Housing Executive

Insight BRIEFING

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40 Years of the Housing Executive's House Sales Scheme:

Outcomes and Experiences, 1979-2019

As the 50th anniversary of the creation of the Housing Executive approaches in 2021, the organisation recently published research that marked a separate milestone: 40 years of its House Sales Scheme. The Scheme was introduced on a voluntary basis in 1979, and became statutory in 1993. By late 2018, more than 120,000 properties had been sold to tenants at a discounted price under the scheme, and in 2019 we commissioned a survey, undertaken by Perceptive Insight Market Research Ltd, to help provide updated evidence on some of the impacts and outcomes of the Scheme over a period of almost four decades.

Ordinarily, we would have shared the findings of this research at one of our twice-yearly *Insight* events, which provide a valuable opportunity to engage with users and stakeholders, and to discuss and receive feedback on our latest research findings. In view of the ongoing restrictions and uncertainty as a result of the coronavirus, however, we have postponed these events for the time being. This briefing therefore provides an overview of some of the key findings from the House Sales Scheme research, as well as a summary of a Northern Ireland-focused review on COVID-19, housing and the housing market.

We hope that we will be able to engage with colleagues in housing and associated sectors at a live event sooner rather than later and will continue to keep the situation under review. In the meantime, however, we hope you will find the contents and signposts in this edition interesting and informative, and would welcome any comments or feedback to research@nihe.gov.uk or heather.porter@nihe.gov.uk.

House Sales Scheme Research: Context and previous research findings

During the life of the House Sales Scheme to date, the number of Housing Executive dwellings sold was highest in 1981/82 (7,042 properties). Over the subsequent 25 years, the annual number of sales fluctuated, but averaged around 4,400. During much of that period, house sales were a source of capital receipts for the Housing Executive and, thus, an important enabler of both its new build output (up to 2001, see below) and ongoing investment in capital improvements to its housing stock.

However, reduction of the maximum discount cap from £34,000 to £24,000 in 2004 – followed by a period of unprecedented house price inflation that was ended by the Global Financial Crisis – resulted in reduced demand for purchase, and the pattern of sales changed markedly from 2006/07 onwards. In all but one year since 2008/09, the total number of House Executive dwellings sold to tenants through the House Sales Scheme has been fewer than 500.

The downturn in the number of house sales had been preceded in the late 1990s by a shift in policy which saw responsibility for building new social housing in Northern Ireland gradually transfer from the Housing Executive to housing associations. Consequently, since around 2001, the Housing Executive has not been in a position to replace sold properties with newly-built ones, resulting in the organisation having an ageing and gradually decreasing stock.

In **2004**, the Housing Executive published research by McGreal *et al* on *The Housing Sales Scheme and the Housing Market*, a detailed analysis that sought to give a strategic perspective on the effects of the scheme after almost 25 years of its operation. Some of the key findings were that:

- Between 1979 and 2003, sales as a proportion of total stock originally owned by the Housing Executive were generally higher in provincial towns and 'rural' districts, and lower in the main urban centres (Belfast and Derry/Londonderry).
- Sitting tenant purchasers showed high levels of satisfaction with the Scheme and their home, and the great majority felt that the advantages of home ownership outweighed the disadvantages, which were mainly related to repairs and the financial burden.
- The Scheme had increased home ownership and affordability for first time buyers and in many areas there were strong re-sale markets for ex-Housing Executive properties, which remained a relatively affordable option despite having appreciated in value.
- A distinction was drawn between 'first wave' and 'second wave' effects; while the former were deemed mainly positive and included the capital receipts generated for re-investment and households' ability to own their home, the latter were considered more complex and ambiguous, and included the changing shape of neighbourhoods and the resources available to those in housing need.
- The effect of the Scheme on public sector property supply was less than might have been expected, mainly because only a fraction of the sold properties were likely to have become available for re-let had they been in the social sector.
- There appeared to be at the most only a weak connection between volume of sales and social housing need; in 2003, the districts with the highest levels of housing stress were those with the lowest rates of sales under the Scheme. The findings pointed towards socio-economic issues and lower purchasing ability in the areas where housing stress was highest and the report emphasised the importance of 'put back' in the housing need equation.

The research concluded that the impact of the House Sales Scheme depended on two issues: first, what was done with the capital receipts and, second, the policies developed to address housing need issues.

Our 2019 research included a brief review of some of the published findings on Right to Buy (RTB) in Britain, which suggested that:

- The level of discount available to prospective buyers had been a key factor in the outcomes of RTB, and with lower discounts there would have been much less impact.
- The impact of RTB has been uneven both spatially and socially, and its effects have varied hugely depending on the local and regional housing market context.
- Outcomes around home owner and landlord maintenance of properties purchased under RTB have been mixed, and maintenance can be particularly complex in 'multi-owner' settings such as flat/apartment blocks.
- There is some evidence that the uptake of RTB by economically active households, in combination with needs-based letting, has contributed to the overall longer term 'residualisation' and stigmatisation of council housing.
- According to analysis carried out in Wales, around 12.5% of properties sold via RTB across eight local authorities in the two decades since 1997 had transferred to the private rented sector. Research in England also indicated that, especially in recent years, a considerable proportion of RTB stock had been 'recycled' into the private rented sector, resulting in higher Housing Benefit expenditure.

House sales by housing associations and the ONS reclassification of housing associations in Northern Ireland

Housing associations in Northern Ireland have also operated statutory house sales schemes since 2003. In 2016, the Office for National Statistics reclassified housing associations in Northern Ireland from the public to the private sector due to the level of regulatory control exercised over them by the government.

While this was mainly a technical issue concerning expenditure accounting, it nevertheless had significant policy implications; in summary, the reclassification of housing associations meant that (all other things being equal) if no action were taken, either the number of social houses being built each year would halve, or the Northern Ireland Executive would have to allocate around twice as much funding to maintain the same level of new social dwelling provision annually.

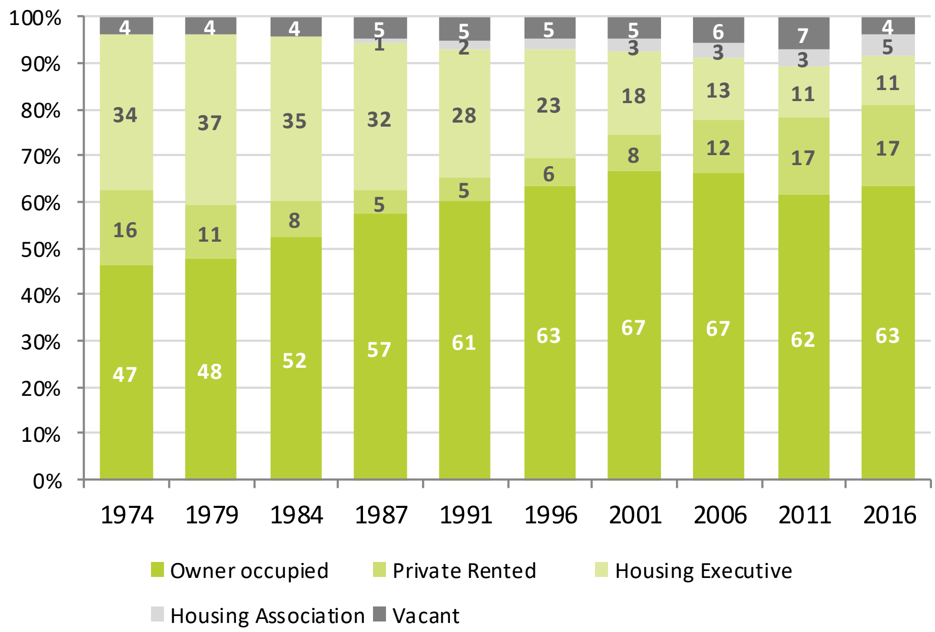
A review of legislation conducted by the Department for Communities indicated that the compulsory nature of the house sales scheme for housing associations amounted to 'control which is significant enough to warrant classification to the public sector', and the Department therefore consulted on options for the future of the House Sales Scheme, highlighting a number of issues regarding the reclassification.

