December 2023

NIFHA 2023

SECTOR GLOBAL ACCOUNTS

Global Accounts for Northern Ireland Housing Associations

Great Homes,
Thriving Communities

ASM CHARTERED ACCOUNTANTS

NIfHA

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ASM
CHARTERED ACCOUNTANTS

NIFHA would like to thank Brian Clerkin and the housing association team at ASM for their work in preparing the 2023 Sector Global Accounts. We appreciate the valuable contribution ASM Chartered Accountants are making to the sector in providing these consolidated accounts and analysis.

2023 SECTOR GLOBAL ACCOUNTS

Global Accounts for Northern Ireland Housing Associations

Introduction

Inflation has continued to cause significant concern in the provision of new developments, maintenance and labour costs. Despite those very significant pressures, Housing Associations haven't been thwarted in delivering what is asked of our sector, which is testament to the individual and collective resilience of our sector here in Northern Ireland.

However, the financial pressures Housing Associations face aren't going away anytime soon, inflation continues to grow, just at a slower rate than previously and this continues to impact the delivery of homes and multiple services we provide for hundreds of communities across Northern Ireland.

The brightest light from our sector in the past twelve months has been the compassion and due diligence that Housing Associations have shown with regards to the cost of living crisis that has affected thousands of our tenants. Last Winter NIFHA in collaboration with our members delivered a 'Cost of Living' Campaign that highlighted the great work our sector is doing to help tenants enduring financial hardship. It's our intention to keep highlighting that as Housing Associations, you don't simply provide secure tenancies, but also valuable support to tenants as and when required.

A particular message I have been keen to get out is the significant contributions Housing Associations make to the wider economy. Over the last year our sector spent over £358m on developing and investing in homes, making us not just a core source of work for multiple businesses across our economy, but also a trusted and reliable business partner, which is especially important during a particularly difficult time economically for many in the private sector.

As a sector we now employ 3,373 staff and are contributing £85m in wages and salaries as well as indirectly sustaining thousands of job for service providers.

The absence of a functioning Executive is exacerbating the challenges we face around decision making, legislative change and funding. We'll soon reach two years without an Executive at Stormont which has been a time without any decisions being made on spending, planning, climate change and health. That's time we can't get back and will make it harder for an eventual incoming Executive and Ministers to make key decisions due to the backlog of tasks and a reduced budget. It will therefore be imperative for NIFHA and our sector, that prior to a returning Executive, we continue to outline not just the challenges our sector faces and how government can support us, but also champion the great work that social & affordable home providers deliver; as partners in delivery, our remit needs to be a pivotal part of any future programme for government.

Our sector continues to work as a key partner alongside our housing colleagues in the Department for Communities and the Northern Ireland Housing Executive and by exceeding our new build target for last year, we have shown that we are a reliable and resourceful partner, which in today's financial climate, is the best kind of partner you'd want to work with.

This is our second year publishing our Sector Global Accounts in partnership with ASM Chartered Accountants and our thanks to Brian Clerkin and his team for helping us prepare our report and its findings. I hope that you will find this report a reliable and informative source of financial information relating to a core sector that not only continues to build great homes under increasing pressures, but continues to enhance the lives of many people and sustain thriving communities.

Seamus Leheny | Chief Executive

2023 SECTOR GLOBAL ACCOUNTS

1,356
new social homes completed across 82 schemes

£389m
annual underlying turnover*

59,371
homes owned & managed

745
new homes provided through Co-Ownership

6% increase in underlying turnover*

"The sector had a good year, further growing its underlying asset base and delivering strong surpluses to finance existing debt obligations and to underpin future growth.

