern Ireland had increased by 155% since 2008. In the Strabane HMA, youth unemployment is starker than the Northern Ireland average. According to Oxford Economics (2010) in March 2010 youth unemployment in Strabane District was 29.7%. In addition, long term unemployment was 1.5% of the total population, and ranked 418 worst on a scale of 434 UK districts. Persistent youth unemployment will have implications for the economic recovery as a consequence of lost skills and the risk of long term unemployment.

Related to unemployment is educational attainment, with the district showing relatively low levels of higher level qualifications and education participation (Oxford Economics, 2010). All electoral wards in the HMA show below average qualification levels in 2001 (ibid). East ward (Strabane town) had the lowest levels of educational achievement, with 67% of the population without a qualification. This also demonstrates the link between educational attainment and deprivation.

In 2010 Strabane district at 20% had the third highest percentage of the working age population in Northern Ireland that were employment deprived, according to the Northern Ireland Multiple Deprivation Measure⁶ (NISRA, 2010). Within the district, East

⁶ This measure is based on seven domains: income, employment, health, education, proximity to services, living environment and crime. A weight of 25% is each given to the income and employment domains.



Super Output Area (in Strabane town) recorded the seventh highest employment deprivation from all of Northern Ireland. The Measure also shows that the most deprived areas in Strabane HMA included the Super Output Areas (SOAs) of East Strabane, Ballycolman and Castlederg, all of which are among the 100 most deprived SOAs of Northern Ireland.

Deprivation impacts on housing choice and can lead to a cycle of disadvantage with future implications for housing planning.

Labour market structure

Table 2 shows that in 2009 the largest employing industry in the Strabane HMA was the service sector (77.4%) with construction the next biggest sector at 11.7%. The statistics show a smaller percentage of employees in full-time work than the Northern Ireland (regional) average, with a difference of 6.3%. In terms of industry, the percentage of employees working in construction was approximately twice the regional average. Services account for 5.4% less than the regional average.

Table 2: No of employees in Strabane HMA (workplace based), 2009

| Area | Employee Jobs Total | Full Time (%) | Part Time (%) | Manufacturing (%) | Construction (%) | Services (%) | Other (%) | Change 2001-9 (%) |
|------------------|---------------------|---------------|---------------|-------------------|------------------|--------------|-----------|-------------------|
| Northern Ireland | 691,395 | 65.0 | 34.9 | 10.7 | 5.3 | 82.8 | 1.2 | 9 |
| Strabane HMA | 8,806 | 58.7 | 39.0 | 9.9 | 11.7 | 77.4 | 1.0 | -2.1 |

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

The Standard Industrial Classification of Economic Activities (SIC) employee statistics (DETINI, 2011) summarised in Figure 2 provides a more detailed breakdown of the employment sectors, comparing the Strabane District Council area with Northern Ireland. It shows that the district had a higher dependence on construction, agriculture, distribution and retail, and education. Conversely, it had a smaller proportion of people employed in higher skilled positions and in the public sector than the Northern Ireland average.

Figure 3 shows the changes in employment across the sectors between 2007 and 2009, comparing the urban and rural subdivisions of the HMA. Manufacturing and construction showed the greatest actual and percentage falls in employment across both geographies, reflecting the impact of the recession. Services are the main area of employment across the entire HMA and are growing in importance – except for rural service jobs which have declined. The Rural subdivision has declined in overall employment from 2007 to 2009, demonstrating the fragility of the rural economy and its exposure to the recession and the changing structure of the rural economy. Some rural service jobs also were linked to construction and manufacturing which in many cases supplemented the rural income because of a declining agricultural sector.



In terms of future growth, Oxford Economics (2010) cite business services, finance and other services as having the greatest growth potential, but they are also considered the most volatile, noting for example that the rate of new business growth has fallen since 2007. Companies in the HMA tend to be comparatively small, and in 2007 over half of them were involved with the agriculture and construction sectors (ibid). This reflects the predominantly rural nature of the HMA but also the fact that the northern part of the HMA lies within the hinterland of Derry/Londonderry which dominates the service role for the North West region, especially in health, public administration and finance.

Incomes and earnings

Information on earnings at Local Government District level is presented in Table 3. It shows that full-time earnings in the district were lower than the Northern Ireland average for both residence and work-based incomes⁷, and for both median and lower quartile calculations.

Table 3: Full time employee gross weekly pay, 2011

| Area | Lower Quartile | | Median | |
|-------------------|----------------|------------|-----------|------------|
| | Residence | Work based | Residence | Work based |
| Strabane District | £287.3 | No info. | £359.7 | £375.4 |
| Northern Ireland | £332.3 | £332.3 | £457.6 | £457.6 |

Source: DETINI Annual Survey of Hours and Earnings (2012, Revised)

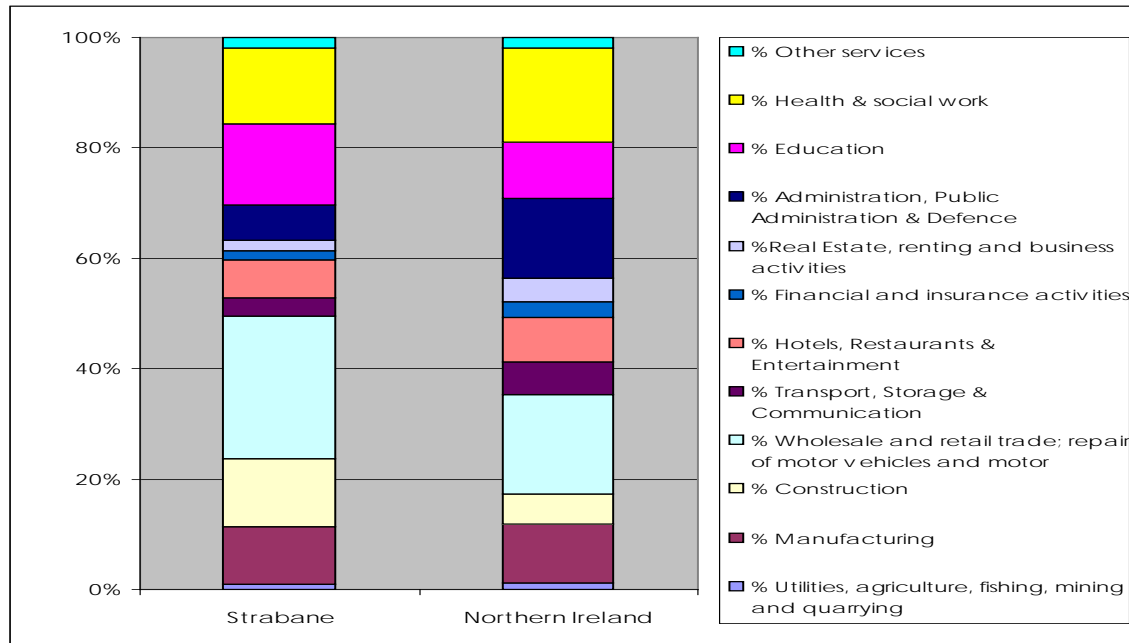
The figures above are earnings for the district council area of Strabane and do not consider differences between urban and rural areas.

Table 4 shows that in terms of income distribution, the Strabane HMA has proportionally more households in the lower income brackets. However, upper quartile and average incomes in the HMA are more closely aligned with the rest of Northern Ireland. This would suggest more income inequality in the HMA compared to Northern Ireland as a whole. Reasons for this include higher unemployment levels locally than regionally, and the fact that higher income groups resident in the HMA appear to be benefitting more from work situated outside the HMA as evident from Table 3.

⁷ Workplace based earnings are based on where an employee's workplace is located, whereas residence based earnings are based on where an employee lives. Consistent with CLG (2007) guidance CACI PayCheck was analysed, which models gross annual household income from all sources including state benefits and savings, as discussed in Appendix 6.

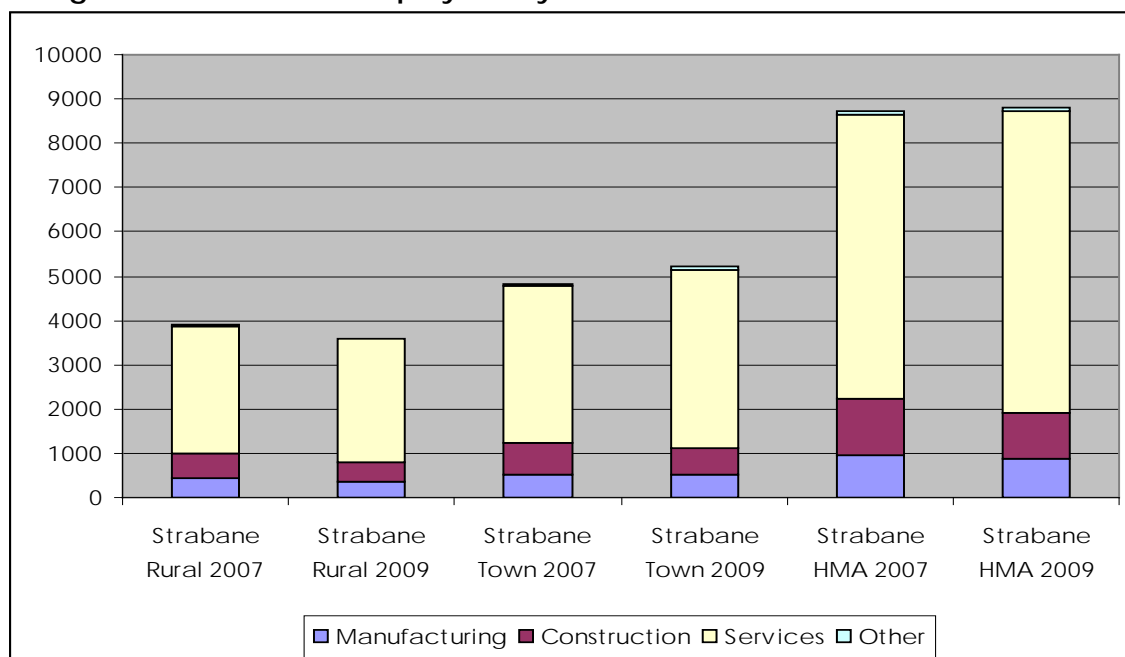


Figure 2: Employees share by Industry 2009 – LGD and Northern Ireland



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

Figure 3: Number of employees by sector 2007-09



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

Table 4: Gross household income distributions, 2012

| Area | Lower Quartile | Median | Upper Quartile | Average |
|------------------|----------------|---------|----------------|---------|
| Northern Ireland | £18,597 | £29,421 | £44,793 | £34,723 |
| Strabane HMA | £12,953 | £24,752 | £43,856 | £32,351 |

Source: CACI (2012) Paycheck



Fuel poverty⁸ is also an indication of gross household income. The Housing Condition Survey 2009 found that 43% of households in the combined Derry and Strabane districts were in fuel poverty, which was similar to the Northern Ireland average at the time.

Incomes and tenure

Some indication of the change in household incomes can be gauged from the House Condition Surveys 2001 and 2006. This survey data is now comparatively dated, but confirms the increasing disparity during that period between the higher and lower household incomes in the Strabane HMA.

Table 5: Income of households by tenure, 2001 and 2006

| | Strabane HMA | | | | | | | | Northern Ireland | |
|---------------|----------------|-------|----------------|------|---------------|------|-------------|-------|------------------|-------|
| | Owner Occupied | | Private Rented | | Social Rented | | All Tenures | | All Tenures | |
| | 2001 | 2006 | 2001 | 2006 | 2001 | 2006 | 2001 | 2006 | 2001 | 2006 |
| Mean Income | 15800 | 18600 | * | * | 8300 | 9100 | 13500 | 16100 | 16700 | 19100 |
| Median Income | 12500 | 15500 | * | * | 8500 | 8500 | 12500 | 12500 | 12500 | 14500 |

* Denotes small sample sizes; Mean income figures have been rounded

Source: HCS, 2001 and 2006

Figures presented in Table 5 suggest that:

- The increase in average and median incomes over the five year period was mainly experienced in the owner-occupied sector. (There is insufficient information on the private rented sector.);
- Household income in the Strabane HMA is less than Northern Ireland as a whole, but the overall mean income in Strabane HMA increased at a faster pace (19.2% as opposed to 14.4%) between 2001 and 2006;
- While there has been a notable increase in the overall mean income in the HMA from 2001 to 2006, the occurrence of a constant median income with an increasing average indicates a divergence between the lowest and highest incomes during that five year period.

With a reduction in real living standards this will lead to a need to financially assist certain poorer households.

⁸ A household is in fuel poverty when more than 10% of its household income is spent on fuel to achieve a satisfactory standard of warmth (21°C in the main living area and 18°C in other occupied rooms).



Economic outlook and associated challenges

The immediate impact of economic recession on the housing system

The Strabane HMA has not witnessed the same economic growth over the past decade as elsewhere with negative growth in the ten year period 1998 to 2008. Its GVA peaked in 2004, three years earlier than most districts, and peak employment peaked in 2005 as opposed to 2007 in most other districts. Despite these differences, the HMA's economy and labour market shared similarities to most other areas by its exposure to an inflated property market and an abundance of cheap credit both of which could not be sustained post-2007.

Adapting to the new economic environment post-2007 or attempting to restructure the economy is difficult in a low-growth environment. Although the service sector is expanding, and is identified as a future growth area, it is also a volatile sector and does not respond well to recessionary conditions. Sustained public investment will therefore be required for infrastructure, regeneration and job growth.

The recession has affected households in different ways, and while some households have experienced annual income growth, it has tended to benefit the higher income groups more and particularly those who work outside the district. In addition, there is evidence that the rural areas are faring worse than urban areas after 2007, partly because of the continued decline of traditional rural occupations such as farming, but also because other supplementary rural incomes such as construction and manufacturing have been affected by the downturn in demand.

The entire North West economy (of which Strabane HMA is a part) is 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 district and some of its wards currently rank among the highest of UK districts for unemployment, social welfare dependence and deprivation. Proposed welfare reforms are therefore likely to exacerbate social and economic disadvantage in many communities. Essentially, increased resources appear to be needed at a time when Government is driving austerity measures instead.

To address economic disadvantage, some suggest repositioning the district's image or "decluttering" (Oxford Economics, 2010), allowing the district to focus on a smaller set of winnable economic goals. The first phases of the regeneration masterplan for the town of Strabane, for example, are now being implemented by Strabane District Council and are anticipated to be catalysts for private sector investment. This is coming from a perception among local stakeholders that public investment must go hand-in-hand with private sector development. Likewise, improvements to the A5 road corridor have been cited as a key investment infrastructure to the area, but works have been postponed pending a legal challenge.



While town regeneration and road improvements are both significant in their own right and are likely to be catalysts for further investment, a more holistic approach would be required to address some of the underlying causes of disadvantage which are more systemic and affect a wider range of people, including the links between income, health, environment and housing.

The outlook over the short term, therefore, is for limited economic growth especially in the light of recent poor performance of the UK and Irish economies, both of which are almost stagnant (National Institute of Economic and Social Research, October 2012 and Irish Central Bank, 2012⁹). In this context, a significant increase in income or employment in the HMA is unlikely. The demand for social housing is therefore likely to increase in the light of further weakening of household incomes and an oversubscribed private rental sector.

In the past few years, the HMA has seen a relatively consistent demand for social housing, but the bulk of this need has been met by the supply of existing social housing stock. A vibrant private rented housing sector also alleviated social housing need, supported by Private Housing Benefit. A drop in the number of completions in the private sector housing market since 2008 is already affecting the choice of available units in the marketplace.

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

The UK Government's welfare reforms, which are outlined in Appendix 2, 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 in line with reduced Housing Benefit. They have also voiced concern that greater pressure on the availability of housing at the lower end of the private rental market could increase housing problems such as overcrowding and homelessness. That said, predicting the reaction of private landlords to changes in housing benefit is difficult.

Ultimately, the behaviour of private landlords is likely to be shaped by the market they operate in, including the impact of Welfare Reforms (Welfare Reforms are further discussed in Chapters 4, 5, and Appendix 2). Future housing will need to adapt to the changing circumstances of the housing market. More demand will be generated from smaller households, and those on relatively low incomes.

⁹<https://www.centralbank.ie/publications/Documents/Quarterly%20Bulletin%20Q4%202012.pdf>



Longer term prospects

Should the Strabane HMA economy continue to under-perform in relation to other regions, 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 projects.

Demand for home ownership is also predicted to moderate over the long term due to proportionately fewer households having the capacity or desire to purchase housing. Demand is likely to continue in the long term from smaller households, particularly singles across all tenures. There is also likely to be a sustained demand for supported housing given the ageing population and the increasing emphasis on independent living.

One of the key objectives must be to create a more stable and diversified local economy, which will help to stabilise the housing market and create more opportunities for housing choice. Richard Barnett's (2009) review of economic policy, and more recent reports by Oxford Economics (2010) commissioned by Ilex Urban Regeneration Company Ltd for Derry/Londonderry, 2008 & 2009 Centre for Cities (2009), all concur that 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) all of the reports demonstrate a need to:

- Expand the private sector, particularly in terms of higher value added financial and business services;
- Attract and retain a skilled population to assist high value economic growth. One dimension of this is ensuring 'quality of life' of which housing issues are a part; and
- Address the persistence of deprivation in many neighbourhoods including economic and social isolation.

The above requires strategies to be complementary. Integrated approaches are necessary to address the many systemic issues which are affecting the local economy, society and the housing market.

Demographic Trends

Population and projections

Table 6 shows population change for the Strabane HMA from 2001 to 2010. Over this period, the Strabane HMA population marginally increased by 1603 (3.7%) to 37,787. This increase was below the Northern Ireland average of 6.6%.



Table 6: Northern Ireland population estimates 2001 to 2010

| | 2001 | 2005 | 2010 | change 2001-10 (%) | change 2005-10 (%) |
|---|-----------|-----------|-----------|--------------------------|--------------------------|
| Northern Ireland | 1,691,319 | 1,726,414 | 1,801,405 | 6.6% | 4.3% |
| Strabane HMA | 36,184 | 36,622 | 37,787 | 4.4% | 3.2% |
| Strabane HMA housing subdivision | | | | | |
| Strabane Urban | 13,532 | 13,854 | 14,037 | 3.7% | 1.3% |
| Strabane Rural | 22,649 | 22,768 | 23,750 | 4.9% | 4.3% |

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

Composition of population

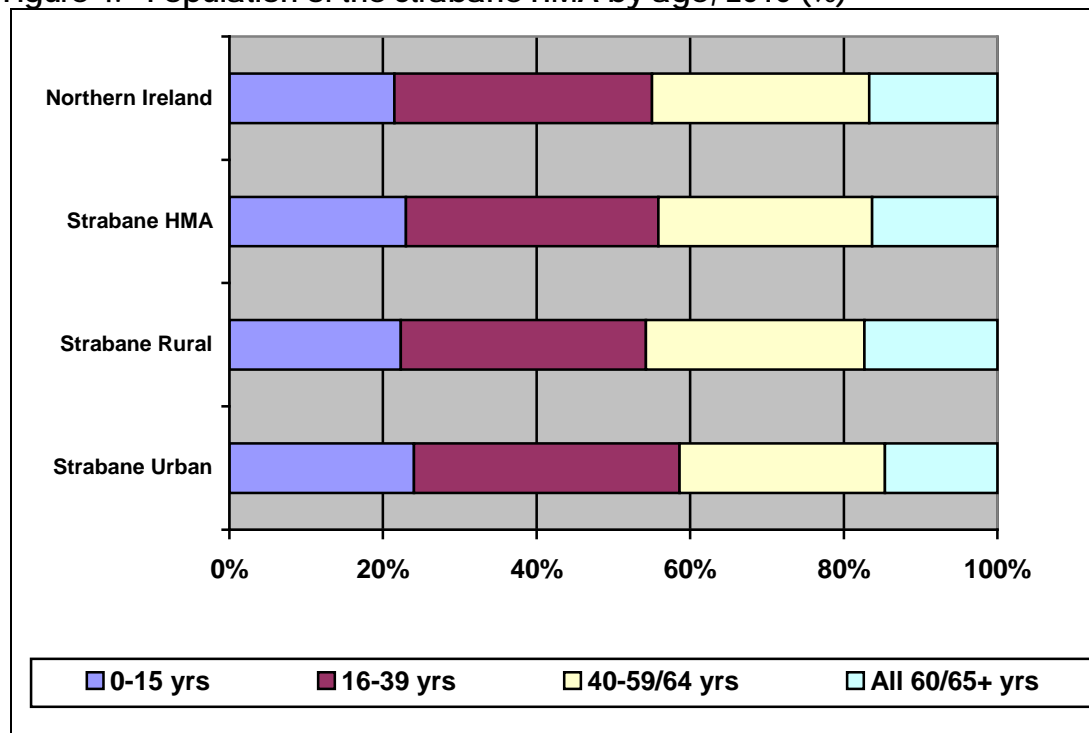
Looking across Strabane HMA, Figure 4 and Table 7 show that:

- Relative to Northern Ireland, the Strabane HMA has experienced comparatively lower rates of growth in the number of adults of working age;
- Between 2001 and 2010 Strabane HMA experienced a sharper increase in persons of retirement age (19%) than Northern Ireland's 15% increase;
- In 2010 the proportion of persons in the 0-15 age group was slightly larger in the Strabane HMA than Northern Ireland with 23% of the HMA population between 0-15 years old compared with Northern Ireland's 21%;

Within the Strabane HMA, 23% are children and 16.3% are older people. The Northern Ireland equivalent is 21.4% and 16.7% respectively.



Figure 4: Population of the Strabane HMA by age, 2010 (%)



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

At subdivision level, the following is noted:

- Both Strabane Urban and Strabane Rural have seen a growth in the number of adults of working age, although there have been differences in the scale and rate of increase with the rural subdivision experiencing a 4.6% increase and the urban subdivision experiencing a 3.6% rise. This is compared to the Northern Ireland average (6.1%);
- Both the Urban and Rural subdivisions saw an increase of people in retirement age larger than Northern Ireland's 15% increase but the urban subdivisions increase of 21.5% is particularly significant;
- The large increase of people of retirement age in the urban subdivision corresponds with the equally significant 10.1% drop in percentage of persons between the ages of 0-15. The decrease in the rural subdivision was 7.3% which is also higher than Northern Ireland's 4% decrease.



Table 7: Northern Ireland Population Estimates 2001-2010

| | Northern Ireland | Strabane HMA | Strabane Urban | Strabane Rural |
|---|------------------|--------------|----------------|----------------|
| Population 2010 | | | | |
| 0-15 years | 382,025 | 8,684 | 3,382 | 5,302 |
| working age | 1,109,050 | 22,944 | 8,605 | 14,339 |
| retired | 308,319 | 6,161 | 2,053 | 4,108 |
| Total | 1,799,395 | 37,787 | 14,037 | 23,750 |
| Population 2001 | | | | |
| 0-15 years | 397,149 | 9,411 | 3,723 | 5,688 |
| working age | 1,029,949 | 21,783 | 8,195 | 13,588 |
| Retired | 262,211 | 4,989 | 1,612 | 3,377 |
| Total | 1,689,318 | 36,184 | 13,532 | 22,652 |
| Change in population age group 2001-10 (numeric) | | | | |
| 0-15 years | -15,124 | -727 | -341 | -386 |
| working age | 79,101 | 1,161 | 410 | 751 |
| Retired | 46,108 | 1,172 | 441 | 731 |
| Total | 110,077 | 1,603 | 505 | 1,098 |
| Change in population age group 2001-10 (percent) | | | | |
| 0-15 years | -4 | -8.4 | -10.1 | -7.3 |
| working age | 7.1 | 5.1 | 4.8 | 5.2 |
| Retired | 15 | 19 | 21.5 | 17.8 |
| Total | 6.1 | 4.2 | 3.6 | 4.6 |

Source: NISRA (2010) Mid-Year Small Area Population Estimates aggregated to housing market and subdivision 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

In 2001, 543 individuals in the Strabane LGD belonged to a minority ethnic community¹⁰. This was equivalent to 0.6% of Northern Ireland's ethnic minority population but 1.42% of the Strabane HMA population.

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 Europe¹¹. From local research it has been observed that an increasing number of the A8 population in

¹⁰ It is also of interest to note that 77% of the 30,558 individuals living in Northern Ireland in 2001 that were born outside of the UK or the ROI came from Europe or English speaking countries.

¹¹ 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.

Housing Market Analysis

Strabane



Strabane, particularly Polish families are moving from the private rented sector to the owner occupied sector which may indicate a willingness to work and live in the area long term. It is also helped by the fact that they are first time buyers and therefore not in negative equity. However, as numbers are so low it has little impact on overall figures.

Table 8: NISRA estimated A8 Stock Population by Local Government District, 2009

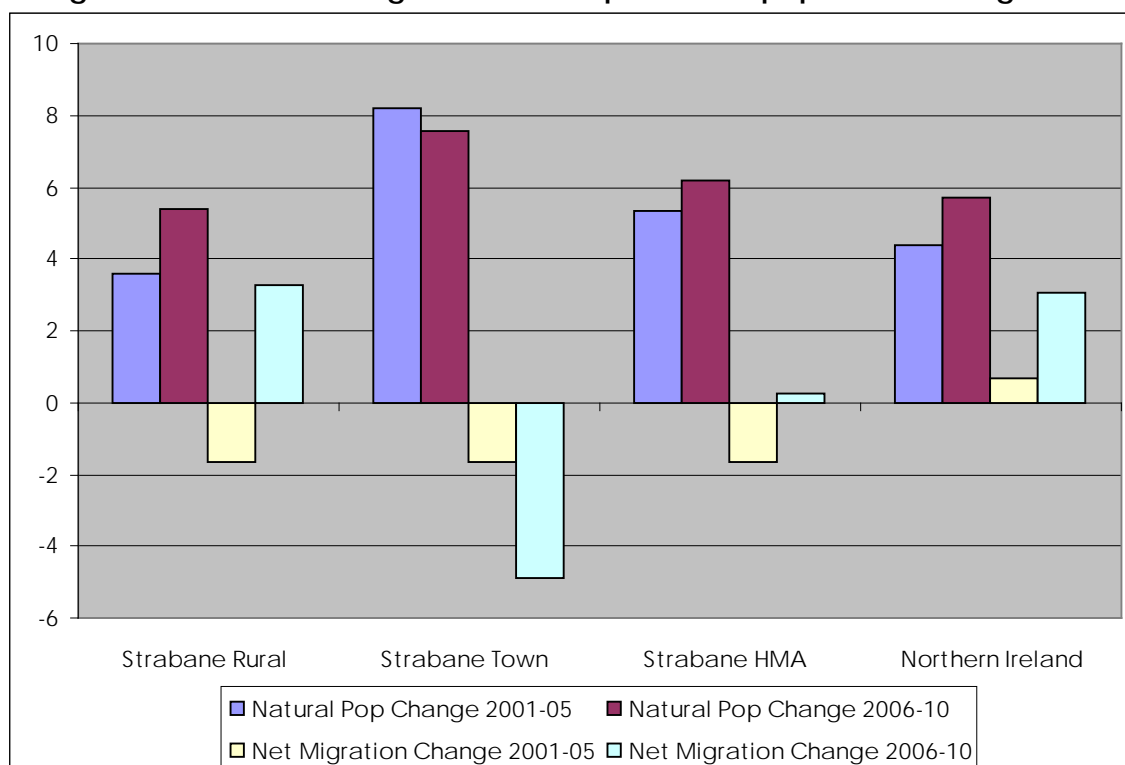
| LGD | A8 Population (2009) | 2009 Mid Year Estimate | % of Population |
|------------------|----------------------|------------------------|-----------------|
| Strabane | 400 | 39,900 | 1 |
| Northern Ireland | 30,000 | 1,759,100 | 1.7 |

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

Strabane HMA has approximately 3% of the population of Northern Ireland. With a population of 23,750, the Strabane Rural population is almost double that of Strabane Urban which is home to 37% of all residents living in the Strabane HMA.

Population change results from migration and/or natural population increase or decrease (which is the balance between births and deaths). Natural change is the main cause of population growth in the Strabane HMA, although the relative importance of natural change and net migration has varied between Strabane Urban and Strabane Rural (see Figure 5).

Figure 5: Annual Average Rate in components of population change 2001-2008



Source: NISRA



Both Strabane Urban and Strabane Rural subdivisions experienced similar levels of net out-migration between 2001 and 2005, however, in both instances natural population increases meant an overall population increase. In the context of Northern Ireland, natural growth figures were slightly less than Strabane HMA. However Northern Ireland, natural growth was greater than that of Strabane rural. Between 2005 and 2010 natural population change was greater than the previous 5 years with the exception of the urban subdivision.

Northern Ireland's net migration figures were positive both from 2001-05 and 2006-10 which is in stark contrast to Strabane HMA, particularly the urban subdivision. The rural subdivision experienced increased in-migration between 2006 and 2010 while the urban subdivision saw a further increase in out-migration but neither change was in excess of natural growth. According to the Strabane District Council document: "A New Economy, A New Response" published in April 2010 by Oxford Economics, total migration has been declining for most of the previous decade with a large amount of out-migration occurring. Although in 2006 there was a net in-migration of 140, trends have since reversed and in 2008 there was a net out-migration of 60. Negative migration patterns are expected to continue due to high levels of unemployment which will discourage foreign nationals as well as retaining the local population.

Strabane HMA level population projections

In May 2010, NISRA published 2008-based population projections by LGD. NISRA (2010a) stress that sub-national projections are less reliable than those for Northern Ireland due to the greater volatility of internal migration.

NISRA projections suggest the Strabane HMA population could increase by 2.9% in the period to 2015 and by 6.8% by 2023.

Table 9: Strabane HMA population projections, 2010-23

| | 2010 | 2015 | 2023 | change 2010-23 | | change 2010-15 |
|-----------------------------------|-----------|-----------|-----------|----------------|-----|----------------|
| | | | | No | (%) | (%) |
| 2008-based population projections | | | | | | |
| Strabane HMA | 38,000 | 39,100 | 40,600 | 2,600 | 6.8 | 2.9 |
| Northern Ireland | 1,802,200 | 1,862,200 | 1,945,800 | 143,600 | 8.0 | 3.3 |

Source: NISRA 2006 and 2008-based LGD population projections- pro-rata allocation to sub-markets

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

The figures are based on NISRA projections for the North West HMA

The 2010-based projections suggest that the numbers of people living in the area will gradually increase by 2,600 to 40,600 by 2023.

NISRA has projected the age profile of the Strabane HMA up to 2023, as shown in Figure 6, and concludes that:

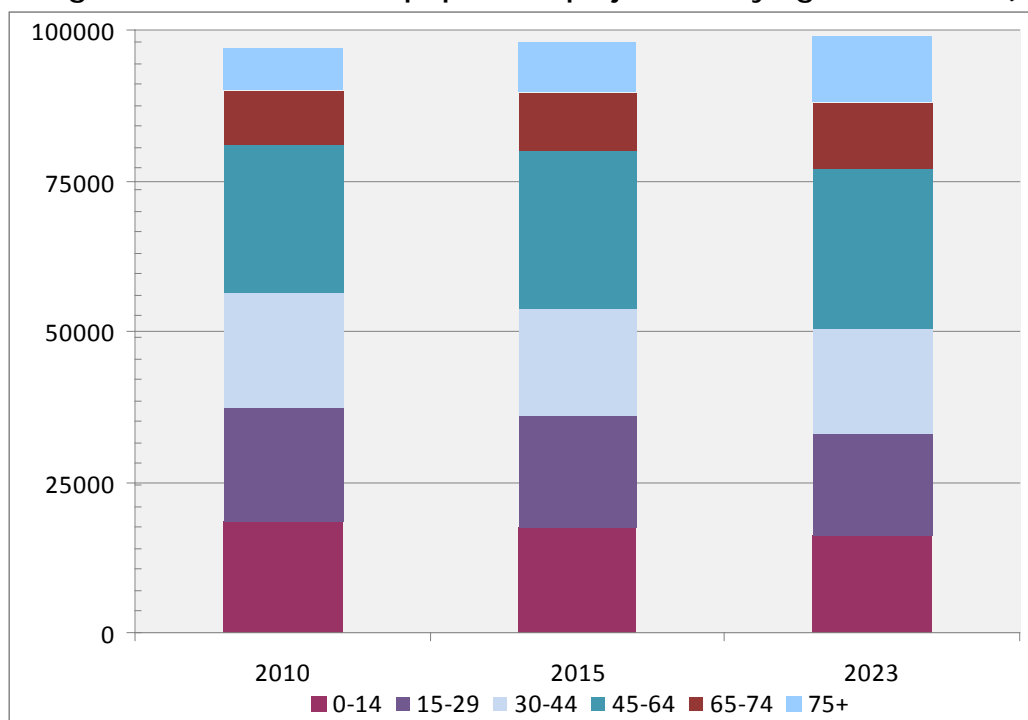
Housing Market Analysis

Strabane



- By 2023, 62.4% of the population could be adults of working age, 19.6% could be children under the 15 years and 18% could be aged 65+ years;
- The number of adults aged 15-29 years, which is the key household-forming age group, may decline by 9.4% from 7,796 to 7,064, with most of this decline (9.2%) projected to occur after 2015. However, as the migration and the household formation patterns of this age group are influenced by economic conditions and the dynamics of the housing system, this long-term trend should be treated with caution;
- The number of people aged 45-64 years could increase by 18.2%;
- The number of people aged 65+ years is projected to increase by 2,110 (40.6%) to 7,311 whilst the numbers aged 75 years or above is projected to increase by 1,494 (67.4%) to 3,709. Thus, 9.1% of the population could be aged over 75 years by 2023. This is an increase of 3.3% from the 5.8% figure recorded in 2010;
- The 0-14 age group population is projected to decrease by 2.1% from 8,129 persons in 2010 to 7,957 in 2023. In 2010 this age group had a 21.4% share of the population which is projected to decrease to 19.6% in 2023.

Figure 6: Strabane HMA population projections by age, 2009-2023 (2008-based)



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

Continuing weak economic and housing market conditions continue to impact across the Strabane HMA particularly in the period to 2015. There is a risk that the rate of population growth for the Strabane 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.