In May 2020, the Minister for Communities announced that Executive agreement had been obtained to progress amendments to legislation that would facilitate the reversal of the ONS decision to reclassify housing associations into the public sector. The announcement noted that the amendments to the legislation would end the statutory and compulsory house sales schemes *for registered housing associations* after a transition period of two years, proposals that were formalised through the Housing (Amendment) Act (Northern Ireland) 2020. The Act received Royal Assent on 28 August 2020, and the transition period will thus end at midnight on 27 August 2022. As was recognised during the Assembly debates on the Act, this created an inequity in the social housing sector in respect of the 'right to buy'. Minister Ní Chuilín has committed to consult on the future of the Housing Executive's House Sales Scheme as soon as practicable, and it has been indicated that the consultation will set out proposals.

Social housing supply and need in Northern Ireland

The Housing Executive has been tracking the quality and tenure structure of Northern Ireland's housing stock through successive [house condition surveys](#) since 1974. At that time, around one third (34%; 153,500) of the 455,500 dwellings in the region were in the social rented sector, and almost all were owned and managed by the Housing Executive. Although the landlord built many thousands more homes over the next 25 years or so, a combination of sales, demolitions and the transfer of responsibility for provision of new build social housing meant that by 2016 its stock had decreased to around 85,300 homes, representing 11% of the 780,000 dwellings in Northern Ireland (Figure 1). While the number of homes owned and managed by housing associations has increased steadily, overall there were fewer self-contained social dwellings in Northern Ireland in 2016 (around 120,900 homes) than in 1974.

Figure 1: Northern Ireland's housing stock by tenure (%): 1974-2016



The [Housing Selection Scheme](#) is the gateway into social housing in Northern Ireland. The scheme uses common access criteria to assess applicants' housing circumstances, and those who receive 30 or more points in recognition of their housing need are deemed to be in 'housing stress'. The number and proportion of applicants in housing stress has risen steadily in recent years, from 13,042 (50% of applicants) in 2002/03 to 26,387 (70% of applicants) in 2018/19. However, the number of social housing (Housing Executive and housing association) allocations to applicants has remained relatively consistent over the last two decades or so, generally at a level of between 7,000 and 8,000 per annum.

The Housing Executive takes account of the degree of housing stress in carrying out annual social housing needs assessments for each local government district in Northern Ireland. It was determined that a total of almost 14,400 additional social dwellings were required over the period 2017/-2022 to meet the identified social housing needs and, as part of the recent analysis on 40 years of the House Sales Scheme, the assessed need at local government district level was considered against the trends in Housing Executive house sales and the existing social housing supply per 1,000 households. Overall, the figures pointed towards different dynamics in different areas:

- By far the greatest number of dwellings sold under the House Sales Scheme (24,185) was in Belfast LGD; however, as a proportion of the total Housing Executive stock in the district, the level of sales was the lowest in Northern Ireland (48%). As a consequence of this and continued relatively high levels of new provision, Belfast had the greatest number of self-contained social dwellings per 1,000 households (295) in 2018, but it also continued to have the second highest level of need for new provision, with a requirement for 33 new social dwellings per 1,000 households over the period from 2017-2022. A similar pattern of relatively high levels of need (49 units per 1,000 households between 2017 and 2022), in spite of a slightly lower-than-average rate of sales and relatively high levels of supply, was also apparent in Derry & Strabane.

- However, in other localities, the indicators were very different. Numerically, the second highest number of Housing Executive house sales between 1979 and 2018, equating to 65% of dwellings originally owned by the Housing Executive in the district, was in the Armagh City, Banbridge and Craigavon LGD. In 2018 the social housing stock in the district was at the lower end of Northern Ireland provision (120 dwellings per 1,000 households), but the level of assessed social housing need for 2017-2022 was also one of the lowest in Northern Ireland (four dwellings per 1,000 households). A similar picture of a relatively high proportion of Housing Executive stock sold, but relatively low self-contained social housing supply and assessed need, was evident in Fermanagh & Omagh District.
- The greatest proportion of sales relative to originally-owned stock was in the Newry, Mourne and Down District, where 70% of Housing Executive dwellings had been sold by 2018. However, with supply at 116 dwellings per 1,000 households, and assessed need of 30 dwellings per 1,000 households for 2017-2022, this was the area of Northern Ireland where it appeared that the loss of social housing supply over time had had the greatest direct impact on the level of housing need, perhaps due to relatively lower levels of new social housing provision over time than in areas such as Belfast and Derry.

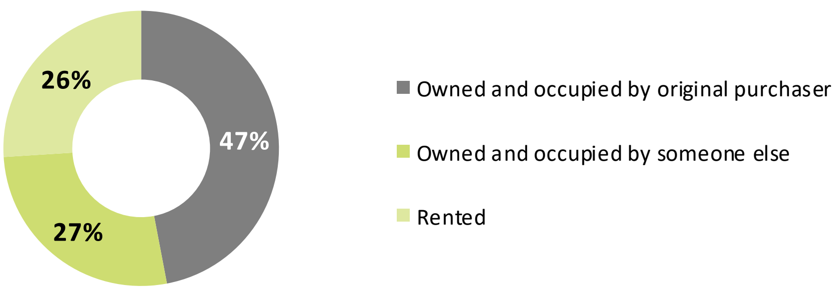
Survey of residents living in dwellings that had been bought from the Housing Executive

As part of the research, the Housing Executive commissioned Perceptive Insight Market Research Ltd to carry out a survey of residents living in sold Housing Executive dwellings across Northern Ireland. The aim was to carry out 100 interviews in each of our 13 administrative 'Areas', and we are grateful to the 1,313 respondents who took part in the survey in spring 2019. The main objectives were:

- To determine the current tenure of properties sold under the scheme;
- To ascertain the number of these properties that were being privately rented; and
- To gain insights on the views and experiences of original tenants living in former Housing Executive dwellings.

