

**15 YEAR SOCIAL HOUSING NEED
ASSESSMENT TO 2032**

Derry City & Strabane

December 2018

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1.0 Introduction

The Department of the Environment issued the Strategic Planning Policy Statement for Northern Ireland (SPPS) in September 2015. The SPPS states that the Housing Needs Assessment (HNA) provides an evidence base that must be taken into consideration in the allocation, through the development plan, of land required to facilitate the right mix of housing tenures including open market and special housing needs such as affordable housing, social housing, supported housing and travellers' accommodation. The HNA will influence how Local Development Plans facilitate a reasonable mix and balance of housing tenures and types.' The SPPS also states that the Housing Executive will carry out the HNA.

This HNA details the need for social housing, including supported housing and travellers accommodation. It also provides a summary of the owner occupied housing market in Derry City & Strabane.

This annual Housing Need Assessment is presented to the Council each year in order to assist the Council in the monitoring and review of the Local Development Plan (LDP). Annual monitoring will enable the Council to evaluate how the objectives of the LDP are being achieved and can inform Plan Reviews. The HNA will also be a material consideration in the determination of a planning application.

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2.0 Social Housing Need Assessment

The Social Housing Need Assessment is carried out to determine the level of additional accommodation required to meet housing need for general needs applicants who have registered on the Common Waiting List.

Information is gathered from a number of sources to enable the Housing Executive to assess the level of social housing need for a geographic area. The most robust current assessment of social housing need can be projected for a five year period. This assessment helps Housing Executive to support housing developments in proposed areas.

In order to assess social housing need for the local development plan for the 15 year period up to 2030 it is necessary to consider other factors such as what can reasonably be delivered in terms of finance, the local strategic guidelines and social housing already started and programmed by Housing Associations, including taking into account existing satisfactory purchases (acquisition of private housing) that are likely to make up some of the need. For the purposes of the LDP, it is also considered appropriate to group local housing areas together, assumptions have been made on linkages between the areas based on recent trends and information gathered.

The long-term projection for up to 2032 is based on the assumption that current trends will continue in the future, in a policy neutral environment, therefore, the figures should be read as an indicator to assist in identifying and potential zoning of sites within the LDP.

The total new build social housing need for Derry City & Strabane for the period 2017-2032 is 4,750 units.

The 5 year need assessment will remain the most robust, will be updated annually, and can be referred to by developers when considering the social housing need in a particular area.

Table 1: Summary of Social Housing Need Assessment for Derry City & Strabane District Council by Settlement

Urban Area/Settlement	Total social housing need to 2030	No. units started since April 2017	Remaining Social housing need to 2030
Derry City	4,323	825	3,498
Strabane Town	190	4	186
Rural settlements	238	37	201*
TOTAL	4,750	866	3,884

* In rural areas there is sometimes a hidden (latent) housing need due to a lack of existing options and latent demand testing may be required. Rural need will be best met through Existing Satisfactory Purchase (ESP), infill sites and PPS21 exception case if necessary as difficult to predict need.