1% decrease in underlying operating surplus*

2.34%
increase in number of homes provided

The Year in Numbers

NIfHA

£1.471bn
total borrowing invested

1,956
new homes started

30.4%
gearing

£2.3m
increase in overall surplus

£91.66
average weekly rent
(GN & Sheltered)

3,373
total staff

8%
increase in underlying operating costs*

£31,680
average staff cost

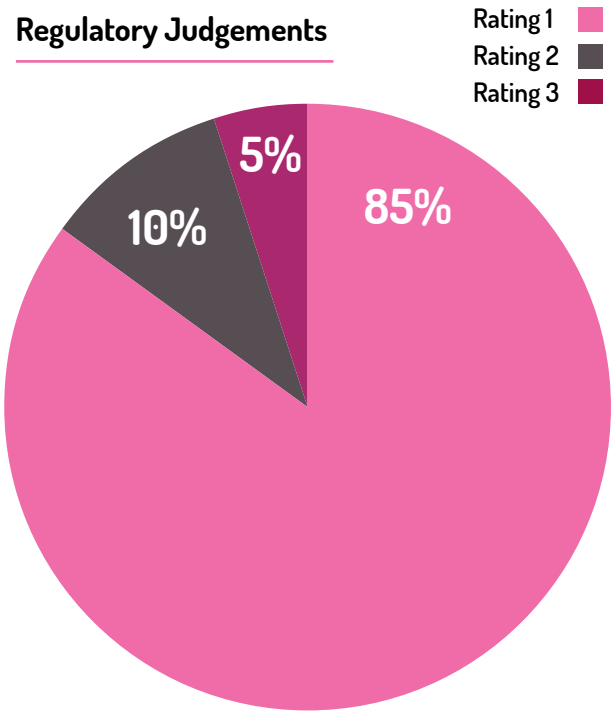
£4.75bn
fixed assets

*excluding Co-Ownership first tranche sales and deconsolidation of ROI subsidiaries

Update from the Regulator

The Department for Communities (DfC) has completed the fifth formal year of Regulatory Judgements for 2021/2022. Housing Regulation Branch reviewed and assessed all Regulatory Standard Annual Returns and published Regulatory Judgements and Key Performance Reports. Performance remained high with the majority of Registered Housing Associations (RHAs) meeting the Regulatory Standards.

Regulatory Judgements



Choice - Fountain Hill Development Announcement, Antrim

Apex - Cultural Spooky Big Lunch Belfast

We recognise 2022-23 presented a challenging set of circumstances for RHAs and their tenants, and that this remains the case. We have witnessed high inflation, volatility in energy costs, rising interest rates, and the absence of a functioning NI Executive to deliver a Programme for Government. Despite these challenges, RHAs have continued to demonstrate robust financial performance while serving the needs of tenants and delivering the much-needed new homes for our society.

The review of the 2017 Regulatory Framework for RHAs is nearing its conclusion. We are grateful to RHAs and other stakeholders who have taken the opportunity to comment on the current Regulatory Framework, how it operates, and shape changes to the framework to ensure it remains relevant and fit for purpose. Our aim was to enhance a regulatory process that is proportionate and cost effective, ensuring tenants are protected and provided with opportunities to participate in the business of their association.

In general, we were pleased with the favourable comments and positive feedback expressed by many participants in the review. We hope to build on this solid foundation and several recommendations arising from the review have already been implemented. Some recommendations will require longer term consideration and we will continue to seek sector engagement on these when required.

A revised Regulatory Framework will be issued in early 2024 and become effective from 1 April 2024. We hope this enhances our productive working relationship and delivers a vibrant, affordable, and sustainable social housing sector.

> *RHAs have continued to demonstrate robust financial performance while serving the needs of tenants and delivering the much-needed new homes for our society.*

Operating and Financial Review

Overview

The Housing Association sector in Northern Ireland has had another significant year of growth, both in terms of new homes built but also in terms of the impact that the sector has on the broader economy through development spend, maintenance spend and local employment.

In preparing the sector global accounts analysis, we have reviewed the existing suite of statistics that had been reported on in previous years and based on feedback from both Associations and Funders we have also identified, and instituted new, covenant related, measures of performance, to provide a more balanced understanding of the debt capacity within the sector.