Household projections

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

Strabane HMA household trends

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

Table 10: NISRA 2008-based household projections for Strabane HMA 2010-23

| 2008-based | 2010 | 2015 | 2021 | 2023 | change 2010-15 | change 2010-21 | change 2010-23 |
|------------------|---------|---------|---------|---------|-------------------|-------------------|-------------------|
| Strabane HMA | 13,700 | 14,600 | 15,300 | 15,600 | 6.5% | 11.7% | 13.9% |
| 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

NISRA project that 15,600 households may be living in the Strabane HMA by 2023 (see Table 10 above) which is lower than the comparable rate of household growth for Northern Ireland;



Table 11: NISRA 2008-based projected households by household type to 2023

| | 2010 | 2015 | 2023 | change 2010-23 | | change 2010-15 |
|--------------------------------|---------|---------|---------|----------------|------|----------------|
| | | | | No | % | |
| Northern Ireland | | | | | | |
| Single person households | 213,000 | 236,400 | 273,800 | 60,800 | 29% | 11% |
| Two adults without children | 184,800 | 200,800 | 222,000 | 37,200 | 20% | 9% |
| Other households no children | 98,300 | 96,100 | 88,100 | -10,200 | -10% | -2% |
| Lone adult with children | 37,000 | 37,100 | 37,500 | 500 | 1% | 0% |
| Other households with children | 173,300 | 178,800 | 189,000 | 15,700 | 9% | 3% |
| All households | 706,400 | 749,200 | 810,400 | 104,000 | 15% | 6% |
| Strabane HMA | | | | | | |
| Single person households | 4,100 | 4,600 | 5,300 | 1,200 | 29% | 12% |
| Two adults without children | 3,600 | 3,900 | 4,300 | 700 | 19% | 8% |
| Other households no children | 1,900 | 1,900 | 1,700 | -200 | -11% | 0% |
| Lone adult with children | 700 | 700 | 700 | 0 | 0 | 0 |
| Other households with children | 3,400 | 3,500 | 3,600 | 200 | 6% | 3% |
| All households | 13,700 | 14,600 | 15,600 | 1,900 | 14% | 7% |

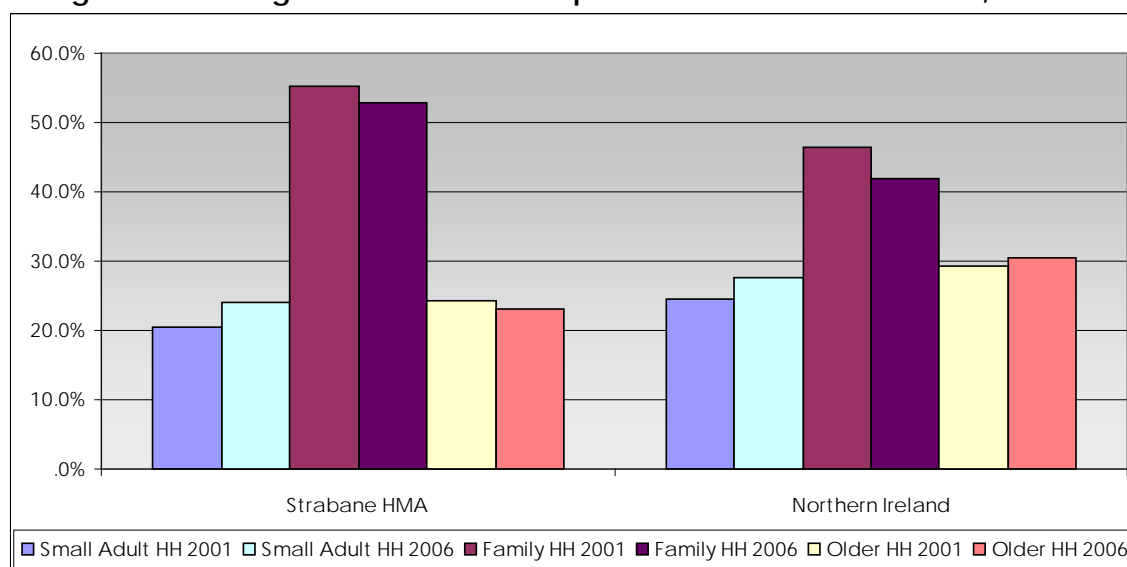
Source: NISRA household projections 2008-based

NOTE: Strabane HMA includes all of Strabane LGD except Slievekirk ward.

Figures for the BMA and hinterland based on corrected figures provided by NISRA in January 2011

Table 11 shows projections for the Strabane HMA by household groups. It shows that household growth will be driven by an increase in smaller and single person households.

Figure 7: Change in household composition in the Strabane HMA, 2001-6



Source: HCS, 2001 and 2006



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

Cross border comparisons

The Border Region of Ireland, which includes County Donegal, adjoins the Strabane HMA and has a population of 492,500 (2008 estimate). Between 2002 and 2006, the population of the region grew by 8.3% in line with the Irish national average. Approximately 65% of its population lives in rural areas and it is one of the least densely populated regions of the State. While population growth in the period 2002-2006 was extensive in the border region, areas such as West County Donegal experienced a decrease in population over that period.

Census figures show that the population of County Donegal was 147,264 in 2006 and is projected to grow by 12,927 to 171,331 by 2016. Letterkenny is the largest settlement and is home to 12% of the county's population. Approximately 75% of the county's population live in rural areas and this is higher than the average (65%) for the remainder of the border region, a trend which is projected to continue until 2016.

Letterkenny is a key settlement and the economic driver for the County. The Letterkenny-Derry linked gateway is of national, regional, local and cross border significance. The gateway is a major driver of economic development across County Donegal, the Derry City council area and West Tyrone. Settlements such as Strabane Town, Lifford and Ballybofey have strong links as part of the North West Gateway.

In the years to 2007, the ROI's economy grew at a rate of 5-6% per annum. Since the downturn, the economy has slipped into recession which has affected County Donegal. The live register provides an up-to-date measure of employment in the county. It indicates that there were 9,663 persons on the register in September 2002 rising to 12,550 in September 2008 rising to 21,333 by September 2010.

The pattern of retail spending has recently changed with a challenging and competitive retail environment influenced by cross-border trading, increased competition and the emergence of new retailing models. The fluctuation of the Sterling-Euro exchange rate has influenced patterns of cross-border shopping. How the changes have affected employment in the retail industry will not be definitively known until the full publication of the 2011 Census results.

While population predications for the Strabane HMA cannot be directly compared to County Donegal, it is noted that both areas are set to increase. Inward migration is expected to fall and outward migration is set to increase across Northern Ireland due to the falling value of sterling and the uncertain economic climate. It is accepted that the changed economic circumstances which have seen migration



slowing in the border counties could result in the actual population less than that projected. Conversely, the continued implementation of the National Spatial Strategy (Roi) / Regional Development Strategy (Northern Ireland) signals the potential for continued growth in the North West Gateway corridor which could impact on this and should be monitored.

Summary

In the decade to 2008, a dynamic economy and strong employment growth fed through into rapid demographic change across Northern Ireland. In the Strabane HMA this was reflected by a household and population growth greater than that of the 1990s. Household growth was also supported by the continuing trend towards the formation of one and two person households and an increase in life expectancy which saw growing numbers of older households remain in their homes for longer.

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

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

Reductions in public spending and future welfare reforms (which will reduce consumer spending at the aggregate level) point to a slow and jobless economic recovery. One possible consequence may be more people delaying setting up an independent home until employment levels increase. This could reduce the requirement for housing and suppress the number of households seeking private or social housing in the short to medium term.

The NI Executive has identified that a major policy challenge will be to secure private sector-led future economic growth that will deliver employment growth and expand the employment and skills development opportunities for residents and inward migrants.

Household projections suggest that the number of households living in the Strabane HMA could increase by 1,900 to 15,600 between 2010 and 2023. These projections have informed the draft Revised RDS 2011-25 Housing Growth Indicators but the



actual rate of growth in household numbers and the likely level of net additional dwellings required will be shaped by economic conditions over the period.

The projections also point to a continued growth in the number of one and two person households but the implications this will have for the type and size of housing required in the future is uncertain. A large and growing share of these smaller households will be older households who want to continue to live in their family home. In the Strabane HMA it is projected that the amount of single person households will increase by 29% which is in line with the Northern Ireland projection and significantly higher than the 'All Households' projected increase of 14%.

The planning for housing implications regarding the mix of housing required to support improved economic performance will therefore require careful consideration alongside the housing implications of household growth and, in particular, the growth in older households.

It is becoming clear that the severity and depth of the economic recession will shape future patterns of housing need and demand in the period to 2020 and beyond. The precise nature of these effects remains difficult to forecast with any certainty.

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

Key Issues

- The 'credit crunch' has led to a downturn in the housing market in across the Strabane HMA and Northern Ireland as a whole;
- Within the Strabane HMA there are concentrations of low income and benefit dependence among the working age population;
- Planned reductions in public spending point to a slow economic recovery;
- Uncertainty in the economy may reduce household formation as young people delay making the move to independent living outside the family home. This could suppress demand for housing in the short to medium term;
- In the decade to 2008 rapid demographic change occurred across Northern Ireland. Household growth in the Strabane HMA was supported by continuing trend towards the formation of one and two person households;
- The number of people aged 65+ years in the Strabane HMA is projected to increase by 2,110 (40.6%) to 7,311 whilst the numbers aged 75 years or above

Housing Market Analysis

Strabane

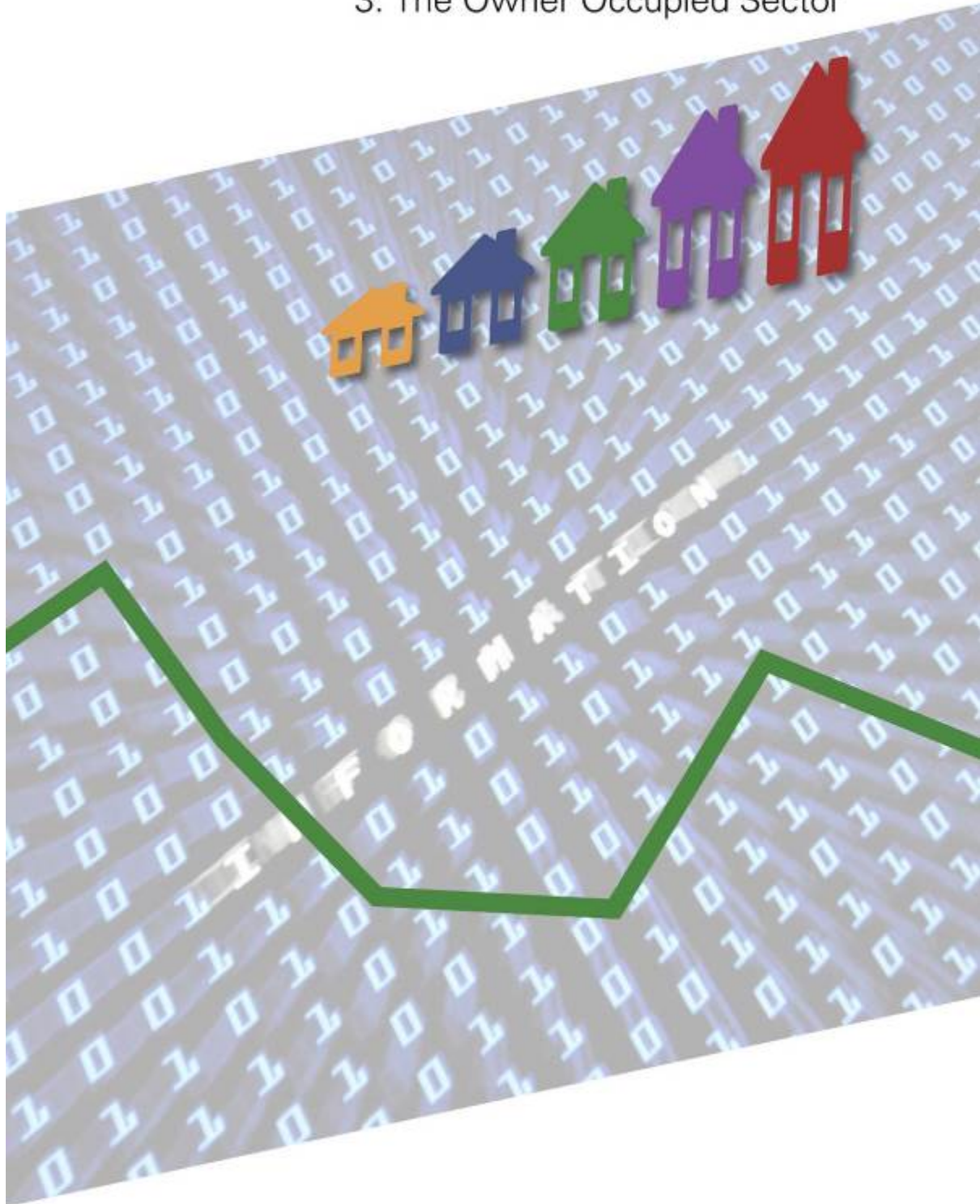


is projected to increase by 1,494 (67.4%) to 3,709. Thus, 9.1% of the population could be aged over 75 years by 2023;

- An increase in life expectancy means that numbers of older households, many of whom wish to remain living in their own homes is an important factor to consider in the formulation of policy in relation to housing, social and health services.



3. The Owner Occupied Sector





3. THE OWNER OCCUPIED SECTOR

Introduction

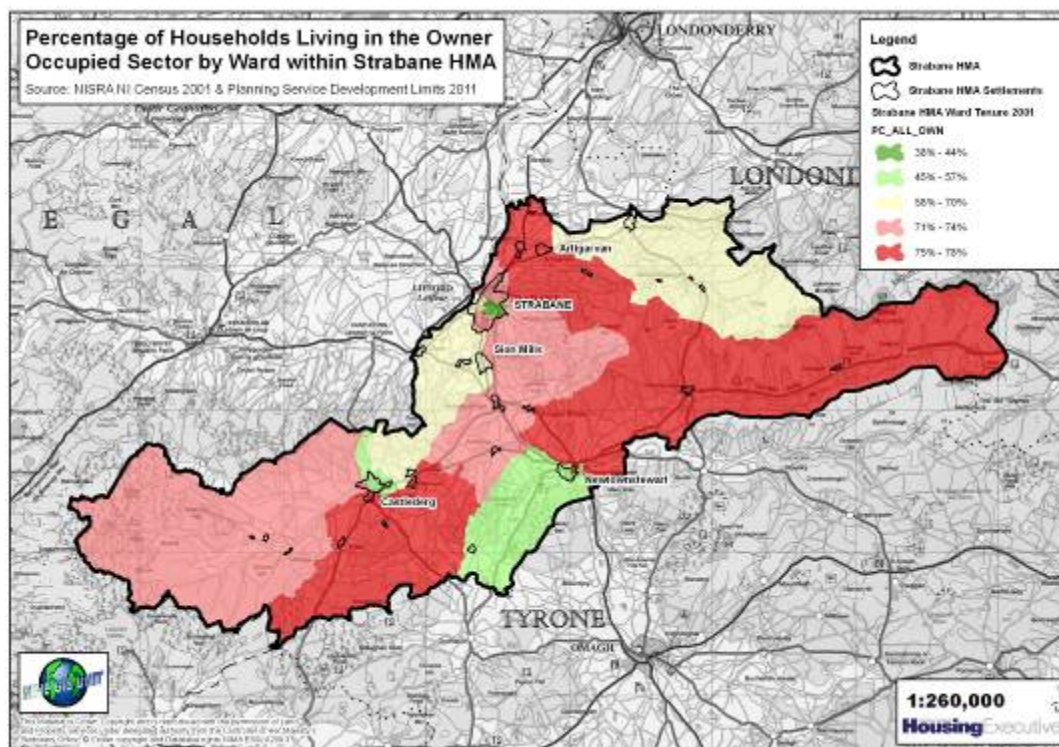
This chapter outlines the main characteristics and market trends of the owner occupied sector of the Strabane HMA. The sector is shaped by housing construction rates, inter-tenure stock transfers, property conversions and demolitions.

Extent of home ownership

Home ownership is distributed throughout the HMA in both the urban and rural areas. According to the 2001 Census (which provides us with the most recent tenure information by ward) the areas with the highest proportions of owner-occupied homes were situated along the Strabane-Glenelly Valley / Newtownstewart and Strabane-Castlederg corridors. This is illustrated in Map 3 below. The rural periphery west of Castlederg also has a moderately high proportion of owner occupation.

In the same year, the Housing Condition Survey (HCS) stated that some 60% of households in the Strabane HMA were living in the owner occupied sector, compared to the Northern Ireland average of 67%.

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

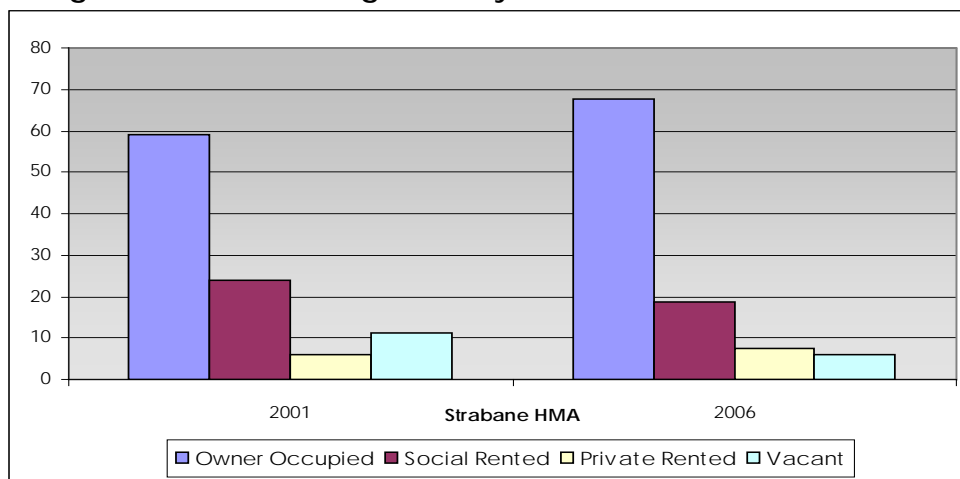


Source: Census 2001



From 2001 to 2006, there was a percentage increase in owner occupation in the HMA to 67.6% (shown in Figure 8 below), overtaking the Northern Ireland average which fell in the same period to 65.5%.

Figure 8: Total Housing Stock by Tenure in Strabane HMA, 2001-2006



Source: HCS, 2001 and 2006

Although the boundaries for the subsequent survey (HCS 2009) were based on the proposed eleven new Council boundaries, the HCS suggests that home ownership as a proportion of overall tenure has fallen in the HMA. In the case of the combined Strabane and Derry local government districts, the decline was from 60% to 55% (although the latter had a higher proportion of social housing which will affect overall figures).

In general terms, there has been a general decline in the owner occupied sector across Northern Ireland in the past decade. In 2009, there were 461,800 units in the owner occupied sector, representing 62% of the total stock. This has further fallen in 2010 by approximately 1%.

Vacant dwellings

The extent of vacant dwellings is an indicator of demand levels and supply in the marketplace. Across Northern Ireland the proportion of vacancies in the overall housing market shows some fluctuation from year to year, and at 6.4% in 2010/11 was just 0.2% higher than the ten year average.

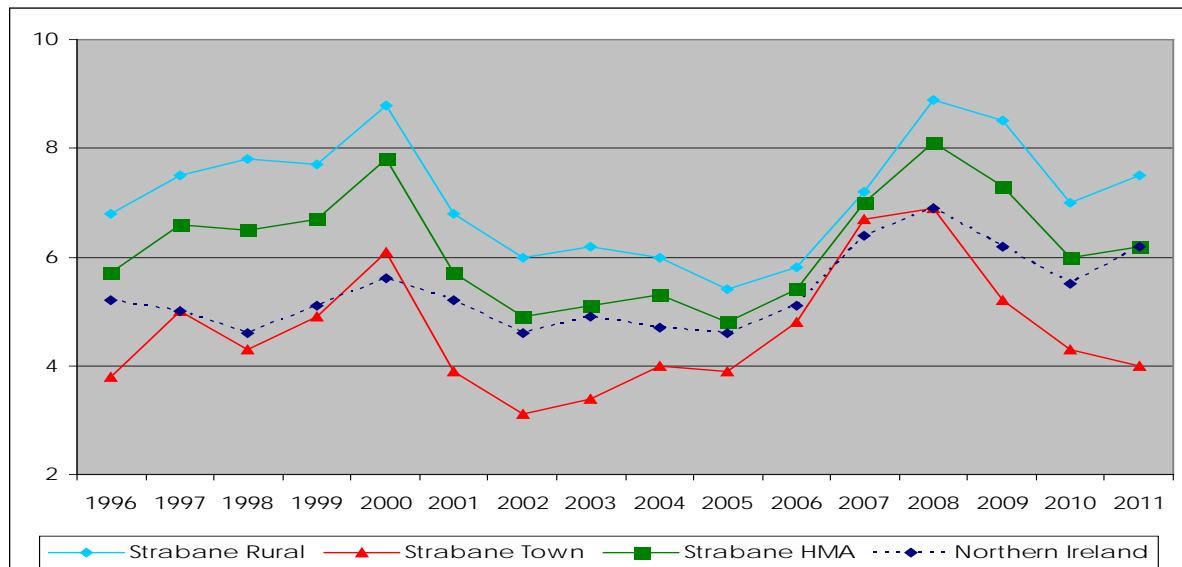
RDS 2035 assumes that a vacancy rate of 5.7% is necessary¹² across all sectors of the housing market. Evidence from NINIS (Figure 9) shows that the average vacancy

¹² A minimum level of vacant dwellings is considered acceptable at any time to allow households to move from one dwelling to another. In addition, a number of dwellings will be vacant because they are undergoing repair or have just been completed. An allowance for vacancies is therefore necessary when calculating the balance between the housing supply and demand.



rates for the HMA since 2007 have been above this benchmark, especially in the Rural subdivision. As far back as 1996, the HMA vacancy rates have exceeded the Northern Ireland (regional) average except for 2011 where they coincided.

Figure 9: Annual vacancy rates across Strabane HMA, 1996-2011 (%)



Source: NINIS (2012) RCA and DSD Small area vacant and occupied stock

Vacancy rates peaked in all areas in 2008 immediately following the property crash, followed by a decline in the following two years as adjustment of the market occurred. 2011 saw an increase again in the HMA (coinciding with the regional average at just over 6%), except Strabane town which has seen a further decline in vacancies. Higher vacancies in rural areas is a reflection of generally older and smaller properties in those areas (with the exception of rural self-builds). According to local estate agents, distance from employment and services has also become more of an issue in rural areas in the light of increased motoring costs and two relatively cold winters, particularly in areas with untreated roads.

From 1st October 2011, however, the same level of rates was applied to all domestic properties whether occupied or empty. This means that there will be no financial advantage for having a property recorded as a vacant property. This may reflect reduced future vacancy trends after 2011.

The proximity of Strabane HMA to County Donegal is also having some impact on the local market. Vacancies in east County Donegal are generally in the region of 10-14%, reaching close to 20% in parts, with a cluster of higher vacancy rates in parts of the rural area between Ballybofey and Castlederg where vacancies were between 20 and 24%. This information is based on the Irish 2011 Census (AIRO, 2013). Estate agents report some movement of people returning to Northern Ireland from the Republic due to changed economic circumstances and in some cases changes in social welfare rules in the Republic arising from its Habitual Residence Condition.



New house building

The trend in house starts in the HMA over the past decade was broadly similar to that of the rest of Northern Ireland except that the rate of private sector housing starts showed an earlier peak in Strabane HMA. Strabane HMA saw a peak in private sector starts in 2004 (see Table 12 below) instead of a peak in 2006 for the rest of Northern Ireland.

From 2001 to 2007 the rate of new starts was also more vigorous in the HMA, with figures from DSD and NISRA showing a HMA start rate of 22.6 per 1,000 dwellings, exceeding the Northern Ireland average of 20 at that time.

One explanation cited by Oxford Economics (2010, p.44) for the expansion of the housing stock in the Strabane District Council area particularly in the early part of the decade was "the growth in employment and population which, combined with cheap credit, caused housing prices to increase. The market responded accordingly by providing more housing".

Table 12: New dwelling sector starts in the Strabane HMA, 2001-11

| Year | New Dwelling Starts Private Sector | New Dwelling Starts Housing Associations | New Dwelling Starts Total All Sectors | HA starts as % of all New Dwellings |
|------------------------|------------------------------------|--|---------------------------------------|-------------------------------------|
| 2001 | 334 | 52 | 389 | 13.4 |
| 2002 | 220 | 9 | 233 | 4.1 |
| 2003 | 245 | 26 | 271 | 9.4 |
| 2004 | 377 | 0 | 377 | 0 |
| 2005 | 301 | 18 | 319 | 5.6 |
| 2006 | 297 | 0 | 297 | 0 |
| 2007 | 268 | 8 | 275 | 2.7 |
| 2008 | 225 | 19 | 244 | 7.8 |
| 2009 | 95 | 21 | 115 | 18 |
| 2010 | 162 | 0 | 162 | 0 |
| 2011 | 124 | 11 | 135 | 8.4 |
| Average 2001- 2004 | 294 | 22 | 317 | 6.9 |
| Average 2005- 2008 | 273 | 11 | 284 | 4 |
| Average 2009-2011 | 127 | 11 | 137 | 7.8 |
| Average 2001 – 2011 | 241 | 15 | 256 | 5.8 |
| Total Strabane HMA | 2,648 | 164 | 2,817 | 5.8 |
| Total Northern Ireland | 119,920 | 12,308 | 132,306 | 9.3 |

Source: NINIS (2012) Total Number of New Dwellings Started in NI

Notes: Figures are aggregated from LGD figures, as small area data is not available.



Since 2007, house building has tailed off significantly. An average of 12 units per 1,000 households started each year in the HMA between the years 2007 and 2011. Although below the Northern Ireland rate of 14 units per 1,000 households, it was still above the UK average.

The year 2010 saw an increase in private sector construction starts, but more recent figures in 2011 suggest a downward trend again. The market is currently undergoing correction, but there are still difficulties in occupying rural properties in particular.

House building relative to RDS 2001-25 targets

The Housing Land Availability Summary Report 2011, issued by DOE Planning in January 2012, indicates that by the end of July 2011, 2,663 dwellings in Strabane District were completed since the start of the RDS 2001-25 Housing Allocation Period i.e. 31st December 1998. These completion figures are not fully comprehensive because they do not include units completed in the open countryside.

Table 13 compares the annual average numbers of starts over the ten years to March 2010 with the annualised equivalent housing growth indicator (HGI) and the average net annual household growth to 2010. In the HMA annual average starts at 135% have overtaken the RDS housing growth indicator. However, the rate of starts has overshot the rate of household growth in the HMA by just 8% (which is less to the Northern Ireland rate of almost 20%¹³). Together these set of figures show that household growth was considerably greater than the Regional Development Strategy had projected for the HMA. This may have implications for the calculation of future housing growth indicators for the HMA and the consequent housing land requirements.

Table 13: Comparison of annual average starts relative to RDS and household growth annual averages in 10 years to March 2010.

| Area | HGIs 2001 | HGIs 2006 | HGIs 2008-2025 (RDS 2035) | Annualised HGI equivalent (rounded) | Net average annualised household growth | Average annual number of starts | Starts as % HGI | Starts as % net annual household growth |
|------------------|-----------|-----------|---------------------------|-------------------------------------|---|---------------------------------|-----------------|---|
| Northern Ireland | 160,000 | 208,000 | 190,000 | 11,200 | 10,030 | 12,028 | 107.4 | 119.9 |
| Strabane HMA | 3,500 | 4,300 | 3,900 | 200 | 250 | 270 | 135 | 108 |

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

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

¹³ Table 13 is not a precise statement of trends but is an approximation. The time periods involved in the table 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.



The 8% overshoot of house construction above household growth may account for some of the number of vacancies in the HMA, though there is no information readily available on the relationship between annual building starts and vacancies¹⁴.

Inter-tenure shifts

Housing Executive statistics indicate that an average of 60 social housing units were sold to tenants each year in Strabane District between April 2002 and March 2012. Peak sales (181) occurred in the 2002/03 financial year, reducing to just seven sales in 2011/12. The fall in sales is reflected throughout the UK.

Other shifts can include the transfer of owner-occupied units to the private rented sector where the owners are in mortgage distress, or where developers are unable to complete sales to the owner-occupied market. However, local estate agents report that some landlords are unwilling to rent out properties.

The entire housing market, including home ownership, remains in a state of volatility since 2007, but there is evidence of a long-term shift from home ownership to private rented accommodation. Nonetheless, there remains a supply overhang in the owner-occupied sector, and a shortage of private rented accommodation. This suggests that the capacity for many individual properties to change from home ownership to private rental is not a straight forward transition, and that vacancies in the owner-occupied market may have limited potential to address shortfalls in other tenures.

The high rate of vacancies in rural Strabane, for example, suggests that many of the vacant dwellings may be situated in the wrong locations to attract sales or lettings. This reinforces the value of effective development control in the location of rural housing in order to bring about maximum benefit to the community.

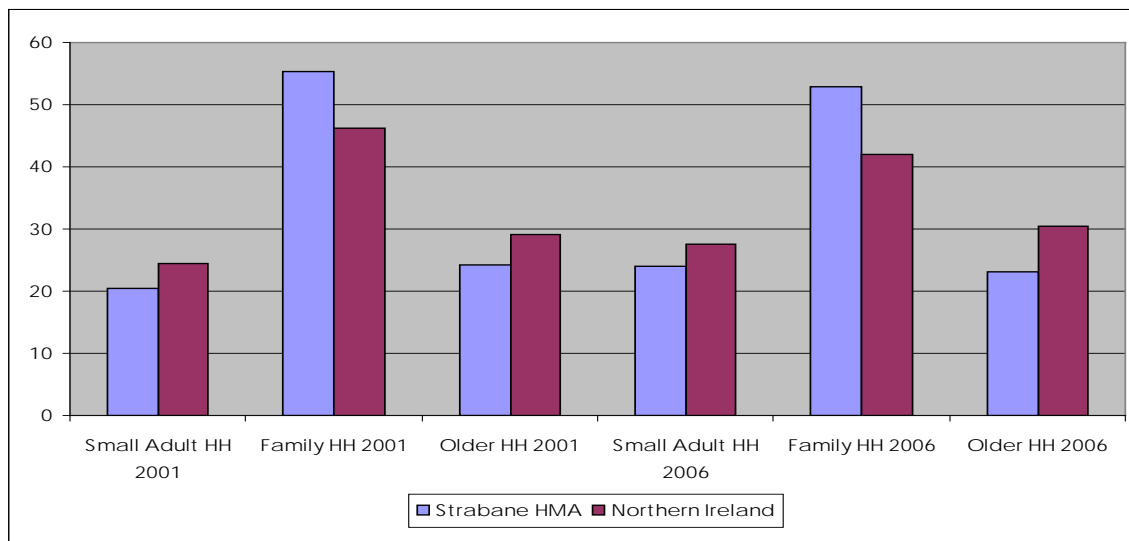
Household composition

Compared to the Northern Ireland average, there are more families, less singles households and less older households in the HMA's owner-occupied sector (see Figure 10). The average household size is also larger in the HMA compared with the Northern Ireland average, however the HMA is following the trend for smaller household sizes. Chapter 2 has also noted a younger population in the district compared with the Northern Ireland average.

¹⁴ Land and Property Services and Strabane District Council are both unable to supply information on building commencements cross referenced by urban or rural location.



Figure 10: Owners by Household Group, 2001 & 2006: Strabane HMA compared with Northern Ireland



Source: HCS, 2001 and 2006

House price and transaction trends

House prices are largely determined by the relationship between supply and demand. Trends in house prices and sale volumes are therefore useful ways to gauge demand in the marketplace.

However, with low levels of transactions and turnover across the HMA it is difficult to draw any firm conclusions on house prices, or trends. Estate agents report little evidence of a property market recovery due to the low demand generally.

Local estate agents confirm that sale prices are still falling, with the bulk of sales in the used property market. They report that asking prices for new-build properties are generally not reducing to the same extent as second hand homes.

Repossessions are causing some distortions in supply and demand as they are generally priced lower due to pressure for sale. Their timing onto the market is normally dictated by the repossession procedure. Information from the Northern Ireland Courts Service¹⁵, suggests that Strabane District had a relatively low number of final possession orders in the period 2005-11. The majority of final possession orders relate to domestic properties.

Volume of Sales Transactions

Estate agents continue to report relatively low number of sales transactions, with most sales occurring at the lower end of the market, including repossessions,

¹⁵ <http://www.thedetail.tv/issues/162/house-repossessions/the-rate-of-repossessions-where-you-live>, Accessed 14 March 2013.



terraced and semi-detached dwellings. According to local estate agents the fall in sales is mainly attributed to the current difficulties in attaining loan finance, but also to some extent by a gradual shift in preference away from home ownership in line with falling trends in home ownership generally throughout the UK.

Table 14 provides a snapshot of homes for sale in January 2013 in the HMA, showing the location and type of properties for sale. The following are some brief findings of this exercise:

- The majority of unsold dwellings across the HMA were detached and semi-detached properties reflecting the relatively high representation of these properties in the HMA housing stock;
- The majority of dwellings for sale were in the main settlements i.e. Strabane, Castlederg and Newtownstewart;
- Of the 270 properties for sale, 244 were situated within settlements; and
- 31 of the 270 advertised properties were advertised as 'new build' (i.e. 11% of the total), 11 of which were situated outside settlements as detached 'one-off' developments.

The above supports the view of estate agents that new-build properties make up a very small proportion of completed sales. This is due to a depressed building industry. The prevalence of used homes for sale on the market could also suggest that there is pressure on existing home owners to downsize, relocate, or simply financially off-load in the light of changed economic circumstances since 2008.

Negative equity can be a constraint on the housing market, as it reduces the mobility of certain households and their ability to trade up or down¹⁶. Consultation with local estate agents suggests that negative equity is maybe not as significant in the Strabane HMA as in other areas because most of the housing currently on the market was built before the housing boom, or in its early years of the boom, before prices reached their peak. Nevertheless, negative equity is having a severe impact on some households, particularly in the case of repossessions.

¹⁶ In April 2009, the Council of Mortgage Lenders (CML) (2009) estimated that some 5% of homeowners across Northern Ireland were in negative equity, in line with the UK average. It is possible the proportion has increased slightly since then.