Table 2: Social Housing Schemes programmed for Derry City & Strabane

Scheme	No of units	Client Group	Year	Housing association	Policy theme
81a & 81b Creggan Heights, OTS**	2	General Needs	2018/19	Apex	Urban Need
Beragh Hill Rd, (Skeoge Link H1B Lands)	12	Active Elderly	2018/19	Apex	Urban Need
Beragh Hill Rd, (Skeoge Link H1B Lands)	250	General Needs	2018/19	Apex	Urban Need
Beragh Hill Rd, (Skeoge Link H1B Lands)	12	Physical Disabilities	2018/19	Apex	Urban Need
Galliagh Phase 4, Westbank	176	General Needs	2018/19	Apex	Urban Need
Bishop Street, Westbank	21	Active Elderly	2018/19	Choice	Urban Need
Bishop Street, Westbank	40	General Needs	2018/19	Choice	Urban Need
Bishop Street, Westbank	3	Physical Disabilities	2018/19	Choice	Urban Need
125-139 Strand Road, Westbank	26	General Needs	2018/19	Clanmil	Urban Need
8-10 Victoria Road, Waterside	11	Active Elderly	2018/19	Clanmil	Urban Need
8-10 Victoria Road, Waterside	26	General Needs	2018/19	Clanmil	Urban Need
8-10 Victoria Road, Waterside	2	Physical Disabilities	2018/19	Clanmil	Urban Need
Foxhill, Waterside	15	General Needs	2018/19	Clanmil	Urban Need
Waterloo Street, Westbank	19	General Needs	2018/19	Clanmil	Urban Need
39 Great James Street, Westbank	27	General Needs	2018/19	Habinteg	Urban Need
Foyle Road, Letterkenny Road	12	Active Elderly	2018/19	Habinteg	Urban Need
Foyle Road, Letterkenny Road	11	General Needs	2018/19	Habinteg	Urban Need
Foyle Road, Letterkenny Road	1	Physical Disabilities	2018/19	Habinteg	Urban Need
North West Buy Backs	5	General Needs	2018/19	Habinteg	Urban Need
Conars Court ESP	1	General Needs	2018/19	Habinteg	Urban Need
Claudy ESP	1	General Needs	2018/19	Rural	Rural Need
Site at Lismore Rd,	12	General Needs	2018/19	Rural	Rural Need
Site at Lismore Rd,	2	Physical Disabilities	2018/19	Rural	Rural Need
Strathfoyle, ESP's*	5	General Needs	2018/19	Rural	Rural Need
Newbuildings ESP's	2	General Needs	2018/19	Rural	Rural Need
Magheramason ESP	1	General Needs	2018/19	Rural	Rural Need
Bayview Terrace,	8	General Needs	2018/19	Triangle	Urban Need

Westbank					
Lawrence Hill, Westbank	15	General Needs	2018/19	Triangle	Urban Need
Alder Rd, Ballynagard	50	General Needs	2019/20	Apex	Rural Need
Immaculate Conception College, Trench Rd, Phase 2	14	General Needs	2019/20	Apex	Urban Need
Immaculate Conception College, Trench Rd, Phase 2	2	Physical Disabilities	2019/20	Apex	Urban Need
44-52 John Street	40	General Needs	2019/20	Choice	Urban Need
Adria Factory, Phase 1, Strabane	50	General Needs	2019/20	Habinteg	Urban Need
Adria Factory, Phase 1, Strabane	12	Active Elderly	2019/20	Habinteg	Urban Need
Adria Factory, Phase 1, Strabane	6	Physical Disabilities	2019/20	Habinteg	Urban Need
Mimosa Court, Waterside	22	General Needs	2019/20	Choice	Urban Need
Central Drive	6	General Needs	2019/20	Habinteg	Urban Need
North West Buy Backs	5	General Needs	2019/20	Habinteg	Urban Need
Abercorn Road	4	General Needs	2019/20	Habinteg	Urban Need
Land at Bligh's Lane/Glassagh Rd, Westbank	120	General Needs	2019/20	Radius	Urban Need
Ebrington Primary School	50	General Needs	2019/20	Radius	Urban Need
Claudy ESP's*	5	General Needs	2019/20	Rural	Rural Need
Galliagh Linear Park	30	Active Elderly	2019/20	Clanmil	Urban Need
Meenan Square	20	General Needs	2020/21	Apex	Urban Need
North West Buy Backs	5	General Needs	2020/21	Habinteg	Urban Need
Total	1,159				

The programme is tentative and fluid. Not all sites may progress and new sites will be identified. Main programme is agreed In Autumn but occasionally there will be in year additions such as Off The Shelf (new build purchase from private developer, and Existing Satisfactory Purchase (existing dwelling unit bought on open market). The schemes noted above are those which are in current year programme, and others for later years which are low risk for development, eg Housing Executive land owned or Housing Association land owned. Current, up to date programme can be viewed on NIHE website.

3.0 Supported Housing Need Assessment 2017/18-2019/20

There is currently no identified requirement for new supported housing in Derry City & Strabane District Council for the period 2017/18 – 2019/20. This will be kept under review.

4.0 Traveller Housing Need Assessment

A fifth Irish Travellers needs assessment is currently underway which will inform a programme of delivery.

The Northern Ireland provision for the Irish Travelling Community includes the following types of schemes:

Group Housing

Residential housing development with additional facilities and amenities specifically designed to accommodate extended families on a permanent basis.

Serviced Site

A range of managed accommodation where Traveller families have a permanent base to park caravans or erect timber framed sectional buildings; electricity, water and sewerage disposal are provided together with other facilities such as communal or individual amenity units.