Based on our analysis of this year's figures, there are three key trends and three one-off events which reflect both the way the sector has developed and how it has reacted to external financial and economic factors.

The three longer term trends, which are considered in more detail below, can be summarised as follows:

- steady organic growth both in the general needs housing base and related revenue reflecting inflation-linked rent increases and a further increase in housing units;
- operating costs which have increased due to an increase in scale (i.e. more units under management) and inflationary pressures;
- very efficient Treasury Management, which has, so far, protected the sector from the increase in bank base rates.

Together these three longer-term trends point to a sector that is growing and which has adapted well to the current financial pressures.

The one-off events impacting on this year's results can be summarised as follows:

- movement to a pension asset position for many Housing Associations;
- cessation of the Voluntary Purchase Scheme in August 2022;
- de-consolidation by one of the large Housing Associations of its subsidiary housing activities in the Republic of Ireland.

As of 31 March 2023, Housing Associations own and manage 59,371 social housing homes in Northern Ireland representing an increase of 1,356 units (2.34%) on 2022. The sector also directly employs 3,373 full-time equivalent (FTE) staff. In addition, the sector supports a significant number of other jobs in the Northern Ireland economy.

59,371
homes owned & managed

£5.1bn
total assets

6%
increase in underlying turnover*

In 2023, the sector navigated through continued inflationary pressures and a significant increase in UK interest rates to deliver an encouraging set of results. In light of the headwinds facing the sector, that it still achieved an operating surplus of £83m is notable. This represents a modest decrease compared to the operating surplus of £89m in 2022. This decrease was largely driven by one-off factors, primarily the deconsolidation of Choice's Republic of Ireland subsidiaries and a reduction in first tranche sales by Co-Ownership (from the levels achieved in 2022).

If we remove the impact of Co-Ownership's first tranche sales and Choice's deconsolidation of Republic of Ireland subsidiaries, we can see that underlying turnover increased by £21m (6%) and the underlying increase in operating costs is £22m or 8% on prior year, therefore underlying operating surplus has decreased by £1m (1%).

The table below demonstrates the impact of these two matters on the underlying operating surplus:

Operating Performance - Consolidated Income & Expenditure Account

	2023 £000	2022 £000	Variance 22 - 23 %
Turnover	**424,937**	**429,210**	**1%**
Operating Costs	(342,699)	(341,175)	0.45%
Operating Surplus	**83,038**	**89,235**	**(7%)**
Profit on Sales of Assets	14,477	8,315	74%
Interest Receivable	2,499	186	1245%
Interest Payable	(38,067)	(39,957)	(5%)
Other Costs	(13,054)	(11,159)	17%
Surplus for the Year	**48,894**	**46,620**	**5%**

Operating Performance - Underlying Operating Surplus

	2023 £000	2022 £000	Movement 22 - 23 %
Turnover	**424,937**	**429,210**	**(1%)**
Co-Ownership First Tranche Sales	(35,739)	(44,777)	(20%)
De-consolidation of Choice		(16,599)	(100%)
Underlying Turnover	**389,198**	**367,834**	**6%**
Operating Costs	**(341,889)**	**(339,975)**	**1%**
First Tranche	29,203	39,297	(26%)
De-consolidation of Choice		10,301	(100%)
Underlying Operating Costs	**(312,696)**	**(290,377)**	**8%**
Operating Costs/ Turnover	80.45%	79.20%	1%
Underlying Costs/ Turnover	80.35%	78.95%	1%
Operating Surplus	**83,038**	**89,235**	**(7%)**
Operating Margin	19.55%	20.80%	(1%)
Underlying Surplus	**76,502**	**77,457**	**(1%)**
Underlying Margin	19.65%	21.05%	(1%)


Rural - Brook Court, Ahoghill, move in day


Choice - Willowfield

The growth in underlying turnover in the last 12 months is driven by inflation-related rent increases in the year across the sector and the increase in NI housing stock in the year from 58,015 to 59,371.

