



Northern Ireland
Assembly

Committee for Communities

OFFICIAL REPORT (Hansard)

Housing (Amendment) Bill:
Ms Deirdre Hargey MLA,
Minister for Communities

13 May 2020

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Ms Paula Bradley (Chairperson)
Ms Kellie Armstrong (Deputy Chairperson)
Mr Andy Allen
Mr Jonathan Buckley
Mr Mark Durkan
Ms Sinéad Ennis
Mr Robin Newton
Ms Carál Ní Chuilín

Witnesses:

Ms Hargey	Minister for Communities
Dr Heloise Brown	Department for Communities
Mr Shane Clements	Department for Communities
Mr Paul Price	Department for Communities

The Chairperson (Ms P Bradley): I welcome Minister Hargey to the meeting. You are very welcome. Minister, can you go ahead and brief us?

Ms Hargey (The Minister for Communities): Thanks very much, Chair and Committee. I know that there was an expectation that this would come forward to the Committee, and I had hoped that it would happen a bit earlier than this, but, with the pandemic, it was delayed slightly.

I thank members for allowing me the opportunity to address the Committee on why the Bill needs accelerated passage. I know that I keep repeating myself in the Chamber and at the Committee that this is not the way to do normal business, but I hope that you can consider the reasons why I am bringing this forward in the manner that I am.

The Bill is necessary following the 2016 decision by the Office for National Statistics (ONS) to classify registered housing associations (RHAs) here as "public sector". That was done mainly for a technical reason for the purposes of government accounting; indeed, that classification also happened in England, Scotland and Wales. On the same day as that ONS announcement was made, the Finance Minister and the Communities Minister submitted a paper to the Executive outlining the potential cost and impact of the classification. At that point, the Executive gave approval to start work on reversing the ONS classification. With the institutions up and running again after being re-established this year, it was one of the emerging priorities.

On one level, the ONS decision is technical and is about how organisations are treated for the purposes of accounts on the basis of internationally agreed accounting rules. However, the technical

aspect means that the borrowing of organisations that are classified as public sector must be treated in a specific way. That is one of the main concerns, and it is why there is a need to reclassify. The borrowing counts as public-sector borrowing, and Departments must provide cover for the borrowing from their budgets. That would have an adverse impact on our current approach to building social homes here. We know from the waiting lists that that demand is increasing, not decreasing. Housing associations match fund the capital grant from the Department through borrowing in the private sector. The current classification means that they would no longer be able to do that and we would see the volume of social homes each year reduce by 50%. That would be one of the damaging impacts if the classification was to remain as it is.

I am here today to give you the opportunity to discuss the Bill. I fully recognise that you are not giving it full scrutiny because I am asking for accelerated passage. There are reasons for that and for why it is urgent that we pick this up. First, the Treasury has allowed a derogation in relation to the accounting impacts of the ONS decision. That was contingent — the Treasury has clearly stated this in its correspondence — on us moving as quickly as possible to reverse the ONS decision; indeed, that has been done in Scotland and Wales. The derogation was extended again because the institutions were not up and running, and the current derogation ends in March 2021. We know that it is highly unlikely — Treasury has said this — that there will be a further extension, so there is a need for us to move on the reclassification as soon as possible.

More urgently, the reason that I am bringing forward the Bill in this form is that housing associations lost their eligibility through the classification to access financial transactions capital (FTC), which is a government loan scheme. It has been used in the last few years to support increased homeownership through affordable housing programmes. That has also been impacted. The co-ownership scheme has supported over 2,000 households in getting a home in the last two years. Without that financial transactions capital, the scheme would be forced to close to new applications unless there was an alternative source of funding. Over the last while, we in the Department have been working with the scheme to maintain a level of co-ownership houses, but that has been at a cost of £3 million per month. We could use that £3 million, following the reclassification, on a housing development programme, so, very clearly, there is a financial reason for doing this. The impact of not doing it is up to £3 million per month. In the context of COVID, with new priorities and challenges emerging, we need to use our budgets as efficiently as possible. Without accelerated passage, there is a risk that the derogation will not be renewed next year. The cost to my Department of maintaining the co-ownership scheme this year could be an additional £36 million. Again, it would be a challenge to find that money in the context, as I said, of COVID, with new challenges emerging. Even with accelerated passage, there will still be a spend of £3 million per month to maintain the co-ownership scheme until we can get the reversal done. That is why accelerated passage is so important. I suppose that that is the main thrust.

Chair, we have Paul Price, Heloise Brown and Shane Clements with us. There are eight amendments in the Bill. If it is OK, Shane can talk the Committee through those clauses and what they mean.

The Chairperson (Ms P Bradley): Yes, that would be helpful.

Mr Shane Clements (Department for Communities): Good afternoon, Chair.

The Chairperson (Ms P Bradley): Good afternoon.