Transit Site

A basic facility where Travellers may park caravans on a temporary basis and where electricity, water and sewerage disposal are provided.

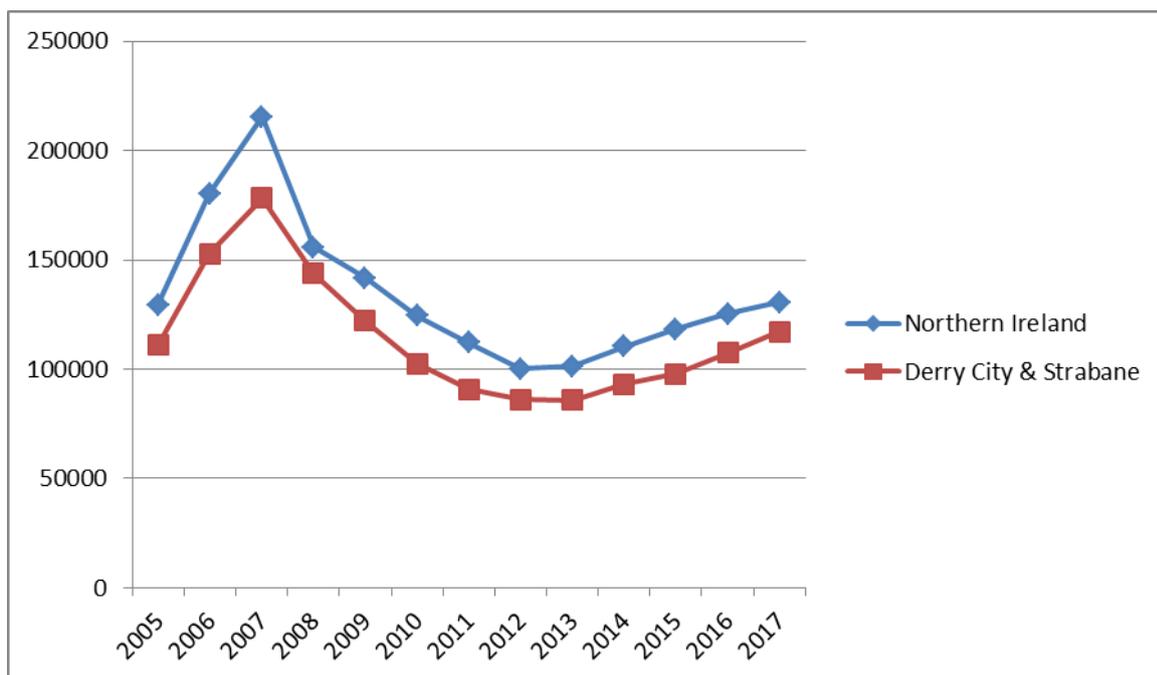
5.0 House Prices and Affordability

Housing Affordability

Land and Property Services (LPS) state that the average house price in Derry City & Strabane, at Q4 2017 (Sept – Dec) was £116,970. It represents an increase of 8.8% on 2016 figure. Derry City & Strabane house price growth has been higher than the 4.3% average annual growth experienced across Northern Ireland.

Longer term house price trends in Derry City & Strabane have followed Northern Ireland trends albeit at a lower price rate. High increases in house prices were experienced from 2005 to 2007, with house prices on a downward trend to 2012. Since 2013, the housing market can be seen to be recovering steadily. Average Q4 house prices in Derry City & Strabane between 2005 and 2017 are identified in Chart 1.