On an underlying basis, operating costs are up by approximately 8%. This was driven by the growth in new housing, contributing to an increase in Associations' cost bases and significant increases in electricity and energy costs. Alongside this, the impact of inflation also caused an increase in staffing and material costs throughout the year.

As discussed in last year's report, the sector, and its public sector funders, are still struggling to address the extent to which the sector's "general needs" housing activities are supporting and cross subsidising other "non-general needs" activities. Those Housing Associations providing significant additional care, support and training services over and above the provision of a bricks and mortar home are finding that these services are continuing to face significant increases in staff costs, resulting in thin margins, or outright deficits, in these essential public service areas. Whilst additional support has been made available this year, there is also evidence of Associations exiting, or rebalancing their exposure, to those services which are no longer economically viable.

Offsetting these negative trends, the sector has managed its financial resources, and in particular its debt facilities and cash reserves, extremely efficiently over the last 2 to 3 years. In the early part of this decade, it had taken advantage of historically low interest rates to refinance a significant proportion of its private sector funding requirements, and this has borne fruit during the year to 31 March 2023, when despite a significant spike in UK interest rates, the interest costs for the sector reduced slightly. This is discussed in more detail below, but this proactive treasury management approach, together with one-off gains on the disposal of fixed assets (primarily through house sales to tenants) resulted in the sector's overall surplus growing by £2.2m or 5% to £48.9m.

The sector is a major employer in Northern Ireland, with 3,373 staff on the payroll of Housing Associations as at 31 March 2023, contributing £85m (2022: £79m) in wages and salaries directly into the local economy during the year.

However, controlling wages and salary costs and filling posts continues to be a challenge for the sector.

Total staff costs, including employers' NIC and pension contributions, is one of the main contributors to an Association's cost base and during the year total staff costs have increased £8.2m to £106.8m. This is on top of a similar increase of £5.0m in total staff costs experienced during 2021-22.

Over the course of the last two years, the sector's headcount has only risen by 0.5% but its pay bill has risen by 12.7%. This is the real-world impact of pay inflation within the sector and anecdotally the increase in the pay bill would have been even greater if Associations had been able to fill more of their vacant roles. As highlighted in prior years, managing this cost base will need to be an area of focus for the sector going forward.

£236m
new loan finance

£85m
wages & salaries

£108m
operating cash flows

Balance Sheet Position - Consolidated Balance Sheet

	2023 / £000	2022 / £000	Variance 22-23 %
Tangible Fixed Assets			
Housing Properties	4,658,093	4,661,322	0%
Investments	52,989	48,763	9%
Other Tangible Fixed Assets	43,501	38,855	11%
Total Fixed Assets	**4,754,133**	**4,748,940**	**0%**
Current Assets			
Stock	13,274	14,118	(3%)
Debtors	176,342	137,023	29%
Short Term Investments	135,988	39,116	248%
Cash	60,462	122,403	(51%)
Total	**386,516**	**312,660**	**24%**
Creditors < 1 year	**(362,314)**	**(268,706)**	**35%**
Net Current Assets(Liabilities) / Assets	**24,201**	**43,954**	**(45%)**
Total Assets Less Current Liabilities	**4,778,335**	**4,792,894**	**0%**
Creditors > 1 year	**(4,016,110)**	**(4,069,166)**	(1%)
Pension Asset (Liability)	**16,353**	**(19,464)**	184%
Total Net Assets	**778,577**	**704,264**	**11%**
Total Reserves	**778,577**	**704,264**	**11%**

As demand for social housing rises, more Associations are becoming regular "developing" Associations and the overall trend is for Associations to undertake, on average, larger sized housing schemes. This can mitigate against development cost inflation by creating economies of scale for new schemes, provides greater opportunity for mixed tenure and provides a larger pipeline of homes under construction as the largest schemes are, by their nature, multi-year undertakings.