The survey found that almost half (47%) of the properties sold to tenants were still owned and lived in by the original purchaser, while similar proportions (27% and 26% respectively) were *owned and lived in by someone other than the original purchaser* and *rented* (Figure 2). Rented dwellings were mainly in the *private* rented sector, although a total of around 3,000 were estimated to have moved into housing association ownership through buy-back/purchase of existing satisfactory property arrangements.

Figure 2: Status of sold Housing Executive properties, 2019



The majority of terraced (73%) and semi-detached (77%) houses sold under the scheme were owner-occupied at the time of the survey, while a higher than average proportion of sold flats (41%, compared with 26% of all properties) were rented.

Respondent circumstances and characteristics: tenure

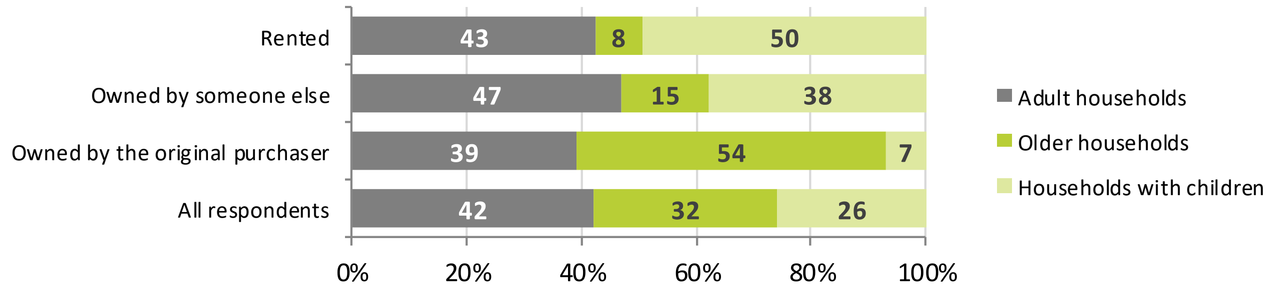
The data gathered through the survey enabled analysis according to the ownership/tenure circumstances of those living in the properties, which revealed a number of differences between the characteristics of renters, original purchasers and those who had purchased from someone other than the Housing Executive.

Household type

Of the properties sold under the Scheme, more than two-fifths (42%) were occupied by all-adult households, more than three-tenths (32%) by older households and more than a quarter (26%) by households with children.

However, there were substantial differences in patterns of occupancy by household type according to ownership/tenure arrangements. More than half (54%) of properties owned and occupied by the original purchaser were lived in by older households, while only 7% were lived in by households with children. In contrast, half (50%) of rented properties were lived in by households with children, 43% by all-adult households and less than one-tenth (8%) by older households (Figure 3).

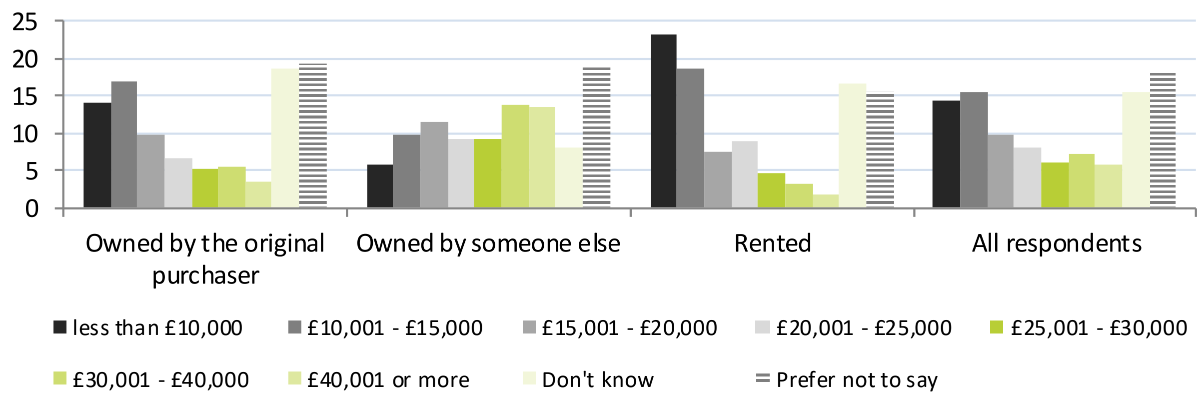
Figure 3: Household type by tenure (%)



Gross Annual Household Income

Similarly, the survey pointed towards differences in gross annual income (respondent and partner, if applicable) according to tenure: a higher than average proportion of households living in rented accommodation (42% compared with 30% overall) had a household income of £15,000 or less, while a lower than average proportion of owner-occupiers who were not the original purchaser (16%) had a household income in this bracket.

Figure 4: Annual gross household income by income band and tenure (%)

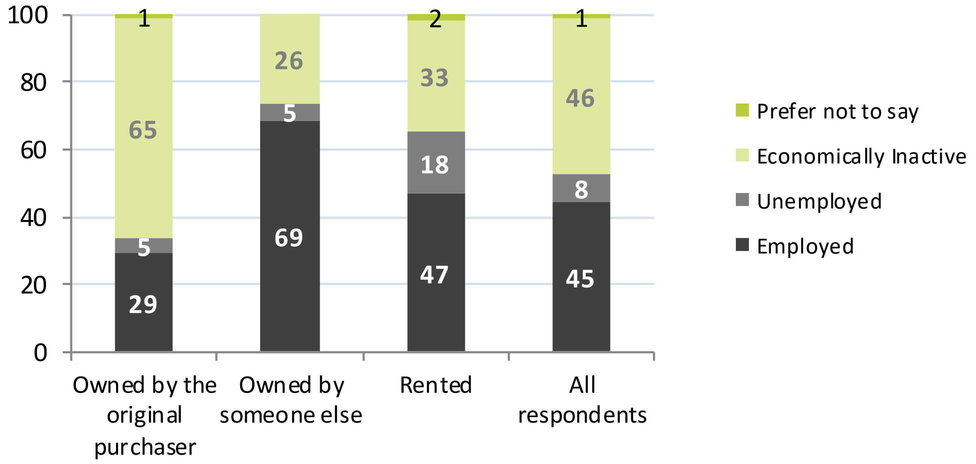


Employment status

Data collected about respondents' employment status were grouped according to whether they were *employed* (working full time, part time or self-employed), *unemployed* (but actively seeking work) or *economically inactive* (including people who were retired, students, those who were permanently sick/disabled, and those looking after family/the home).

Consistent with the type and age structure of households living in each of the tenure categories, economic inactivity was highest in those properties still owned by the original purchaser (65%, many of whom were likely to be retired), unemployment was highest among those living in rented properties (18%) and employment was highest in properties owned by someone other than the original purchaser (69%) (Figure 5). A similar pattern was found amongst the respondents' partners/spouses.