Table 14: Homes for Sale in Strabane HMA, January 2013

| | Apt | SD | Bung | TH | SDB | ET | Terr | Det | Total |
|-------------------|-----------|-----------|-----------|------------|----------|----------|-----------|-----------|------------|
| Strabane area | 7 [3]* | 40 [2] | 8 | 16 [10] | 4 | 1 | 11 | 36 [1] | 123 |
| Sion Mills | - | - | 1 | - | - | 1 | 4 | 2 [1] | 8 |
| Donemana | - | 3 | 6 | 1 | - | - | - | 4 [2] | 14 |
| Artigarvan | - | - | 2 | - | - | - | - | 3 | 5 |
| Ballymagorry | - | 1 | 5 | - | - | - | - | 1 | 7 |
| Clady | 1 [1] | - | - | - | - | - | 3 | 1 [1] | 5 |
| Victoria Bridge | 6 | 1 | - | - | - | - | - | 2 [2] | 9 |
| Castlederg | 3 | 15 | 10 [3] | 3 | 2 | 4 | 5 | 19 [1] | 62 |
| Killen | - | - | 1 | - | - | - | - | - | 1 |
| Plumbridge | - | 2 | - | - | - | 1 | - | 6 | 9 |
| Newtownstewart | - | 5 | 5 | 2 | - | 2 | 4 | 10 [2] | 28 |
| Total | 17 | 67 | 38 | 22 | 6 | 9 | 27 | 84 | 270 |
| % of total | 6 | 25 | 14 | 8 | 2 | 4 | 10 | 31 | 100 |

Source: Propertypal.com, 9 January 2013

* Figures in [brackets] refer to the 'new-build' sub-total

Key to abbreviations: Apt: apartment, SD: semi-detached, Bung: bungalow, TH: townhouse, SDB: semi-detached bungalow, ET: end of terrace property, Terr: terraced property, Det: detached property.

Affordability of home ownership

Rapid increases in house prices in the decade to 2007 relative to wage growth made home ownership increasingly unaffordable across the HMA, even though prices were less than the Northern Ireland average.

In 2007, the average house price in Strabane District was £204,563, lower than the Northern Ireland figure of £233,415. In 2011, the respective values had fallen to £94,600 and £139,800. These represented falls of 54% and 40% respectively, and illustrate the extent of the property market collapse, particularly in Strabane. Evidence gathered from estate agent consultation across the HMA suggests that most transactions during the year were at the lower end of the market, which would have influenced this outcome.

Large differences between peak and trough prices do not provide the ideal conditions for a stable housing system, and invariably have negative social implications. The impact of housing on the economy also underlines the need to create more stable conditions within it.

Several factors are currently impacting on the ability to afford a home, including access to a mortgage at favourable terms.

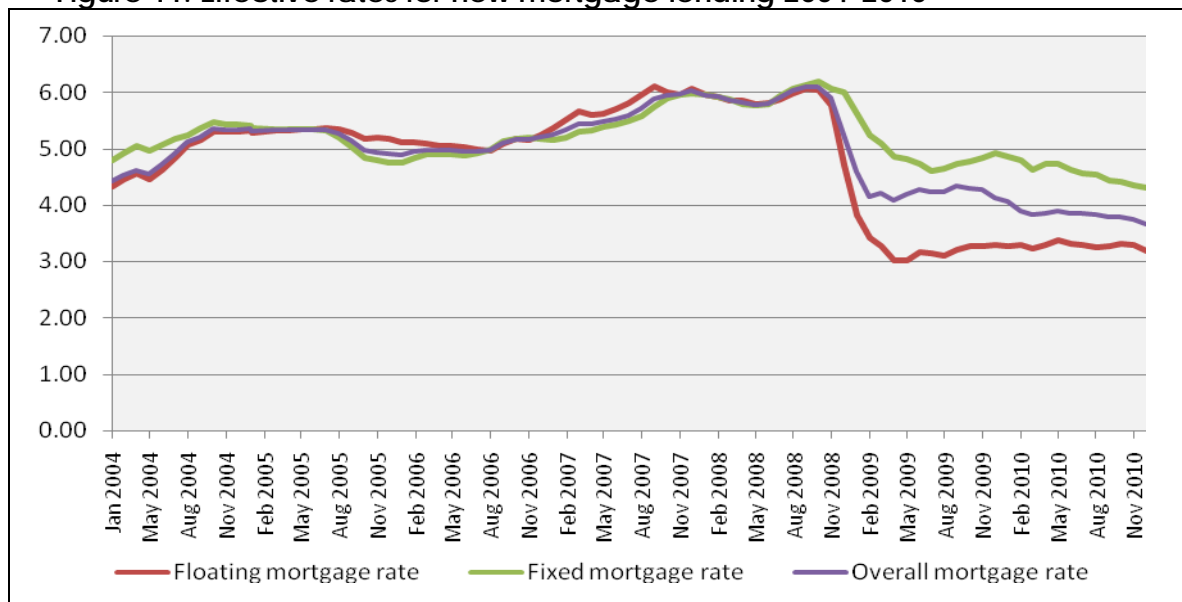


Since the financial crisis started in 2008, employment status has become a more significant element in securing a mortgage and defining its terms. Employment status can determine the level of deposit required and therefore in many cases the success of attaining, or being able to afford, a mortgage.

Interest rates have an important impact on affordability. Since the Bank of England cut the lending base rate to less than 1% in early 2009, the effective mortgage rate has declined (see Figure 11). This has eased affordability pressures in the short term for new mortgage applicants as well as existing mortgage holders with variable mortgages.

The predicament for prospective first-time buyers is that few have been able to take advantage of lower house prices and lower interest rates because of the continued credit constraints as expressed through loan-to-value (LTV) ratios. Deposit requirements increased sharply in 2008 as lenders sought to minimise their risk of exposure to mortgage default. The Bank of England Credit Conditions Survey Q3 2012 noted some increased availability of secured credit over the previous quarter, but this was concentrated on borrowers with higher LTV ratios (more than 75%), in part reflecting changes in lenders' affordability criteria and increased availability for first-time buyers (Bank of England, 2012, p.3).

Figure 11: Effective rates for new mortgage lending 2004-2010



Source: Bank of England (2011)

Relative to the housing market downturn at the start of the 1990s repossessions have remained low, possibly assisted by changes to the rules relating to Income Support for mortgage interest payments. Although there has been some increase in mortgage arrears and repossessions (NIHE, 2010, 2011) there are no indications of any destabilising impacts on the housing market.



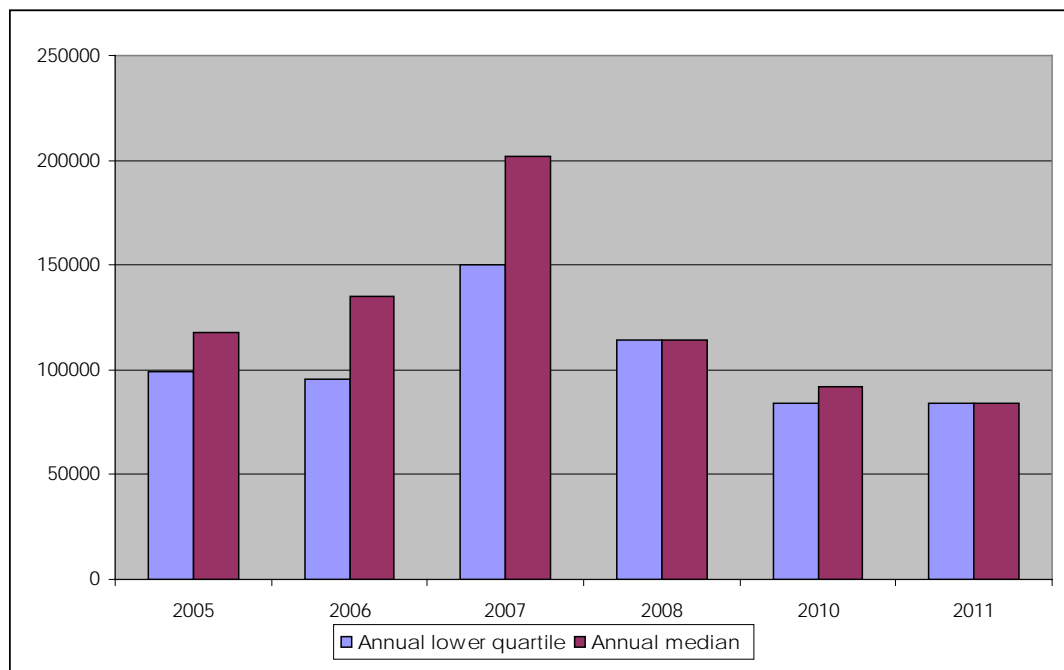
Affordability ratio

Affordability can be expressed as the ratio between the lower quartile price¹⁷ for an area and the income of households at the lower point of the income distribution.

Figure 12 shows that in 2011 the lower quartile threshold price in the Strabane HMA for two/three bedroom dwellings was £85,000. This was significantly less than the lower quartile for a two/three bedroom property in 2007 which was £150,000, demonstrating the depth of the property downturn.

There is no robust information available to differentiate between the Urban and Rural subdivisions of the HMA.

Figure 12: Lower quartile and Median House Prices for 2/3 bedroom properties, Strabane HMA 2005-2011



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.

CACI PayCheck income probability estimates for 2010 can be used to approximate lower quartile and median gross annual household incomes. The UK and Scottish Governments suggest that a household can afford to buy a home if it costs no more

¹⁷ The Department for Communities (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. This measure is broadly consistent with the affordability measure adopted by Wilcox (2007, 2008).



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.

According to CACI PayCheck, estimates of lower quartile and median incomes provide a reasonable approximation of the distribution of incomes amongst single and dual income households aged less than 40 years.

Table 15 compares the lower quartile and median house price for a two/three bedroom property in 2011 with the lower quartile and median CACI PayCheck income values for Strabane HMA, which is our best estimation of household incomes for those aged less than 40. Data at the subdivision level is not available.

Table 15: Strabane HMA affordability ratios for two/three bedroom properties, 2011

| Area | lower quartile price | median price | lower quartile income | median household income | lower quartile ratio | median ratio | LQ price to median income |
|------------------|----------------------|--------------|-----------------------|-------------------------|----------------------|--------------|---------------------------|
| Strabane HMA | £84,000 | £84,000 | £11,382 | £20,876 | 7.4 | 4.0 | 4.0 |
| Northern Ireland | £83,687 | £120,000 | £12,953 | £24,752 | 6.5 | 4.8 | 3.4 |

Source: Non adjusted simple price data supplied by University of Ulster and CACI PayCheck (2010) used to deduce incomes.

The findings of Table 15 are:

- Affordability ratios in the Strabane HMA are over twice the recommended Scottish and UK governments for single income households (i.e. 7.4 as opposed to 3.5) for both lower quartile and median house prices. (However, the prevalence of detached and semi-detached housing for sale, as opposed to other dwelling types, appears to have inflated the lower quartile price in the Strabane HMA in comparison with the Northern Ireland average);
- Affordability ratios reduce considerably for double income households in the Strabane HMA, but still exceed the recommendations of the Scottish and UK governments (i.e. 4.0 as opposed to 2.9);
- Overall, there is less scope in the Strabane HMA to purchase housing that better matches income levels, due to the nature of properties offered for sale which are generally detached or semi-detached;

Alternative affordability measures

We have extended the above analysis to include affordability for younger households in a variety of mortgage situations and those in the rented market (see Table 16). For the purposes of this exercise, it is assumed that no Housing Benefit is paid. These analyses are indicative only and based on the following:

- The cost of purchasing a dwelling at the lower quartile 2/3 bedroom property in 2011 with a mortgage equivalent to 80% or 95% of the purchase price;

Housing Market Analysis

Strabane



- The median rent payable for a two bedroom private flat in 2011 as derived from the private rental index database prepared by University of Ulster (which is discussed in more detail in Chapter 4);
- That a household can borrow 3.0 times their income to secure a 25-year repayment mortgage with an interest rate of 4.7%;
- That rent payments do not exceed 25% of gross household income which is broadly consistent with CLG (2007) and Scottish Government (2008) guidance;
- That income distribution for households aged under 40 is similar to the income distribution for all households;
- That 95% loan-to-value ratio is consistent with DCLG guidance (2007) whereas the 80% loan-to-value ratio reflects current market conditions and the deposit requirements of mortgage lenders;
- That no inter-generational transfers of wealth have been factored in.



Table 16: Comparison of the cost of owning and private renting

| | Northern Ireland | Strabane HMA |
|---|------------------|--------------|
| Estimated number of households under 40 years | 198,113 | 3,826 |
| Lower quartile purchase price (2/3 bed lower quartile) | | |
| 95% mortgage | £79,500 | £79,800 |
| 80% mortgage | £67,000 | £67,200 |
| Weekly cost of option (25 year repayment mortgage at 4.7% interest) | | |
| 95% mortgage | £104.00 | £104.50 |
| 80% mortgage | £88.00 | £88.00 |
| Private median rent for a 2 bedroom dwelling | £96.75 | £91.04 |
| Gross income required to access open market | | |
| 3.0 multiplier and 95% mortgage | £26,500 | 26,600 |
| 3.0 multiplier and 80% mortgage | £22,333 | 22,400 |
| Rent equals 25% gross income | £20,124 | 18,936 |
| Affordability test 1: Lower quartile purchase: 95% mortgage & 3.0 multiplier | | |
| No unable to buy | 104,406 | 2,299 |
| % unable to buy | 52.7 | 60.1 |
| Affordability test 2: Lower quartile purchase: 80% mortgage & 3.0 multiplier | | |
| No unable to buy | 90,538 | 2,020 |
| % unable to buy | 45.7 | 52.8 |
| Affordability test 3: private rent 2 bedroom dwelling (not exceeding 25% gross income) | | |
| No unable to afford | 83,009 | 1,752 |
| % unable to afford | 41.9 | 45.8 |

Sources: CACI PayCheck, Ulster University Price Index and published Rental Index dataset 2012

Note: NIHCS 2011 percent of householders aged 17-39 years applied to NISRA projections to derive household count for younger households.

The findings presented in Table 16 suggest that:

- Approximately 60% of younger households in the Strabane HMA could not afford to purchase a dwelling of the value of £84,000 assuming lenders were willing to provide mortgages with a loan to value ratio of 95%. This compares

Housing Market Analysis

Strabane



with the Northern Ireland average of 52.7% unable to afford a dwelling of the same value;

- If we assume that younger households could raise a deposit in order to secure a mortgage with a loan to value ratio of 80%, around 52.8% of them in the Strabane HMA could not afford to purchase a dwelling of the value of £84,000. This compares to the Northern Ireland average of 45.7%; and
- Approximately 45.8% of younger households in the Strabane HMA have an income below the level suggested by the DCLG guidance (which states that a rent should not exceed 25% of gross household income). This compares to a Northern Ireland average of 41.9%.

The above analysis shows that housing is less affordable in the Strabane HMA for younger households, for both home ownership and private rented properties.



Private Housing, Woodend Meadow, Ballymagorry

Potential for intermediate housing

Intermediate housing refers to a specific housing product that is priced lower than the prevailing market value, or has a rental value higher than the social rented sector but lower than the prevailing market rate. There are potentially many prototypes of intermediate housing, but it is essential that:



- The dwellings meet the practical requirements of eligible households at an affordable price;
- The rental and stair-casing payments is recycled for further affordable housing provision.

As intermediate housing products are not intended for households in receipt of Housing Benefit, it is possible to estimate the number and proportion of younger households that have sufficient income to purchase a 2/3 bedroom house with a 95% mortgage – approximately 1,527 in the case of the Strabane HMA.

Co-ownership housing

The Northern Ireland Co-Ownership Housing Association (NICHHA) carries out a bridging role in the housing market through its 'Do-it-Yourself-Shared-Ownership Scheme'.

During 2010/11, purchases prices ranged from £50,000 to £175,000, and averaged £122,775 (NIHE Review and Perspectives 2012-2015, p.93). This was below the average open market price in that year. Since then, average house prices have fallen further in the Strabane HMA, with 2011 having an average sale price of £94,600 but from a relatively low number of transactions.

220 homes have been purchased through the Co-ownership Scheme in Strabane District since the scheme commenced, none of which were purchased in the past year (2011/12). However, local estate agents report a continued demand for Co-ownership and some success with the scheme.

In 2009/10, the average annual household income of those purchasing through the Co-Ownership Scheme was £24,636, which is comparable to the median household income across Northern Ireland, or in other words the assumed double income younger household. This suggests that the scheme may not be reaching out to some lower income households. Average household incomes are also lower in the Strabane HMA. An additional issue is employment status with some temporary contracts not been accepted given the risk placed on the second financial party.

Owner Occupation in Strabane Rural

The Rural subdivision of the HMA comprises all of the HMA area outside the town of Strabane, and contains a number of towns and villages as well as open countryside. In general, housing market trends have not proven significantly different to those of Strabane town. That said there are some issues worth noting.

In general, there is a higher level of owner occupation in rural areas, but rural areas in proximity to community facilities and areas of employment are more likely to have a broader range of housing options including private rented housing. Evidence from local stakeholders suggests that owner occupied stock in rural areas tends to be smaller, especially ex-Housing Executive houses, with the exception of self-build



houses which are generally larger than average. Opportunities to purchase smaller properties in the rural areas are limited. Some rural self-build homes were built on a speculative basis, and there was a perception that family housing was easier to sell.

Chapter 2 has highlighted the demographic projections of a continued upward trend in the numbers of older households over the next 15 years and beyond. The large majority of these will be homeowners and the rural subdivision has a larger proportion of older households as discussed in Chapter 2. This may require an increase in provision of services and property adaptations to help older households remain in their own homes for as long as practical.

The overall vacancy rates in the Strabane Rural subdivision have exceeded the HMA and Northern Ireland averages since 1996. Part of this can be attributed to less choice available in rural areas, smaller houses in the case of ex-Housing Executive properties, and the distance to services and community facilities. Some other houses in rural areas may have been built speculatively for sale and could have remained vacant for some time. Planned changes to the rating system may see fewer vacancies being declared in the hope of avoiding rates charges.

Future prospects

There is little evidence that house prices in the HMA have fully bottomed out, and even if they have the rates of building and property transactions remain weak. Most commentators remain cautious about a recovery of the housing market.

The general impression is that a sustained recovery of real house prices will only occur when employment increases, when wages rise and credit constraints have eased for both developers and prospective buyers.

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

The housing slump caused house builders and developers to postpone or 'mothball' developments and some development companies have gone into financial difficulty potentially affecting the industry's capacity to respond promptly to any recovery in demand. The impact of surplus stock in the Border Region of Ireland, notably County Donegal, may also adversely impact on house sales within the HMA.

Key Issues

- Home ownership is still the largest tenure in the HMA where significant expansion from 2001 to 2006 allowed it to overtake the Northern Ireland average. Speculation is that it is now falling in line with overall Northern Ireland trend;

Housing Market Analysis

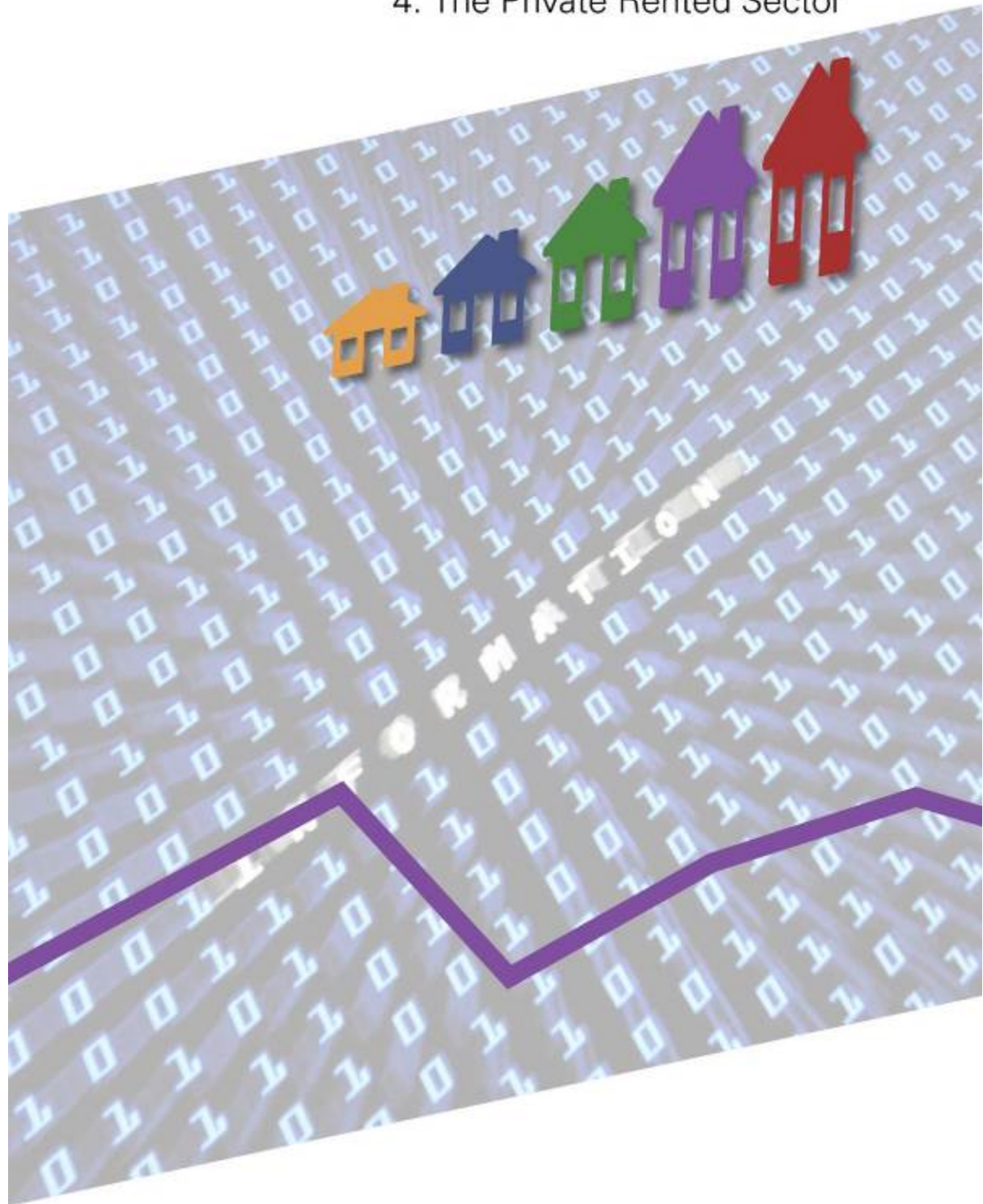
Strabane



- Strabane HMA witnessed an aggressive house building industry, averaging 22.6 new houses started per 1,000 households in the peak of the housing boom i.e. 2001 to 2007. This was above the Northern Ireland average, and significantly above the UK average at the time. The housing boom in the Strabane area was considered to be a result of employment growth, household growth, and cheap credit, all combining to increase the demand for new housing;
- From 2001 to 2010, the average annual rate of house starts in the HMA was approximately 35% greater than the annualised equivalents of the Housing Growth Indicators as set out in the Regional Development Strategy 2035. While this was partly supported by a household growth that overtook projections by 8% over the same period, it nevertheless contributed to the oversupply in the home ownership market. It also could raises questions on how housing completions were allowed to supersede the Housing Growth Indicators to this extent.
- Generally there is a higher proportion of owner-occupied dwellings in rural areas with limited other housing options. Most houses for sale are currently within settlements as opposed to being 'one-off' developments;
- New-build properties represented approximately 11% of the advertised sales in January 2013, and of these almost a third were individual 'one-off' houses in the open countryside;
- Lower quartile house prices for 2/3 bedroom properties in the HMA have reduced from an average of £150,000 in 2007 to £85,000 in 2011, and there is no evidence of a price return in 2012 with the majority of sales in the lower end of the market;
- The affordability gap is a concern. While the average household income in the HMA increased faster between 2001 and 2006 than the Northern Ireland average, not all income groups would have benefitted equally. Younger households are most affected, with an estimated 60% in the HMA unable to afford a 95% mortgage and 53% unable to afford a 80% mortgage. Renting a home in the private sector is marginally more affordable than purchasing, with approximately 46% unable to afford it without Housing Benefit;
- Most existing homeowners have benefited from lower mortgage interest rates. Negative equity is probably less of an issue in the Strabane HMA than in other areas by the fact that the rate of house construction peaked in the earlier years of the housing boom, but it is having a severe impact on some households especially in cases of repossession;
- Difficulties accessing owner occupation means that demand for private rental and consequently social housing, is likely to increase in the short to medium term;
- There is potential for 'intermediate housing' options to meet the housing needs.



4. The Private Rented Sector





4. PRIVATE RENTED SECTOR IN STRABANE HMA

Introduction

This chapter describes the key issues of the private rented sector in the HMA, incorporating evidence from the House Condition Survey (HCS)¹⁸, the 2001 Census and local consultation. The chapter concludes by considering the future prospects of the sector.

Location of private rented properties in the HMA

Within the HMA, private rented properties are mainly found in Strabane town and other settlements such as Sion Mills, Newtownstewart, Castlederg and Donemana, with convenient access to shops, services and community facilities especially schools. According to some estate agents, recent cold winters have also reinforced the convenience of living within service areas and close to work. Demand is weaker in other areas for example Ballymagorry, Artigarvan and Glebe, which are reported to be areas that are more difficult to let. Some other rural areas such as Clady have a locally sustained private rented market.

Market trends since 2001

Across Northern Ireland the private rented sector has expanded significantly in the past decade. The HCS and the Continuous Household Survey both indicate that between 2006 and 2009 occupied stock in the sector increased by 43,800 to 124,600 units. Including vacant units, the figures were 47,400 and 142,000, respectively. By 2009 the sector accounted for almost 17% of the total occupied stock and over 19% of the total stock¹⁹.

At the Strabane District Council level, the proportion of the total stock in the sector increased from approximately 6.1% to 7.1% in the period from 2001 to 2006²⁰, based on evidence from the HCSs of those years. This is low compared to the Northern Ireland averages for the same period i.e. an increase from 7.6% to 11.5%.

There is no comparative information available at district or HMA level from 2006 onwards, however there is ample evidence that private renting has expanded. There was a 55% increase in the number of Private Housing Benefit claimants in the Strabane District Council area in the five year period from 2008 to 2012. The

¹⁸ The HCS sample size is sufficient to report robust evidence for the Strabane HMA but not the subdivision area level. Reference to HCS 2009 is omitted because its survey information was collected on the basis of the proposed new council boundaries under the Review of Public Administration, combining Strabane and Derry Districts. The change of boundary means that figures cannot be compared with previous surveys.

¹⁹ NIHE assign vacant dwellings to the tenure of their last occupancy. In 2009, there were 43,400 of which 17,400 (40%) were assessed to be in the private rental sector.

²⁰ Information for Slievekirk Ward cannot be extrapolated, and is therefore included within these figures even though it lies outside the HMA area.



expansion of the private rented sector in the Strabane HMA since 2001 is consistent with the following:

- The considerable investment in the sector, including a substantial inflow of funds from the ROI and UK 'Buy-to-Let' (BTL) investors;
- The notable increase in the share of new-build absorbed by the private rented sector and by housing associations since the downturn;
- The additions to the sector from homeowners in mortgage distress or unable to sell their properties on the open market.

In addition, local estate agents confirm that despite the over-supply of dwellings in the owner occupied market following the 2007 housing market crash, demand continues to outstrip supply for private rented developments, especially for new-build.

Nonetheless, recent figures from DSD show that although the rate of new-build construction of private housing across the HMA is almost a third of what it was before the 2007 property crash. 2011 saw the lowest number of new-build starts since 2007, despite shortages in the private rented sector. The development sector has not responded to the shortage of private rented accommodation for many reasons including issues around development finance, but also because rents are relatively low in Northern Ireland compared to other UK markets. There has also been a tightening of specific 'Buy to Let' lending rules, namely large deposits of 40% plus, credit and income checks, the requirement for a lease/tenant to be in place, and minimum requirements that rents cover at least 125% of mortgage repayments.

Profile of PRS housing stock

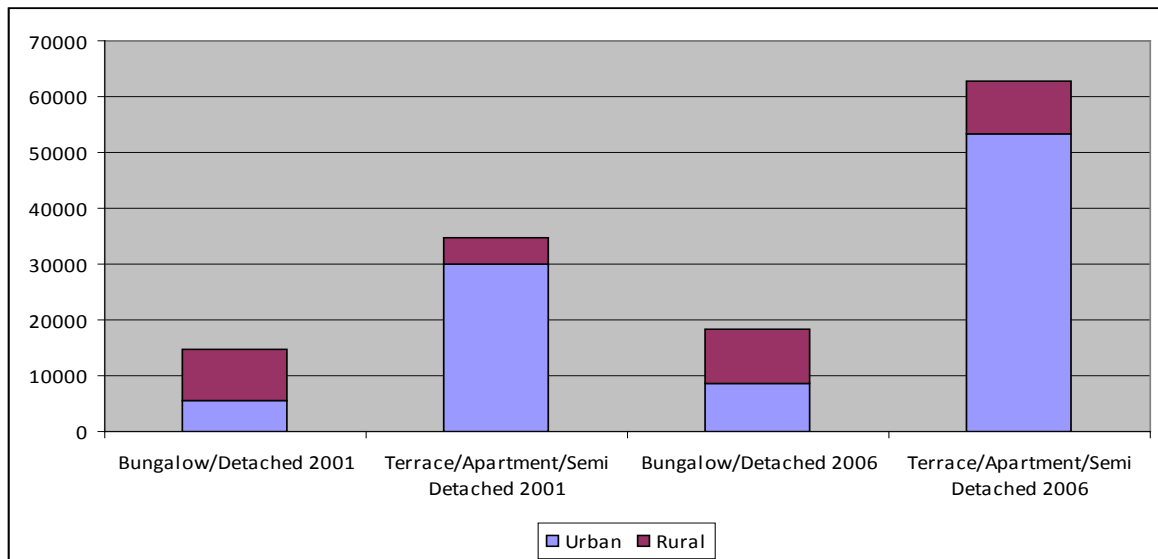
Dwelling type

The private rented sector has both expanded and altered in its composition across Northern Ireland since 2001.

Figure 13 shows the urban-rural breakdown of private rented stock and its composition in 2001 and 2006 for Northern Ireland and estate agents report that these proportions and percentage changes broadly reflected the position within the Strabane HMA.



Figure 13: Private Rental Stock by Urban/Rural breakdown, 2001 & 2006 (Northern Ireland)



Source: HCS 2001 & 2006 (edited dataset)

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

The following is a summary of the changes that have taken place in Northern Ireland as illustrated in Figure 13 above:

- The overall number of terrace/apartment/semi-detached properties in the sector increased by 81% with a 78% increase in the urban areas;
- In rural areas, the numbers of terrace/apartment/semi-detached units in the sector had almost doubled from 4,700 in 2001 to 9,300 in 2006;
- The number of bungalows and detached houses increased by 23% (comprising 55% in urban areas and just 4% in rural areas).

Traditionally, terraced properties and flats have been the most numerous in the private rented sector. While that demand still exists, local estate agents in Strabane have pointed out that their biggest shortage in the sector is for family-sized accommodation with private garden space. It may also reflect of a shifting attitude that sees private rented accommodation as a more permanent housing option for families.

Vacancies

Vacancy rates for the Strabane HMA across all sectors have been consistently one or two percentage points above the Northern Ireland average from 1996 (see Figure 9, Chapter 3); however 2011 saw both areas at parity (at just over 6%), representing a small rise from the previous year. This conceals internal differences within the HMA i.e. Strabane Urban Subdivision had a vacancy rate of only 4% in 2011, but the Rural figure (where most of the population lives) had a vacancy of almost twice that.



While there is insufficient information on the private sector alone in the HMA area, local estate agents confirm of a strong demand for private rented accommodation, and therefore comparatively few vacancies overall.

Dwelling age and condition

The House Condition Survey (HCS) provides an indication of the age and quantity of dwellings in the private rented sector across Northern Ireland, and the changes that have occurred between 2001 and 2006²¹. There is no equivalent dataset for the HMA.

Table 17 shows that 59% of the housing stock in Northern Ireland was constructed before 1945. Significant additions were made to private rented stock, with a 63% increase between 2001 and 2006.

Table 17: PRS by Dwelling Age by Urban and Rural breakdown, Northern Ireland

| | HCS 2001 | | HCS 2006 | |
|-----------|----------|-------|----------|-------|
| | Urban | Rural | Urban | Rural |
| Pre 1945 | 20700 | 8400 | 26900 | 8200 |
| Post 1945 | 14700 | 5600 | 34900 | 10900 |
| Total | 35400 | 14000 | 61800 | 19100 |

Source: HCS 2001 & 2006 (edited dataset)

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

However, the HCS 2006 provides information at Local Government District (LGD) level on decent homes standards across the entire housing system. 22.6% of all properties in the Strabane LGD were classified as below the Decent Homes Standard²², marginally less than the Northern Ireland average of 23%.

The private rented sector has typically been associated with poor housing conditions and management issues. In 2009, the highest rate of failure to meet the Decent Homes Standard within occupied stock of Northern Ireland was found in this sector, at 17%. In the 2006 survey, it was almost 27%. A breakdown in tenure is not available at LGD level, however similar patterns are possible.

Similarly, the HCS 2009 does not provide information at local government district level for unfitness levels, but has indicated that across Northern Ireland the overall housing level of unfitness fell from 2.6% to 2.2% in the sector. The figure was 8.7% in 2001, demonstrating a substantial improvement since then.

Both the 2006 and 2009 surveys indicate that unfitness and failure to meet the 'Decent Homes' standard is largely associated with unoccupied stock. For example, in 2009 nearly three in five unfit dwellings were vacant. However, a declining proportion of vacancies are unfit and the Housing Executive attributes this to the

²¹ Samples from the HCS 2009 were too small to compare with previous surveys.

²²A 'decent' home is one that is wind and weather tight, warm and has modern facilities. It is measured by level of fitness standard, state of repair, level of modern facilities and degree of thermal comfort.

Housing Market Analysis

Strabane



growing proportion of vacant 'buy-to-let' properties, which in many cases are modern or renovated. Unfitness is also associated with older pre-1919 properties.

The requirement for landlords to acquire a Certificate of Fitness under the Private Tenancies (Northern Ireland) Order 2006 (Article 33) has also contributed to an improvement of housing stock. The legislation places obligations on a landlord to improve a property should it fail to meet the fitness standard for human habitation.



Private Housing, Abercorn Cottages, Strabane

Households

The private rented sector has a significant and expanding role in providing accommodation for a variety of households that do not want to buy a house or rent from a social landlord. It also provides flexible accommodation for a number of niche markets including young professionals, migrant workers and students.

Estate agents across the Strabane HMA have confirmed that, similar to the findings for Northern Ireland, smaller and younger households are the main household types living in or seeking private rental accommodation. Mortgage distress, for example, is affecting more established households in addition to younger households, and is causing in some shifts from owner-occupation into the private rented sector. Some other home owners have negotiated to pay their mortgage interest only for a specified period, but it may not be a long term solution to their financial circumstances.

