Key Points

Take Back the City: Financing & Ownership
9th April 2020
Online Webinar

Speakers:
Paul Gosling - Economist & Writer
Tiziana O'Hara - Co-operative Alternatives
Hugh Brennan - Ó Cualann Housing
Ama Goulden - Coin Street Community Builders

Attendance:
50 participants

'Not one square inch of public land which is suitable for housing should be made available to private developers until we solve the housing crisis.'* - *Hugh Brennan (Ó Cualann Housing)

Purpose:
The Take Back the City webinar series (four in total) aims to provide opportunities for the exchange of ideas on how to bring forward public housing across the City of Belfast. Our rapidly changing world means that there is now more than ever a need to ensure equity in access to housing which addresses at its core the key issues of climate change and sustainability (social, ecological and financial).

#BuildHomesNow will use the information gathered from these webinars to launch a public initiative aimed at crowdsourcing ideas on developing plans for the Mackie's site which can act as an exemplar and model for other developments to learn from and build upon. This public initiative is being supported by the New York based Dunn Development Corporation and the Community Preservation Corporation in the summer of 2020.

Local context:
38,000 families are on the housing waiting list in the north - 26,000+ of whom are in housing stress, and nearly 20,000 of whom are recognised as Full Duty Applicant (FDA) homeless. It would take 22 years to meet existing demand if social housing continues to be built at the rate it is today.

The Northern Ireland Housing Executive (NIHE) and housing associations have a monopoly on social housing ownership, with a lack of variety and innovation in housing development. Approximate overall ownership of housing used for social renting breaks down as follows:

- NIHE - 85,000;
- housing associations - 42,000;
- private rentals - 150,000.

This rate of privatisation in the housing market in NI is much higher than in Scotland, England, and Wales. Private rents are more expensive than social rents and there are differentials in affordability, housing quality and security of tenure.

Belfast City Council has an objective to increase city centre living through the development of apartments, with the intention of bringing life back to the city centre; encouraging retail; and nurturing a more vibrant social life not shaped by the habits and security concerns of the conflict. However, apartments are more expensive per unit to build than houses. Any plans to address homelessness at scale and cater for future housing need must acknowledge that the overwhelming majority of suitable land which could be used for new build social housing requires remediation.

Social housing developments need to be constructed with a view to maximising sustainability specifications, but existing houses also need to be retrofitted to meet climate change targets.

Key characteristics of the housing ownership models discussed

'It's very difficult to make ourselves heard by the government, they are not courageous enough to divert their funding to something more innovative - something different' - **Tiziana O'Hara (Cooperative Alternatives)**

Housing provision has been central to the **cooperative model** since the foundation of the movement in the 19th century. Cooperative housing projects are democratically controlled, built based on need, and not-for-profit. There are various types of housing coops: mutual ownership; community land trusts; co-housing; and self-build coops. Community land trusts are popular in England but are not recognised here as legal entities.

Local examples include: North Belfast Housing Cooperative; Proper Tea Cooperative; Co-housing Connections; and Glenall Housing Coop from the late 70s/early 80s. Other good examples include Lilac in Leeds and student accommodation in Sheffield.

Ó Cualann build housing for owner occupiers that sells at an average of 30% less than the market rate. They are able to do this due to innovative funding streams and state land subsidy - starting out in Ballymun in Dublin and now building in Waterford and Cork. There is a 20-year 'clawback' to ensure that there is no opportunity to exploit relatively low purchase prices for a quick profit.

All developments are fully integrated to achieve a social mix (ages, needs, etc). It is developer led - in the sense that Ó Cualann is the developer - but participating tenants are brought in from an early stage in pre-sales. Ó Cualann found that obtaining financing from banks was slow, so they developed a model where people loaned their savings to have the houses built, receiving a maximum of 4% return on their investment (some chose to receive no interest). Ó Cualann are currently exploring sourcing finance through Corporate Social Responsibility schemes. State subsidy is required to make the homes affordable (e.g. Dublin City Council subsidised the land). Ulster Community Investment Fund are keen to get into this work with regard to affordable housing.

'It's not just about building houses but everything a community needs'
- ***Ama Goulden (Coin Street Community Builders)***

Coin Street Community Builders have four housing cooperative projects in central London with over 200 housing units on a 13-acre site. All rents are social rents and there is a strict no right to buy policy, ensuring that housing is always available at social rent for those in housing need.

The land was sold to CSCB by the Council after a 7-year campaign (including two public inquiries). CSCB bought it with standard mortgages – the loans were repaid through the revenue from car parking on part of the site (car parking is lucratively priced in Central London).

All rents are social rents, set by the coops themselves. The tenants are people working in low paid jobs in central London, all willing to contribute to the coop. The goal being the integration of people who otherwise would never be able to afford to live there. The communities have neighbourhood centre and social programmes – family and children's centre, nursery, youth clubs, pitches, play schemes/camps, health suite, midwifery services, skills training, jobs advice, return to work coaching.

Key financing examples and opportunities

Pension funds – public sector pension funds are an option but there is a lack of commitment as the rate of return is low.

Credit Unions – want to invest in housing projects but Bank of England policy currently restricts them due to the financial crash of 2008 and the reluctance to invest personal savings in housing projects.

Personal equity – personal savings or self-build coops. Contributions can also involve sweat equity, i.e. labour invested in the project.

Community loan stocks – unique to coops, non-speculative and withdrawable. Loan stocks cannot increase in value and give democracy to members (1-member = 1-vote)

Government and charitable grants- few and far between currently, unlike in Britain. Apparently the Ulster Community Investment Fund are keen to explore options.

State subsidy of land – paramount to the success of any housing development in cities, including investment in remediation to free up land.

'For Mackie's in West Belfast, we went up to the land, met people and told them about it – there are a lot of homeless kids in that area, and there there are 25 acres, space for 200 homes, in the highest need area. And it's publicly owned – we own it. This government needs to make kids the priority. They need to make it happen'

- Seána (Build Homes Now)

Private borrowing – this can provide opportunities for innovation outside of state procurement requirements.

CSR (Corporate Social Responsibility) Loans – a model being proposed by Ó Cualann Housing, where private companies are asked to invest into the community, receiving their money back within four years, with the interest donated to homeless charities.

Loan notes – Model used by Ó Cualannn gives investors up to a 4% return. Popular with charitable trusts, many of whom chose a lower rate of return.

Mixed tenure – like Coin Street, where they were able to secure a loan for their latest development due to the inclusion of an underground car park.

Dormant accounts in NI – to provide funding and loans.

Key messages to take away:

- Building affordable housing outside the private, for-profit sector is financially beneficial to local communities, and to the state in general. Private rental schemes incur huge costs to the public purse and are an extractive model of housing ownership.
- Build communities and not just homes. Communities must be designed to meet the existing and future needs of the residents and be open and accessible to all regardless of age, ethnicity, support and care needs, income, and family type. A holistic approach is needed that differs significantly from the current process. Real ownership is critical to this.
- The state needs to act as an enabler and facilitator for different types of housing models. This ranges from funding the remediation of available land, granting land to cooperatives, and other initiatives that provide accessibility guarantees, lifting restrictive and bureaucratic obstacles and many more.
- The financing and ownership models cannot compromise affordability requirements. Ó Cualann ensures that housing costs (including utilities) are never higher than 33% of their members' net income.
- Rolling out alternative models of financing and ownership to address the homelessness crisis and poor housing stock should be central to any Green New Deal initiative developed by Council and/or central government.