Figure 5: Respondent's employment status, by tenure (%)



Owner-occupied properties: Respondents who purchased directly from the Housing Executive

Most of the owner-occupiers who had purchased their home directly from the Housing Executive had been long-term tenants, more than two-fifths (44%; 24,960) for 20 years or more. However, around one-tenth (11%) had been tenants for less than five years. The survey suggested that their experience of home ownership had generally been positive, with few issues around the cost of ownership or upkeep of the property (Figures 6, 7 and 8).

Figure 6: Overall, compared with your expectations, has the cost of home ownership been...? (%)

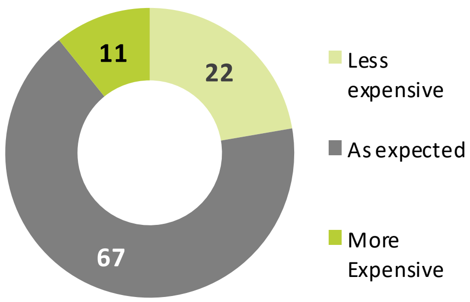


Figure 7: I have found it easy to maintain my home to a reasonable level of repair (%)

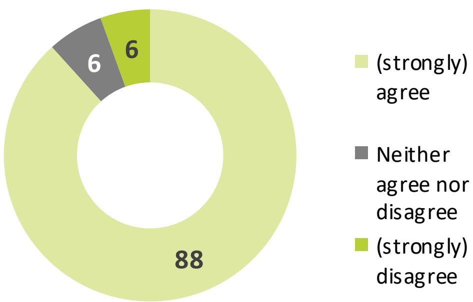
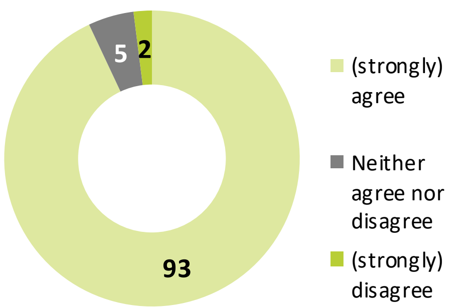


Figure 8: Overall, home ownership has met my expectations (%)



Owner-occupied properties: respondents who had purchased their home from someone other than the Housing Executive

At the time of the survey round 32,220 homes purchased from the Housing Executive under the House Sales Scheme were owned by households who had purchased them from a third party (someone other than the Housing Executive). The majority (around 76%) had been purchased since 2000, most (66%) by first time buyers. A greater proportion of this group than of original purchasers were therefore still paying off their mortgage, and the majority indicated that they found it easy to meet this cost.

Rented properties

The vast majority of respondents who were renting their home (84%) were renting from a private landlord. One tenth were renting from a social landlord and six percent from a family member or friend. Among those respondents who were not living rent-free, representing an estimated 30,900 households, the most common amount of rent paid, in 45% of cases, was between £100 per week/£433 per month and £119 per week/£519 per month (Figure 9).

Figure 9: How much is the rent for your home? (£; %)

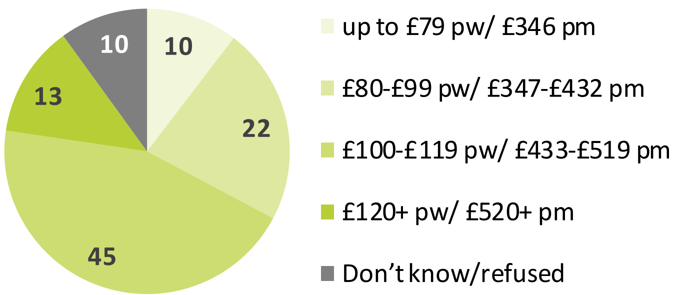
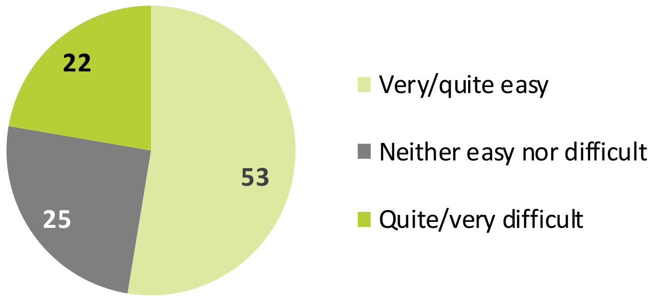


Figure 10: How easy or difficult do you find it to afford the rent? (%)



Just over half of respondents who lived in rented properties (53%; almost 16,210) were in receipt of Housing Benefit or the housing cost element of Universal Credit and, of these, nearly two fifths (39%) had their rent covered in full. However, the majority (60%; around 9,770 households) had a shortfall in their benefit payment by comparison with their overall rent costs. Of those who were paying some or all of their rent (estimated at around 24,450 respondents), just over half (53%) said they found it very/quite easy to afford the rent, but around one fifth (22%) found it very or quite difficult (Figure 10).

The vast majority (90%) of respondents who were renting said they intended to continue renting for the next five years, and almost three quarters (70%) of all those who were renting said they hoped to continue to rent *the property they were living in at the time of the survey* for a further five years.

Views on policy aspects of the House Sales Scheme

Finally, respondents were asked their views on a number of wider aspects of the House Sales Scheme. Overall:

76%	Agreed/strongly agreed that the Scheme was a good policy
80%	Agreed/strongly agreed that it encouraged home ownership
80%	Agreed/strongly agreed that it had enabled social tenants to become home owners

Conclusions

Taken together, the findings on the circumstances and experiences of the households living in sold Housing Executive properties point to, broadly speaking, three distinct groups, at different points in their life and housing journeys and in different circumstances:

- **Original purchasers** are most likely to be older households who have lived in the same dwelling for many years, now own it outright and are unlikely to choose to move, unless their circumstances change.
- The second group of home owners are mainly working age, employed, first time buyers who **purchased their home on the open market** as an affordable option.
- Those **renting** are generally lower income households – albeit often working – often with children. Most expect to stay in the private rented sector – even in the same *dwelling* – for the next five years.

The points that emerge in considering the findings only serve to highlight, once again, the complexity of issues associated with the House Sales Scheme. In summary:

- By 2019, the survey findings suggest that around 57,000 original purchasers remained living in the homes they had bought from the Housing Executive, while 60,800 sold Housing Executive dwellings had been transferred from the ownership of the original sitting tenant purchaser into the hands of another owner, or were being rented privately. A further 3,000 properties had returned to the social rented sector. Arguably, it is at the point when properties move out of the ownership of original purchasers that they are 'lost' to the social sector, since original purchasers are likely to have remained in the property as tenants if they had not bought their home, and it is only at the end of the tenancy (reflected in the end of the ownership period of the original purchaser household) that the property would have become available for re-let. As time goes on, more properties will move from being owned by original purchasers into one of the other two groups.
- Given the general picture emerging from the survey findings, it could be argued that, even having changed tenure, many of these dwellings will continue to meet the needs of specific groups for whom the reduced social sector in Northern Ireland does not have the capacity to provide and much of the owner occupied sector has generally been simply too expensive.
- On the other hand, had the social sector not diminished so drastically as a result of the House Sales Scheme and lack of investment in new social housing provision, it might have been better able to meet the needs of a greater number and wider range of households. The survey findings suggest that the level of rent charged for ex-Housing Executive properties now owned and managed by a private landlord is generally higher than for social sector (particularly Housing Executive) dwellings, with associated implications for any housing support costs being paid, and these assets are lost to the social housing sector for good.