Table 18 sets out the distribution of household types for 2001, 2006, and 2009 in Northern Ireland. Over this time, small adult and family households represented the largest categories in both urban and rural locations, and in 2009 made up around 90% of all households in the sector. Between 2006 and 2009, small adult household



numbers increased by 75% and family households by 63%. Elderly numbers dropped by 10%.

Table 18: PRS by Household Type in Urban and Rural areas, Northern Ireland

| | HCS 2001 | | HCS 2006 | | HCS 2009 | |
|----------------|----------|-------|----------|-------|----------|-------|
| Household type | Urban | Rural | Urban | Rural | Urban | Rural |
| Small Adult* | 16500 | 5000 | 24200 | 7600 | 42600 | 13100 |
| Family | 12300 | 5400 | 27200 | 6400 | 37800 | 17000 |
| Older | 6000 | 3400 | 10000 | 4400 | 9600 | 3300 |
| Total | 34800 | 13800 | 61400 | 18400 | 90000 | 33400 |

* A Small Adult household is defined as a household with two persons aged between 16 & 59.

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

NB: Consistent with advice from NIHE Research Unit these figures have been rounded to the nearest 100. Information on Singles households has been excluded due small sample sizes.

In terms of age groups in the sector, HCS 2006 states that in Northern Ireland 54% of heads of households aged between 17 and 39 were housed in the sector, which is twice the 2001 figure of 27%. In 2009, the HCS reported a continuing reliance on the sector for this age group.

Table 19 summarises the household banded income figures for private rented households in Northern Ireland, as sourced from the HCS. It highlights the prevalence of lower income groups in the sector. The most recent survey, namely 2009, also showed that in Northern Ireland, unemployment in private rented sector household had risen to 21%. The increase in Private Housing Benefit claimants since 2006, and above average unemployment levels, would suggest a similar trend in the Strabane HMA.

Table 19 also shows that the difference between mean and median incomes increased in 2006, and again in 2009, suggesting that an increasing proportion of above-average income earners are availing of the sector. This is consistent with estate agent information in Strabane which indicates that sector is attracting a broader range of clients including those who are simply no longer able to meet mortgage payments.

Table 19: PRS by Income in Urban and Rural areas, Northern Ireland

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

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

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



Landlords

There is limited information on the owners of private sector housing, however the Housing Executive commissioned the University of Ulster to carry out research in 2009 which involved a survey of 191 landlords across Northern Ireland as a whole²³ (Housing Executive, 2011a).

The interim findings were:

- The majority of landlords operated on a small scale (two thirds have five or less properties), though their portfolios were increasing at that time;
- Many entered the market during the period of rapidly rising prices and stated financial reasons as the main explanation for their choice;
- The majority of landlords operate on a small scale, although portfolio sizes have increased in the past few years;
- Many of the landlords were new to the sector, being active for less than five years;
- The vast majority of those surveyed claimed to be landlords for financial reasons, and 15% were 'accidental landlords', for example, through inheritance or other circumstances;
- Other landlords identified pension income, investment and long-term reasons that combined both rental and capital growth returns;
- Approximately 30% of landlords owned their portfolio outright, whereas the rest borrowed in different ways;
- A substantial proportion had relatively low Loan-to-Value (LTV) borrowings outstanding, suggesting scope to acquire more finance if required. However, the Council of Mortgage Lenders noted that the LTV borrowing by NI landlords was higher than the rest of the UK; and
- The majority did not use a letting agent but managed directly and approximately two thirds were interested in leasing schemes.

Local estate agent consultation also confirmed that many landlords in the area have small portfolios, and mainly comprise 'Buy-to-Let' investors. Most of them do not own their properties outright. On the whole, about half of all landlords in the HMA are from outside Strabane District. In addition, landlords with relatively small property portfolios are more likely to be District based.

Affordability

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

²³ This survey work was carried out by the University of Ulster as the sixth in a series of short studies on the Northern Ireland private rented sector. It included surveys across 24 of Northern Ireland's local government districts, including Strabane.



The following tables illustrate the affordability of private rented accommodation in the HMA using different income bands. Table 20 shows that in 2010 the median rent for two bed accommodation in Strabane HMA was £91.04, which was unaffordable to 54.2% of households. This compares unfavourably to the neighbouring North West HMA²⁴ where just 35.8% could not afford a median rent of £94.68.

The average rent of £91.58 was unaffordable to 53.9% of households. This compares to 34.2% unable to afford an average rent of £91.47 in the North West HMA.

It is also shown that the two-bed Local Housing Allowance rate of Private Housing Benefit of £84.00 was not affordable for over 57% of households. This compares to just 37.9% unable to afford the LHA rate of £94.32 in the North West HMA.

Affordability pressures are more prevalent in the Strabane HMA compared to neighbouring HMAs and can be accounted for by lower than average incomes.

Table 20: Two Bed Rental Affordability, 2010

| Geography | Measure | Rent £ per week | Can afford (%) | Cannot afford (%) |
|--------------|----------------|-----------------|----------------|-------------------|
| Strabane HMA | Lower Quartile | £86.16 | 43.3 | 56.7 |
| | Mean | £91.58 | 46.1 | 53.9 |
| | Median | £91.04 | 45.8 | 54.2 |
| | LHA Benefit* | £84 | 42.3 | 57.7 |

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

* This is based on areas with postcodes beginning BT82.

Table 21 shows the same information as Table 20 above, but for three bed properties. It shows a median rent of £95.54 per week as unaffordable to around 51.9% of households, and a similar percentage would have found the average rent to be unaffordable. This compares to just 35.8% unable to afford a median rent of £94.68 in the North West HMA.

Table 16 of Chapter 3 presents a similar analysis, except for younger households (below the age of 40), and compares the affordability of private renting with the affordability of home ownership. It concludes that 45.8% of younger households cannot afford to rent (without taking Housing Benefit into account).

Since the above rental values were compiled LHA Benefit has increased in the area, the latest rate (October 2012) being £89.87 weekly for a two-bedroom property. The rates are compiled by tracking current market rates, so a gap is likely to remain between the market rents and the LHA rates.

²⁴ The North West HMA includes the districts of Derry and Limavady, and the electoral ward of Slievekirk in Strabane District.



Table 21: Three Bed Rental Affordability, 2010

| Geography | Measure | Rent £ per week | Can afford (%) | Cannot afford (%) |
|--------------|----------------|-----------------|----------------|-------------------|
| Strabane HMA | Lower Quartile | £86.76 | 43.7 | 56.3 |
| | Mean | £95.19 | 47.9 | 52.1 |
| | Median | £95.54 | 48.1 | 51.9 |

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

All of the above findings emphasise the importance of Private Housing Benefit for supporting lower income households in the private rented sector, however it also questions the viability of the private rented sector for some lower income households, particularly if welfare changes reduce household finances even further. Local estate agents speculate that the affordability issue is likely to get worse in the year ahead, although some landlords are responding to this by not increasing rent levels. Private rents are generally not reported to be increasing, and are currently averaging £110 per week for 3-bedroom semi-detached house, with a range of about £100 to £115 per week, depending on the location.

Impact of Welfare Reform on the private rented sector

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 private rented sector were 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 was set at the 30th percentile value. This means that only about 3 out of 10 properties in the area will be at or below the LHA rate;

- **Introduction of Caps and Excess Entitlement**

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

- **Sharing Rate**

From 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 the location, this could see a reduction in benefit of up to £40 per week.

These changes could mean:

Housing Market Analysis

Strabane



- Low income households having to give up their private tenancies as they can no longer afford the shortfall between rent and Private Housing Benefit received;
- Some tenants may 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 could increase with people turning to social housing as the only option as the supply of affordable private rental declines²⁵. Waiting lists for social housing have already increased since 2009
- A significant potential for a rise in homelessness;
- Investment opportunities for landlords to develop and let more affordable properties. However, new development will be difficult to bring about in the current lending environment.

Welfare reform will potentially see the increase in HMOs as landlords convert larger properties into single room lettings to meet the likely increase in demand from younger single households and the capping of housing and other benefits. In March 2013, there were 12 HMOs in the Strabane HMA.

Private Rental Issues in HMA Rural Area

Government agencies are obliged to consider the impact of policy and programmes on rural areas by the mechanism of 'rural proofing' and to consider mitigations where appropriate due to the dispersed nature of rural communities, settlements and markets.

Estate agents have noted some demand for rural rented properties in close proximity to places of employment, shops and community facilities (especially schools), however, there is a comparatively low number of available properties in those areas. The consequence is that the choice available for people with rural connections or aspirations may be more limited. New-build development is generally detached and larger than average and can therefore attract higher rental values. This can preclude many local people from availing of those properties.

Tenancy management issues

Across Northern Ireland the private rented sector has typically been associated with poor housing conditions, and some of this is linked to a legacy of poor tenant-landlord relationships and wider tenancy management issues. The highest rate of failure in 2006 to meet the Decent Homes standard across all occupied stock, for

²⁵ Local housing managers indicate that some tenants currently under-occupying units in the private sector are financially better off to remain in that sector as Welfare reform will be more punitive in that respect for social housing tenants – and this may impact on single parents more severely, or singles with restricted access to children, both of which ideally require more than one bedroom.



example, was found in the sector, at almost 27%. In 2009, the figure had fallen significantly to 17%, but still remained the highest for all occupied stock.

The House Condition Survey 2006 indicated that 89% of tenants across Northern Ireland said they had a good relationship with their landlord/letting agent and 56% were very satisfied (27% were satisfied) with the overall service provided. There is no comparable information available at HMA level.

Inter-tenure flows

Generally, the expansion of the private rented sector has had a positive impact on the housing market by providing additional choice for many as an alternative to home ownership or the social rented sector. It is argued that the sector offers flexibility without the perceived stigma of social housing or the financial burden of a mortgage. Low income households can also avail of Private Housing Benefit in the private rented sector.

There is evidence from estate agents that tenants increasingly view the sector as a more permanent accommodation option in the current economic climate, even though the sector tends to be the most volatile in terms of tenancy, with the highest turnover of tenants.

Local social housing managers consider that the sector is a substitute for social renting in some areas, despite the lack of security of tenure. There is also potential for new models of provision within the sector such as Assured Tenancies or other forms of leasing arrangements that could be examined to address issues relating to security of tenure.

However, in a separate study for the Housing Executive, Newhaven Research (2010) suggested that the rapid growth in the sector since 2000 has been accompanied by an increase in the number of households assessed to be in housing stress across Northern Ireland (approximately 10,000 in 2001 and 20,000 in 2008). This was likely because of insecurity of tenure. This would suggest that while the sector may provide easier access to housing, in many cases it may not be a satisfactory long term solution.

Proposed changes in Housing Benefit will alter some of the dynamics between the various sectors and these impacts are likely to be multi-faceted. One of those likely impacts cited by local housing managers is an increased demand for shared accommodation in the private rented sector. From January 2012, tenants under the age of 35 are only entitled to a shared room rate of Private Housing Benefit whereas previously the shared room rate only applied to those under 25. Furthermore, after April 2013 tenants over the age of 35 who are under-occupying accommodation of four bedrooms or less will find the reforms less punitive in the private rented sector than in the social rented sector because the withdrawal of Benefit for unoccupied rooms will only apply to social rented accommodation for units of that size. This may be significant for some small families or single parents with access to children.



However, changes to Private Housing Benefit (such as using the 30th percentile instead of the 50th percentile rent to calculate the Local Housing Allowance) will affect the overall Benefit paid in the private rented sector. The precise impact across the two rented sectors will therefore depend on the individual circumstances of all households, as well as the flexibility of the housing market to respond. One certainty for both sectors, however, will be the need for accommodation that better matches the number of bedrooms required by tenants.

In addition, estate agents in Strabane town have reported that the private rented sector is an option for those seeking to transfer from the home ownership market, especially in cases of repossession where home owners can no longer afford their mortgages. This is adding to the pressure and imbalances in the housing market.

Future Prospects

The future of the housing market in Northern Ireland will be, in large part, determined by the future economic performance of the area. There is currently a strong demand for private rented properties but little sense of a supply recovery due to a range of problems in both the property and financial markets. This is placing stress on the housing system.

However, while the sector is an expanding part of the housing market, there is some doubt about the scope for the sector to make a major contribution to meeting the needs of those most vulnerable and in greatest housing need as a long term option. Increasingly, the private rented sector will meet the needs of households that are not in significant housing stress but are unwilling to enter the social housing sector or unable to buy.

There are also large proportions of households that would find unsubsidised private rents unaffordable, leaving social housing the only affordable housing choice. The welfare reforms will exacerbate these issues, particularly where less funding is being made available for social new-build. Reduced supply in both the private rented and social rented sectors will inevitably lead to increased levels of homelessness.

A well regulated and managed private rented sector will improve the residential offer within the housing market, but it is unlikely to increase supply. If combined with a range of new “intermediate housing” solutions such as mid rent at less than market rents this could meet the needs of a broader range of households from other tenures and ease supply shortfalls.

Key Issues

- Although the private rented sector is expanding in the Strabane HMA as a proportion of overall housing, it lags behind the Northern Ireland average;
- Private rented properties are mainly found in urban locations or serviced settlements where there is convenient access to shops, services and community facilities especially schools. Demand is highest in Strabane town

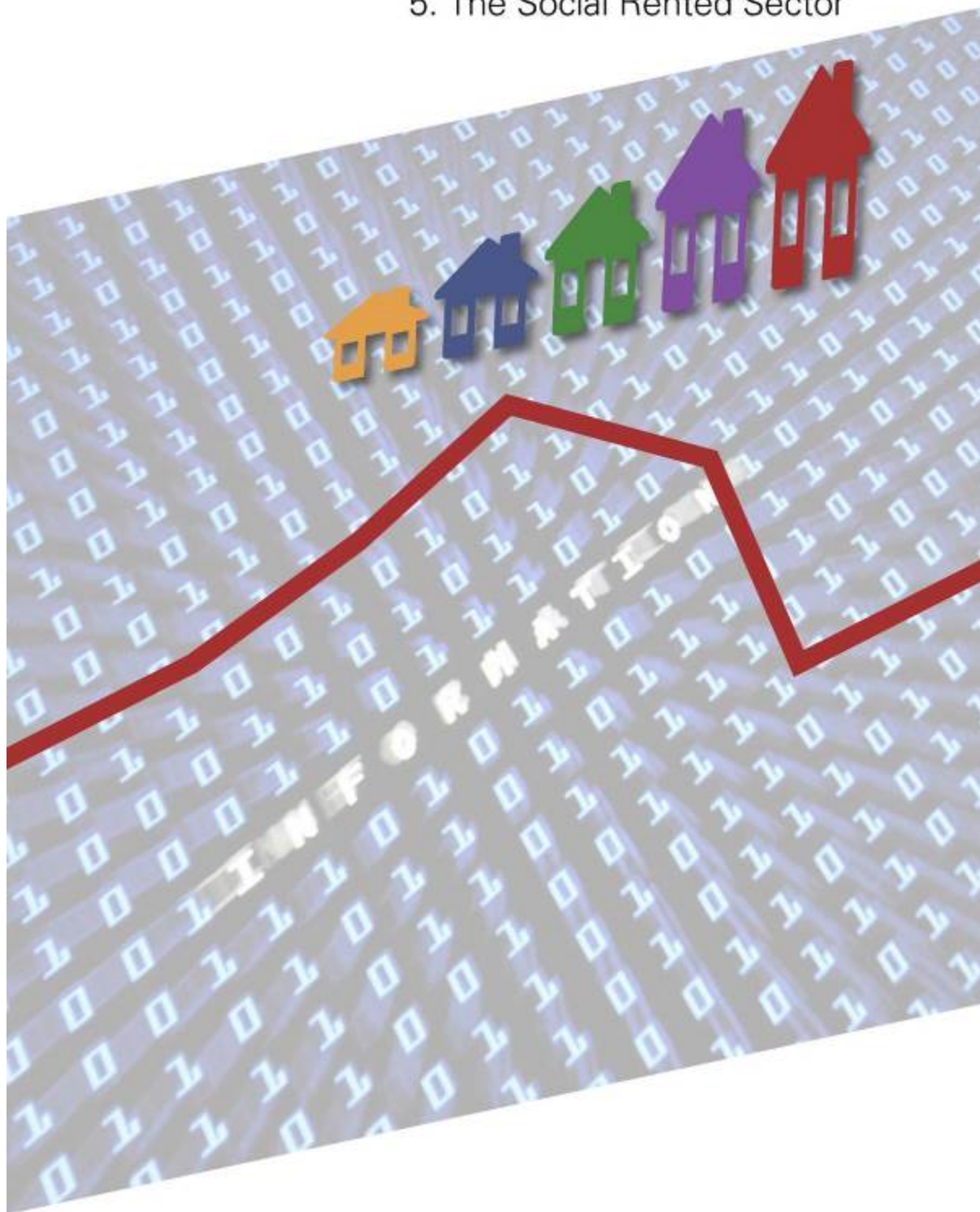


and most other settlements. Areas of weak demand are generally those situated further from main centres of employment, schools and services;

- There is a significant shortage of private rented accommodation in the HMA especially for families and younger households, but a wider variety of household types are seeking accommodation in the sector;
- The Strabane HMA experiences more acute affordability issues in the private rented sector than Northern Ireland as a whole. Affordability issues are likely to get worse, especially with Welfare Reform, leaving some households at greater risk of homelessness;
- Depending on individual circumstances, there will be some movement between private rented accommodation and social rented accommodation. Some small families and single parents over the age of 35 with access to children will find the private sector Welfare reforms less punitive than the reforms for social renting in terms of being able to afford more than one bedroom. Other households may be unable to afford the difference between the new Private Housing Benefit rates and the actual rents, and this is likely to increase the demand for social housing.
- Under Welfare Reform a rise in the age limit from 25 to 35 for the shared room rate will create affordability issues for young singles in the private rented sector and the increase demand for shared accommodation in the marketplace;
- There are indications that while many households are content to dwell in this sector temporarily, some do not see it as a long term housing option, for example security of tenure issues. Parts of the sector need to adapt accordingly to become more sustainable as long term housing option. Delivering a good standard of accommodation across the PRS is one of those challenges for all stakeholders in this tenure.



5. The Social Rented Sector





5. SOCIAL HOUSING WITHIN THE STRABANE HMA

Introduction

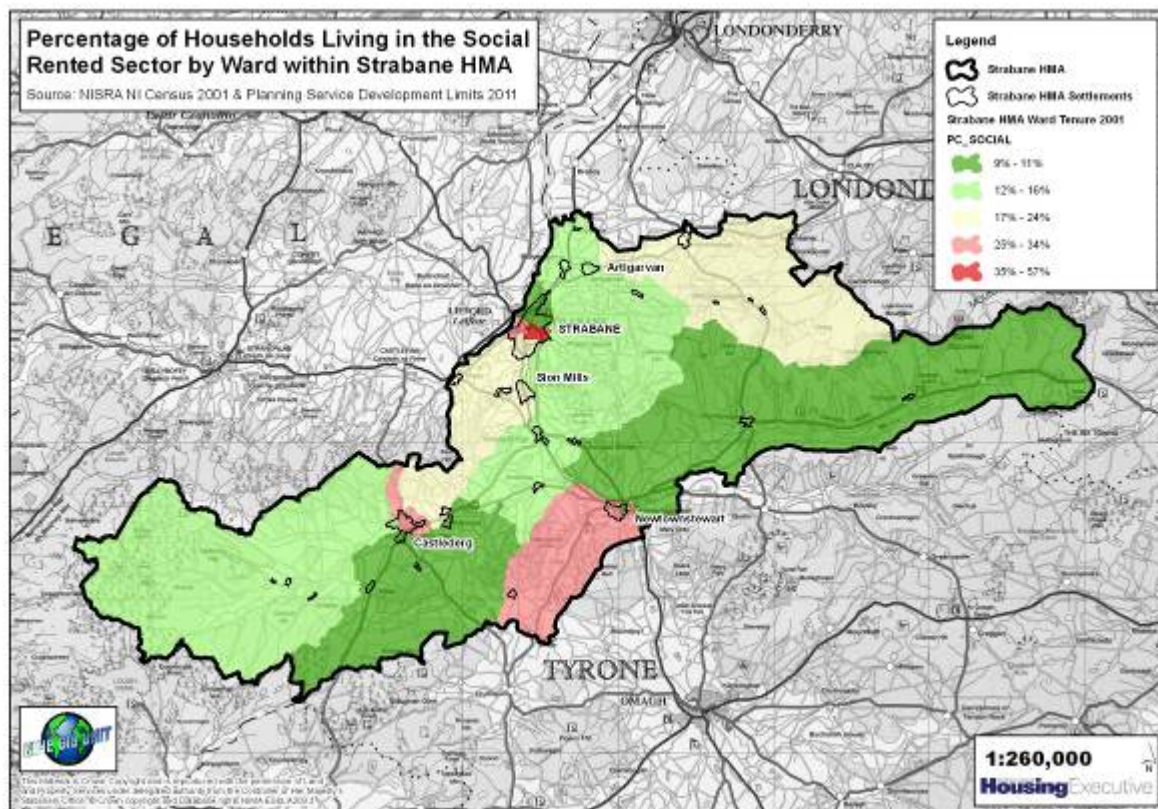
This chapter examines the social rented sector in Strabane HMA. It details all relevant information on the sector, and considers current issues and future trends including demographics, household formation and social housing demand.

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 and housing associations managed a further 26,800 self-contained dwellings and 4,500 non-self-contained units.

Map 4: Percent of households living in social rented sector in 2001, by ward



Source: Census, 2001

Across Northern Ireland, the number of households renting from a social landlord has steadily declined over the last decade, both nominally and as a share of the overall housing market. This is a result of the house sales programme which, saw 14,462 Housing Executive dwellings sold across Northern Ireland between 2001/2 and 2009/10. In common with the rest of the UK, sales began to fall away in 2005/6. In the three years to March 2010, there was an average of 217 each year compared



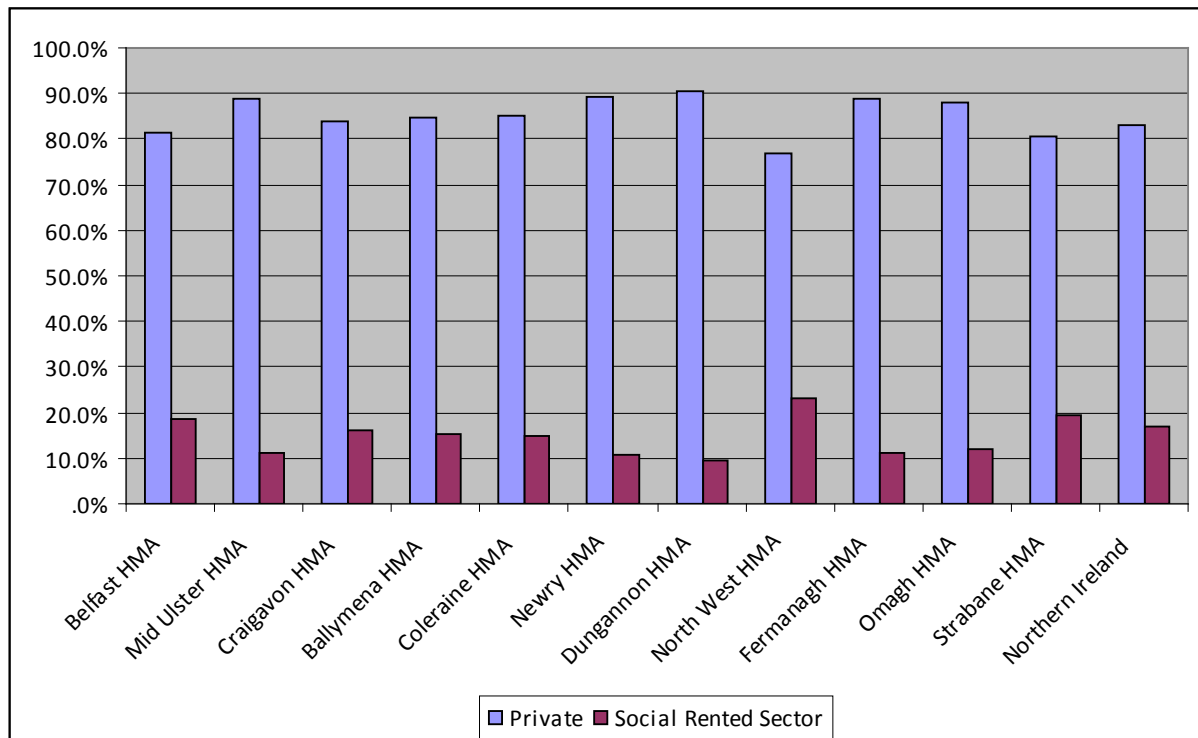
to an average of 3,192 sales in the three years to March 2004. Aside from modifications to the eligibility criteria in respect of house purchase, the decline in house sales has been shaped by changes in the profile of the stock and the tenant base plus wider housing market conditions.²⁶ Within Strabane HMA, there have been 271 sales during the period 2001 to 2010.

Map 4 and Figure 14 show that:

- By 2006, there were 2,688 social rented units in Strabane HMA (19.3% of total households), according to the HCS 2006. This compares to 3020 households as outlined in the HCS (2001), which was equivalent to 22.8% of the total number of households at that time.
- The highest concentration of social housing in the HMA is in the east side of Strabane town in the Ballycolman and East electoral wards;
- The lowest concentrations of social housing in the HMA are the North ward in Strabane town and the Clare and Plumbridge electoral wards;

The Strabane HMA had the second highest percentage of social rented homes of all HMAs (Figure 14).

Figure 14: Percentage of HMA households in public or private housing (All HMAs) – 2006



Source: HCS 2006

²⁶ 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%.



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.

Table 22: Social rented sector completions and NIHE sales 2001/2 - 2009/10

| | Total Completions 2001-10 | Total New Build 2001-10 | New Build as % of Sales | Average 2001-05 Units | Average 2001-05 % as share sales | Average 2006-10 Units | Average 2006-10 % as share sales |
|------------------|---------------------------|-------------------------|-------------------------|-----------------------|----------------------------------|-----------------------|----------------------------------|
| Northern Ireland | 10,350 | 31,811 | 32.5 | 998 | 19.4 | 1,072 | 88.5 |
| Strabane HMA | 271 | 845 | 32.1 | 44.2 | 32.5 | 10 | 30.1 |

Source: NINIS (2011) Social rented completions and NIHE sales to 2009/10.

*Note: Based on figures for Strabane LGD.

Sales total excludes housing association sales a small number of 'special' NIHE sales.

Within the Strabane HMA, there have been 2,632 house sales and 271 new social housing completions during the period 2001 to 2010 (see table 22). This table shows that in the nine years to March 2010, 2.6% of social housing completions in Northern Ireland were located within Strabane HMA.

Dwelling attributes

Size and dwelling type

Almost 60% of social rented stock in Northern Ireland comprises four rooms (2 bedrooms) or less. This smaller dwelling size reflects the existing and projected demographic profile of the population.

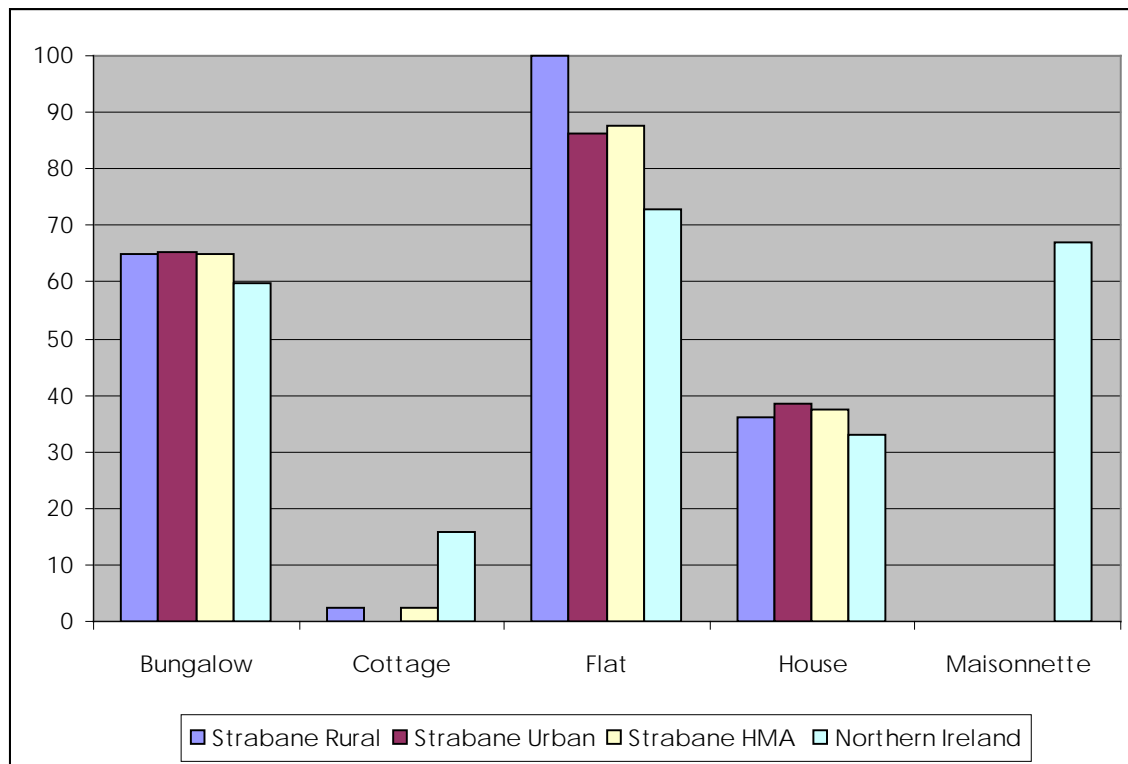
The predominance of smaller unit's supports the fact that a higher share of family size dwellings containing five or more room (3+ bedrooms) have been sold. Since the introduction of the House Sales Scheme in 1979, houses and cottages have been the most attractive to buyers in both rural and urban areas. For example, only 5% of the original number of cottages remains within Housing Executive ownership, and 22% of houses. These dwellings tend to be larger and occupied by older working families who can afford to purchase. Flats on the other hand have been less popular with around 68% of the original stock numbers remaining.

Since the inception of the house sales scheme there have been relatively fewer sales in Strabane HMA to the Northern Ireland average of 22%. Approximately 37% of houses remain in Housing Executive ownership across the HMA. However, cottage sales were higher with only 2% of cottages remaining in Housing Executive ownership in the Strabane HMA. Variations exist between Strabane Urban and Strabane Rural



with a greater percentage of flats in Strabane Urban sold compared with Strabane Rural.

Figure 15: NIHE Stock remaining for letting @ 2011 as a percentage of 1979 Stock by house type



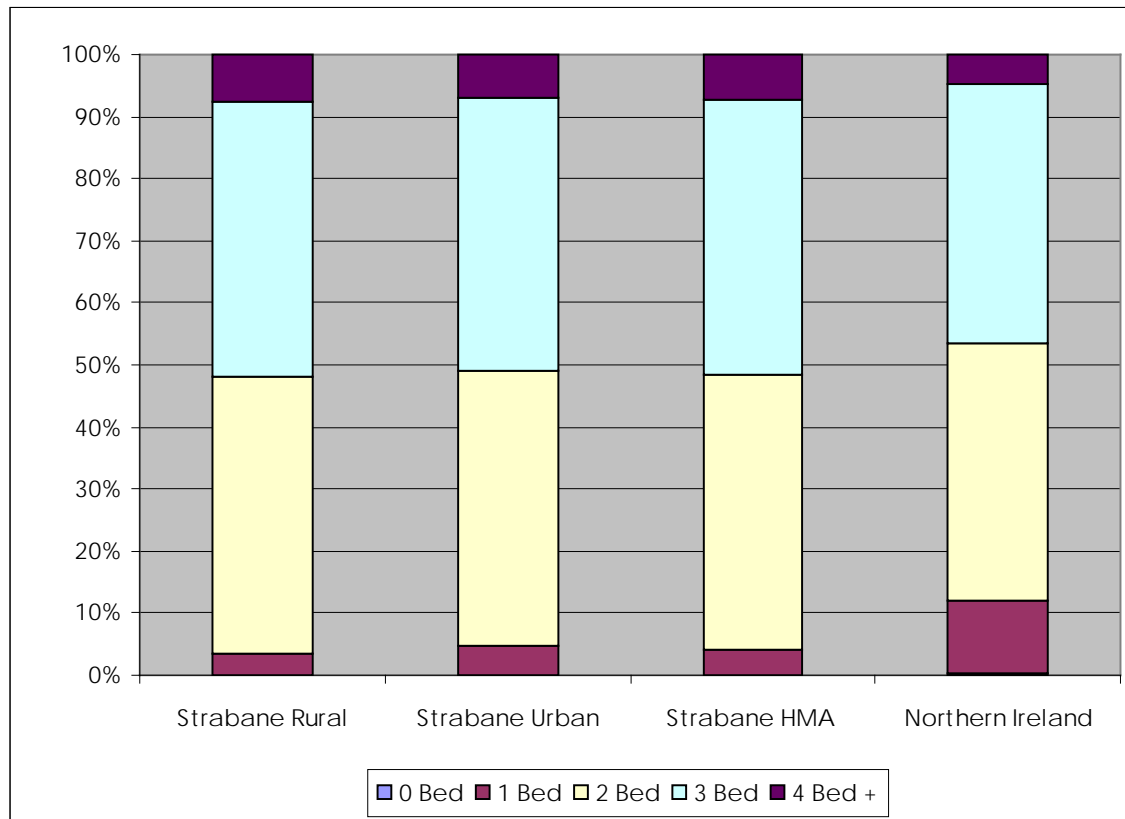
Source: NIHE Stock Data, April 2011

In terms of dwelling size, social sector housing in Strabane HMA is largely made up of two and three bedroom properties (Figure 16), accounting for around 32% and 54% respectively.

Strabane Rural includes 33% two bed and 50% three bed dwellings. This compares with Strabane Urban which has 28% two bed and 57% three bed dwellings. Strabane Urban also contains a greater portion of one bed stock.