While it appears that the net housing asset base has reduced by £3m, this has been skewed by the one-off impacts of the de-consolidation of Choice Housing Association's Republic of Ireland subsidiaries (as referred to above) which had Housing Property NBV of £240m. After removing this, the sector's housing asset base grew by £237m or 5% which is in line with the long-term trend.

The Voluntary Purchase Scheme continued to have a 'drag effect' on the housing asset base with 278 properties exiting the sector during the year. This compares to 82 units and 189 units leaving the sector through the Voluntary Purchase Scheme in 2021 and 2022 respectively.

Debtors have increased by £39m or 29%, due primarily to an increase in the Housing Association grant receivable at year end. This is mainly due to the timing of receipts. Within debtors the level of rental debtors before provisions for bad and doubtful debts has increased by £2.3m from £19.3m to £21.6m, primarily driven by an increase in technical arrears. This has driven a further increase in bad debt provisions which is a continuation of a worrying trend.

Consistent with prior years, the level of bad debt is below that in Great Britain where arrears have been impacted by welfare reform legislation, however it is continuing to rise year on year in the local sector.

Rental Debtors

	2023 / £000	2022 / £000	Variance 22-23/ %
Rental Debtors Gross - Technical	12,719	11,261	13%
Rental Debtors Gross - Non-Technical	8,894	8,011	11%
Provision for Bad and Doubtful Debt	(6,247)	(6,158)	1%
	15,366	**13,114**	17%

Cash and cash equivalents (short-term investments) have increased from £161m to £196m at the end of the 2023 financial year. This was primarily due to the increase in short-term investments by £96m in 2023 as Housing Associations drew down available facilities and placed them on deposit in anticipation of upcoming development expenditure.

The sector's overall creditors (short term and long term) increased by £40.5m, or 1%, to £4.38 bn, in line with the growth in the asset base. Borrowing continues to be the main source of finance, however the sector experienced a fall in borrowing by £69m to a total of £1.47bn in the current year. Overall, the drop in borrowing was, yet again, a result of the one-off effect of the de-consolidation of Choice Housing Association's Republic of Ireland subsidiaries. Removing this impact would have seen an increase in borrowing of £102m (8%) in 2023.

Un-amortised Housing Association Grant (HAG) remains a crucial part of the funding equation for social housing, at £2.7bn at the end of the year. The proportion of Housing Associations' domestic properties (net book value) that were funded by HAG was 59% at the year end, still well ahead of other regions within the UK.

The total capital and reserves of Northern Ireland Housing Associations have risen by 11% to £778m despite the impact of the Choice de-consolidation.


Radius Housing - Creevagh Heights development, L'Derry

Cashflow and Debt Management Analysis - Cashflow Analysis

	2023 / £'000	2022 / £'000	Variance 22-23 %
Net Cash Inflow from Operations	**108,449**	**99,511**	**9%**
Returns on Investments			
Investment Income Received	4,911	212	2215%
Interest Paid	(42,109)	(42,310)	0%
Net Cash on Investments	**(37,199)**	**(42,098)**	**(12%)**
Investing Activities			
Housing Capital Expenditure	(358,522)	(362,193)	(1%)
Capital Grants Received (net)	166,146	97,532	70%
Purchase of Other Fixed Assets	(9,535)	(6,005)	59%
Disposal of Housing	65,337	62,837	4%
Other Adjustments	1,089	181	503%
Net Cash from Investing Activities	**(135,483)**	**(207,829)**	**(35%)**
Financing			
Loan Repaid	(137,179)	(263,084)	(48%)
Loan Issued	236,343	347,059	(32%)
Net Cash on Financing	**99,164**	**83,975**	**18%**
Movement on Cash and Cash Equivalents	**34,931**	**(66,288)**	**153%**

"Operating cash flows are strong at £108.4m in 2023. This was the fourth year in a row where operating cashflows were in the region of, or over, £100m.