Looking ahead: The future of the Housing Executive House Sales Scheme

All other things being equal, the legislation to end the statutory House Sales Schemes for registered housing associations after a transition period of two years (leaving associations with the option of operating a non-statutory, voluntary sales scheme) addressed the most pressing issues associated with the reclassification of housing associations and thus helped enable consistent ongoing provision of new social housing.

It also provided clarity on the position for housing associations and their tenants, although it remains to be seen whether there will be uniformity or divergence in any voluntary sales scheme provisions put in place by individual housing associations. Noting her wish to support people into home ownership, as well as to retain the social housing stock where possible, the Minister for Communities indicated her intention to consult separately on methods of entry to affordable homeownership, including consideration of the future of the Housing Executive House Sales Scheme. Moving forward, therefore, a number of issues look set to influence decision-making about the future of the Housing Executive's House Sales Scheme. They include:

- the need to ensure equality of opportunity for Housing Executive and housing association tenants in terms of the ability to purchase their home from their social landlord, given that the nature of the Housing Selection Scheme and allocations process in Northern Ireland means tenants have no control over who owns the social sector home allocated to them;
- the outcome of any future consultation by the Department for Communities on the future of the Scheme, and stakeholder views on the most appropriate policy direction given scarce public resources, Programme for Government targets and objectives, and housing need;
- wider policy developments in relation to the housing market and the range of options available to assist those wishing to move into home ownership;
- decisions about eligibility for, and discount levels associated with the Housing Executive's House Sales Scheme, should a Scheme continue in a voluntary rather than statutory format; and
- consideration of any potential impact of the policy change to allow the Housing Executive to increase rents; in particular, whether there is potential for an increase in house sales as a result.

The full report on the research, along with survey appendix tables and a summary infographic are available on the Housing Executive website.

COVID-19, housing and the housing market: Synopsis of events and evidence to date, with a focus on Northern Ireland

It is safe to say that 2020 has been a year like none in living memory. The emergence of COVID-19, quickly followed by the declaration of a global pandemic, was a sequence of events that had been completely unforeseen but that will have lasting consequences. In early summer, when the initial lockdown restrictions were just beginning to ease, the Housing Executive's Research Unit set out to examine the impact of the pandemic on housing and the housing market, both in Northern Ireland and, more widely, in the UK and Europe.

The resulting report is a synopsis of research findings, news reports, analysis and commentary collated over a number of weeks in June, July and August, and based on the most up-to-date information available at the time of writing.

Coronaviruses are a family of viruses that cause illnesses ranging from the common cold to more serious diseases such as Severe Acute Respiratory Syndrome (SARS-Cov). The 2019 novel coronavirus was a new strain that had not previously been seen in humans, and caused viral pneumonia. The technical term for the *virus* is SARS-CoV-2, while 'COVID-19' (short for 'coronavirus disease 2019') refers to the *disease caused by this particular virus*.

Emergence and response

The World Health Organisation (WHO) was first informed of a cluster of cases of pneumonia of unknown cause detected in Wuhan City, Hubei Province, China on 31 December 2019. Subsequently, on 12 January 2020, it was announced that a novel coronavirus had been identified in samples obtained from cases, and that initial analysis suggested this virus was the cause of the pneumonia outbreak.

By the end of January, almost 8,000 cases had been confirmed worldwide and a number of weeks later on 11 March, following further rapid spread, the WHO made the assessment that COVID-19 could be characterised as a pandemic. Announcing the pandemic status, the Director General of the WHO noted that the organisation had 'called…for countries to take urgent and aggressive action' and emphasised the need for a 'whole-of-government, whole-of-society approach, built around a comprehensive strategy to prevent infections, save lives and minimize impact'.

By the end of July 2020, figures published by NISRA indicated that there had been 854 COVID-19-related deaths in Northern Ireland. These figures included all deaths where the illness was mentioned on the death certificate by the doctor who certified the death, whether or not it was the primary underlying cause of death, and cases where the doctor noted *suspected or probable* coronavirus infection. At the time of writing this briefing, the most recent NISRA Statistical Bulletin (up to the week ending 16 October 2020) reported a total of 930 deaths in Northern Ireland where COVID-19 was mentioned on the death certificate.

In line with the approach advocated by the WHO, governments took dramatic measures in response to the spread of the virus; the UK declared a 'lockdown' on 23 March 2020 to control the COVID-19 pandemic, and while this action appeared to help curtail the public health crisis, it was not without other impacts. The Northern Ireland Executive published its 'road map' on reviewing and loosening coronavirus restrictions in May. Noting that the pandemic was both a public health *and* an economic emergency that would cause "severe social and economic damage", the document emphasised the need for action on both fronts, to suppress the virus *and* mitigate the negative impact on livelihoods.

Economic impact: the labour market

The state of the economy, and the associated situation in the labour market, is a key driver of both the supply of, and demand for, housing across all three of the main tenures (owner occupation, private rental and social rental). Analysis by Allas *et al*, which was published in May, noted that across the UK around 7.6 million jobs, representing 24% of the workforce, were thought to be at risk as a result of the lockdown. Nearly half of the at-risk jobs were in occupations earning less than £10 per hour and, as well as disproportionately impacting this *lower income* group, the analysis indicated that greater proportions of jobs were at risk in lower-income *sub-regions* of the UK. Furthermore, some *sectors* had been more strongly impacted than others; in the first half of April, almost three quarters (73%) of UK workers in accommodation and food services and 46% of those in construction had been furloughed.

Writing in May 2020, Magennis *et al* considered the situation in Northern Ireland and noted that the COVID-19 pandemic could be regarded as a 'black swan' event, from which the economic fallout was unlike anything in recent experience. They noted that the containment measures had resulted in many employees either working from home (where possible) or being laid off or placed on furlough, and suggested that the number of jobs potentially impacted by both furlough and layoffs could be in the region of 249,000.

In May 2020 it was estimated that as many as 249,000 jobs in Northern Ireland could be impacted by furlough and layoffs.

While their study found that all parts of Northern Ireland were likely to be badly affected by the shutdown of economies, it suggested that four districts (Mid Ulster, Mid & East Antrim, Newry, Mourne & Down and Causeway Coast & Glens) could see the greatest proportionate impact on both employment and GVA due to concentrations of construction, manufacturing, accommodation and/or retail in these areas.

At Northern Ireland level, a number of indicators have provided a sense of the unfolding impact of the lockdown restrictions on jobs, employment and the economy:

- The **claimant count** (which includes Jobseekers' Allowance and those Universal Credit claimants claiming principally for the reason of being unemployed) increased by 26,500 to 56,200 over the month to 9 April 2020. Figures published in October 2020 indicated that the claimant count in September was 62,000, or 6.7% of the workforce (unchanged from the previous month).