Figure 16: NIHE 2011 Stock distribution by number of bedrooms (%)



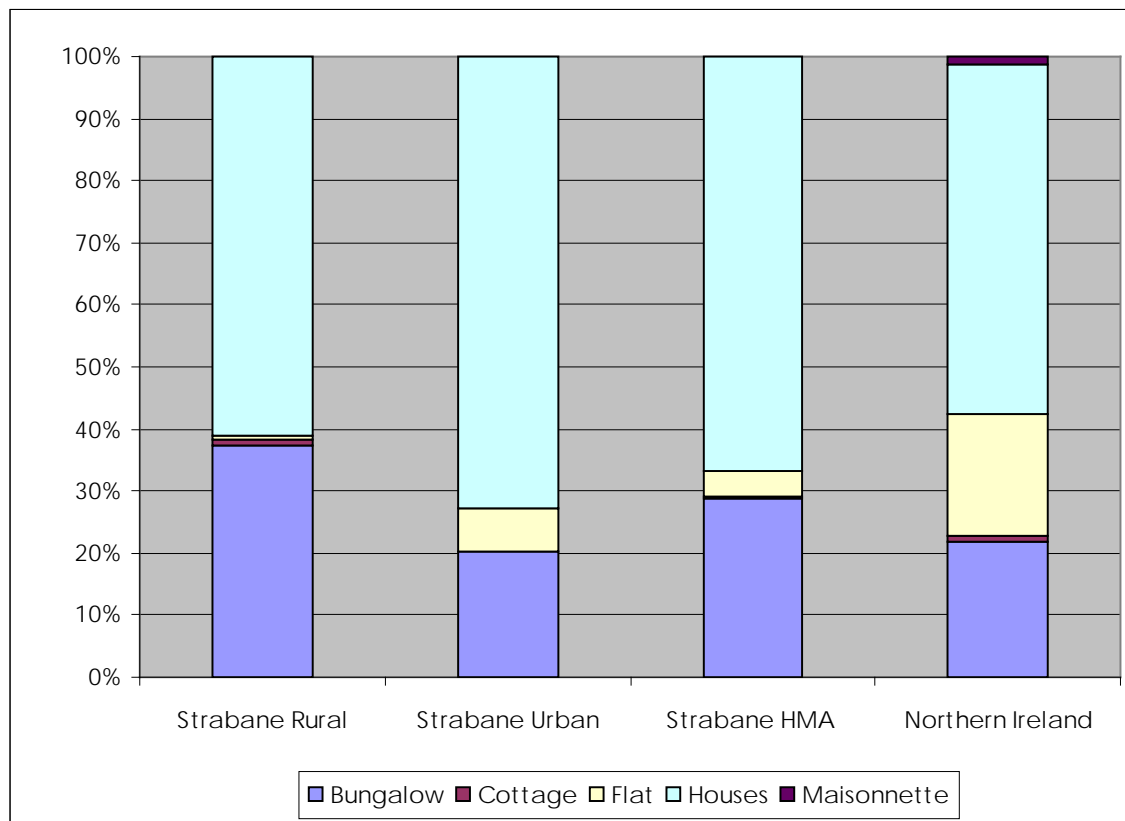
Source: NIHE Stock Data, April 2011

From Figure 15, it is clear that the traditional family house remains the most popular dwelling type. Housing Association stock figures are currently not available by dwelling type. Historically house types built and acquired by Housing Associations in the Strabane HMA have been two and three bed units.

The drive for smaller social units within schemes can be argued for in light of the projected trend of smaller household formation. In addition the impact of welfare reform means there is likely to be an increasing number of one bed properties required to address the emerging need from smaller households. Historically one bedroom dwellings have been unpopular with both applicants and social landlords. The introduction of welfare reform will require a significant 'culture change' on the part of applicants and social housing providers. This is particularly significant in Strabane where housing management report difficulties in letting on bed accommodation. Research would suggest that many applicants record a preference not to be offered one bed accommodation.



Figure 17: NIHE Stock 2011 Stock Distribution by dwelling type (%)



Source: NIHE Stock Data, April 2011

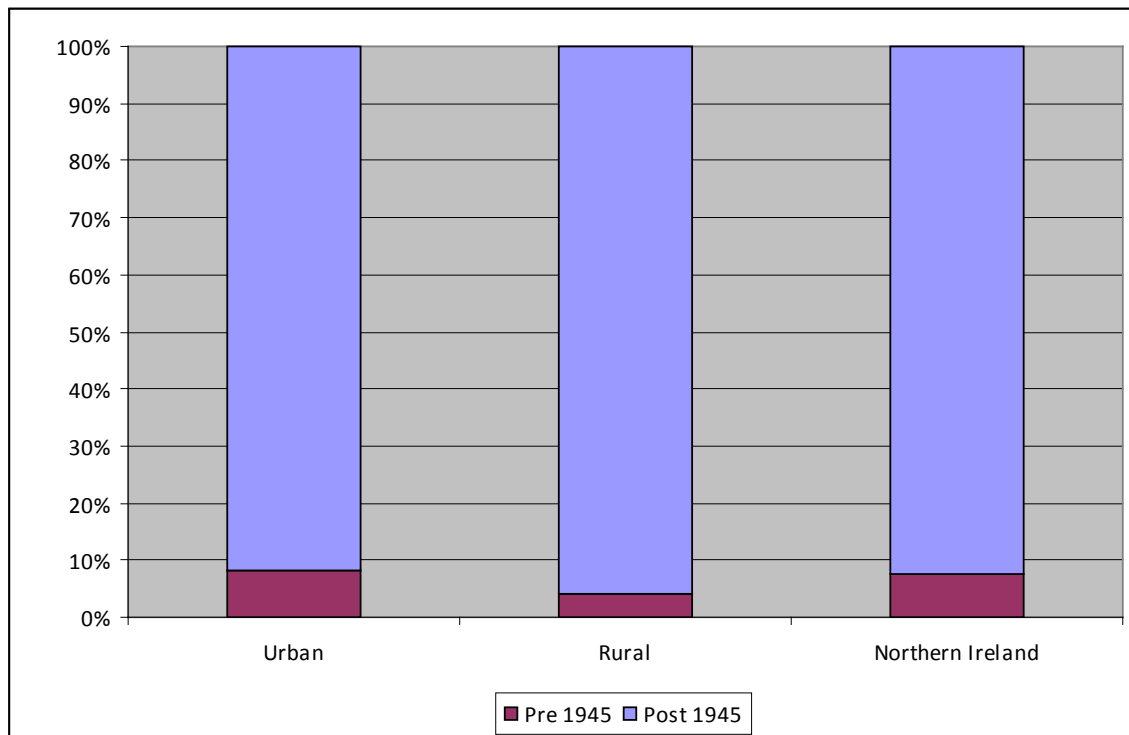
Dwelling age

Statistics for dwelling age are only readily available at Northern Ireland level. More than half of stock (51%) was constructed after 1970, 25% between 1961 and 1970 and 18% between 1945 and 1960. Only 5% of dwellings were built prior to 1945. In contrast, housing association properties were largely constructed after 1980, although there are some older buildings that were acquired and brought up to modern standard.

Figure 18 shows the distribution of social housing stock built pre- and post-1945 across Northern Ireland. It shows that urban Northern Ireland has a slightly larger proportion of pre 1945 stock than in rural Northern Ireland.



Figure 18: Social rented stock by year of construction



Source: HCS, 2006

Rents

Over the past decade, the average public sector rent in Northern Ireland and Scotland has remained below the comparable rent for England and Wales. Between 2001-02 and 2009-10, the average annual Housing Executive rent increase was 3.4%.²⁷

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.

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 scheme costs to provide/construct.

²⁷ 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%.



Profile of existing social rented tenants

Household composition at 2006

Over time there has been a decline in the number and proportion of couple households and families in the social rented sector. Single person households are increasingly the highest percentage of waiting list applicants followed by small families and elderly households.

There has also been a decline in the proportion of tenants in employment, and an increase in the proportion of tenants who are economically inactive (around 80%). 34% of households are elderly and retired. Moreover, tenants who are in employment tend to be in lower paid occupations and often work part-time. These long term trends reflect the fact that the social rented sector mainly accommodates households who cannot afford to secure private rented or home ownership.

As discussed in Chapter 2, there has been a continued trend across Northern Ireland towards smaller household formation. This tendency is also evident in the social sector with 49% of tenancies occupied by single person households. This is due to reasons such as relationship breakdown, young people leaving the family home and longer life expectancy.

More than three quarters of social tenants fall within the income band of £7,000 - £29,999, with 20% having an income of less than £7,000. This suggests that tenants who live in social housing accommodation have insufficient income to access owner occupation.

The proposed welfare reforms will further affect households' ability to pay rent in the social sector. The Housing Executive is currently working to confirm how issues raised by welfare reform such as arrears and homelessness will be minimized and mitigated.

Economic status and incomes

Less than 20% of social housing 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.

At March 2012 some 1,942 social housing tenants in the Strabane LGD were claiming Housing Benefit. This level of uptake has remained fairly static over the last few years. Furthermore, it is estimated that 80% of social tenants are economically inactive which is in line with the neighbouring North West HMA where it is estimated that 7,134 social housing tenants are claiming housing benefit.

According to the 2006 HCS, the average annual income for a social housing tenant was £11,700. The average income in the owner occupied sector was £19,800



representing a difference of £8,100. Evidence from the Continuous Tenant Omnibus Survey indicates that this proportion remained much the same in 2008.

In 2009, it was estimated that 55% of households in the social rented sector were assessed to be fuel poor compared to 44% of households across all tenures. Considering the majority of tenants report to have incomes of around £10,000 or less, along with very substantial rises in fuel costs, has increased concerns regarding fuel poverty, within the social rented sector. This is a serious problem that remains difficult to resolve.

Annual supply of social housing

Lettings from 2003 to 2011

Assessing the ability of the social rented sector to address the needs of those who wish to be housed requires the consideration of the annual turnover within the housing stock. Table 23 shows the number of lettings in Northern Ireland and the Strabane HMA from 2003 to 2012. The figures in table 23 are based on re-lets of plus allocations of new housing association stock. Table 24 presents comparable information for re-lets from 2005 to 2012.

In the period from 2003 to 2012, annual re-lets have matched the numbers registered in housing stress for the Strabane HMA. Despite the pattern of allocations fluctuating from year to year, a high of 287 was recorded in 2012 compared to a low of 201 in 2005.

Table 24 shows that, even though applicants in housing stress have increased since 2009, allocations continue to adequately meeting that need in the Strabane HMA. However the Strabane Urban subdivision records that there have been more applicants in housing stress than allocations in both 2011 and 2012. In the case of the Strabane Rural subdivision the only two instances where allocations were not greater than the amount of applicants in housing stress were in 2005 and 2008.

Despite the increase in the numbers of applicants in housing stress registered for Strabane Town the 2012/17 annual housing need assessment carried out by the Northern Ireland Housing Executive did not identify a requirement for additional social housing. Ballymagorry was the only settlement within Strabane HMA which was assessed to have a need for social housing units (4) over the 2012/17 period.

Local research suggests that one of the main reasons why supply appears to be meeting demand in the social sector despite economic deprivation in the area is due to the substantial new build private housing developed in the late 90's and early 2000's. This is plausible when considered against the high proportion of housing benefit paid across the Strabane HMA (see chapter 4).

Housing Market Analysis

Strabane



Davis Crescent, Newtown Stewart

Table 23: Social Housing Applicants for Strabane HMA 2003-2012

| | Northern Ireland | | | Strabane HMA | | |
|-------------|------------------|--------|----------|--------------|------|----------|
| Year | All | Apps | Transfer | All | Apps | Transfer |
| 2003 | 11,298 | 8,258 | 3,040 | 317 | 235 | 82 |
| 2004 | 10,665 | 7,899 | 2,766 | 212 | 168 | 44 |
| 2005 | 9,568 | 7,153 | 2,415 | 201 | 169 | 32 |
| 2006 | 9,802 | 7,472 | 2,330 | 241 | 176 | 65 |
| 2007 | 8,978 | 6,916 | 2,062 | 214 | 171 | 43 |
| 2008 | 8,194 | 6,370 | 1,824 | 204 | 171 | 33 |
| 2009 | 9,418 | 7,318 | 2,100 | 267 | 215 | 52 |
| 2010 | 10,751 | 8,278 | 2,473 | 248 | 205 | 43 |
| 2011 | 9,531 | 7,266 | 2,265 | 242 | 197 | 45 |
| 2012 | 15,265 | 10,882 | 4,383 | 287 | 221 | 66 |
| 2003-07 Ave | 11,276 | 8,381 | 2,894 | 237 | 184 | 53 |
| 2008-12 Ave | 11,590 | 8,713 | 2,877 | 250 | 202 | 48 |

Housing Market Analysis

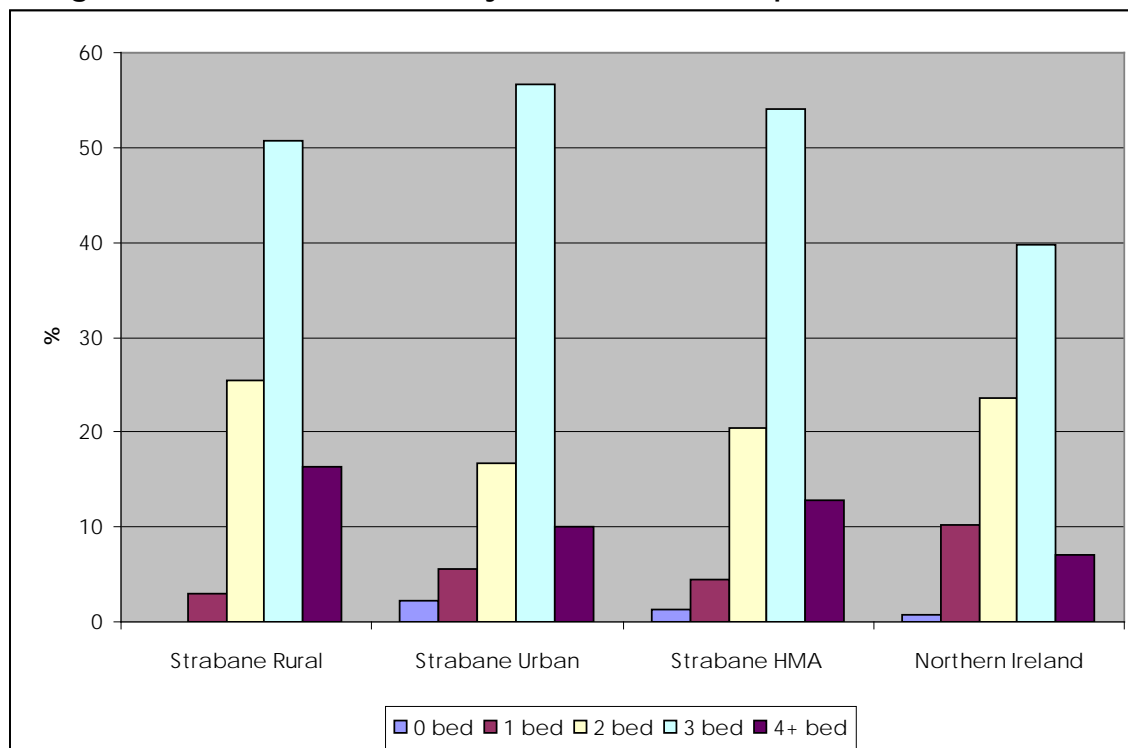
Strabane



Table 24: Allocations in Strabane HMA 2005-2012

| | Strabane HMA | | Strabane Urban | | Strabane Rural | |
|-------------|--------------|--------|----------------|--------|----------------|--------|
| Year | HS | Allocs | HS | Allocs | HS | Allocs |
| 2005 | 238 | 201 | 129 | 114 | 109 | 87 |
| 2006 | 211 | 241 | 122 | 117 | 89 | 124 |
| 2007 | 192 | 214 | 103 | 105 | 89 | 109 |
| 2008 | 201 | 204 | 106 | 112 | 98 | 92 |
| 2009 | 148 | 267 | 79 | 137 | 69 | 130 |
| 2010 | 170 | 248 | 100 | 126 | 70 | 122 |
| 2011 | 225 | 242 | 157 | 138 | 68 | 104 |
| 2012 | 255 | 287 | 160 | 145 | 95 | 142 |
| 2007-9 ave | 211 | 215 | 115 | 112 | 95.5 | 103 |
| 2010-11 ave | 200 | 261 | 124 | 136.5 | 75.5 | 124.5 |

Figure 19: NIHE % Allocations by no. of bedrooms Apr 10 – March 11



Source: NIHE Prawl, March 2011

Figure 19 shows the distribution of Housing Executive re-lets by dwelling size for the year to March 2011. On average, most re-lets in Strabane HMA were three

Housing Market Analysis

Strabane



bedroomed properties followed by two bedroom properties. There is a greater proportion of three and four bedroom property re-lets and a smaller proportion of one and two bedroom property re-lets in Strabane HMA compared with Northern Ireland. Local research reports that flats in Strabane town are often difficult to let.



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 to examine the total number of social housing applicants. Table 25 shows the trends in the total number of applicants recorded on the Common Waiting List (CWL) at the end of March each year.

Table 25: Total number of applicants on Common Housing Waiting List at March 2003-12

| Area | Year | | | | | | | | | | Change 2003-12 | No of House holds | 2012 Apps as % of No of Households | NIHE Stock 2011 | 2012 Apps as % of NIHE Stock |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------------|-------------------------|---|-----------------------|------------------------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | | | | | |
| Strabane HMA | 700 | 738 | 845 | 800 | 734 | 744 | 637 | 685 | 810 | 842 | 142 | 13,700 | 6.1 | 1,785 | 47.2 |
| Strabane Urban | 399 | 424 | 471 | 444 | 383 | 405 | 359 | 406 | 480 | 493 | 94 | 5,210 | 9.5 | 892 | 55.3 |
| Strabane Rural | 301 | 314 | 374 | 356 | 351 | 339 | 278 | 279 | 330 | 349 | 48 | 8,490 | 4.1 | 893 | 39.1 |
| Rest of NI | 36,004 | 36,888 | 38,572 | 40,862 | 44,878 | 48,540 | 48,019 | 47,120 | 49,441 | 61,078 | 25,074 | 689,380 | 8.9 | 77,992 | 78.3 |
| Northern Ireland | 36,704 | 37,626 | 39,417 | 41,662 | 45,612 | 49,284 | 48,656 | 47,805 | 50,251 | 61,920 | 25,216 | 703,080 | 8.8 | 79,777 | 77.6 |

Source: NIHE

In 2012 there were 842 applicants registered for social housing in the Strabane HMA. Despite fluctuations in the trends, the total number of applicants registered has increased since 2003 across the Strabane HMA

Housing Market Analysis

Strabane



At 2012, the total number of applicants in Strabane HMA increased to a level equivalent to 6.1% of the estimated number of households (see Table 25). This was slightly lower than Northern Ireland (8.8%). The waiting list trends for Strabane HMA have broadly differed from the trends of Northern Ireland. The number of applicants across Strabane HMA increased by 15.7% compared to 68.7% across Northern Ireland during the same period. The greatest percentage increase in Strabane HMA took place in Strabane Urban. The figures for both Strabane Urban and Strabane Rural have fluctuated throughout the noughties but in overall terms they have both increased from the 2003 figure. The increase in applicants since 2009 may be an indication of accumulated pressure on the housing system, with many prospective tenants still unable to access suitable housing in the private rented sector.

Social rented pressure ratios

Social rented pressure ratios refer to the ratio of the total number of waiting list applicants (at a given point in time) relative to the amount of properties that become available to let in the previous 12 months.

This measure is sometimes used to look at the relative popularity of different areas. Ratios that approach one or two tend to be regarded as a potential indicator that a low demand problem may be emerging such as anti-social behaviour. The higher the ratio the longer applicants may expect to wait for any offer.

This ratio is only an approximate measure of waiting time as some applicants leave the list without being housed and housing stress applicants tend to be re-housed with greater speed, based on their relative level of housing need. Despite its limitations, the ratio provides a useful measure of the relative 'demand' for housing in different areas as well as changes in relative demand over time.



Table 26: New applicant to let ratios annual average 2003 to 2011

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total numbers of waiting list applicants | | | | | | | | | | |
| Strabane HMA | 463 | 525 | 602 | 580 | 555 | 582 | 472 | 510 | 622 | 643 |
| Strabane Urban | 253 | 301 | 335 | 319 | 279 | 307 | 255 | 298 | 354 | 378 |
| Strabane Rural | 210 | 224 | 267 | 261 | 276 | 275 | 217 | 212 | 268 | 265 |
| Rest of NI | 25,784 | 27,023 | 29,028 | 31,346 | 35,626 | 39,074 | 38,437 | 37,498 | 39,249 | 48,340 |
| Northern Ireland | 26,247 | 27,548 | 29,630 | 31,926 | 36,181 | 39,656 | 38,909 | 38,008 | 39,871 | 48,983 |
| Total numbers of social rented lettings (excluding transfers) | | | | | | | | | | |
| Strabane HMA | 235 | 168 | 169 | 176 | 171 | 171 | 215 | 205 | 197 | 221 |
| Strabane Urban | 143 | 95 | 99 | 81 | 84 | 98 | 108 | 100 | 117 | 108 |
| Strabane Rural | 92 | 73 | 70 | 95 | 87 | 73 | 107 | 105 | 80 | 113 |
| Rest of NI | 8,881 | 8,591 | 7,747 | 8,166 | 7,603 | 7,116 | 7,925 | 8,983 | 7,869 | 10,661 |
| Northern Ireland | 9,116 | 8,759 | 7,916 | 8,342 | 7,774 | 7,287 | 8,140 | 9,188 | 8,066 | 10,882 |
| Ratio of new applicants (excluding transfers) to all (non-transfer) lettings | | | | | | | | | | |
| Strabane HMA | 2 | 3.1 | 3.6 | 3.3 | 3.2 | 3.4 | 2.2 | 2.5 | 3.2 | 2.9 |
| Strabane Urban | 1.8 | 3.2 | 3.4 | 3.9 | 3.3 | 3.1 | 2.4 | 3 | 3 | 3.5 |
| Strabane Rural | 2.3 | 3.1 | 3.8 | 2.7 | 3.2 | 3.8 | 2 | 2 | 3.4 | 2.3 |
| Northern Ireland | 2.9 | 3.1 | 3.7 | 3.8 | 4.7 | 5.4 | 4.8 | 4.1 | 4.9 | 4.5 |

Source: NIHE common waiting list and NIHE all allocations in year to 30 March each year

Looking at waiting list to letting ratios for the period from 2003 to 2012, Table 26 shows:

- At Northern Ireland and Strabane HMA level, there was a build-up of pressure in the social rented sector over the period, although this eased slightly in 2009 and 2010;
- In 2012, pressure on the social housing stock decreased in the Strabane HMA to a ratio of 2.9, which is lower than the Northern Ireland average;

Housing Market Analysis

Strabane



- In 2012, the social rented pressure ratio in Strabane Urban had increased to 3.5 which is below the Northern Ireland average of 4.5;
- The rural areas of the Strabane had a social rented pressure ratio that was considerably lower than the Northern Ireland and HMA averages, as evidenced by its applicant to letting ratio of 2.3 in 2012.



Riverside Terrace, Strabane

Waiting List applicants assessed to be in housing stress

Not all households who wish to be considered for social housing have a pressing housing need. We therefore assess 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 points or more are assessed to be in housing stress.²⁸ It is this proportion of the waiting list that we plan for in terms of drafting targets for new build requirements.

²⁸ As O'Sullivan (2010) notes, these criteria are similar to the housing need indicators outlined in the Strategic Housing Market Assessment Guidance (DCLG, 2007).

Housing Market Analysis

Strabane



Table 27 summarises the number of households on the waiting list in housing stress from 2003 to 2012 and shows that:

- Between 2003 and 2012, the Strabane HMA showed an increase in housing stress of 21%;
- In 2010, the number of waiting list applicants in housing stress was equivalent to 0.36% of the estimated number of households in the same year;
- The proportion of households assessed to be in housing stress in 2010 varied across the Strabane HMA. Strabane Urban measured 0.4% while Strabane Rural had a ratio of just 0.3%.

Local research suggests that the majority of applicants in housing stress on the waiting list tend to be young singles. Couples do not apply in the same numbers which indicates that they may prefer the private rental market as opposed to social housing.



Table 27: Waiting list applicants in housing need (30+ points and applied in last 5 years)

| Area | Year | | | | | | | | | | Change 2003-12 | % Change 2003-12 |
|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------------|---------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | | |
| Strabane HMA | 175 | 223 | 222 | 197 | 170 | 178 | 120 | 138 | 195 | 212 | 37 | 21 |
| Strabane Urban | 77 | 91 | 99 | 84 | 77 | 85 | 56 | 56 | 55 | 77 | 0 | 0 |
| Strabane Rural | 98 | 132 | 123 | 113 | 93 | 93 | 64 | 82 | 140 | 135 | 37 | 27 |
| N Ireland | 11,892 | 12,862 | 14,007 | 15,340 | 17,540 | 18,861 | 17,738 | 16,718 | 17,666 | 23,457 | 11,565 | 49 |

Source: NIHE Common Waiting List- figures relate to 30 March each year

Comparisons with other evidence

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

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



Within the Strabane HMA in recent years a Latent Demand Test was carried out in the Clady Local Housing Area where no housing need was identified. Also, a Market Testing Exercise was carried out in the Sion Mills Local Housing Area when land at a former PSNI site became available. Demand was identified for six general needs housing units which were delivered by Oaklee Housing Association. The Housing Executive programme of Rural Housing Needs Surveys will continue to be implemented to identify such locations.

Annual flow of new (waiting list) applicants

The upward trend in the total number of waiting list applicants in housing stress over the past three years would suggest a build-up of pressure for social housing across the Strabane HMA urban subdivision is occurring.

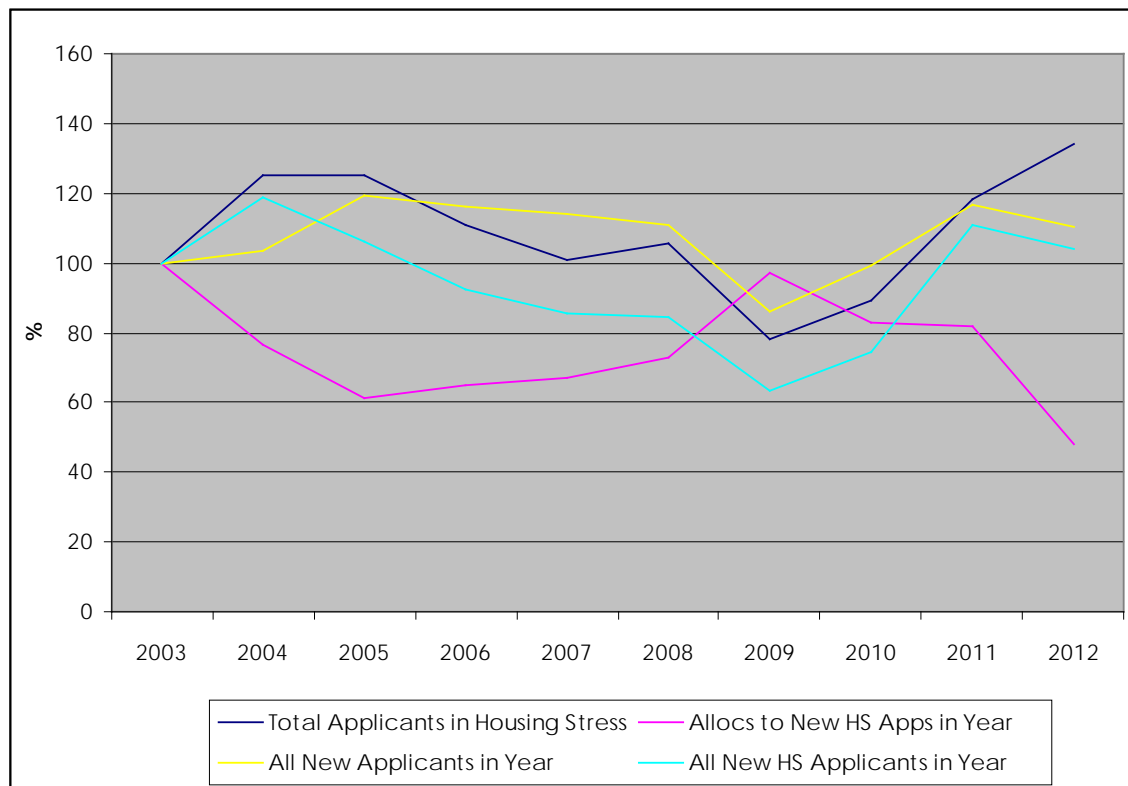
In studying this accumulated need, it is necessary to examine the annual flow of new waiting list applicants. The annual number of new waiting list applicants from 2003 to 2011 was identified by adding together:

- All waiting list applicants that had registered to be re-housed in the 12 months to September each year (i.e. transfer applicants); plus,
- All (non-transfer) applicants that applied for and were re-housed in the 12 months to 30 September.

Figure 20 shows the number of applicants for each year, both new and existing, allocations, and those in housing stress. In order to examine change over time, the numbers of applicants were calculated as a percentage of the total number of new applicants at 2003.



Figure 20: Percentage change in annual numbers of new waiting list applicants in Strabane HMA 2003-12



Source: NIHE (Prawl & HMS)

Available data in Figure 20 shows:

- A general increase in social housing applicants in housing stress from 2003. In comparison with the neighbouring North West HMA the increases in applicants in housing stress is less pronounced in Strabane HMA;
- The total number of Housing Stress applicants in 2011 was greater than that of 2003;
- A reduction in allocations between 2003 and 2011;
- Figures for new applicants in housing stress have fluctuated since 2003 and the small decrease between 2011 and 2012 suggests that this is continuing.



Profile of new applicants in housing stress

The profile of applicants in housing stress can be broken down as follows:

- Those between the ages of 16 and 44: This group mainly comprises single person or lone parent households who are living in shared accommodation (including those looking to move out of the family home), in the PRS, or temporary accommodation. Local research indicates that the majority of new applicants in the Strabane HMA are in this category;
- Those between the ages of 45 to 64: This group of established households tends to be seeking social housing due to a change in personal circumstances. Many are applying from privately owned or rented accommodation into the social rented sector, with a few living in temporary or shared accommodation;
- Those aged over the age of 65: Older established households tend to be seeking more suitable or supported accommodation, perhaps to move nearer their family. Most are older lone households, and are generally seeking to move from the owner occupied sector.

Capacity of applicants to access private rental or owner occupied market

The economic evidence discussed earlier, together with the 2006 and 2008 CTOS results, indicates that there are significant numbers of social housing applicants that are unlikely to be able to access the private housing market without some form of financial assistance.

The CTOS 2008 results 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.

Housing Market Analysis

Strabane



Clachan Bhríde, Cranagh

Welfare Reform

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

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

- From April 2013, working age tenants in the social sector will have their Housing Benefit reduced if they live in a home which has more bedrooms than they require;
- The level of deductions applied for non-dependents living in the claimant's household will increase significantly;

Housing Market Analysis

Strabane



- Limiting the total level of out-of-work benefits support to any one household to £500 per week (from April 2013) and paying help with housing costs as part of Universal Credit for working age households and as part of pension credit for non-working age households.

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

Local research suggests that welfare reform will have an impact on many NIHE tenants within the HMA. Households such as single parents with one child living in a three bedroom house or single people in receipt of housing benefit who have inherited a tenancy of the family home when their parents passed away will be forced to come up with money for rent that previously wasn't required.

Summary

The proportion of households living in the social rented sector across Strabane HMA, in common with the rest of Northern Ireland, has been declining for many years. The rate of this downward trend has slowed in recent years. This has resulted from an upturn in new social housing completions and a fall in house sales and other stock disposals.

The Strabane HMA had the second highest percentage of social rented homes of all HMAs in Northern Ireland after the North West HMA, and also the second lowest share of private sector housing. Social housing makes up 19.3% of all housing in the Strabane HMA area. Approximately, 2.6% of social housing completions in Northern Ireland were located within the Strabane HMA, which is a relatively average proportion given that the area has only 2.1% of the Northern Ireland population.

In terms of house size, Strabane HMA differs from Northern Ireland as a whole in its larger proportion of three bedroom properties in the social housing sector, and a much lower number of one bedroom properties, particularly in rural areas. In terms of dwelling type, 60% of the social housing stock is houses, 21% are bungalows, and 16.7% are flats. The majority of social housing is therefore family-sized accommodation.

Between 2003 and 2012 trends across the Strabane HMA have fluctuated in comparison with Northern Ireland but overall it has seen an increase of 21% in the numbers of applicants in housing stress. However, when broken down into subdivisions the Rural sector show a 27% increase while the urban subdivision figures remained at the same level as 2003.

Housing Market Analysis

Strabane



Allocations have varied each year across the Strabane HMA, but the three-year averages show that the period with the highest number of allocations was 2010-2012 with an average annual rate of 207 allocations. Although this coincides with six new Housing Association properties completed in Sion Mills and 19 in Church Street, Strabane, local research suggests that many tenants have left social housing for the private rental sector in recent years.

The increase in applicants registering on the social housing waiting list from 2003 has been inconsistent across the Strabane HMA. With small waiting lists and fewer opportunities for new build, there may be issues of latent demand in certain rural communities. This may be an issue for rural sustainability, and may be addressed as part of Planning Policy Statement 21 planning applications.

Waiting list trends in Strabane HMA do not corresponded with those for Northern Ireland. Compared with 2003 there was a 68% increase in applicants on the Common Housing Waiting List in Northern Ireland while the Strabane HMA seen a 20% increase. The following concludes.

- Compared with Northern Ireland and the neighboring North West HMA, the Strabane HMA has not seen a similar build up of pressure in the social rented sector. In 2012 Strabane HMA had an applicant to letting ratio of 2.9 which is significantly lower than the Northern Ireland average of 4.5.
- There are significant localised differences within the Strabane HMA with Strabane town showing a social rented pressure of 3.5 while the rural subdivision has a lower applicant to letting ratio of 2.3.
- Compared with the neighbouring North West HMA allocation trends in Strabane HMA have not steadily decreased.

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

The UK Government's plans to limit Housing Benefit for working age tenants based on the size of property they need from April 2013 will be a major challenge for social housing providers in the Strabane HMA. Local research tells us that under occupation of properties where a single parent and one child is occupying a three or four bed property is quite common. Also, there are a number of examples of a single tenant in a three or four bed property who has previously inherited the tenancy from their parents and is in receipt of housing benefit. Although rules have recently changed in terms of inheriting a tenancy it is of no benefit to existing tenants. Now may be an opportune time to examine possible incentives or measures to release the supply of larger

Housing Market Analysis

Strabane



dwelling, including measures to assist smaller households to downsize. Alternatively there may be some scope to extend some properties or convert two properties. Existing stock can also help but the unpopularity of flats in the Strabane Town needs to be overcome which will be a challenge for social housing providers.