Chart 1: Derry City & Strabane Average House Prices at Q4 2005 - 2017



Source: Department of Finance, 2017

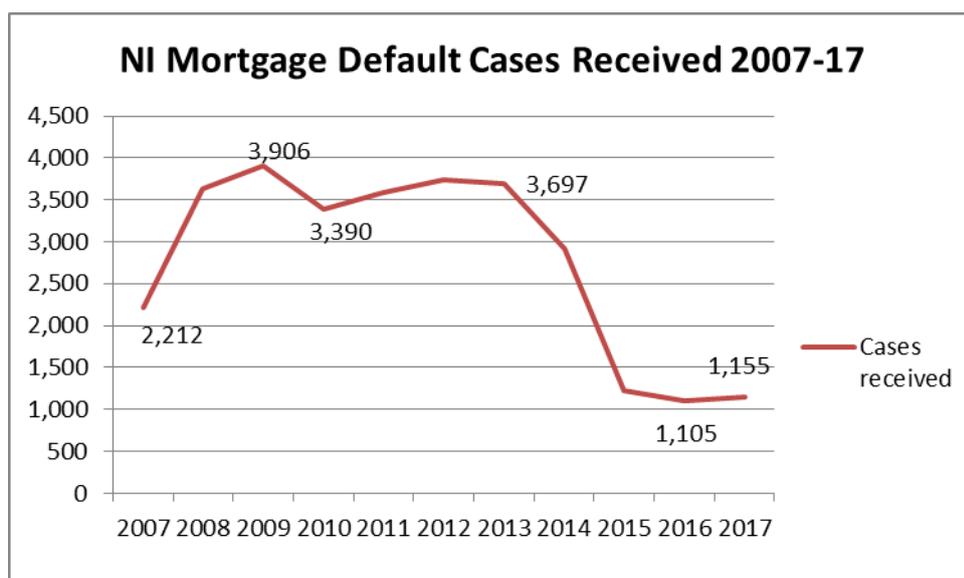
NISRA report that median house prices, against median gross earnings show a ratio of 4.8% in 2017. This has risen each year, since 2013, after having fallen steeply from a ratio of 9.2% in 2007, when there were high levels of unaffordable housing

across Northern Ireland. Currently, as the average house price in Northern Ireland is significantly lower than the UK average, the loan to income ratio is the lowest of the UK nations (Source: Council of Mortgage Lenders 2017). This means monthly repayments are generally more affordable for borrowers in Northern Ireland, than counterparts in Great Britain.

On average, the first time buyers loan to value ratio was 85%, meaning an average deposit of approximately 15% was needed for those entering the owner occupied market for the first time. Loan to value ratios averaged 89% for first time buyers in 2005, meaning that raising a deposit was more affordable at this time.

During the recession, as the housing market and economy weakened, affordability issues and difficulties in making repayments led to a rise in mortgage default cases, as demonstrated in Chart 2.

Chart 2: NI Mortgage Default Cases



Source: Department of Justice, 2017

However, as the housing market has improved since 2013, the number of mortgage default cases has fallen significantly. The Department of Justice records that 3,697 cases were received Royal Courts of Justice, during 2013. In contrast 1,155 cases were received during 2017; albeit the 2017 figure has increased 5% from 2016. There were 238 cases received during Quarter 4 of 2017 (October to December). This is similar to the same period in 2016 (239), and is the lowest volume of cases received during the October to December quarter since records began in 2007.

Council of Mortgage Lenders (CML) reported in 2017 that negative equity has been Northern Ireland's biggest housing market problem since the credit crisis, exacerbating problems for households in arrears and adding to the financial challenges for those thinking of moving house.

CML estimate that the number of borrowers in negative equity was 25,000 in 2016, which was the equivalent of 10% of all regulated mortgages in Northern Ireland, with an average shortfall of £32,000.

Increasing house prices may have eased the pressures of negative equity for a number of households, however given the high cost of housing and the level of lending at the height of the market, negative equity continues to be a significant drag on the housing system and home movers seeking to move to a bigger property. Of great concern to these home owners is rising inflation and the warning of interest rate rises by the Governor of the Bank of England. This will need to be managed with extreme care to ensure the housing system is not further impaired.

Housing Starts

The Northern Ireland Statistics and Research Agency (NISRA) reported in January 2018 that the Northern Ireland volume of housing output for third quarter of 2017 was 14.8% higher compared with the same quarter in 2016. NISRA note that housing output appears to be steadily improving in recent years, and is at its highest point since 2011. However output remains well below historical levels.

LPS reported in February 2018 that there were 7,445 new housing starts in Northern Ireland during 2017. This is comparable to the 2016 figure of 7,460 and is a 48% increase on the 2013 figure. Whilst the numbers of new housing starts has increased since 2013, they remain well below historical levels.

Between 2016 and 2017, the numbers of Derry City & Strabane private sector new build starts has increased slightly, at 552 in 2017 compared to 536 in 2016 (source: LPS). This indicates that confidence in the residential property market is growing.