- The headline **unemployment** rate remained unchanged over the quarter to April 2020, at 2.4%. The rate over the quarter June-August 2020 had risen to 3.7%, which was lower than the rate in the UK (4.5%), but counterbalanced by the greater level of economic inactivity in Northern Ireland (26.6%, compared with 20.8% for the UK as a whole).

- Management information collated and published by the Department for Communities indicated that on 1 March 2020 the number of adults on the live caseload claiming **Universal Credit** (UC) in Northern Ireland was 70,000, and the average number of claims during the first two weeks in March 2020 was 2,040 per week. From the week commencing 16 March to the week commencing 13 April (inclusive), a total of around 57,540 claims were made, and by 26 April the live caseload had increased by 80% to 126,000. After this initial surge, the weekly number of new claims began to level out and the total has remained at just under 2,000 since mid-May.

- At 30 June 2020, 240,200 of 791,100 eligible employments in Northern Ireland had been 'furloughed' under the **Coronavirus Job Retention Scheme**. The take-up rate of 30% was in line with trends across the UK.
  - The sectors in Northern Ireland with the greatest *numbers* of employments furloughed at that time were wholesale and retail (54,700); manufacturing (41,100), accommodation and food services (40,100) and construction (23,800).
  - The most impacted sectors according to *take-up rate* were construction (70%); arts, entertainment, recreation and other services (61%); and mining quarrying and utilities (60%).

- In Northern Ireland, companies are only legally required to provide notification of impending **redundancies** of 20 or more employees. A total of 2,473 redundancies were proposed in June 2020, the largest monthly total on record and seven times the number proposed the previous month. Over the year from 1 July to 30 June 2020, 6,941 redundancies were proposed; this also represented the highest annual total since comparable records were first collated in 2006. Between March and September 2020, figures published by NISRA indicate that 7,940 redundancies were proposed in Northern Ireland, and 2,490 confirmed.

Economists and commentators have considered the possible trajectory and timing of recovery from the impacts of lockdown, but most conclude that the likelihood of a relatively rapid, 'V'-shaped recovery appears unlikely. Recent (October 2020) forecasts from the IMF suggested that the UK economy would record a 10.4% decline in GDP in 2020. Analysis published by Pivotal in summer 2020 noted that the scale of contraction in Northern Ireland's economy had been much faster and larger than in previous recessions and that many forecasters did not expect the region's economy to recover to 2019 levels until 2022 at the earliest.

Housing Impacts

While the immediate impacts of the lockdown for the UK housing sector were practical (meeting the needs of homeless people and rough sleepers; the 'closure' of the housing market), the short term challenges have been accompanied by a range of longer lasting implications for housing and the housing market. Irrespective of tenure, the evidence from Britain, and London in particular, re-emphasised the links between housing and health, with indications that COVID-19 death rates were highest in areas with concentrations of overcrowding and temporary accommodation, and that the situation was particularly difficult for those living in shared/HMO properties.

The Private Rented Sector

Writing in April, Simcock noted that issues that had already been a struggle for private renters – affordability, insecurity of tenure and poor property conditions – were likely to have been exacerbated by the coronavirus. Research from a variety of sources including the English Housing Survey and Affordable Housing Commission had demonstrated that private renters were generally paying a higher proportion of their income towards housing costs than those living in other tenures. As a result of the lockdown, many faced job losses and reduced income, putting them at risk of significant rental debt and the need to claim universal credit. Similar concerns were raised in Northern Ireland, with commentators noting that many of the young workers particularly impacted by the lockdown were likely to be private tenants.

As part of the response to COVID-19, the Chancellor announced in March 2020 that Local Housing Allowance (LHA)[1] rates would be increased to the 30th percentile, easing financial pressures to some extent for some private tenants receiving support with housing costs. A series of freezes on the LHA had led to shortfalls between LHA rates and actual rents in 97% of areas in England and Wales, and analysis undertaken by CIH had indicated shortfalls across much of Northern Ireland.

Locally, one of the main steps taken to support tenants in the private rented sector was the provision, under the Private Tenancies (Coronavirus Modifications) (Northern Ireland) Act 2020, that most private landlords would not be able to start possession proceedings unless they had given their tenant twelve weeks' notice. In August 2020, the Minister for Communities noted that this provision, which had been due to expire at the end of September 2020, was being extended until 31 March 2021.

Research carried out by the Housing Rights-supported Renters' Voice project during the early stages of the initial lockdown indicated that some tenants living in the private rented sector were experiencing stress and challenges, with respondents expressing concern about finances, paying rent, potential evictions and safety from the virus. Of 94 people surveyed, one third had lost employment, and over half of these were self-employed, freelance or agency workers.

"My wife and I both work in the arts sector and are facing extremely uncertain times ahead regarding finances. We have two young children and have concerns about meeting their basic needs while keeping on top of rent."

Private Tenant, Renters' Voice survey

"I live alone and suffer from both physical and mental health problems, which makes me vulnerable regardless of the COVID-19 virus. I can't get out to do shopping and no online shopping slots are available. I can't get out to top up gas and electric as I have pay-and-go meters, so the house is cold and electric supply low. Social isolation is lowering my already low mood."

Private Tenant, Renters' Voice survey

The Social Rented Sector and the response for households experiencing homelessness

Across the UK, homeless practitioners and policymakers responded quickly and collaboratively, putting in place emergency measures to support homeless people. As the initial lockdown eased, however, questions began to arise about how issues such as rough sleeping would be addressed in the longer term. Similarly, in Northern Ireland, relevant agencies and stakeholders worked in partnership during the early stages of the pandemic to ensure that homelessness services continued to operate effectively and safely. The measures put in place in March 2020 represented an emergency response, but by the summer an exit strategy and contingency plans for a possible second wave were being developed and it was reported that these were being viewed as "an

[1] Local Housing Allowance is the scheme used to set the rent for private tenants who apply for Housing Benefit/the housing cost element of Universal Credit. It is based on market rent levels within the locality and the number of people in the household.

opportunity to 'reset' rather than 'revert'". Homelessness sector charities in Northern Ireland had previously highlighted the likelihood of a significant increase in demand for services due to the pandemic.

Beyond the issues relating specifically to homelessness, the declaration of the pandemic and resulting lockdown had a range of implications for social landlords and tenants. Allocations, routine maintenance and repairs and most customer interactions had to be paused or delivered in a different way. Social landlords worked hard to stay engaged and in contact with their tenants, particularly vulnerable households facing difficulties and challenges. With restrictions easing, by July 2020 contractors were again able to enter homes to carry out inspections and non-essential works. However, a considerable backlog of repair requests had accumulated during lockdown, an outcome that was replicated in Britain; evidence collated by Housemark on some of the impacts of COVID-19 for social landlords across the UK is summarised in Figure 11.