As the social sector has declined in size, the proportion of working age households outside of the labour force has also increased. In addition, there is a high risk that the amendments to Housing Benefit and Local Housing Allowance for Private Housing Benefit announced in the UK Government budget could lead to a fall in demand for private renting and a corresponding increase in the number of new applicants seeking social housing. Accommodation for the entire rental market is therefore in a state of flux, and welfare dependency is likely to be an increasing feature of social housing at least until the economy shows signs of recovery. The economic problems faced by low-income households are further compounded by issues of fuel poverty across the Strabane HMA. Resolution of fuel poverty remains a challenging and difficult problem due to the low incomes of tenants and current high fuel prices. The future of social housing therefore appears to be increasingly one of a residual tenure of last resort catering firstly 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 more households are finding other tenures too expensive or difficult to access.

Key Issues

- The social rented sector's tenure share of the market in Strabane HMA and across Northern Ireland has reduced over recent years resulting in fewer available relets;
- Increasing numbers of tenants in the social rented sector in Strabane HMA are unemployed, retired or economically inactive;
- 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;
- Welfare reforms may also result in a shortage of one bed properties of which there are only 91 throughout the Strabane HMA, 55 of which are in Strabane town;
- Fuel poverty continues to be a significant issue for many households in the social rented sector. Local research tells us that NIHE tenants are requesting a return of their open fires on an almost daily basis within the HMA due to oil being unaffordable for most NIHE tenants;
- 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;

Housing Market Analysis

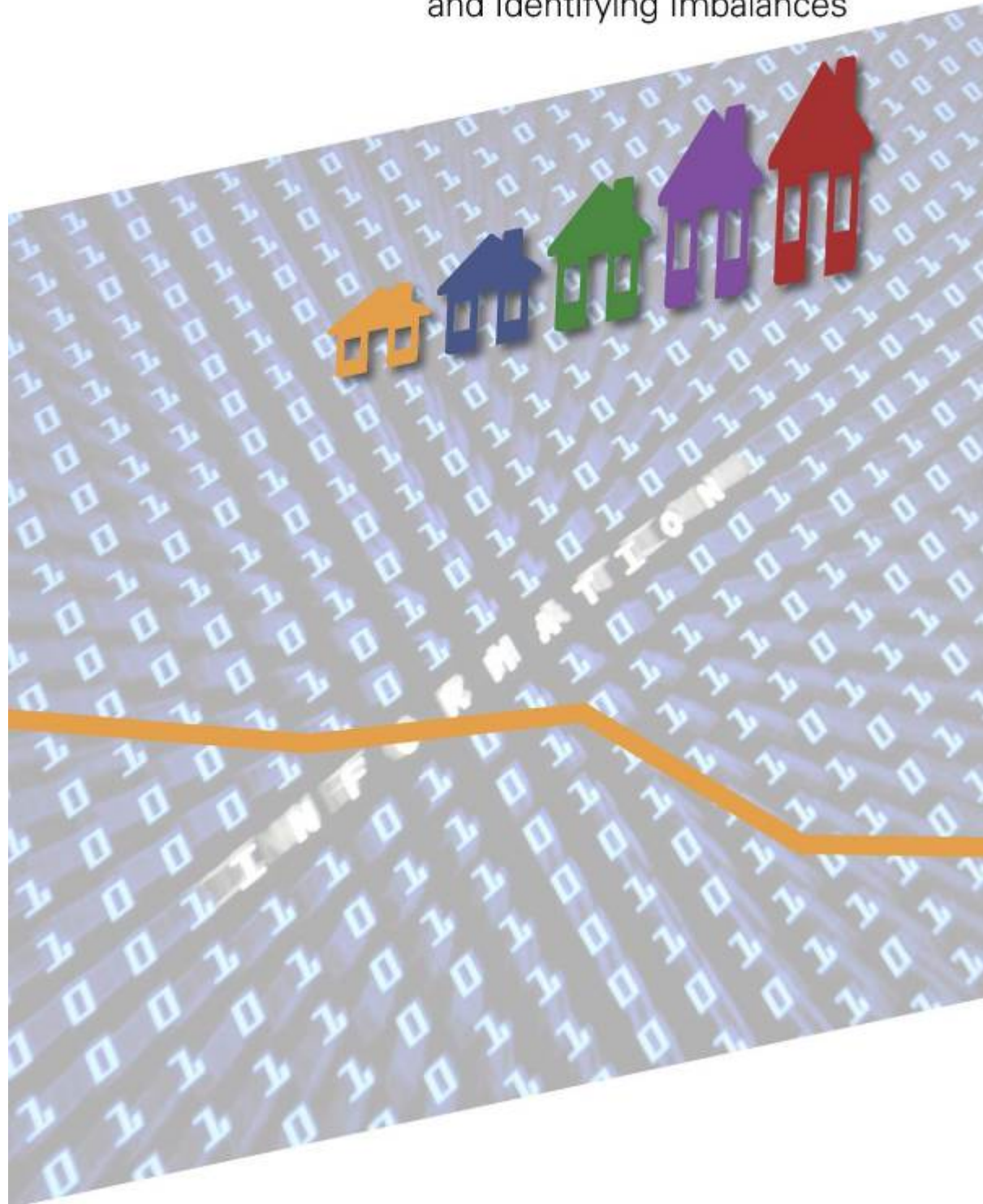
Strabane



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



6. Bringing the Evidence Together and Identifying Imbalances





6. Bringing The Evidence Together And Identifying Imbalances

Introduction

This chapter considers the evidence in chapters 1 to 5 in identifying the main issues in the housing market in the Strabane HMA and how it may develop in the future.

Predicting the future of housing is a speculative task given its complex interaction with a variety of economic, social, political, and cultural processes. Nevertheless, given the extent of empirical evidence already available on the housing market, together with reasoned expectations of future trends, there are useful conclusions that can be drawn from this analysis of Strabane HMA. These are discussed under the following headings:

- Housing and the economic recovery;
- Planning for housing growth and demographic change;
- Improving the residential offer; and
- Housing, welfare and deprivation.

Housing and the economic recovery

A weak macroeconomic outlook for the UK economy is currently reflected in Northern Ireland and in the HMA with falling demand affecting the employment market particularly retail, construction and services. The scaling back of public expenditure is also exacerbating recessionary conditions.

The collective impact of these factors, in addition to a tightened credit market, suggests little prospect of a housing market recovery in the short term.

The housing market has not recovered across the HMA, though there may be certain areas and segments of the market which may have bottomed out. The small number of transactions, and the heterogeneity of property itself particularly in rural areas, makes it difficult to assess the property cycle in the HMA. The demand for social housing is therefore likely to increase in the light of further weakening of household incomes and an oversubscribed private rental sector.

One of the key housing trends visible across the HMA was the expansion of the owner-occupied sector until 2006 and a decline since then. This brought the HMA more into line with the Northern Ireland average. In 2006, some 68% of the housing market was in the owner-occupied sector, compared to some 60% in 2001. This is mostly attributed to an expansion of the HMA housing stock. According to Oxford Economics, this can be explained by a mix of population and employment growth which, combined with

Housing Market Analysis

Strabane



cheap credit, caused housing prices to increase. The market responded by providing more housing. Although home ownership in the HMA is now equivalent to the Northern Ireland average, it is showing signs of following the same trend of gradual decline.

The growth in home ownership had a positive impact by allowing many to own their own homes, but it also fuelled a property bubble greater than the Northern Ireland average.

Across the HMA, peak to trough prices had a difference of 54% across a four year period (2007-2011) compared with the Northern Ireland average of 40%. While this has caused some problems of negative equity, the local peak in house building in 2004 (prior to the peak in house prices in 2007) would suggest that negative equity may be less of an issue for Strabane when compared with other areas which peaked in 2006 or 2007. Nevertheless, substantial differences between peak to trough prices can give rise to excessive property speculation and a significant investor market which in turn can lead to housing exclusion and inequality.

It raises questions about how to achieve a more consistent delivery of housing in the future, and therefore mitigate against the potentially destabilising effects of a future housing market collapse like that witnessed in 2007/8, with the resulting social and economic impacts.

Economic growth and house construction cycles have historically been related since the post-war reconstruction in the UK. The cyclical nature of the housing market can help to inform future trends, but understanding the drivers of the housing market is more important than making assumptions based on past patterns. There is some evidence that housing, and construction generally, is a significant driver of the economy.

However, investment needs to be delivered in a way that integrates with an overall plan for growth. Housing can be an element of this, but delivered in a sustainable way and in accordance with projected household growth. Recent experience in the HMA has shown that the surge and subsequent collapse of housing demand has destabilised the private housing market, which in turn affected other sectors of the economy by contracting demand for other goods and services. This affected the labour market both directly and indirectly, impacting the construction industry most severely which represented 11.7% of the HMA's work based employees in 2009 i.e. over twice the NI average of 5.3%.

Therefore, apart from social implications of instability in the housing market, the impact of housing on the general economy underlines the need to create more stable conditions within it.

Creating a stable housing market depends on a variety of factors: good macroeconomic management at national level to ensure sufficient capital is available

Housing Market Analysis

Strabane



in the economy, good fiscal management and regulation, and a competitive and diversified economy that is able to withstand economic shocks. The planning system has a role in creating stable conditions through its enabling and regulatory functions. It can therefore influence the supply of housing and therefore the balance between supply and demand. The role of the planning system in achieving a sustainable housing market is discussed in a separate section below.

However, achieving a more consistent housing supply in the HMA would involve some degree of rebalance between the sometimes conflicting ideas of housing as a social good and housing as a speculative commodity. In so doing, housing options should become more robust to withstand the potentially damaging impacts of credit cycles, be they tendencies to over-lend or under-lend.

Planning for housing growth and demographic change

From 2001 to 2010 the HMA experienced population and employment growth which, when combined with increased credit in the market place, resulted in a significant expansion of housing supply. However, this additional housing supply was underpinned by weak economic fundamentals, particularly a local economy that was over-dependent on the building industry and associated trades and services.

From 2001 to 2010, the average annual rate of *house* starts in the HMA was approximately 35% greater than the annualised equivalents of the Housing Growth Indicators as set out in the Regional Development Strategy 2035. The rate of new *household* formation overtook the projected household growth by 8% over the same ten year period however, household formation has since slowed partly due to the recessionary conditions. Younger households in particular are choosing to delay setting up new home, opting instead to house-share or live with parents. It is therefore fairly conclusive that this rate of house building, responding to a temporary economic boom, contributed to the extent of oversupply and vacancies in the home ownership market from about 2009 onwards. As a result, household formation rates for the Strabane HMA and elsewhere in Northern Ireland may be below the projected trend for the next three to five years. If this does arise, the number of households living in the HMA by 2015 may be somewhat lower than what NISRA projects.

Chapter 2 outlined the 2010-based population projections by NISRA suggesting that the number of people living in the HMA would gradually increase by 2,600 to 40,600 by 2023. It also outlined a number of projections to the age profile of the population. These included a 9.4% decline in the number of adults in the key household formation age (15-29), particularly apparent from 2015 onwards. It does caution, however, that migration and household formation of this age group are influenced by prevailing economic conditions.

NISRA also projects an 18.2% population increase in the 45-64 age group, a 40.6% increase in the 65-74 age group, and a two-thirds increase in the number of people in

Housing Market Analysis

Strabane



the 75+ age group. This shows an ageing population across the HMA, which will have implications for the types of dwellings required in the future.

The increase in the number of older households will change the dynamics of housing need, especially as more elderly people are living independent of family. 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 across all the sectors.

Average household size is also reducing, but still exceeds the Northern Ireland average²⁹. The Strabane HMA has a greater proportion of three bedroom properties in the social housing sector, and a much lower number of one bedroom properties, particularly in rural areas. Single applicants continue to dominate the waiting lists for social housing, many of whom are in housing stress. Local research shows that many of these applicants are young singles, with or without dependant children. Couples and families tend to have a preference for the private rented sector.

Local estate agents report that tenants in the private rented sector are increasingly coming from a broad range of circumstances. Many are also taking a longer term view of the sector as a solution to their accommodation needs. New developments should therefore match as closely as possible the requirements of prospective tenants, not least because changes the Housing Benefit requires a better alignment of need to dwelling size.

The planning system has an important function in the housing market. The function of the planning system is essentially to regulate the development of land. This has implications for the housing system, not just in the supply of land, but the qualitative aspects of it including location, design, density and open space. The relevant policy for the most part is set out in Planning Policy Statements 7, 8, 12 and 21. The Regional Development Strategy (RDS) 2035 sets out the regional planning framework for Northern Ireland, designed to deliver the spatial aspects of the Programme for Government. This includes the delivery of balanced sub-regional growth and the designation of key settlements for growth the investment. The RDS is intended to complement other government strategies including the Sustainable Development Strategy.

Strabane is designated as a main hub, one of sixteen across Northern Ireland. These are sited so as to have a sufficient catchment to prevent competition between them for scarce resources and higher order services. This gives the HMA a focus for growth, and part of this is the regeneration of Strabane town centre. The proposed A5 dual carriageway would also address some of the infrastructural deficit of the region,

²⁹ Average household size for Strabane District was 2.67 and Northern Ireland was 2.54 according to the Census 2011.

Housing Market Analysis

Strabane



opening up the area to economic growth and possibly housing demand in certain areas.

In terms of housing, however, the current RDS states that one of the aims of the previous RDS was to maintain a balance of growth between the Belfast Metropolitan Urban Area (BMUA) and its hinterland and the rest of Northern Ireland. It then proposed that the distribution of future housing provision should be 52% in North, South and West of Northern Ireland and 48% in the BMUA districts and hinterland. However, the actual number of houses built between March 1998 and March 2008 showed a distribution of 57% in the North, South and West with the remaining 43% in the BMUA districts and hinterland. The current RDS explains this by the fact that there are many extant development plans in those areas which pre-date the guidance.

The weak coordination between the RDS and the local areas plans may have been a factor in the over-delivery of housing in the HMA during the housing boom. Some may argue that housing is delivered during a boom period, and that this is compensated by poor house construction rates during a recession. To some degree this is true, for it is the nature of capital markets to create demand and supply, however the question remains whether this 'stop-go' system is the ideal way to deliver housing (which is generally considered as a public good), or whether a more measured approach can be achieved through the various functions of the planning system whose purpose is to regulate the usage and construction of land in the public interest. The latter reinforces the importance of having a local planning framework that is more evidence based, relevant and up to date.

Currently, planning decisions in the HMA are made with regard to the Strabane Area Plan 1986-2001, which is the adopted plan for the area. Preparation had been made on a new plan, the West Tyrone Area Plan 2019, but work on this plan was suspended in March 2010. In its place, a new development plan will be prepared for the new Council area, the Derry and Strabane District, to be formed as part of the reform of public administration. Under this reform, the majority of planning functions will transfer to this new district in April 2015.

A reform of the planning system is to take place at the same time, with an increased emphasis on community planning. Until the new structures and development plan is in place, planning decisions in the HMA will be made in the context of the extant development plan, which expired in 2001, which may not reflect many of the current planning circumstances of the area.

The new emphasis on community planning to be introduced in the new Planning Bill for Northern Ireland may also be an opportunity for the planning system to take a stronger role in promoting sustainable development at a local level, with a greater emphasis on shaping balanced and cohesive communities. This is an opportunity for the planning system to take a more proactive role in development instead of a reactive one, perhaps allowing the private and public sectors to take a more integrated approach to the shaping of local communities.

Housing Market Analysis

Strabane



There are also contested interests in the planning process and oftentimes rural planning issues can be the most contentious. New-build properties represented approximately 11% of the advertised sales in January 2013, and although this represents just a temporary snapshot of the market, it does show that almost a third were individual 'one-off' houses in the open countryside. The subsequent high rate of vacancies in rural Strabane suggests that some of those dwellings may have been surplus to requirements (i.e. with insufficient local need). They may also be situated in the wrong locations to attract sales or lettings.

This reinforces the value of effective development control in the location of housing in order to bring about maximum benefit to the community. New rural housing, particularly 'one-off' or self-build houses, tend to be larger and sometimes less affordable than urban housing, and in some cases may be located far from employment, public and community services. At the same time there is an imperative for planning policy to be rural-proofed, facilitating development where it is genuinely needed and where adherence to relevant planning policy is fulfilled.

Improving the quality of the residential offer in parts of the HMA will remain an important policy priority if the RDS ambitions to secure population and household growth are to be achieved. For this and other reasons it may also be valuable to investigate what factors are influencing household decisions to leave one location and move to another. This and a range of other issues mentioned above suggests that the planning system needs to be more informed and evidence-based in order to achieve housing that is consistent with "proper planning and sustainable development".

The impact of development in the Border Region of the Republic of Ireland has some impact on the housing market in the HMA. Areas closest to the HMA such as Lifford or Castlefin in County Donegal, have generally recorded vacancy rates between 10 and 19%, though this rises to 24% in part of the rural area between Ballybofey and Castlederg. Estate agents report some increased demand to move from County Donegal into Northern Ireland, particularly from those who moved into the Republic during the 'boom' years. Reasons for their return include changed economic circumstances including inter alia the changes in the rules governing entitlement to welfare payments in the Republic.

This emphasises the need for cross-border planning cooperation in a Europe of Regions where there is free movement of people across the EU and the Common Travel Area between the UK and Ireland.

Improving the residential offer

While historically the majority of the population aspired to home ownership, this is being challenged by the current economic circumstances where home ownership is either

Housing Market Analysis

Strabane



seen as a financial burden or is financially unattainable. This has replaced a more traditional view of home ownership as a way to create wealth and save, which was encouraged by policy makers as a way to encourage civic engagement (i.e. by 'buying' into a community).

The current shift away from home ownership and the impacts on other sectors has therefore contributed to an imbalance within the current housing system with fallen demand for home ownership (which has given rise to vacant properties in this sector) and severe shortages of private rented sector accommodation within the HMA. Continued uncertainty about the potential to secure capital gains over the longer term and the possibility of increased mortgage interest rates in the years ahead may reduce the rate of return possible from rental incomes. With little or no new housing development in the HMA to meet the demand for private rented accommodation, there is a risk of homelessness as a result, and higher rents within the existing stock.

From the tenant's perspective, the private rented sector offers flexibility and the relative freedom from a number of costs including rates, repair and maintenance, in addition to the availability of Private Housing Benefit. However, while the sector is gaining from losses in the home ownership market, it does not suggest a complete abandonment by those tenants of other housing options in the longer term, notably some form of home ownership. The current imbalance is likely to be a consequence of few alternatives being available. Therefore, there may be a need to develop new housing options to reflect contemporary household circumstances and incomes.

Home ownership remains the long-term aspiration for most households across the HMA and owning a home has long been considered by successive governments as a societal ideal. Should this continue to be the case, then home ownership needs to become more universally affordable. In other words, affordability should not be confined to what is euphemistically called 'affordable housing'.

There are two issues in relation to mortgage affordability: one, the affordability of the mortgage deposit, and two, the affordability of the remaining principle and interest over the term of the mortgage. The first requires a capital sum that may be raised independently, but the second is more critically related to long-term cash flow or income. This distinction is important given that there is unlikely to be significant income growth in the economy for the foreseeable future.

Essentially, affordability issues are a product of a housing market that is over-priced in relation to the economy of which it is part. In addition, affordability issues in one sector have also been shown to impact on other sectors of the housing system. Between fifty and sixty per cent of HMA households find home ownership unaffordable and almost

Housing Market Analysis

Strabane



60% find renting in the private sector to be unaffordable³⁰. Both of these factors are placing additional demands on the social rented sector, which itself is being contracted due to current economic conditions.

There are clear linkages between housing tenure and income. Data at HMA level has shown that the greatest income increases were experienced in the owner-occupied sector. This also highlights the increasing inequity of that sector.

It follows that housing needs to be more competitively priced, perhaps requiring new models of delivery, and not necessarily confined to one sector. Local estate agents report a significant interest in Co-ownership, though there is a demand to broaden the options available. The need for innovation is demonstrated by the current impasse in which the construction sector cannot develop even though there is a housing need. The reasons for stagnation are multi-faceted but the solutions may lie in new financial and development models. While there are views that little can progress in that field until economic growth recovers, there is also an alternative view (and an extensive literature) on the role of affordable housing in stimulating local economic development.

There are moves in Great Britain to fund affordable housing over and above social housing. Some housing associations have been enabled to charge affordable rents for some of their housing and use profits to subsidise social housing. It is likely that Northern Ireland will move in a similar direction. Indeed, Lord Best's recent Commission on the Future for Housing in Northern Ireland pointed to the potential of intermediate housing products in the housing market. The Co-ownership model has had some success in the HMA since its introduction but some of the conditions may be restrictive towards some applicants, for those in temporary employment.

New models of housing could include Shared Equity, Shared Ownership (or Co-ownership), Mutual Home Ownership (MHO) or cooperatives. This would be an alternative to home ownership and may open up the possibility for alternative borrowing options to traditional bank loans. Financial arrangements could be tailored to individual circumstances, perhaps with options to change the terms or to purchase outright. These 'intermediate' housing options should be mutually beneficial to all parties, including the State which may see less reliance on Private Housing Benefit, and the costs associated in foreclosure in the owner-occupied sector and the economic and social impact of repossessions generally. In relation to Northern Ireland generally, the HMA has seen a relatively low rate of foreclosures, but throughout Northern Ireland the rate of repossessions are increasing and this is likely to affect the HMA also.

Rural areas of the HMA have a more restricted choice of housing options notwithstanding the relatively high rate of vacancies in those areas (approaching 7.8%

³⁰ It has a higher rate because the calculations take into account the lower average income levels of private rented sector tenants.

Housing Market Analysis

Strabane



and predominantly in the owner-occupied market). Local estate agents indicate that rural homes are often small or in need of some repair and include some ex-Housing Executive / Council houses. Newer rural homes, especially those built in the housing boom or built speculatively for sale, tend to be larger self-build units that can be over-specified. A trend towards smaller households and proportionally less families will create a demand for a variety of dwelling sizes.

Rural income loss as a result of economic restructuring may create hidden social housing need in rural areas. Opportunities for social housing in rural areas are mainly restricted to housing estates in a small number of settlements where turnover is low. Nonetheless, latent demand tests for social housing undertaken periodically throughout the HMA have generally not shown enough need (or critical mass) to make rural social housing schemes viable, with the exception of a relatively recent test at Sion Mills. This does not preclude the possibility of some households in housing need, but due to low numbers, provision is unable to be met. The Housing Executive continues, however, to test where possible locations are identified.

Moreover, choices are further restricted by planning policy PPS21 which limits the number of houses outside PPS12 settlements except in certain rural areas with population decline and dispersed rural communities. The effectiveness of Policy CTY5 which contains the exception clauses and guidelines for housing schemes outside rural settlements may need to be evaluated for meeting rural housing need outside settlements.

Housing, welfare and deprivation

Deprivation impacts on housing choice and can lead to a cycle of disadvantage with future implications for housing planning.

According to the Northern Ireland Multiple Deprivation Measure³¹ (NISRA, 2010) the local government district of Strabane at 20% had the third highest percentage of the working age population in Northern Ireland that were employment deprived.

Parts of Strabane town also have local pockets of deprivation, with East Super Output Area (SOA) have recorded the seventh highest employment deprivation from all of Northern Ireland. Together with Ballycolman (also Strabane town) and Castlederg, they are among the 100 most deprived SOAs of Northern Ireland.

The deprivation measure is based on seven domains: income, employment, health, education, proximity to services, living environment and crime. The fact that a weighting of 25% is given to both the income and employment domains would have

³¹ This measure is based on seven domains: income, employment, health, education, proximity to services, living environment and crime. A weight of 25% is each given to the income and employment domains.

Housing Market Analysis

Strabane



undoubtedly influenced the low performance of the district, which has lower than average incomes and relatively high unemployment.

The economy of the HMA is subject to long-standing underlying structural problems including a high reliance on public sector investment, an under-developed private sector and persistently high levels of economic inactivity amongst the working age population. There are high concentrations of low income and Benefit dependence among the working age population of the urban sub-division in particular which restricts the ability to exercise choice in the housing market.

The links between housing, health and economic opportunity are reasonably well established, with considerable evidence that poor living and social conditions lead to cyclical poverty and deprivation. Housing is part of the problem, but is only one part of a bigger picture of disadvantage. This demonstrates the need for an integrated approach to address the separate but interconnected issues that are causing deprivation.

In terms of income alone, evidence from Chapter 2 shows that while average incomes increased in the HMA since 2001, a wider gap has emerged between the higher and lower income households. Many younger people are also finding it difficult to save money, with more job insecurity, education loan repayments, and the potential for rent increases in the private sector. Youth unemployment is considerably worse in HMA than the Northern Ireland average. According to Oxford Economics (2010) in March 2010 youth unemployment in Strabane District was 29.7%. In addition, long term unemployment was 1.5% of the total population, and ranked 418 worst on a scale of 434 UK districts.

The recession has affected households in different ways, and while some households have experienced annual income growth, this has tended to benefit the higher income groups more especially those who live within, but work outside, the HMA. In addition, there is evidence that the rural areas are faring worse than urban areas since 2007 in terms of income, partly because the continued decline of traditional rural occupations such as farming, but also because other supplementary rural incomes such as construction and manufacturing have been affected by the downturn in demand.

Income to a large extent also determines tenure choice. Social housing, for example, is most common in the main urban centres and where there are concentrations of low income and welfare dependence. In addition, the private rented sector, because of the availability of Private Housing Benefit for the majority of tenants, is also indicative of low income, but is not always the case. Evidence from estate agents indicates that up to 80% of private rented sector tenants may be welfare dependent.

Housing Market Analysis

Strabane



The fact that one part of the private sector, namely the private rented sector, can be the housing choice for up to 80% of welfare dependants shows an element of dysfunction in the housing market. It also demonstrates that the under-investment in social housing is simply displacing the problem of housing to another sector which currently does not have the capacity. Local housing managers agree there are also issues of security of tenure in the private rented sector which may place certain tenants in jeopardy should the market conditions change.

There is potential, therefore, for new models of provision within the sector such as Assured Tenancies or other new leasing arrangements that could be examined.

Local housing managers support the view that a significant number tenants who left social housing in preference for the private rented market have also subsequently re-registered for social housing. Some reasons cited for this include management issues and cases anti-social behaviour that are not as effectively handled in some private developments. This supports the long-term need for social housing, especially for the vulnerable.

Proposed changes in Housing Benefit will also alter some of the dynamics between the various sectors and these impacts are likely to be multi-faceted. It is anticipated that many singles below the age of 35 will seek alternative accommodation with many households in the private rented and social rented sectors seeking accommodation that better matches their required number of bedrooms to minimise the shortfall of rent payable. Evidence would suggest there will be an increased demand for smaller sized units in both sectors, but the scale of the likely changes is yet to be determined.

One of those likely impacts cited by local housing managers is an increased demand for shared accommodation in the private rented sector. From January 2012, tenants under the age of 35 were only entitled to a shared room rate of Private Housing Benefit whereas previously the shared room rate only applied to those under 25. Furthermore, after April 2013 tenants over the age of 35 who are under-occupying accommodation of four bedrooms or less will find the reforms less punitive in the private rented sector than in the social rented sector because the withdrawal of Benefit for unoccupied rooms will only apply to social rented accommodation for units of that size. This may be significant for some small families or single parents with access to children.

However, changes to Private Housing Benefit (such as using the 30th percentile instead of the 50th percentile rent to calculate the Local Housing Allowance) will also affect the overall Benefit paid in the private rented sector. The precise impact across the two rented sectors will therefore depend on the individual circumstances of all households, as well as the flexibility of the housing market to respond. One certainty for both sectors, however, will be the need for accommodation that better matches the number of bedrooms required by tenants.

Housing Market Analysis

Strabane



Under Welfare Reform a rise in the age limit from 25 to 35 for the shared room rate will increase affordability issues for young singles in the private rented sector and the demand for shared accommodation. This welfare change is set against a demographic trend increased single and lone parent households.

The response of housing authorities is to a changed set of political circumstances and priorities will inevitably cause hardships as well as transformation across the housing system. The challenge is to reduce the severity of these impacts using the resources that are available, and to develop housing which better matches what the population requires. At the same time, the benefits which housing can bring in terms of health, well-being and social stability requires a broad response. How these inter-related issues are balanced and prioritised in a climate of financial austerity is a question of political judgment. For now, however, housing authorities need to respond to the demands for smaller households, and ageing population, and the potential fall-off in the demand from younger single households in the social rented and private rented sectors.

Key Issues

- A significant demand for private rented accommodation and not enough housing stock, which is already taking some of the slack from an under-invested social sector;
- A fall-off in the popularity of home ownership, though this may be related to the current economic conditions including increased mortgage default, reduced income security, and the level of social support available for non-homeowners;
- An increased demand for smaller sized units across the social and private rented sectors in response to Welfare Reform;
- Greater expressed interest for low-cost housing and new models of housing delivery that is affordable;
- From 2001 to 2010, the rate of household formation was higher than anticipated by the Regional Development Strategy, yet was not enough to fill the high number of housing units constructed in the same period which was 35% above the annualised equivalents of the housing growth indicators;
- A relatively high rate of vacancies in rural areas as a consequence of increased housing demand from 2001 to 2006 some of which subsequently turned out to be unsustainable after the financial crash of 2007;
- The need for a planning system that is more discerning and informed in relation to the location, type of quantity of housing; in order to mitigate against any future imbalances between supply and demand; and

Housing Market Analysis

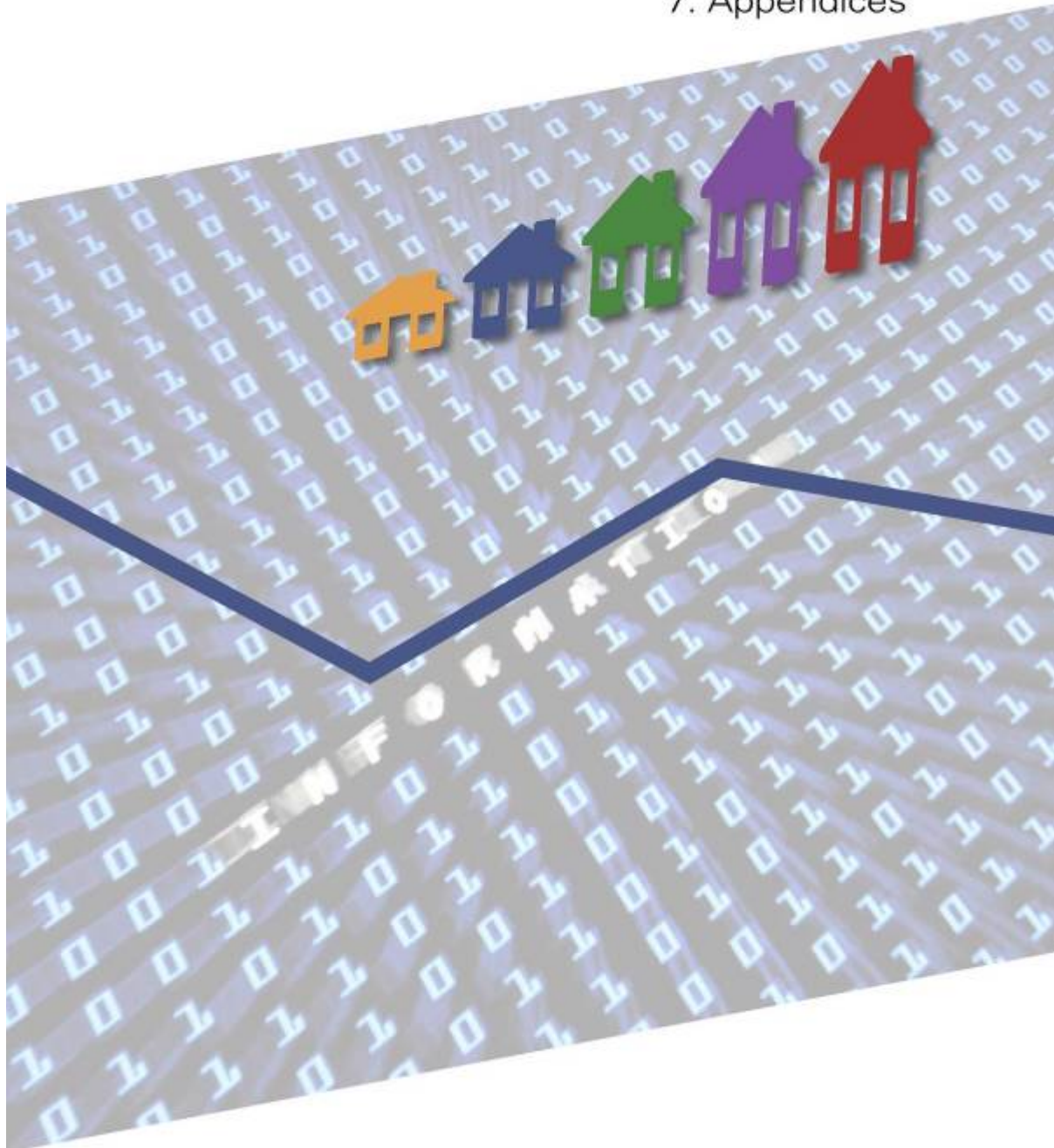
Strabane



- The importance of a clearer understanding of the links between housing, deprivation, health and social stability.