Rural Housing - Rathlin School visit

£4.75 BILLION
fixed assets

£25,200
average borrowing per social housing unit

£103m
increase in underlying borrowings*

In cash terms the sector spent £358m on developing and investing in its housing assets this year and has spent over £1bn in cash terms over the last 3 years, in addition to the increased maintenance spend incurred in recent years. The ongoing investment in housing stock is funded from three broad sources: operating surpluses from existing activities; government financing by way of capital grant; and private sector borrowings.

Operating cash flows are strong at £108.4m in 2023. This was the fourth year in a row where operating cashflows were in the region of, or over, £100m.

In previous financial periods, the larger Associations took the opportunity to refinance and in most cases "fix" existing debt facilities and to put in place new fixed rate financing facilities to fund future planned developments. That was reflected in the cashflow figures where for the previous three years, the sector drew down in excess of £250m each year in new funding facilities. However, in 2023, the new loan facilities drawn down reduced by £110m to £236m. The reasons for this reduction could be as a result of the level of undrawn facilities from the previous year and also the uncertainty during the year around the increase in UK interest rates.

The outworking of this treasury management activity is that the net interest charge which had increased by £6.3m during 2020-21 and fallen by £1.0m during 2021-22, fell again by approximately £4m in 2022-23. In real terms, the sector in 2022-23 incurred £35.5m in net interest costs against net borrowings at the year-end of £1.27bn, an effective interest rate for the sector of 2.8%.

Radius Housing - Creevagh Heights

This is in line with 2021-22 whereby it paid £39.7m in net interest costs against net borrowings of £1.37bn, an effective interest rate for the sector of 2.9%. This achievement is noteworthy against the context of an increase in the BOE base rate from 0.75% on 31 March 2022 to 4.25% on 31 March 2023.

The profile of borrowing in the sector is set out below:

Loan Ageing

	2023 £000	2022 £000	Variance 22-23/ %
Less than 1 year	86,939	40,597	114%
1 to 2 years	66,253	49,495	34%
2 to 5 years	158,658	193,973	(18%)
5 or more years	1,159,603	1,256,749	(8%)
Total	**1,471,453**	**1,540,814**	**(5%)**
Removal of Choice ROI debt	-	(172,215)	-
Underlying Total	**1,471,453**	**1,368,599**	8%

By removing the impact of the de-consolidation of Choice's Republic of Ireland subsidiaries on its borrowing in 2022, we note that borrowing has increased by £103m (8%).

It is also clear from a review of the financial statements of the largest Housing Associations that in addition to the drawn facilities included in the borrowing figures above, that there are additional agreed, but undrawn, facilities in place and available to fund future development, and in some cases significant cash deposits are available to manage short-term cash needs. This reduces, but does not eliminate, the risk to the sector from the worst short-term impacts of the recent increases in UK borrowing costs.

In terms of the sector's ability to finance the additional debt taken on in recent years, the proportion of turnover required to meet interest payments decreased from 10.4% in 2021 to 9.3% for 2022 and to 9.0% in 2023. Interest cover at 222% is above last year's level of 216% and has not fallen below 200% since 2018.

Gearing (borrowing / total assets less current liabilities) is at a slightly lower level from the previous year at 30.5% which halts the trend of increased gearing over the last six years. However, historically this gearing calculation included pension liabilities within the debt element of the gearing calculation. During 2023, one other one-off event was the significant increase in pension assets for most Housing Associations with Defined Benefit schemes. Gearing, excluding pension assets, has decreased from 32.1% to 31.1%.

Clanmil - Glendun Glenwherry opening event

Conclusion

While there have been some one-off factors impacting on the headline figures overall, the sector had a good year, further growing its underlying asset base and delivering strong surpluses to finance existing debt obligations and to underpin future growth.

In 2023, the sector increased its rent levels to reflect the impact of inflation on its day-to-day costs, thereby maintaining margin levels.