Figure 11: Impacts of COVID-19 for UK social landlords (Housemark)

As a proportion of total rent collectable, **arrears** stood at 2.99% at the end of March 2020, compared with a normal level of 2.85% at that time of year. The rate increased to 3.27% in April and had reached 3.47% by June. Housemark commented that while the majority of the sector was probably past the initial arrears peak, there was significant variation between landlords and a further spike was expected to accompany the end of the furlough scheme.

By comparison with a long-run monthly average of 220 non-emergency **repairs** carried out per 1,000 social properties, HouseMark's data indicated that the lockdown restrictions saw the figure fall to 58 in April and 75 in May. This meant that the estimated non-emergency repairs backlog stood at 1.5 million in May. The number of reported non-emergency repairs doubled during June as landlords began to deliver a fuller service.

There was a 30% increase in the number of reports of **anti-social behaviour** and **domestic abuse** during the month of April 2020, by comparison with March, while the number of incidents reported in May 2020 was 43% higher than in March. While the rise in incidents of anti-social behaviour between March and May was partly attributed to the seasonal impact of warmer weather, HouseMark nevertheless noted that *confinement due to the lockdown had created an additional 200 anti-social behaviour cases per day*. A further rise the following month meant that by June, there had been a 60% overall increase in reported anti-social behaviour since March.

Experiences of Housing Executive Tenants

The Housing Executive commissioned a survey of tenants, carried out online and by telephone in July 2020, to help gain a better understanding of their experiences as a result of COVID-19 and the response to it. Just over 3,000 tenants took part, and some of the key findings were that:

36%	of respondents said that they were in one of the coronavirus risk groups
36%	felt that their physical health had worsened as a result of the COVID-19 pandemic and lockdown
60%	said their mental health had worsened due to the pandemic; respondents aged under 35 were most likely to report worsened mental health (64%).
37%	were concerned about repairs not being carried out at their home
23%	were concerned about the impact the pandemic would have on their ability to pay their rent

Social sector sustainability and investment

At a UK-wide level, commentators have suggested that job losses, falling incomes and increased rent arrears arising from the pandemic would mean very few housing associations would be immune from the shocks. Smaller associations with fewer than

1,000 homes were thought to be the greatest immediate concern, particularly those with large care and support offerings. In Northern Ireland, new build social housing starts were particularly hard hit by the imposition of lockdown restrictions in March 2020. With a traditionally 'back-loaded' programme that tends to see the bulk of starts concentrated at the end of the financial year, the inability to work during the last week of March and the uncertainty in the run-up meant that only 761 of the planned 1,850 starts for 2019/20 were achieved, by comparison with 1,786 the previous year.

Housing sector bodies in Scotland, Wales and Northern Ireland have argued that social housing must be central to the plans of devolved governments to steer their economies through the impact of coronavirus. Addressing a conference in late June, Northern Ireland's Minister for Communities confirmed that social housing would be at the core of the Department's work to increase housing supply across all tenures, and that, as part of its coronavirus recovery plan, the Northern Ireland Executive would develop a housing supply strategy to examine 'the deep-rooted barriers to increasing supply across all tenures, including infrastructure, funding, skills and capacity constraints'.

The owner-occupied sector and the residential property market

Owner occupation remains the most prevalent housing tenure across the UK, with around 64% of households in England and a similar proportion in Northern Ireland (63% in 2016) owning their home outright or buying with a mortgage. While those who own their homes outright might be considered to be in a relatively secure position, households buying with a mortgage may be more vulnerable to the consequences of a fall in income.

Mortgage lenders had sought to provide supports for borrowers whose income had been affected by the coronavirus, including the option of mortgage holidays, which allowed households to defer payments without affecting their credit rating. Payment holidays, up to a maximum of three months, were first introduced in March, but with the first recipients facing the prospect of having to begin making payments in June, it was announced in May that households who had availed of the facility could extend the holiday for a further three months, and that new applications for three-month deferrals would be accepted until 31 October 2020.

Figures published by UK Finance showed that of around 10,970,000 first charge mortgages in place in the UK at the end of May 2020, 1.86 million – one in six – had had a mortgage payment holiday issued. Commenting at the time, the Chief Executive of UK Finance said that mortgage lenders were committed to supporting their mortgage customers, and were offering help to any customers nearing the end of their three-month payment holiday. A ban on lender repossession of homes was also put in place until 31 October 2020.

Of around 10,970,000 first charge mortgages in place in the UK at the end of May 2020, 1.86 million – one in six – had had a mortgage payment holiday issued.

The housing market in England reopened on 13 May 2020, and Northern Ireland followed in mid-June. Seeking to boost the re-opened housing market, the UK government announced a temporary increase in the Stamp Duty Land Tax threshold on 8 July 2020 (PWC, 27 July 2020). The stamp duty 'holiday' on the first £500,000 paid for a main home in England or Northern Ireland was introduced with immediate effect, to apply until 31 March 2021. Prior to the announcement, only those homes selling at under £125,000 had been exempt from the tax.

Market sentiment in Northern Ireland post-lockdown

The Ulster University/Housing Executive/ Progressive Building Society House Price Index report for the second quarter of 2020 was published in August. With the analysis period only including around two weeks when the housing market was formally 'open', albeit in a changed format, the sample of transactions captured by the survey was understandably much-reduced, at 570, by comparison with the average over preceding quarters (generally 1,900-2,000). Nevertheless, at Northern Ireland level, the average price of properties transacting remained more or less stable by comparison with pricing trends over the last year or so.

The analysis included a review of comments and insights from estate agents and surveyors on their sense of the housing market and expectations over the short- and medium-term. Some of the points raised were that:

- The initial emergence from lockdown restrictions and the partial closure of the economy had released strong pent-up demand, with near-normal activity levels.
- Government stimulus tools, including the forthcoming change to the stamp duty threshold, were perceived to have helped encourage activity and it was thought that this was likely to continue during the latter half of 2020.
- However, there was an expectation that the final quarter of the year, bringing with it the end of the furlough scheme and a greater sense of the full economic implications of the response to the pandemic, could be a more challenging time for the housing market.
- The impact of the pandemic appeared to have varied across Northern Ireland during Q2 2020, with some localised markets having experienced a much greater downturn in transactions, by comparison with the equivalent period in 2019, than others.
- The majority of agents had noticed sales failing to complete due to revision or withdrawal of mortgage products and tightened lending criteria, and in many instances the deposit requirements for first time buyers had increased, with falling loan-to-value ratios. A number of respondents stressed that the first-time buyer segment of the market needed assistance with lower deposits and the reintroduction of ISAs.
- Agents expressed concerns about the numbers of furloughed staff in the high street retail sector and hospitality industry that would retain their jobs, and the majority viewed the end of the furlough period as a potential watershed moment, fearing that significant redundancies would feed into the housing market and, without meaningful economic intervention, result in increased repossessions.
- The potential of an 'impasse' arising from uncertainty about the future direction of house prices and the housing market was highlighted, with agents commenting that investors begin to hold off as they feel prices will fall, but sellers try to sell before prices fall.