7. Appendices





Appendix 1: References

Barnett, R (2009) Independent Review into Economic Policy. DETI/Invest in NI: Belfast

Barry, R., Beatty, R., Donnelly, D., and Marshall, D (2005) Household Projections for Northern Ireland: 2002-2025, Northern Ireland Statistics and Research Agency

Beatty, R. Fegan, G. and Marshall, D. (2006) Long-Term International Migration Estimates for Northern Ireland (2004-5): Sources and Methodology, NISRA

Bell, J et al (2009) Experiences of Migrant Workers in Northern Ireland, Department for Employment and Learning

Berthoud, R. (2009) Patterns of non-employment, and of disadvantaged, in a recession – ISER Working Paper No. 2009-23, Institute for Social Economic Research, University of Essex

Brinkley, I. (2009) Recession and Recovery to 2020, the Work Foundation, London

Browne, J (2010) The Impact of Tax and Benefit Reforms to be introduced between 2010-11 and 2014-15 in Northern Ireland. Available at:
<http://www.ifs.org.uk/bns/bn114.pdf>

Centre for Cities (2009) Belfast: Tipping the Balance. Centre for Cities: London

CML (2009) Homeowner housing equity through the downturn', James Tatch, CML Housing Finance Issue 01, 2009

Cole, I. (2007) Understanding and responding to housing market change (York: JRF)

DCLG (2007a) Strategic Housing Market Assessments (London: DCLG)

DCLG (2007a) Strategic Housing Market Assessments – annex B household formation London

Department of the Environment (2008) Draft Planning Policy Statement 21: Sustainable Development in the Countryside

Department of Environment (2010b) Planning Bill Draft Explanatory and Financial Memorandum: http://www.planningni.gov.uk/index/about/planning_bill_efm_-_as_introduced.pdf

Housing Market Analysis

Strabane



Department of Environment (2010a) Government Response to the Planning Reform Public Consultation July - October 2009:

http://www.planningni.gov.uk/index/about/government_response_final.pdf

Department of Environment (2010b) Local Government Reform: Policy Proposals, Consultation Document.: <http://www.doeni.gov.uk/index/information/foi/recent-releases/publications-details.htm?docid=7866>

DETI Northern Ireland (2009) Labour Market Bulletin: Northern Ireland Annual Survey of Hours and Earnings

DETI Northern Ireland (2010a) Social Economy Enterprise Strategy 2010-2011:

http://www.detini.gov.uk/social_economy_strategy_2010-2011.pdf

DETI Northern Ireland (2010 b) Economic Commentary June 2010: www.detini.gov.uk

DETI Northern Ireland (2010c) Economic Commentary December 2010:

www.detini.gov.uk

DETI Northern Ireland (2011c) Labour Market Statistics – March

2011: http://www.detini.gov.uk/statistical_press_release_-_march_2011.pdf

Department for Regional Development (2001) Shaping our Future: Regional Development Strategy for Northern Ireland 2025

Department for Regional Development (2002) Regional Transportation Strategy:

http://www.drdni.gov.uk/index/transport_planning/tp-rts_2002.htm

Department for Regional Development (2005a) Shaping our Future Together: Public Consultation Review of the Regional Housing Growth Indicators

Department for Regional Development (2005b) Planning Policy Statement 12 (PPS 12) Housing in Settlements

Department for Regional Development (2006) The Regional Development Strategy for Northern Ireland: Review of Housing Figures – Response by the Department for Regional Development to the report of the Independent Panel following the Public Examination

Department for Regional Development (2008a) Shaping our Future: Regional Development Strategy (RDS) 2025 First 5-Year Review (Report of the Process, Key Findings and Planned Actions

Department for Regional Development (2008b) Shaping our Future: Adjustments to the Regional Development Strategy (RDS) – 2025



DRD (2011) Shaping Our Future: Regional Development Strategy (RDS) 2025
Consultation 10 year Review

Department for Social Development (2007) Review into Affordable Housing Final Report

Department for Social Development (2009) Family Resources Survey, Northern Ireland,
2007-08

Department for Work and Pensions (2010b) Green Paper: 21st Century Welfare:
<http://www.dwp.gov.uk/consultations/2010/21st-century-welfare/>

Department for Work and Pensions (2010b) White Paper, Universal Credit: Welfare That
Works: <http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/universal-credit/>

Department for Work and Pensions (2010c) Impact Assessment for Universal Credit:
<http://www.dwp.gov.uk/docs/universal-credit-ia-white-paper.pdf>

Experian (2008) Northern Ireland Key Settlement Study: A Final Report for the
Department for Regional Development

Government of Ireland (2002), National Spatial Strategy of Ireland 2002 – 2020 'People,
Places and Potential', The Stationery Office, Dublin 2: <http://nss.ie/pdfs/Completea.pdf>

Kinghan, E., Murtagh, B., and Shepley, C (2006) Shaping our Future - Housing Review
Public Examination: Report on the Panel on the Review of Housing Growth Indicators

Meen, G. (2005), 'Local Housing Markets and Segregation in England' Economic
Outlook, 29(1), pp. 11-17

Newhaven Research (2010) Review of Housing Needs Assessment Formula for the
Northern Ireland Housing Executive

NHPAU National Housing and Planning Advice Unit (2007) Affordability Matters, National
Housing and Planning Advice Unit, Titchfield, Hampshire

Northern Ireland Audit Office (2009) The Performance of the Planning Service

Northern Ireland Executive (2008a) Building A Better Future -The Northern Ireland
Executive's Programme For Government 2008-2011

Northern Ireland Executive (2008b) Building a Better Future: The Investment Strategy for
Northern Ireland 2008-2018: <http://www.northernireland.gov.uk/index/programme-for-government-and-budget-v1.htm>

Housing Market Analysis

Strabane



Northern Ireland Executive (2008c) Budget 2008-11:

<http://www.northernireland.gov.uk/index/programme-for-government-and-budget-v1.htm>

Northern Ireland Executive (2010) The Planning Bill (2010):

http://www.planningni.gov.uk/index/about/planning_bill.pdf

Northern Ireland Executive (2010b) Draft Budget 2011-15:

http://www.northernireland.gov.uk/website - draft_budget.pdf

Northern Ireland Executive (2011) Economic Strategy - Consultation on Priorities for Sustainable Growth and Prosperity:

http://www.detini.gov.uk/northern_ireland_economic_strategy

Northern Ireland Assembly Research and Library Service (2011) Briefing Note (04/11) Draft Budget 2011-15:

<http://www.niassembly.gov.uk/researchandlibrary/publications2011.htm>

Northern Ireland Housing Executive (2003) HCS 2001, NIHE Belfast

Northern Ireland Housing Executive (2007) (update). Mapping BMI and Migrant Workers in Northern Ireland, NIHE

Northern Ireland Housing Executive (2007b) Housing Need Assessment Guidance Manual (PPS12) User Guide

Northern Ireland Housing Executive (2008) HCS 2006, NIHE Belfast

Northern Ireland Housing Executive (2009) Northern Ireland Housing Market Review and Perspectives 2009-2012. NIHE: Belfast

Northern Ireland Housing Executive (2010a) Northern Ireland Housing Market Review and Perspectives 2010-2013. NIHE: Belfast

Northern Ireland Housing Executive (2010b) HCS 2009 – Preliminary Findings

Northern Ireland Housing Executive (2011) Northern Ireland Housing Market Review & Perspectives 2011-14, Belfast: NIHE

Northern Ireland Housing Executive (2011a) Private Rented Sector in Northern Ireland – Living in the Private Rented Sector: Landlord Perspectives Report, Report 6, Belfast:

[http://www.nihe.gov.uk/private_rented_sector_in_northern_ireland_report_6 -
_living_in_the_private_rented_sector_landlord_perspectives_report.pdf](http://www.nihe.gov.uk/private_rented_sector_in_northern_ireland_report_6_-_living_in_the_private_rented_sector_landlord_perspectives_report.pdf)



Northern Ireland Statistics and Research Agency (2008b) Size of the EU Accession (A8) Population Resident in Northern Ireland (2007), NISRA

Northern Ireland Statistics and Research Agency (2008c) Technical Annex – 2006-Based Household Projections for Northern Ireland, NISRA

Northern Ireland Statistics and Research Agency (2008d) Northern Ireland Local Area Population Projections, NISRA

Northern Ireland Statistics and Research Agency (2009a) Population & Migration Estimates Northern Ireland (2008) – Statistical Report, NISRA

Northern Ireland Statistics and Research Agency (2009b) Long Term International Migration Estimates for Northern Ireland 2007-8, NISRA

Northern Ireland Statistics and Research Agency (2010a) Report of the Inter-Departmental Urban-Rural Definition Group – Statistical Classification and Delineation of Settlements

Northern Ireland Statistics and Research Agency (2010b) Small Area Population Estimates for Northern Ireland (2008)

Northern Ireland Statistics and Research Agency (2010c) Northern Ireland Multiple Deprivation Measure 2010

North Harbour Consulting (2007) Housing Needs and Housing Market Assessment: A comparative review of methods used in England and Northern Ireland Final Report (edited version)

Perry, J. (2008) The housing and neighbourhood impact of Britain Changing Ethnic Mix, Joseph Rowntree Foundation

Robbie McVeigh R and McAfee C (2009) Za Chlebem: The Impact of the Economic Downturn on the Polish Community in Northern Ireland Northern Ireland Council for Ethnic Minorities (NICEM)

OECD (2008) Local Economic Strategy Series Review of Belfast, United Kingdom. OECD: Paris

O’Sullivan, A, Young, G Gibb, K et al (2004) Local Housing Systems Analysis: Good Practice Guide, Communities Scotland

Oxford Economics (2011) Strabane: Current and Future Needs, a PowerPoint presentation prepared for Strabane District Council, June 2011:

Housing Market Analysis

Strabane



http://www.strabane-dc.com/filestore/documents/dcal_admin/Neil_Gibson.ppt#257,1,Strabane:current and future needs

Oxford Economics with FGS McClure Watters and Perceptive Insight Market Research (2009) The Economic, Labour Market and Skills Impacts of Migrant Workers in Northern Ireland, Department of Employment and Learning

The Planning Service (2009a) Northern Ireland Housing Land Availability Summary Report 2008

The Planning Service (2009b) Reform of the Planning System in Northern Ireland: Your chance to influence change: Consultation Paper

The Planning Service (2011) The Housing Land Availability Summary Report 2010 issued by the Planning Service in January 2011

Scottish Government (2008) Housing Needs and Demand Guidance, Edinburgh

Ulster Bank (2009) Quarterly Economic Bulletin December 2009. Ulster Bank

Ulster Bank (2010) Northern Ireland Purchasing Managers Index June 2010 Survey: <http://www.ulsterbankcapitalmarkets.com/economicindicators.aspx?gid=ni&ind=26>

Ulster Bank (2011) Northern Ireland Purchasing Managers Index February 2011 Survey: <http://www.ulsterbankcapitalmarkets.com/economicindicators.aspx?gid=ni&ind=26>.

Ulster University (2011) Northern Ireland quarterly House Price Index 2010 quarter 4: <http://rpp.ulster.ac.uk/research/housing-index/q4-2010.pdf>

Ulster University and NIHE (2011) Performance of the Private Rental Market, Belfast Metropolitan Area January-June 2010 (Published January 2011)

Watkins, C. (2001) The Definition and Identification of Housing Submarkets, Environment and Planning

Welsh Assembly Government, (2006) Local Housing Market Assessment Guide

Whitehead C, Monk S, Clarke A, Holmans A and Markkanen S (2009) Measuring Housing Affordability: A Review of Data Sources, University of Cambridge

Wilcox S (2006) The Geography of Affordable and Unaffordable Housing: And the Ability of Younger Working Households to become Home Owners, Joseph Rowntree Foundation, York

Housing Market Analysis

Strabane



Wilcox, S (2007) Housing market affordability in Northern Ireland, Northern Ireland Housing Executive and Chartered Institute of Housing in Northern Ireland

Wilcox, S (2009) Housing market affordability in Northern Ireland update: Northern Ireland Housing Executive and Chartered Institute of Housing in Northern Ireland

Wilcox S and Bramley G (2010) Evaluating requirements for market and affordable housing, National Housing and Planning Advice Unit

Young, G., O'Sullivan, A., and Gibb, K (2009) Northern Ireland HMAs



Appendix 2: The Policy Context

Introduction

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

UK Government spending

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

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

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

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



Welfare reform

On 11 November 2010, UK Government announced plans to introduce a 'Universal Credit' from 2013 to replace most in work and out of work benefits³² for people of working age, including Housing Benefit. The aim is to transfer all existing claimants onto the new system by October 2017. The UK Government's Welfare Reform Bill was introduced to Parliament in February 2011. This Bill includes proposals for changes to other Social Security Benefits in advance of the introduction of Universal Credit. The key features of the proposed Universal Credit are:

The introduction of a single 'taper' for the withdrawal of the Credit. This is intended to remove the need for most people to transfer from one set of benefits to another as their employment situation changes.

The amount of Credit, when combined with Child Benefit and other benefits including assistance with housing related costs would be subject to an upper limit. The purpose of the cap is to ensure that no household could receive more in welfare than net median earnings.

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

Restriction of Housing Benefit to working age social rented tenants that under-occupy their home from April 2013;

LHA rates will be up rated using the lower Consumer Price Index (CPI) measure as opposed to the Retail Price Index (RPI) from 2013/14.

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

³² UC will replace Working Tax Credit, Child Tax Credit, housing benefit, Income Support, Jobseekers' Allowance (income based) and Employment and Support Allowance. In mainland UK, it will also replace Council Tax Benefit, although details remain vague. Contributory JSA plus Employment and Support would continue to exist but the treatment of earnings would be aligned with the way earnings are treated within UC. Other Benefits that would continue include Disability Living Allowance, Child Benefit, Statutory Sick Pay, Bereavement Payments, Statutory Sick Pay, Statutory Maternity/Paternity Pay and Industrial Injuries Disablement Allowance.



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

- The Northern Ireland Executive's (NI Executive) over-arching aim is to build a peaceful, fair and prosperous society. The Draft Programme for Government 2011-15 sets out five strategic priorities to promote this aim:
- Growing a sustainable economy and investing in the future;
- Creating opportunities, tackling disadvantage and improving health and well-being;
- Protecting our people, the environment and creating safer communities;
- Building a strong and shared community;
- Delivering high quality and efficient public services.

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

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

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

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



Supporting Strategies

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

The top priority for the Programme for Government is to grow the Northern Ireland economy. Consequently, the Northern Ireland Executive published a draft economic strategy 'Priorities for Sustainable Growth and Prosperity' (November 2011) for public consultation. This strategy is based around the twin aims of rebalancing the economy by growing private sector activity in the longer term and rebuilding the economy to secure employment growth in the shorter to medium term.

In terms of regeneration and tackling disadvantage, the 'People and Place: A Strategy for Neighbourhood Renewal' (DSD, 2003) identified several communities that experience high levels of deprivation. It encouraged community, voluntary, government agencies and the private sector to work together to deliver goals associated with community, economic, social and physical renewal. There is one Neighbourhood Renewal area in Strabane which includes Ballycolman, Carlton Drive, Lisnafin Park, Barrack Street, Springhill Park, Fountain Street, Innisfree Gardens, Drumrallagh and the town centre.

Planning and Local Government reform

Reform of the NI Planning System

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

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



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

Local government reform

Reform of local government is also ongoing. It involves a reduction in the number of local government districts from 26 to 11 alongside the transfer of planning, regeneration and some other central government functions to local government. The new councils are due to be in place by 2015, with piloting arrangements, including planning functions, to take place in 2014. The proposed new councils are summarised in Table 28.

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

Table 28: Proposed New Local Government Districts

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

Planning Context

The Regional Development Strategy (RDS)

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

Housing Market Analysis

Strabane



The RDS 2001-25 provides an overarching strategic framework, to help achieve a strong spatially balanced economy, a healthy environment and an inclusive society. The RDS also contains a commitment to sustainable development.

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

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

The draft Revised RDS 2010 proposes a changed spatial framework. It is proposed that a sub-regional approach should replace the 2001 HUB based SDS so that:

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

RDS housing requirements

The RDS 2001-25 and its Spatial Development Strategy (SDS), aims to influence the geography of development across Northern Ireland. The RDS, therefore, sets 'Housing Growth Indicators' (HGI) to guide distribution of housing in the region. The RDS projects housing growth required to respond to changing 'housing need'³³

The RDS originally identified a net additional housing requirement for 160,000 additional dwellings between 1998 and 2015 throughout Northern Ireland. The HGIs allocate a proportion of the regional net additional housing requirement to each LGD. These allocations were intended to provide a starting point for assessing future net housing additions required at the local level through the Development Plan process.

³³ The RDS figures on 'housing need' include households that are able to pay for housing as well as those that cannot. The RDS use of the term 'need' is usually termed 'total net housing requirement' elsewhere in the UK.



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

The draft Revised RDS 2011-25 'provide an indication of the net additional housing requirement for 2008 to 2025. At 189,500, 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 2011-25 also emphasises that there should be a minimum of five years supply of housing land within local government districts.

RDS housing requirements for the Strabane HMA

The Strabane HMA, as noted in Chapter 1, extends across Strabane 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 29 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 back at the Strabane HMA level, as at the Northern Ireland level, the share of net additional requirements allocated to the Strabane HMA has not changed.

This reflects that the method adopted to identify net housing additions has been 'rolled forward'. Therefore, the RDS 2001-25 intention that the 48% of the regional housing figure should be allocated to the BMA and hinterland area and the remaining 52% to the rest of Northern Ireland to help achieve balanced regional development remains unchanged.

Table 29: Housing requirement spatial allocation (housing growth indicators) 1998 to 2015 and proposed allocation to 2025.

| LGD | Original allocation RDS 2001 1998-2015 | | DRD Revised allocation 2008 1998 - 2015 | | DRD Proposed allocation RDS10 Year Review 2011 2008-2025 | |
|------------------|--|-----|---|-----|--|-----|
| | No | % | No | % | No | % |
| Derry | 12,700 | 7 | 15,000 | 7 | 13,700 | 7 |
| Limavady | 3,100 | 2 | 4,300 | 2 | 3,900 | 2 |
| Strabane | 3,500 | 2 | 4,300 | 2 | 3,900 | 2 |
| 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 and Development Plans.

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

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

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

Development Plans seek to translate RDS policies and PPS guidance at the local level. These documents set out land allocations for a range of land uses, including residential development. The Strabane Local Area Plan 1986-2001 is the current adopted development plan for the HMA.

NIHE Housing Need Assessment

The RDS 2001-25 and the Revised RDS 2011-25 are based on a 'plan, monitor and manage' approach to provision of housing land. This approach requires regularly updated evidence on a range of matters, particularly at the development plan level. This includes evidence, such as updated figures on housing construction, land availability and local housing needs. The present spatial planning framework requires the Housing Executive to undertake a housing needs assessment, which is expected to form a technical supplement to support of local development plans. As PPS 12 states, the Housing Executive:

"...will provide a Housing Need Assessment (HNA) in relation to identified areas of the housing market to assist DOE Planning Service in their preparation of development plans. The findings of the HNA will be taken into consideration in the preparation of a development plan and will be updated at regular intervals



during the life of the plan. The findings of the HNA will influence how development plans will seek to facilitate a reasonable mix and balance of housing tenures and types to cater for the identified range of housing needs”.

Housing need and Housing Market Assessment

The Revised RDS 2011-25 clarifies the HGI figures provide a starting point for assessing housing growth and should be interpreted in light of local assessments of housing need and local housing market conditions. It is now recognised that assessment of cross tenure housing need is more robust if the findings are embedded within a wider local housing market assessment.

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

In 2009 the Housing Executive established a set of functional 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.

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

Conclusions

The Strabane 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 Strabane 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

Housing Market Analysis

Strabane



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 local government districts to adopt a more integrated approach to spatial planning and to find new ways to ensure that local plans align with the community plan ambitions as well as the ambitions of the RDS.

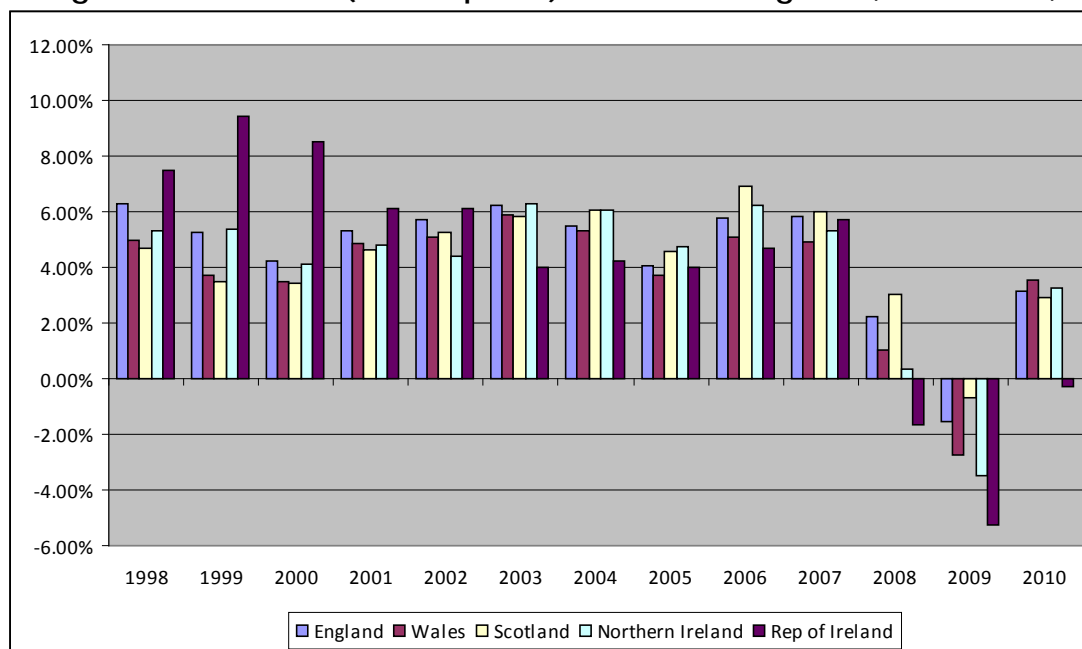
It terms of the proposed revisions to the spatial framework underpinning the RDS 2011-25, it remains to be seen whether the sub-regional centre and cluster approach outlined in the Regional Development Strategy will prove acceptable to citizens and local government districts and whether the use of Housing Growth Indicators will be taken forward. In the case of the Strabane HMA it will be important to maintain a watching brief in terms of future development and to ensure that its housing market responds to the challenges set out on the RDS.



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. GVA is an agreed measure of the value of the goods and services produced within the economy. It is the ONS preferred measure for monitoring economic performance at a sub-national level. Using this measure, figure 21 shows how Northern Ireland's economy performed in the years from 1995 to 2009.

Figure 21: Total GVA (current prices) annual rate of growth, UK and ROI, 1998-2010



Source: ONS (December 2010) total annual workplace based GVA 1990-2009 per head at current prices

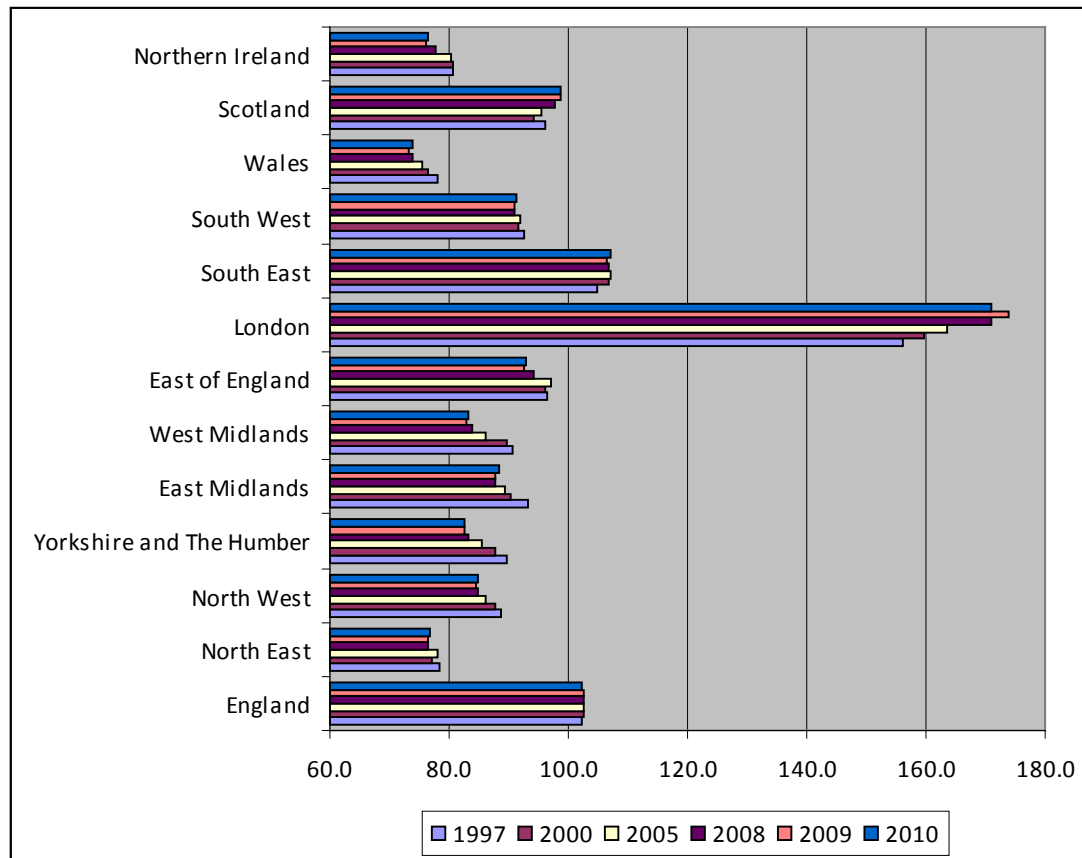
Note: UK figures are Extra-Region and exclude statistical discrepancy and offshore contribution that ONS do not assign to any region. Also, the estimates presented are current prices and do not take account of inflation.

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 22 shows that in 2010 Northern Ireland was ranked eleventh lowest of the UK regions in terms of GVA per head.



Figure 22: GVA per head indices compared to UK average (100), 1997-2010



Source: ONS (2011) GVA per head of population index 1997-2010, where UK including Extra-Region = 100

Figure 22 shows that in 2010 Northern Ireland was ranked eleventh lowest of the UK regions in terms of GVA per head.

According to Barnett (2009), 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, and has remained relatively stagnant since despite measures to bolster the economy such as quantitative easing and the reduction in interest rates. Falling house prices and faltering labour market conditions led households to scale back spending which

Housing Market Analysis

Strabane



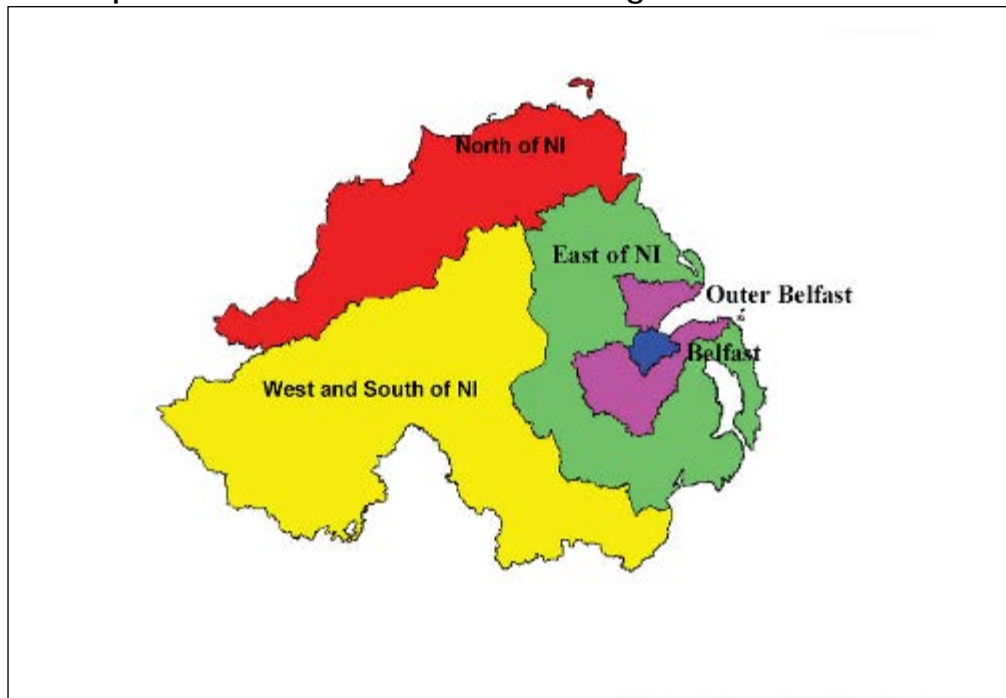
reduced demand for housing and other goods and services. Lending became even tighter as banks sought to rebuild their balance sheets. This exerted further downward pressure on GVA as companies found it difficult to secure finance to help them adjust to the downturn in demand. The construction industry has been particularly affected by this issue.

During 2010, the UK economy gradually eased out of the recession but this was just temporary. 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 Strabane 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 towards the end of this chapter.

Economic Performance of the North of NI Sub-Regional Economy

The Strabane HMA lies within NUTS 3 (Nomenclature of Units for Territorial Statistics 3) sub-region of 'North of Northern Ireland' (UKN04).

Map 5: Northern Ireland NUTS 3 Sub-regions



Housing Market Analysis

Strabane



Table 30: GVA Growth for Northern Ireland split by area 1995 – 2008

| NUTS 3 Area | Total GVA 1995 £ (million) | Total GVA 2008 £ (million) | 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 |

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

Notes: ONS produce GVA for the Nomenclature of Units for Territorial Statistics (NUTS), which is a European Commission's statistical classification. GVA figures are published down to NUTS 3 level. Further details can be found at: <http://www.nisranew.nisra.gov.uk/census/geography/nuts3.html>

ONS published revised historical figures for all previous years in December 2010



Table 31: GVA for Northern Ireland and the North of Northern Ireland economy by sector, 1995-2007

| Northern Ireland | | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Total GVA 1995 (million) | Total GVA 2008 (million) | As % of NI GVA 1995 | As % of NI GVA 2008 |
| Agriculture, forestry and fishing | £730 | £407 | 5 | 1 |
| Production | £3,365 | £4,894 | 23 | 17 |
| Construction | £792 | £2,256 | 6 | 8 |
| Distribution, transport and communication | £2,580 | £5,912 | 18 | 21 |
| Business services and finance | £1,988 | £6,622 | 14 | 23 |
| Public administration, education, health & other services | £4,939 | £8,737 | 34 | 30 |
| Total GVA | £14,393 | £28,826 | 100 | 100 |
| North of Northern Ireland | | | | |
| | Total GVA 1995 (million) | Total GVA 2008 (million) | As % of local GVA 1995 | As % of local GVA 2008 |
| Agriculture, forestry and fishing | £148 | £70 | 7.6 | 2.0 |
| Production | £500 | £551 | 25.6 | 15.6 |
| Construction | £126 | £366 | 6.5 | 10.4 |
| Distribution, transport and communication | £328 | £726 | 16.8 | 20.6 |
| Business services and finance | £190 | £613 | 9.7 | 17.4 |
| Public administration, education, health & other services | £660 | £1,205 | 33.8 | 34.1 |
| Total GVA | £1,951 | £3,530 | 100 | 100 |
| Rest of Northern Ireland | | | | |
| | Total GVA 1995 (million) | Total GVA 2008 (million) | As % of GVA For RNI 1995 | As % of GVA for RNI 2008 |
| Agriculture, forestry and fishing | £582 | £337 | 4.6 | 1.3 |
| Production | £2,865 | £4,343 | 23 | 17.2 |
| Construction | £666 | £1,890 | 5.4 | 7.5 |
| Distribution, transport and communication | £2,252 | £5,186 | 18.1 | 20.5 |
| Business services and finance | £1,798 | £6,009 | 14.5 | 23.7 |
| Public administration, education, health & other services | £4,279 | £7,532 | 34.4 | 29.8 |
| Total GVA | £12,442 | £25,296 | 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.

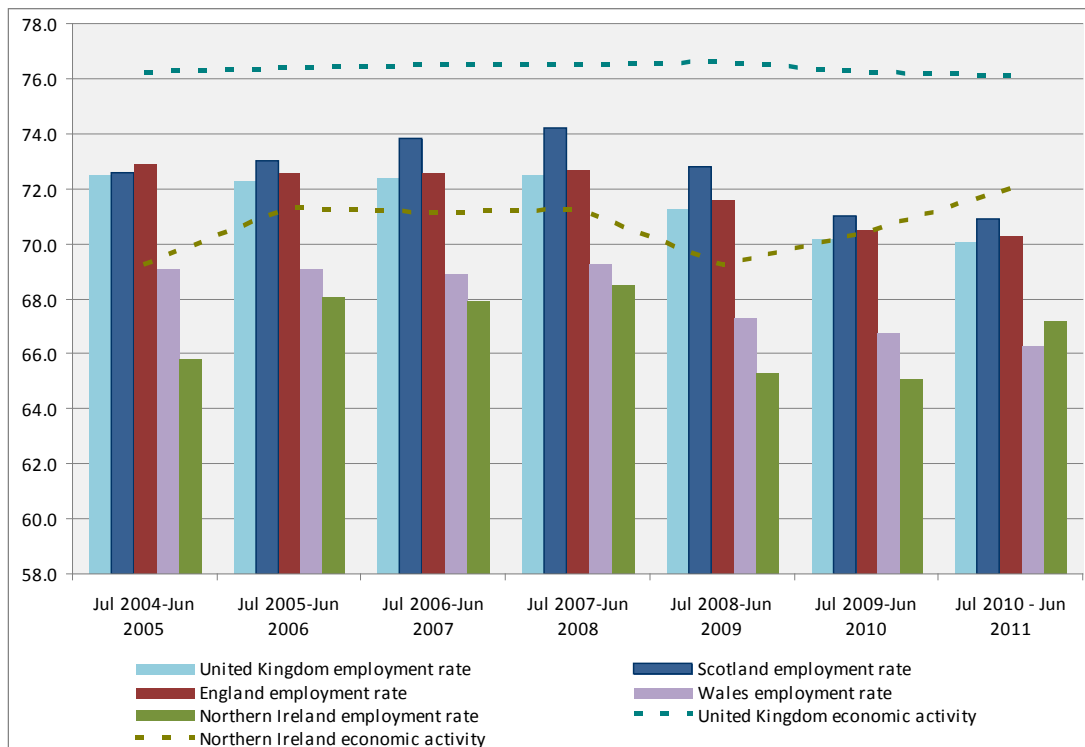


Appendix 4: Recent Employment Trends

Northern Ireland trends

Between 2005 and 2011, the proportion of the working age population aged 16 to 64 years in Northern Ireland classed as economically active has ranged between 69 – 72%, which was substantially below the UK rate of approximately 76% over the same period. Since 2009, however, the Northern Ireland rate has recovered to 72%, accompanied by an increase in the proportion of working age adults in employment. The rate remained the lowest of all countries that make up the UK (see figure 23). Official rates of unemployment also fell (see figure 24).