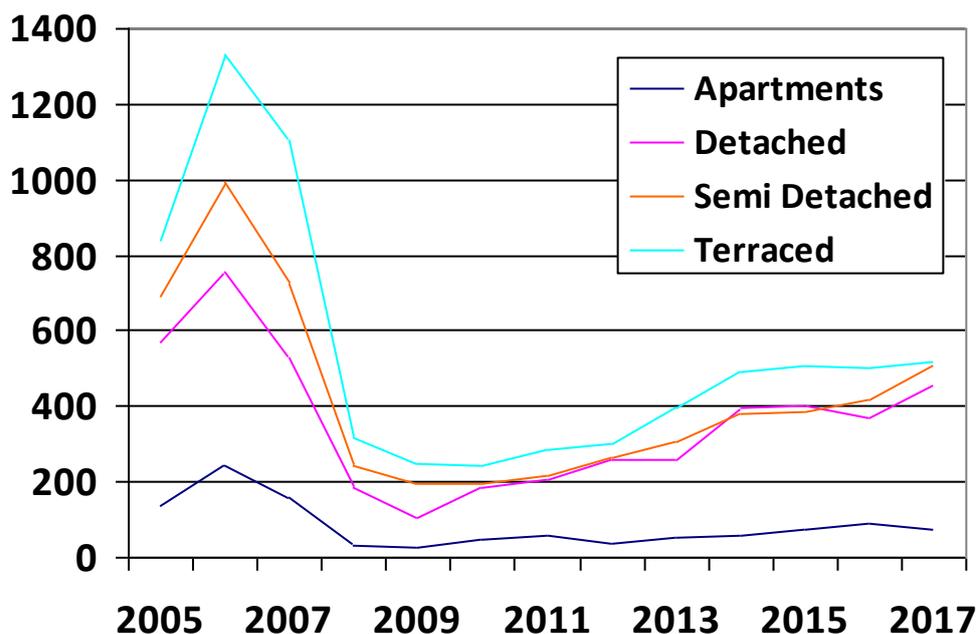
Housing Transactions

Year on year increases of property sales were experienced in the Northern Ireland housing market between 2010 and 2016. In 2017, there was a fall in the number of sales, suggesting confidence in the housing market may have peaked. Semi-detached dwellings represented the property type with the highest number of sales, and apartments were the lowest.

These Northern Ireland trends are not necessarily reflected in Derry City & Strabane where terraced units appear to be the most popular house type. In 2016, there were

1,380 transactions, compared to 1,558 in 2017 (refer to Chart 3). The number of terraced units sold remained similar, the numbers of detached, semi-detached and terraced properties sold increased and the number of apartments sold decreased.