The longer term prospects for the housing market in Northern Ireland are likely to depend, to a large degree, on the extent and speed of any return to 'normal' levels of economic, business and social/recreational activity. Earlier in 2020, it had looked possible that if there were no damaging structural impacts on the performance of the economy and only a short term 'pause' in the housing market by way of response to COVID (Buchanan, April 2020) the outlook could be reasonably optimistic.

As time has gone on, however, many sectors have suffered heavy job losses across the UK. Northern Ireland has faced its share of this fallout, and it is likely that more pain will accompany the end of the furlough scheme and could be exacerbated by further regional or sub-regional 'lockdowns'. Assuming the various support measures end as planned at the same time as the job retention scheme, some households may face something of a cliff edge scenario in the autumn. In this context, the longer term outlook for the housing market, dependent as it is on certainty, income and households' ability to borrow and make repayments, may well be more challenging.

COVID-19 and housing in Europe

With much of Europe also impacted by COVID-19 and varying degrees and durations of lockdown restrictions, the analysis briefly considers the outcomes and approaches in European nations with a variety of housing market and tenure structures. Commentators had noted that across Europe, there were three main inter-related types of effects, which would call for overlapping policy action:

1. A pause in economic activity;
2. Uneven effects on different segments of the economy; and
3. The impact on households from loss of jobs or a decline in disposable income.

Figure 12 summarises some of the measures put in place in a selection of European countries to assist home owners and renters whose incomes had been impacted by the response to the pandemic.

Figure 12: Responses to the housing impacts of COVID-19 in Ireland, Spain, Italy and Germany

Ireland

- While owner occupancy remains the predominant housing tenure in Ireland, affordability issues meant that rents and homelessness had been presenting challenges before the onset on the pandemic.
- The government imposed a three-month rent freeze and evictions ban in the private rented sector. Originally due to end on 27 June 2020, this three-month period was extended twice, until 1 August 2020.
- The ban on eviction notices and rent increases was subsequently replaced by new rental laws that protect tenants economically affected by COVID-19 and who are at risk of losing their tenancy; these provisions apply until 10 January 2021.

Spain

- Owner occupied sector (76%): mortgage payments were suspended and protection against possession put in place for those able to prove they were impacted by the virus.
- Private rented sector: tenancy agreements that had been due to end during the crisis were automatically extended until six months after the end of the state of emergency. Landlords with 10 or more properties had to reduce rents by as much as 50% during the state of emergency and for up to four months after it ends, or alternatively agree to a rent payment plan, which can be paid up to three years after the crisis. Renters were also enabled to access bank loans guaranteed by the government to help them cover rents, with a payment term of up to ten years.

Italy

- Owner occupied sector (72%): temporary suspension of mortgage payments and support with mortgage payments for first time home owners.
- Private rented sector: supports mainly geared towards protecting landlords' incomes, although an evictions ban was also introduced.
- No central funding for rough sleepers, who in some cases were fined by police for not obeying the lockdown, despite having no home to go to.

Germany

- 49% of homes are rented, and strong protections for renters already in place, with permanent contracts that are difficult to terminate other than for rent arrears.
- The already generous system of housing subsidy for low earners was increased, and the limit for those able to receive support was abolished to help those unable to work. Renters unable to pay due to COVID-19 impacts are expected to pay the rent back over a two-year period, at an interest rate of around 4%.
- In addition, an evictions ban was introduced for renters able to prove their income had been affected by the crisis.
- The supports meant that the largest landlords had not encountered major drops in income, but there were concerns for the small private landlords who own around one third of the rental stock and may be more reliant on steady rental income.

Conclusions

Across the UK, the dual imperative since March 2020 has been to safeguard both lives and livelihoods. For the government, the short term actions have been focused on avoiding permanent job losses and minimising damage to the economy.

Nonetheless, the response to the virus, including the protracted lockdown and ongoing impact of social distancing and restrictions on large gatherings, has taken a heavy toll on the economy and society in general, and there is likely to be further pain ahead. The scale of contraction in the Northern Ireland economy has been faster than in previous recessions, and economists are doubtful about the prospect of a v-shaped recovery, indicating that the nature of the Northern Ireland economy makes it vulnerable to not returning to pre-COVID levels for some time.

Various groups and representative bodies have put forward proposals on ways to mitigate the impacts of the lockdown and restructure and 'reboot' the local economy in both the short and longer term, advocating a range of actions such as ensuring suitable support for businesses, accelerating capital projects, investing in skills and focusing on environmental commitments and climate change mitigation.

While the reopening of the housing market in Northern Ireland released an initial burst of pent-up demand, COVID-19 has dealt a blow to the housing market, and to housing across all tenures, the effects of which will be felt for some time to come. The Housing Executive has already undertaken initial research on the impacts of the coronavirus and lockdown restrictions for Housing Executive tenants. We will continue to monitor wider housing market indicators, review the need for further specific research on the impacts of the pandemic and the measures put in place in response to it and, where appropriate, take opportunities to gain COVID-19-related insights through our ongoing/planned research programme.

The fully-referenced report is available on the Housing Executive [website](#).

Housing Executive Research

As well as the two reports summarised in this briefing, other recently-published research includes:

Cost to make dwellings safe in Northern Ireland (2016)

This report, based on the Housing Health and Safety Rating System (HHSRS) data collected through the 2016 Northern Ireland House Condition Survey, presents the average (mean) costs to reduce Category 1 hazards in the Northern Ireland Housing Stock to an acceptable level – i.e. the average for the type and age of the dwelling. Across all tenures, including vacant dwellings, the estimated *mean* cost in 2016 was £4,366. However, with the mean cost impacted by homes with high costs, the analysis also considered the median cost, which was found to be much lower, at £1,294 per dwelling.

Cost to make dwellings fit in Northern Ireland (2016)

House Condition Surveys have assessed dwelling conditions in Northern Ireland against the statutory fitness standard since 1974. In order to be classified as *unfit*, a dwelling must fail on one or more of the 11 individual criteria set out in the nine-point standard. The 2016 survey estimated that only 2.1% of dwellings (16,400 in total) were unfit, and just over half of the cases on which this estimate was based were vacant. The analysis indicated that the *median* cost to make *all* dwellings fit was £12,606, while the *median* cost to make *occupied* dwellings fit was £2,844. In both cases, the *mean* costs were skewed substantially higher by dwellings with multiple repair and maintenance issues.

Assisted living technology for tenants: an evaluation of the pilot project

In September 2017, the Housing Executive commenced a pilot project to install a range of assistive smart technology equipment into a small number of homes in the North West, to support tenants with disability or mobility issues. The project was delivered in partnership with the Western Health and Social Care Trust (WHSCT) and Hive Studios, a Digital Community Social Enterprise. This report, which is based on qualitative interviews with participating tenants carried out in 2019 by the Housing Executive's Research Unit, summarises the outcomes of the pilot project in relation to tenancy sustainment, addressing mobility challenges, improving home security, and improving quality of life.

If you have any comments or questions about this briefing or the Housing Executive's research programme, contact us on **028 9598 2562** or research@nihe.gov.uk