Figure 23: Working age economically active and employment rates across UK 2004 -2011



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

Looking at economic inactivity patterns over the past five years, the following generalisations appear to apply:

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

Housing Market Analysis

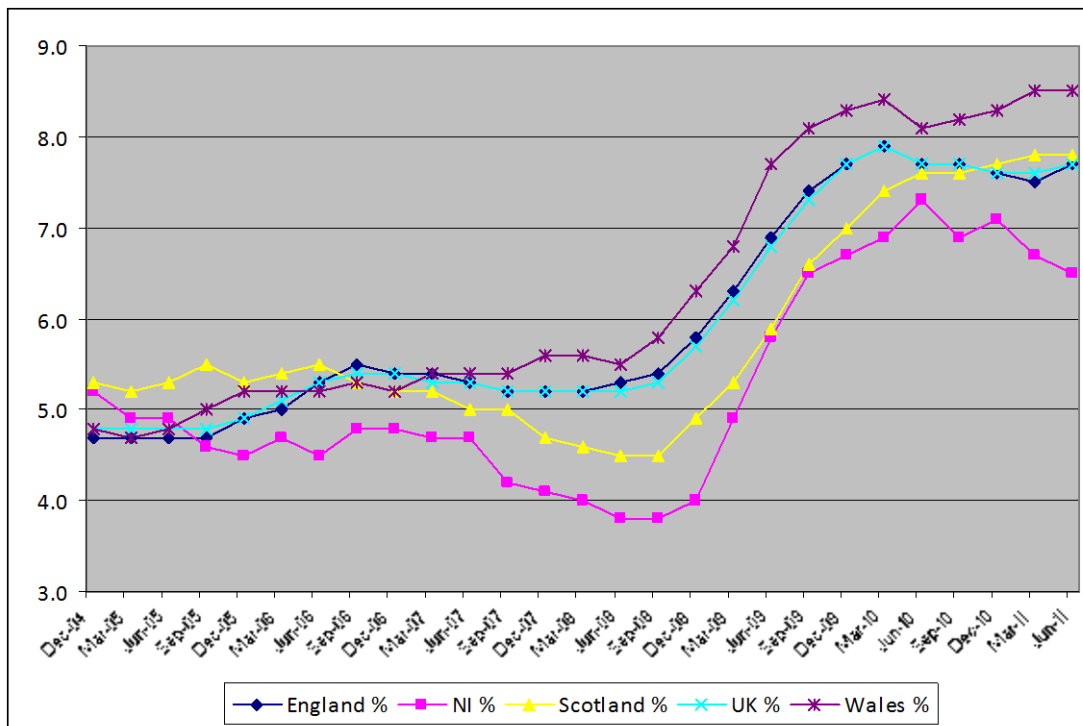
Strabane



Around one in four are students that are likely to enter or re-enter the labour market at some future point and one in ten want a job but are either not actively seeking work and/or are not immediately available to start a job;

Around one in five are adults looking after children or caring for a dependant adult and one in four are classed as long term sick and disabled.

Figure 24: International Labour Office (ILO) defined unemployment rates, 2004-2011 (%)



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 32 summarises alternative NISRA population projections for Northern Ireland for the period 2008 to 2021. Figure 25 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;

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

Housing Market Analysis

Strabane



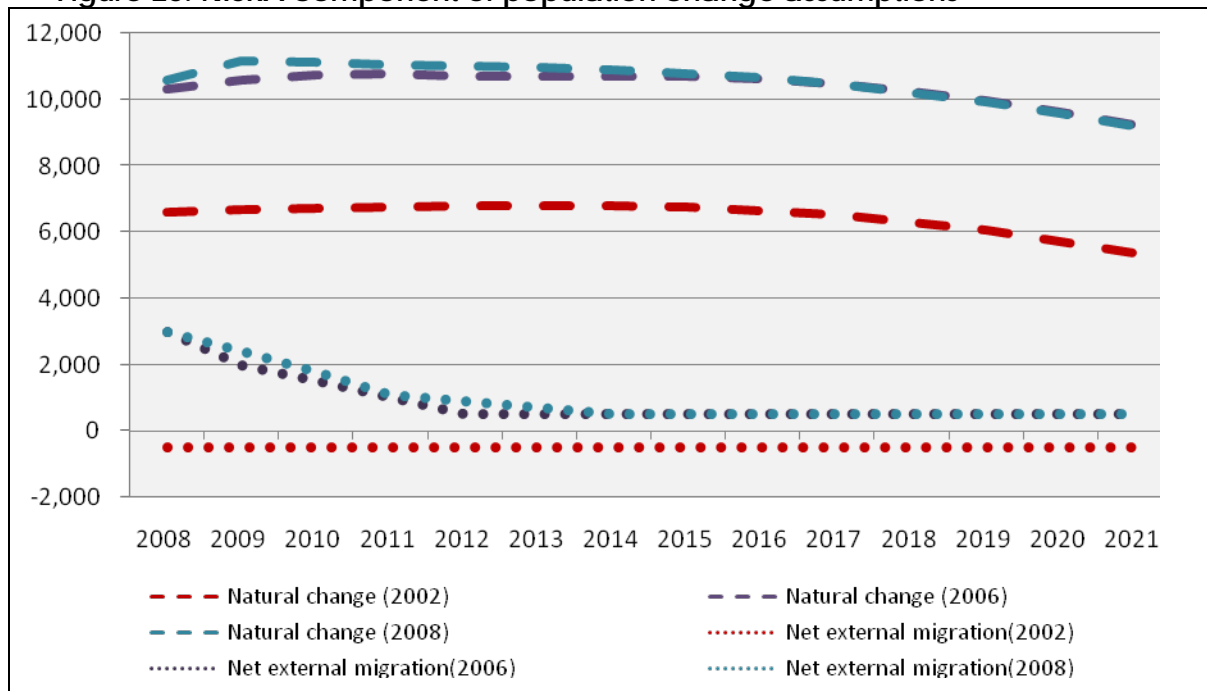
Table 32: NISRA alternative Northern Ireland population projections

| 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 - <http://www.nisra.gov.uk/demography/default.asp3.htm>

Notes: Figures rounded up by NISRA

Figure 25: NISRA component of population change assumptions



Source: NISRA population projections

Housing Market Analysis

Strabane



The net external migration assumptions incorporated into the 2008-based projections are higher than those assumed in 2002³⁴. 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 modest (around 500 per annum) from 2014 onwards.

Oxford Economics (2009) have suggested that the 2004 to 2008 period may prove to have been rather unusual and that weaker economic conditions will dampen inward migration for the foreseeable future. Others concur that migration will reduce. McVeigh et al (2009) and Bell et al (2009) suggest that, whilst a mass exodus is unlikely, fewer migrants will move to Northern Ireland in the coming years than in the four years to 2007 inclusive. 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 A8 migrants elsewhere in Europe means the rates of net external migration could more or less remain the same for much of the coming decade.

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; and

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.

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 that in the decade to 2004 the Northern Ireland population increased by an average of 7,000 persons each year (0.4%). This figure more than doubled to 16,100 between 2004 and 2008 (0.95%).

³⁴ 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.



Household Change

Northern Ireland projections

NISRA latest 2008-based household projections are summarised in table 33. 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 flows from a combination of the changing age structure of the population and the continued trend towards single and smaller person households.

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

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

Source: NISRA 2008-based household projections (2010)

Figures rounded by NISRA

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

Most of the additional households will comprise of single person or two person households. By 2023 therefore, over six out of ten households living in Northern Ireland may comprise of one or two adults;

Housing Market Analysis

Strabane



The number 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 detailed in the 2006-based projections³⁵. The corresponding rise in average household size reported by NISRA supports this assumption.

³⁵ To project household numbers, NISRA apply age-sex specific household membership probabilities to the population projections for the same base year. These probabilities are derived from changes in household composition between the 1991 and 2001 Census.



Appendix 6: CACI PayCheck and Family Resources Survey Incomes Compared

Family Resources Survey

The Family Resources Survey (FRS) is the official source of information about income and poverty for the UK and its constituent countries. Northern Ireland was included in the survey for the first time in 2002-03. This specialised survey, which is sponsored by Department for Work and Pensions, collects detailed information about respondent incomes from earnings and other sources. In 2009/10 there were 2,041 fully co-operative and 77 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 a spouse (if applicable) and any dependent children living in the same place. Thus other adults living at the same address are classified as a separate benefit unit, even if they are related. For example, a young adult living with his or her parents would count as one ‘household’ but two ‘benefit units’. Likewise the three adults living in a flat with a shared living room would be described 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

Housing Market Analysis

Strabane



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 considers its modelling procedures to be commercially sensitive, but it is understood that the CACI Paycheck model uses 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 little reason to think the pattern would be significantly different;

Data from the most recent four years of Expenditure and Food Survey (EFS), which annually collects information on some 6,000 household's resident in the UK³⁶, 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 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 methodology changes typically limit year-on-year consistency.

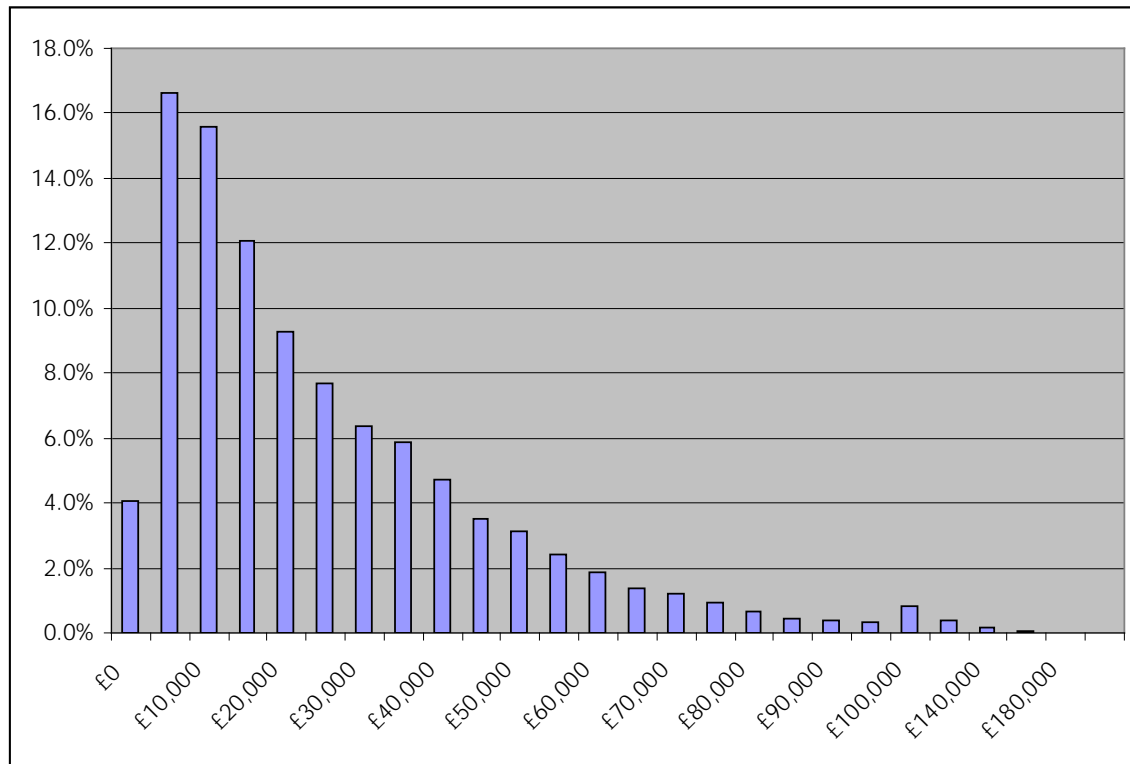
³⁶ From 2008 the Living Costs and Food (LCF) module of the Integrated Household Survey (IHS), has replaced the EFS.

Housing Market Analysis

Strabane



Figure 26: Distribution of gross annual income, Strabane HMA, 2012



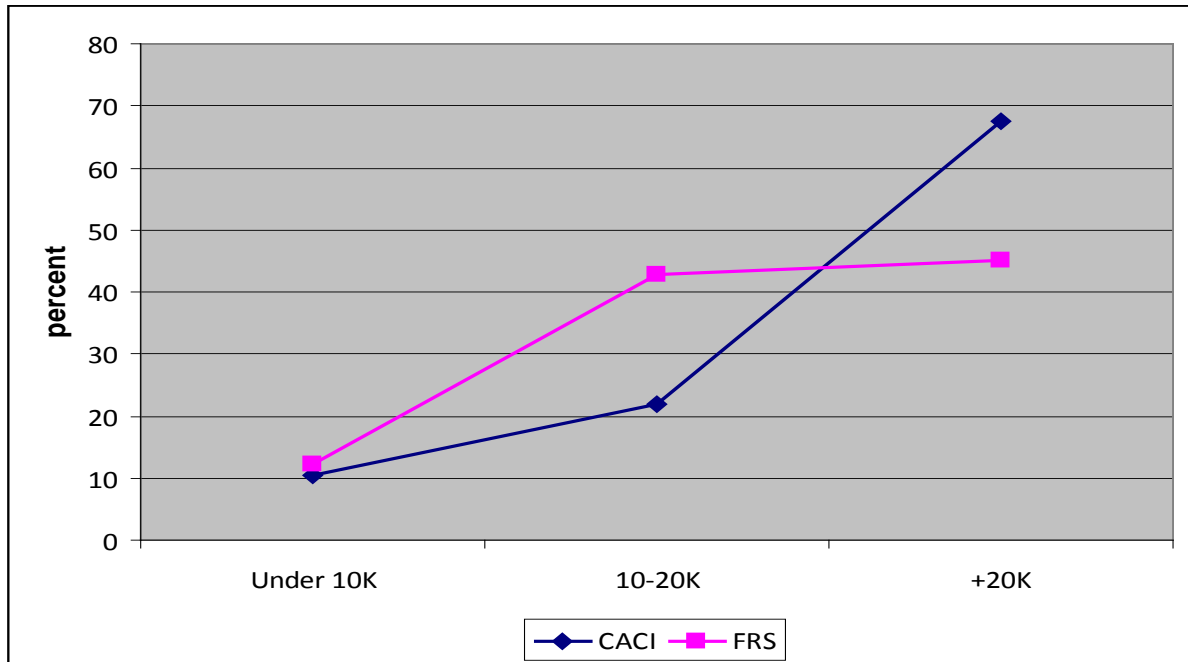
Source: CACI Paycheck

Figure 27 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 less up-to-date;
- Both datasets estimated a similar percentage to have a gross income of under £10,000;
- Relative to the FRS, the CACI information suggests that a much higher proportion of households have a gross income of over £20,000;
- In contrast, FRS suggests a much higher proportion of households to have a gross income of between £10,000 and £20,000 than CACI (42.8% and 35.5% respectively).



Figure 27: Comparison of FRS & CACI at Northern Ireland



Source: FRS 09/10 and CACI PayCheck 2010

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

The term household applied by CACI is intended to be consistent with the Census but we suspect it relates to all adults living at the same address. In Northern Ireland, where there is an above UK average proportion of large adult households, this will tend to boost gross household income. Northern Ireland has a higher proportion of large adult households than the UK average, and this will tend to boost gross household income. As comparisons between the FRS household and benefit unit income distributions illustrate, the choice of measurement unit has a clear impact on the 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 that information may be significant;

A possible weakness of the CACI model is over-reliance on geo-demographic classification, but we would generally expect to find any such limitation to be smoothed out for a larger area such as the Strabane HMA;

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

Housing Market Analysis

Strabane

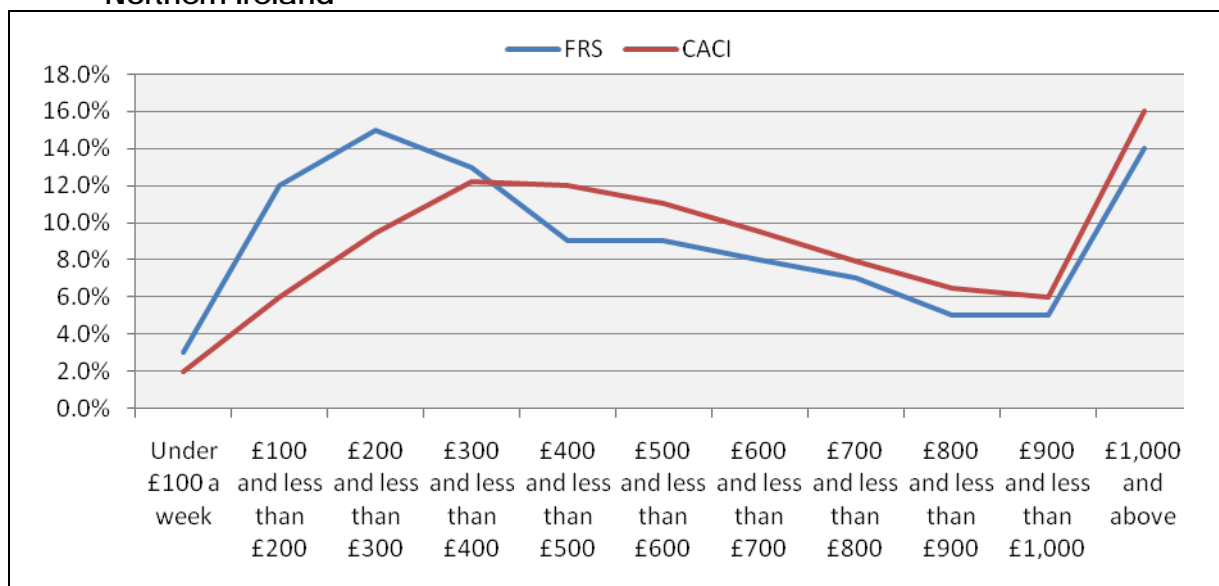


because benefit take-up can vary between different population groups and between localities. This is difficult for the FRS income imputation to allow for;

By contrast, we believe CACI seeks 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 effect of 'smoothing out' the lower end of the income distribution.

Figure 28 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 28: 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 overplayed. 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 provide a more realistic view of household incomes than averaged data or reliance on national survey data alone;

This source of data should provide a useful insight into the distribution of incomes and variations in income across Northern Ireland and LGD level;

Housing Market Analysis

Strabane



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

Household projections are estimates of the future number of households based on assumptions about the future population growth, household composition and size based on past trends. In summer 2010 the latest available NISRA household projections were 2006-based. These household projections were therefore shaped by trends prior to 2005. As NISRA (2008c) stress:

“While these household projections will contribute to the assessment of future housing demand in Northern Ireland, they are only one element in this process and their limitations should be fully recognised. The projections are trend-based and only demonstrate what will happen to future household numbers if past household formation trends continue and if the latest population projections hold true” (page 4)

NISRA also caution that LGD level figures are less robust than those produced for Northern Ireland or large regional areas. An important dimension of local housing system analysis is therefore to explore whether household projections fit particular local circumstances and local events.

In the case of the Strabane HMA, we were interested to find out if the housing market boom in the in the period up to and including 2007 may have given rise to a situation where the household projections had become out of date. At the same time, we wanted to explore whether other data sources might shed light on recent developments in terms of the numbers of households resident within the Strabane HMA and the movement patterns of households across the area.

The purpose of this appendix is therefore to set out the analysis we undertook to investigate this matter. It considers the extent to which recent housing system dynamics are likely to explain the apparent divergence between the projected annual numbers of households at the local level and the numbers of occupied dwellings.

Relationship between projected household and occupied dwelling counts

As table 34 shows, in the period from 2001 to 2008, NISRA household projections for Northern Ireland 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 34: % Increase in Occupied Dwellings and Projected HH numbers, 2001-10

| Year | Occupied Stock | NISRA Household Projection | Occupied Stock as a % of Households |
|------|----------------|----------------------------|-------------------------------------|
| 2001 | 620,000 | 628,500 | 99 |
| 2002 | 633,200 | 637,000 | 99 |
| 2003 | 642,500 | 645,000 | 100 |
| 2004 | 653,200 | 652,900 | 100 |
| 2005 | 662,600 | 660,700 | 100 |
| 2006 | 667,700 | 672,600 | 99 |
| 2007 | 664,400 | 684,300 | 97 |
| 2008 | 676,500 | 693,300 | 98 |
| 2009 | 687,700 | 702,900 | 98 |
| 2010 | 696,300 | 712,000 | 98 |

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 nor are they designed to forecast year-to-year fluctuations;

The RCA stock dataset³⁷ 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 reports stock figures for 31 March each year whereas projections relate to the mid-year (June);

Landlords that enter into an agreement with LPS to pay the total rates liability for all their properties (regardless of occupancy) by 30 September receive a 15% discount. As there is no financial incentive to do so, some landlords may not report the extent to which their stock is occupied or vacant.

In short, there is no simple direct relationship between households and occupied dwellings in any given year. Nonetheless:

Over time it is customary to see a relatively close relationship between the two variables. Usually they are within one or possibly two percentage points of each other;

³⁷The data on the dwelling stock comes from 'Land & Property Services (LPS)', which was formerly the Rates Collection Agency and is a snapshot of occupied stock at 31st March (from 2002 onwards). The dataset is still referred to as the RCA stock dataset by NISRA.



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 35 compares the occupied stock to projected household ratio for Northern Ireland, and the Strabane 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 showed little change. Therefore the gap between the numbers of occupied dwellings and the projected numbers of households appears not to have widened to any great extent;

Similarly, the Strabane HMA has shown no significant divergence from the number of occupied housing stock and the projected household numbers;

Similar to Northern Ireland, the Strabane HMA experienced the greatest divergence in 2007 between projected housing numbers, and the numbers of occupied units, but two years later this had rebalanced.

Table 35: Occupied stock as a % of households in Northern Ireland and Strabane HMA 2001-10

| Year | Northern Ireland | Strabane HMA |
|------|------------------|--------------|
| 2001 | 99% | 98% |
| 2002 | 99% | 99% |
| 2003 | 100% | 100% |
| 2004 | 100% | 100% |
| 2005 | 100% | 100% |
| 2006 | 99% | 99% |
| 2007 | 97% | 98% |
| 2008 | 98% | 101% |
| 2009 | 99% | 101% |
| 2010 | 99% | 101% |

Source: NISRA (2010 household projections and NISRA (DSD) ward level occupied stock estimates published on NINIS aggregated up to selected geographies. Figures for 2007 should be treated with caution as there appears to be some under-reporting of occupied stock in some wards

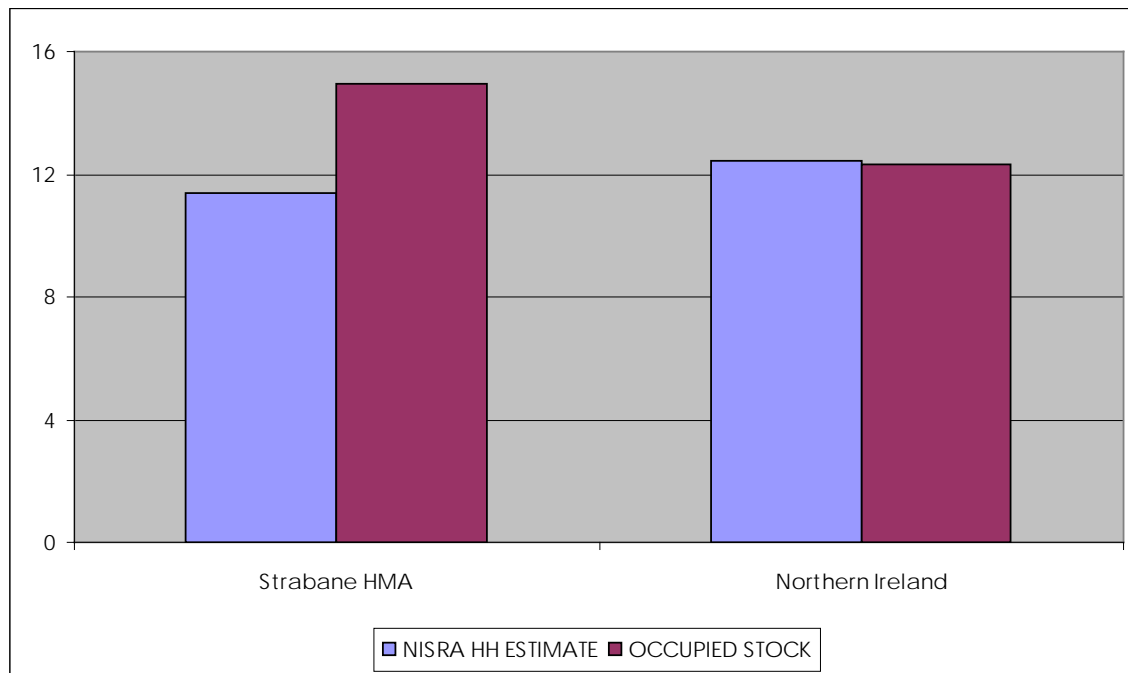


Rate of change in projected household numbers and occupied dwelling count

A related issue is the rate of growth in the projected numbers of households relative to the reported rate of growth in the numbers of occupied dwellings.

Between 2001 and 2010, the projected household growth and the growth in occupied dwellings in Northern Ireland both increased by approximately 12%. In the Strabane HMA the occupied stock was greater than the NISRA estimate. As figure 29 shows over this period, the Strabane HMA is generally consistent with Northern Ireland. The rate of occupied dwellings has increased at approximately the same rate as the projected housing growth figures.

Figure 29: Percentage 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; that is that the household projections are not wholly representative of recent trends.

However, it is also useful to consider the extent to which it is possible that in fact there has been an over estimation of occupied dwellings.

Housing Market Analysis

Strabane



The RCA dataset which records total stock is subdivided 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 vacancies³⁸ that arise as part of the process of households moving from one dwelling to another have been allowed for.

More generally, lags in the reporting of empty dwellings tend to be greatest in urban areas with high turnover and areas with a high proportion of private renting.

The HCS of 2006 and 2009 report the vacancy rate at different geographical levels. The 2006 HCS reports at LGD level and the 2009 HCS reports at the proposed new district council areas rendering comparison difficult. It does however suggest that the vacancy rate has decreased slightly in the general area. In addition, the number of vacant dwellings at Northern Ireland level has increased by 8% in this three year period. This is still insufficient to account for the increasing gap in occupied dwellings and projected households.

Overall it would seem that household estimates based solely on the numbers of occupied dwellings are subject to some degree of uncertainty. Notwithstanding this, possible measure problems could not explain away the 'gap' between occupied household counts and the projected household numbers for Strabane HMA.

Housing market dynamics

Figures for the Strabane HMA suggest that the rate of new build starts may not have been as vigorous as other parts of Northern Ireland, and this could have helped to dampen the rate of unoccupied dwellings. Chapter 3 describes that in the ten year period from 2001 to 2010, the number of new-build starts represented 135% of the Housing Growth Indicators over the same period. This rate of construction across Strabane HMA has resulted in housing surpluses in some settlements such as Sion Mills.

Other HMAs

Aside from possible affordability constraints in areas where population growth has been strongly influenced by net-international migration, the application of

³⁸ 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.

Housing Market Analysis

Strabane



Northern Ireland wide household propensity rates may tend to over-estimate the rate of household growth, at least in the short to medium term. This is because inward migrants from overseas tend to live initially in large households (i.e. low household formation rates) but over time adopt household formation patterns that are similar to the indigenous population.

Conclusion

Although figures at LGD level are considered less robust than at national level, it would appear that the Strabane HMA has experienced less household growth than projected prior to the economic downturn. One possible reason for this is that households may have chosen to move out of the area for economic or housing reasons. There is also a strong suggestion that younger persons are choosing to stay at the familial home for longer as the prospects of secure employment and housing are uncertain.

Nevertheless, the short term future remains uncertain for Strabane HMA. There is likely to be few significant changes in the housing market over the next few years as the housing market settles and until the financial markets improve. In the interim, consideration may be given to advancing other housing options, for example intermediate housing. This could encourage household growth in line with NISRA projections.



Appendix 8: Stock condition

Information from the HCS 2006 provides some insight into the condition and quality of housing at LGD level. In Strabane LGD, unfitness was 3.2%. The Northern Ireland average was around 3%. There is also a distinct urban/rural split with unfitness higher in rural areas. We suspect this is the case in both Northern Ireland and the Strabane HMA. Vacant dwellings comprise the bulk of 'unfit' housing stock at 57%. Within occupied stock, there is also a distinct difference in the tenure of unfit properties with the majority being in the private sector (40%).

In terms of the Decent Homes Standard, 22.6% of all dwellings in Strabane LGD failed the standard. This is similar to the Northern Ireland average of 22%. The majority of social rented dwellings in Northern Ireland which failed this standard in 2006 failed on the basis of the thermal comfort criterion.

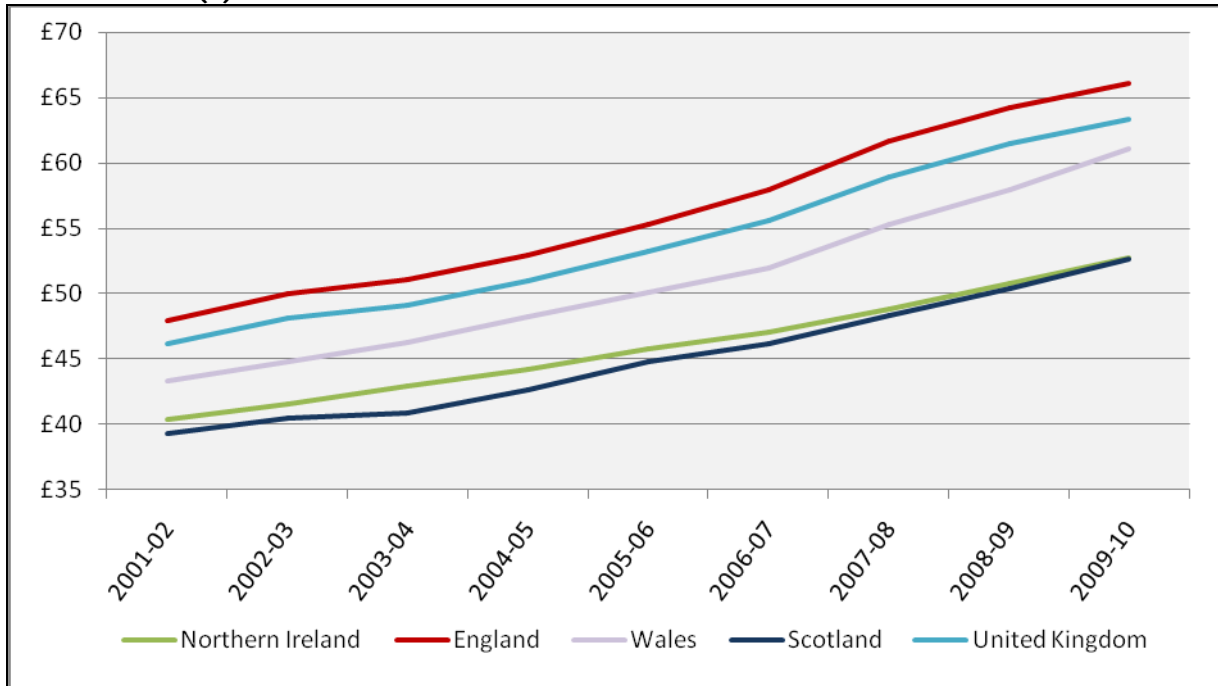
In the intervening period since 2006, the Housing Executive improvement programme, which includes the replacement of inefficient solid fuel or electrical heating with central heating (mainly natural gas), has increased the proportions of social rented dwellings that comply with the Decent Homes Standard. The percentage of properties failing the Decent Homes Standard in 2009 HCS is not comparable due to a change of survey boundaries as stated earlier.

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 mean however that sustaining and meeting the Decent Homes targets will be delayed within Housing Executive stock as improvement schemes have had to be delayed or reconfigured as a result.



Appendix 9: Average public sector rent

Figure 30: Average public sector rent by selected UK region 2000-1 to 2009-10 (£)



Source: DCLG live tables No 701 (Note rents for England for 2009/10 were not available in June 2010)



Appendix 10: Characteristics of Social Housing Tenants by Urban/Rural

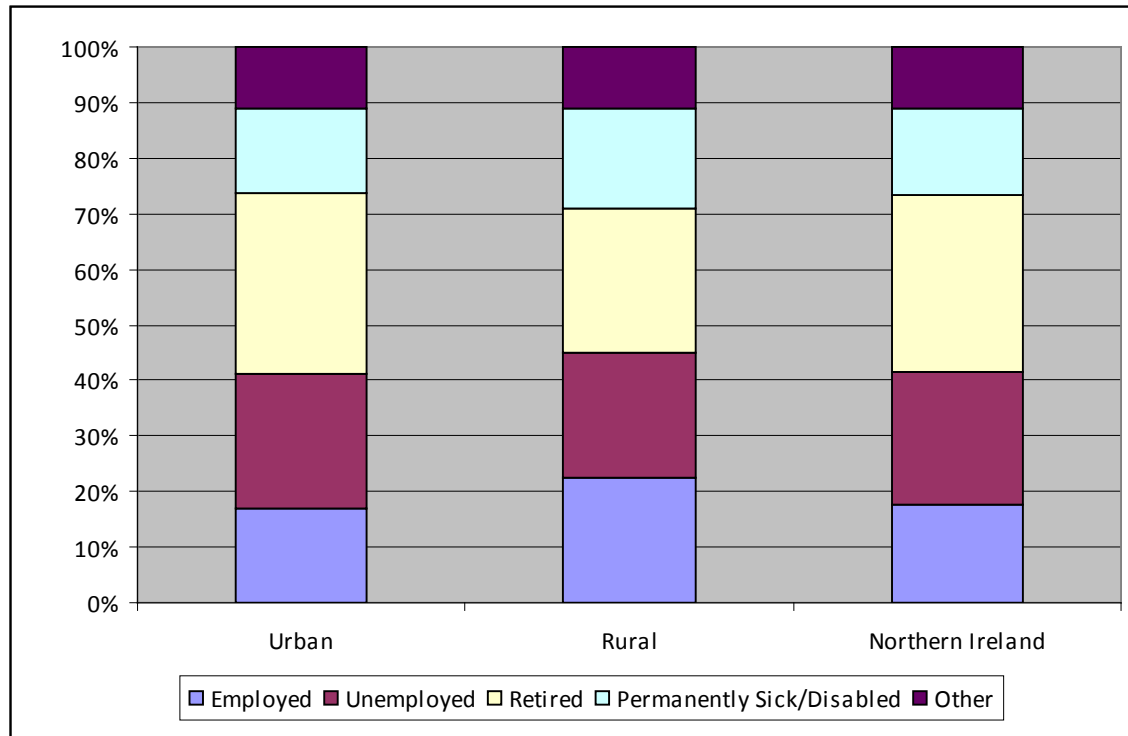
Table 36: Characteristics of Social Housing Tenants by Urban/Rural % Breakdown (2006)

| | 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 £7000 | 20 | 24 | 20 |
| £7000-£29999 | 76 | 72 | 76 |
| £30000+ | 4 | 4 | 4 |

Source: HCS 2006



Figure 31: Economic Status of social renters by urban/rural breakdown



Source: HCS, 2006