Chart 3: Derry City & Strabane Sales by House Type



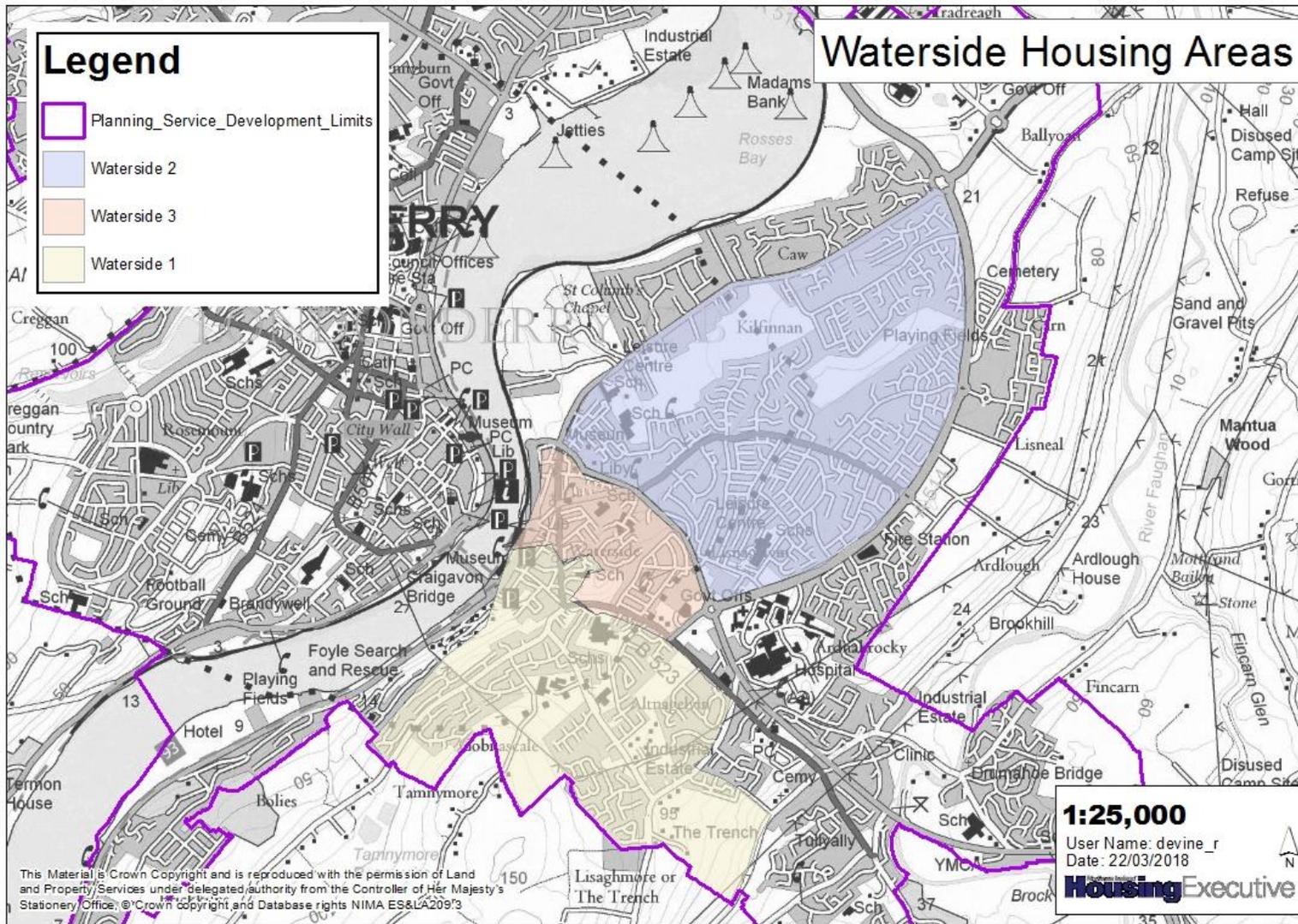
Source: Department of Finance, 2017

Conclusion

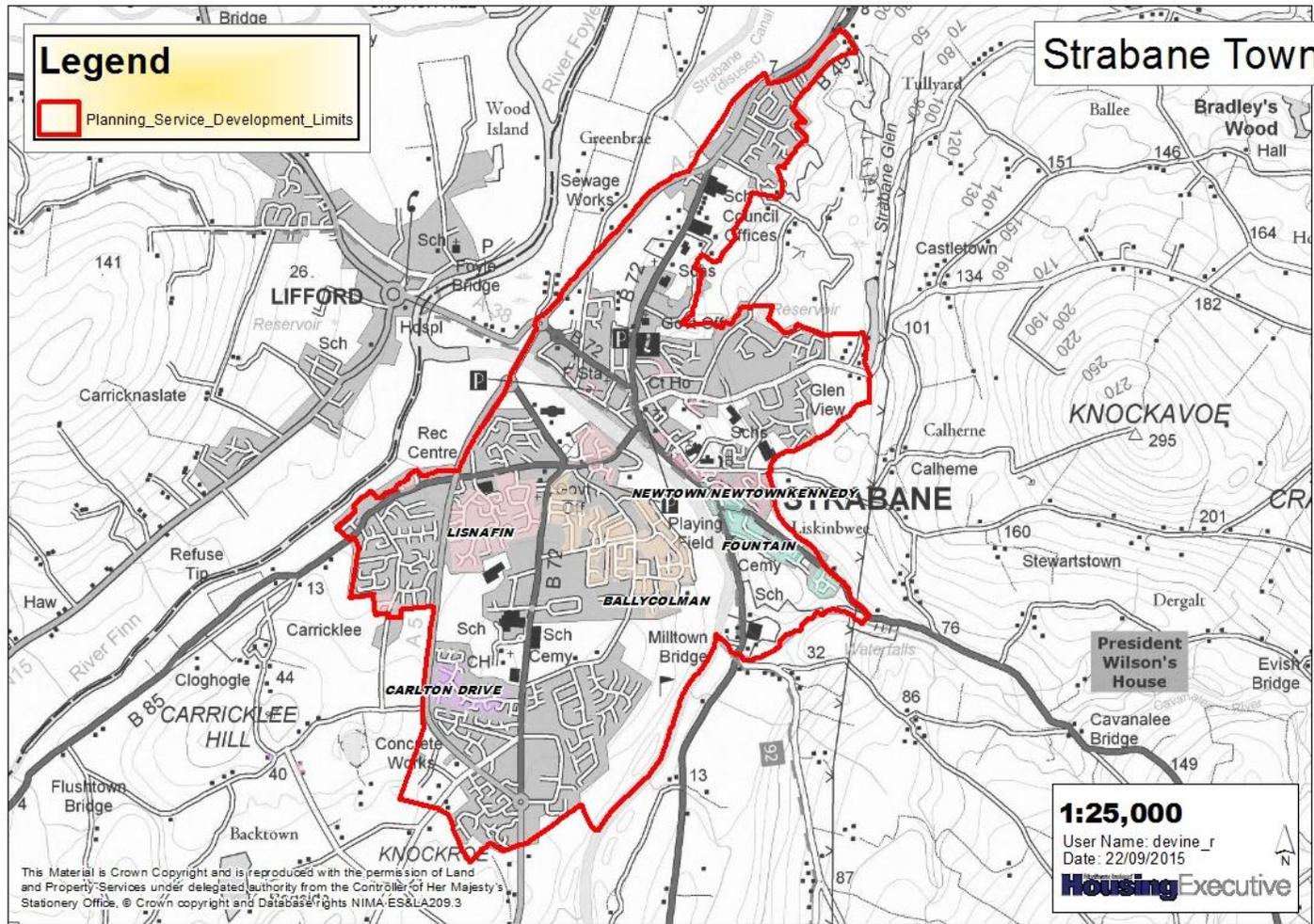
While the housing market has improved over the last number of years, structural issues remain that could adversely affect the economy and household finances in the near future. There also remain high levels of negative equity.

While rising house prices mean more homeowners are coming out of negative equity, higher levels of inflation and a rise of interest rates could lead to higher housing costs. In addition, commentators have forecast a slowdown in house price growth or stagnation within the Northern Ireland housing market over the next two years, and longer term forecasts for the UK housing market have also been cautious due to economic uncertainty, since the EU referendum. It will be important to monitor trends and developments across the housing sector in the next few years.

Map 1 Waterside Urban Housing Need Areas



Map 2 Strabane Town Area of Need



Appendix 1: 5 year social housing need by Settlement/LHA 2017-2022

Settlement	Social Housing Need (Units) 5 Year (2017-2022)
