

SD03 Stormont Castle  
Stormont Estate  
Belfast  
BT4 3TT  
7 June 2024

Dear Minister O'Neill and Minister Pengelly

## **SOCIAL HOUSING DEVELOPMENT PROGRAMME NEW STARTS 2024/5**

We wish to voice strong objection to the decision taken by the NI Executive to cut new build social housing starts.

On 3 May, we wrote to you outlining our deep concern at the cut imposed to the capital budget for the Department of Communities as well as other matters. On 6 June, the Communities Committee was informed about the impact of the 38.2% cut on the capital budget in terms of social housing new starts in 2024/5.

Departmental officials outlined that the initial capital budget for 2024/5 given to the Department for Communities will only allow for up to 400 new social homes to be started in 2024/5. The number of social housing new starts over the last four years has been as follows: 2,403, 1,713, 1,956 and 1,506. This is an average of 1,894 over the last four years. In an answer to an Assembly question, the Minister for Communities Gordon Lyons MLA outlined that the target he had set for social housing new starts in 2024/5 was 2,000 homes. The news revealed yesterday shows that the capital budget provided to his Department will only allow for up to 20% of that target to be met.

Collectively, we are writing to outline our grave concerns at this news. The housing and homelessness sectors are shocked at this deeply insufficient figure for social housing new starts. In our view, the decision to impose such a drastic cut to the capital budget for the Department of Communities leading to such a low number of new starts will have devastating consequences both socially and economically.

For many of the 47,000 plus households on the social housing waiting list, over 28,000 of whom have been assessed as having homelessness status, this news will come as a hammer blow for their hopes of accessing a social home. While the impact will not be felt immediately, this extremely low figure of social housing new starts will in the medium term lead to a constriction of housing supply.

Without adequate housing supply, you cannot prevent and reduce homelessness. The homelessness system is under unprecedented pressure, with more households living in temporary accommodation than at any time in living memory. As our past correspondence outlined, rents in the private rental sector are spiralling, leading to

households facing financial hardship and in some cases even eviction due to arrears. The situation is unsustainable without investment in social housing new builds.

To be clear, the impact of this choice will be most felt by the poorest and most vulnerable people in this society. It is those at the bottom of the income scale who will find affordable housing ever more difficult to access with all of the consequences this will have for their prospects and wellbeing. This low level of new starts will only exacerbate the difficulties facing these households in the medium term and raises serious questions around promotion of equality of opportunity for the most vulnerable in our society.

In economic terms, the loss of investment will impact on the wider economy. Housing Associations will be at risk of losing highly qualified and skilled staff to the private sector as work on much needed social homes dries up. The sector currently has capacity to begin over 2,000 new homes. As our previous letter noted, you cannot turn on construction like a tap. Without the skilled workforce currently employed by Housing Associations, it will be impossible to scale up social housing new builds quickly in future years even if the funding can be identified. The impact of this choice will not only impact the ability to build social homes this year but will reverberate for many years to come.

This drastic cut to social housing new builds frustrates the policy direction of your own Executive, including the New Decade, New Approach commitment for a Programme for Government which included an outcome 'specific focus on ensuring every household has access to a good quality, affordable and sustainable home.' It also undermines the policy direction set out in the Homelessness Strategy 2022-27 and the draft Housing Supply Strategy. Further, the inevitable outworkings of this decision of increased homelessness and people waiting longer in temporary accommodation will put pressure on the NIHE, health and education.

The reality is that this society urgently needs more social housing. However, this budget, passed by the Executive collectively, has instead dramatically reduced the number of new social homes which can be started this year. In looking at the budget settlement this year and the impact on the Social Housing Development Programme, it is impossible to draw any other conclusion than that the provision of social housing was not a priority for the Executive in 2024/5.

We do not deny or doubt that you are facing incredibly difficult budgetary choices. However, on the Social Housing Development Programme we strongly believe you need to reconsider the resources allocated. We urge you in the strongest possible terms to do everything in your power to find additional resources for the programme.

We reiterate our request for a meeting in the near future to discuss this issue as well as the other issues we outlined in our correspondence dated 3 May.

Yours sincerely



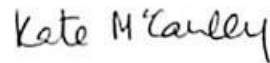
Nicola McCrudden  
Homeless Connect



Seamus Leheny  
NIFHA



Justin Cartwright  
Chartered Institute of Housing



Kate McCauley  
Housing Rights

Cc The Minister of Communities, the Minister of Finance, the Chief Executive of the Housing Executive, the Communities Committee and the APGs on Homelessness and Housing