Debt levels and gearing remain relatively low compared to other sectors and regions and the work undertaken in recent years to refinance existing debt obligations continues to bear fruit and will provide some of the headroom necessary for future development.

However, the sector is not immune to the general economic forces and the impact of the medium-term trends of higher interest rates and inflationary increases in building costs is not yet clear and is giving Associations pause for thought in terms of assessing the viability of individual development schemes and considering their growth strategies across all the types of accommodation they provide. The impact of this (and the government's response, in terms of grant funding and TCI rates) will play out over the medium-term and determine the sector's ability to help address Northern Ireland's significant housing shortage.

> *The sector navigated through continued inflationary pressures and a significant increase in UK interest rates to deliver an encouraging set of results.*

Consolidated Accounts 2022-2023

Financial Ratios

	2023	2022	2021
Growth in Turnover	(0.97%)	8.87%	3.03%
Growth in Operating Costs	0.45%	12.32%	2.32%
Growth in Operating Surplus	(6.94%)	(1.71%)	5.99%
Growth in Interest Paid	(4.73%)	(2.42%)	18.28%
Growth in Housing Assets (NBV)	(0.07%)	5.40%	4.69%
Growth in Debt	(6.46%)	5.66%	4.00%
Growth in Capital and Reserves (Net assets)	10.55%	12.24%	7.05%
Operating Margin	19.55%	20.80%	23.01%
EBITDA Margin	38%	37%	41%
Gearing (Borrowing / total assets less current liabilities)	30.45%	32.55%	32.51%
Gearing (Debt / Historic cost of HPs)	26.73%	28.14%	28.15%
Gearing (Debt / Tangible Net Worth)	41.88%	46.13%	46.71%
Average Interest Rate in debt	2.59%	2.59%	2.81%
Interest cover	222%	216%	210%
Interest cover – EBITDA only	421%	399%	390%
Average staff cost (including NIC and Pension)	31,680	29,561	27,898
Average Borrowing Per Unit	25,200	25,858	25,199
Turnover Per Unit (£)	7,278	7,203	6,811
Average Rent Per Week (£)	91.66	88.63	87.26

ASM CHARTERED ACCOUNTANTS

The above report was compiled by Brian Clerkin, Amanda McMaw, Ryan Branagh and the Housing Association team at ASM Chartered Accountants.

Connswater – completion day Hawthorn Grove, Carrickfergus

Clanmil - Crumlin Men's Shed garden

Forward Outlook and Summary

Looking forward to 2024, Housing Associations here will surpass the 60,000 number of homes we own and manage in Northern Ireland which is a significant milestone for the sector.

At the end of March 2023, our sector has 59,371 social homes in Northern Ireland, that's an increase of 2.34% on the previous year. The availability of affordable homes has also continued to increase through the Co-Ownership model with 745 people becoming homeowners in the last financial year.

According to a recent study conducted by PropertyPal, house prices in Northern Ireland have increased by 7.6% compared to the same time last year with an average house now costing over £200,000. If we look back further, average house prices are now 30% more than they were at the end of 2019. In cash terms the price of a house here now is similar to the rate of 2006, a time we all remember with regards to escalating property prices. A lot of this is down to a slowdown in the availability of new homes matched with high demand with some figures quoting total available stock levels down 50% compared to before 2020, this is especially prevalent at the lower price range of the scale and that is an issue that most impacts our sector and the housing waiting list.

Official figures confirm that fewer than 4,000 new houses in total across private and social were completed in the first nine months of this year. That compares to more than 5,000 during the same period in 2021 and 2022 and is also lower than the same period in 2020 when construction work was significantly curtailed by the pandemic.

Figures from HMRC show there has also been a big fall in the number of housing transactions in Northern Ireland this year. House sales were down by 18% in the first nine months of 2023 at 17,410 transactions, compared to 21,300 in the same period of 2022.