Derry City	
Derry 1/Waterloo Place Westbank	1,016
The Fountain	0
Derry 3/Collon Terrace Westbank	1,144
Waterside 1	143
Waterside 2	158
Waterside 3	100
Curryneirin	3
Drumahoe	9
Tullyally	1
Derry City Total	2,574
Towns	
Strabane Town	115
Villages	
Ardstraw	0
Artigarvan	0
Ballymagorry	15
Castledearg	0
Clady	2
Claudy	20
Donemana	0
Eglinton	33
Erganagh	0
Killen/Killeter	0
Lettershandoney	4
Magheramason	3
Newbuildings	7
Newtownstewart	0
Park	0
Plumbridge	0
Sion Mills/Glebe	16
Spamount	0
Strathfoyle	24
Small Settlements	
Ardmore	4
Coshquin	0
Douglas Bridge	0
Maydown	1
Nixons Corner	0
Total social new build Requirement Derry City & Strabane	2,818

Appendix 2: Trend in 5 year Housing Need

Year	DCSDC Total Social Housing Need
2013/18	1,760
2014/19	1,795
2015/20	1,976
2016/21	2,552
2017/22	2,818

Appendix 3: Schemes Started*

Year	DCSDC no units started
2012/13	456
2013/14	627
2014/15	583
2015/16	492
2016/17	690
2017/18	866

Average 619 units started (includes ESPs)

Appendix 4: Units completed 2012/13-2017/18

Year	DCSDC no units completed
2012/13	184
2013/14	655
2014/15	302
2015/16	182
2016/17	170
2017/18	269

Average 294 units per year completed (includes ESPs)