The slow down in delivery of new housing can be attributed to several factors including lack of available land, planning delays, delays in infrastructure connectivity such as water, high inflation rates that have pushed up costs of building materials and then a lack of labour combined with a sharp increase in labour costs. All these factors have resulted in a slow down in the building of new homes with many developers having to reconsider priorities to ensure financial viability of projects. All of these factors impact the delivery of new social housing however what is unique to our sector is the budget allocation for the Social Housing Development Programme.

Then we have to look at the local rental market which according to the HomeLet Rental Index published on 1st November 2023, has seen a year-on-year average increase of 11.5% with an average rent for a property in Northern Ireland sitting at £887 per month.

The waiting list for social homes is now at a record level of 45,615 which is down to several reasons.

Apex - Launch of Cook Along Cookbook

Many people on lower incomes are struggling to get a foot on the property ladder through lack of a deposit and rising interest rates. Others are finding it difficult to keep pace with the increase in private sector rents and now simultaneously facing the prospect of landlords selling their properties to capitalise on the lack of supply and rising property prices.

The latest Quarterly UK spending report published by the Centre for Economics & Business Research on behalf of Asda in October 2023 showed that the weekly average discretionary income for a household in Northern Ireland was £103, the lowest in the UK and starkly contrasted to a UK average of £221 for Q3 in 2023, a perfect illustration of how rising costs are impacting Northern Irish households harder than anywhere else.

We are also facing a growing homelessness crisis and with reduced funding to prevent and tackle the causes of homelessness in our society, there is a statutory duty for government to ensure those most vulnerable have a place to call home and this is obviously adding to the growing waiting list .

Without Government intervention on tackling the shortage of new homes as well as societal issues that creates homelessness and unaffordability, the waiting list isn't going to get shorter anytime soon.

Housing Associations have more than played their part in the delivery of social and affordable homes in recent years and against all the odds we have delivered beyond expectations but we want to deliver more.

Being able to do more will require courage and conviction from government and to enable that, we need the return of a devolved Assembly here. Joined up thinking between departments like Communities, Economy, Health and Finance can help deliver an increased SHDP budget, sustainable TCI & HAG rates, proper funding for the Supporting People program as well as new funding models towards a retrofit programme for social homes.

Our 11 local councils have or are in the process of delivering their Local Development Plans with Belfast looking to ambitiously add an extra 30,000 homes to the city by 2035. However, to fully capitalise on these development plans will require legislative changes to enable Housing Associations the ability to maximise the delivery of affordable homes and intermediate rental models.

Housing Association board and financial lenders require certainly and reliability with regards to development plans and costs so to help achieve those assurances, it's imperative a restored Northern Ireland Executive delivers on the promises of a multi-year budget that will help create a pipeline of work ensuring we have the land, infrastructure, supply chain, labour and the financing all prepared to tackle our growing waiting list for housing.

As this year's accounts have shown, our sector has had a good year by delivering more homes than expected and despite high inflation growth, the sector has managed to continue delivery of its core services and maintenance programs through effective financial management.

As NIFHA continues to work with political and governmental stakeholders in the weeks and months ahead, our objective is to showcase that through the sectors' consistent and well-structured funding models, we aren't just helping society deliver much needed homes, but that we are delivering value for money homes for the future with the support services in place to make them both environmentally and tenancy sustainable.

It may be over-used, but it's accurate to say that housing associations are about more than bricks and mortar. Together we build communities and support those who need it. We will always need the right financial and policy environment to deliver on that.

Seamus Leheny | Chief Executive

NIfHA

Front Cover: Clanmil - Cranthorpe Corner

1: Clanmil - Glendun Glenwheerry
2: Alpha - Handing over of keys
3: Apex - Skeoge development
4: Choice - Atlas Womens Centre, Lisburn
5: Clanmil - Alloa Street
6: Clanmil - Legion Court
7: Rural - Randalstown
8: NB Housing - Carrowdore, handover day
9: Connswater - Doagh Road, Newtownabbey

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