Mr Clements: I just wanted to quickly go through what the various clauses will do to the existing legislation. As the Minister said, the Bill is largely technical, and our aim in bringing it forward is to ensure reversal but, at the same time, to maintain the sort of regulatory regime that we have. I will go through the main eight clauses.

Clause 1 will change the current consent process for housing associations to a notification process. Rather than seeking our consent, they would notify us after they had disposed of a property. The key issue is that that consent was an interruption of their business, if you like, that, ONS decided, was controlled. The key result that we will have is that our regulator will still have access to exactly the same information as they currently do, but it will just come in after the event rather than before.

Clause 2 frames the ability of the regulator to initiate an inquiry. The current legislation simply says that that can happen if there has been "misconduct or mismanagement", which, ONS felt, was a very broad term. Inquiries will now happen where the regulator has reasonable grounds to suspect that an RHA is failing or has failed to comply with the duty in a range of legislation, not just housing legislation

but, for example, health and safety legislation or legislation governing the installation of gas boilers and financial regulations. It will spell out when we would be likely to take an inquiry.

Clauses 3 and 4 will apply that same framing, if you like, to the sanctions that the Department or the regulator has against a housing association that has been found to fail one of those legislative requirements as a result of an inquiry. Those two powers currently can be used only after an inquiry has been held, and that would continue to be the case.

Clause 5 will remove the Department's power to petition for the winding up of a housing association. That is one that we have never used. In common with a lot of the changes that are being introduced, it is not so much the practicalities of whether we have used the power that ONS looked at; it was simply the fact that it existed.

A little bit like clause 1, clause 6 will replace a current consent process with a notifications process. The same will apply, in that all the information that a housing association would have supplied us with during the consents process they will supply as part of the notifications process.

Clause 7 will abolish the statutory house sales scheme for RHAs. That was an area of difference between Northern Ireland and all the other jurisdictions, in that nobody else has a statutory house sales scheme for their housing associations. However, it does not mean that RHAs will not be able to operate a voluntary scheme if they wish, and, to support that, we have included clause 8, which will allow the Department to pay grant in support of a voluntary housing scheme, should the housing association seek to introduce one.

The remaining three clauses are the technical ones that appear in every Bill, as you know: interpretation, commencement and the short title. I was not going to go into the detail of those.

That is a very brief run through the Bill.

The Chairperson (Ms P Bradley): OK. Thank you. Is that the presentation finished?

Mr Clements: Yes.

The Chairperson (Ms P Bradley): Brilliant. Thank you. Minister, is that you finished as well?

Ms Hargey: Yes.

The Chairperson (Ms P Bradley): OK. Thank you. I will ask a couple of questions. I will then go to the phone lines, and then I will come in to the room.

I will ask my questions together. Thank you for bringing this forward, first and foremost. I absolutely understand the need to have this done sooner rather than later, especially for the co-ownership side of things. Minister, assuming that the Committee agrees to accelerated passage, do you have a timeline for this?

I do not know whether it is covered in clause 2, but we know that, in the past, intervention has been required; the Department had to step in, for example, with Victoria Housing Estates in Woodvale. To what extent will that be restricted by any of those governance issues?

It is good to know that housing associations can have a voluntary right-to-buy scheme if they wish. Housing Executive tenants still have the right to buy. At what stage will that be amended so that the Housing Executive is in line with housing associations on that?

Ms Hargey: I know that Paul Price will want to come in on some of that to flesh it out a bit. I will take the last one — the question about the Housing Executive — first. There was a decoupling of the issues, because taking the ONS classification through and trying to add the Housing Executive are completely different issues. That is the same as trying to look at the Housing Bill more widely and all the functions in it. I want to respond, first, to the urgency of this situation in terms of the impact that the reclassification has on our finances for the housing development programme.

Also, where the Housing Executive is concerned, I have indicated that I want to consult on the right-to-buy scheme and on what it will look like, going forward. If that scheme were to end, what other opportunities could we give to people who want to get on the housing ladder? What choices could we

offer? I am happy to come back once we start to develop that more. I will look at that because there is a potential inequality if we move ahead with housing associations but not with the Housing Executive. I met officials earlier today, and we are taking that forward. As soon as I can give more clarification of a timeline for that, I will bring it back to the Committee. That will then be part of a full public consultation that will include equality screening and all the rest of it.

We still need ONS to give approval to this. We do not know how long that will take, which is why we are trying to move this through as soon as possible. I hope to get it in in advance of the summer recess, so that I can start to move it through at the other end. Paul can come in with more specifics on the engagement with ONS in trying to get accelerated passage so that it comes through as soon as possible. The derogation is until March of next year, and, from our engagements, we know that it is unlikely that ONS will extend it further. Scotland and Wales have already moved on that and have made the changes. Obviously, there are reasons for our delay, because the institutions were not up and running. We are trying to move on this as soon as possible to get something introduced before the summer recess. I will let Paul come in on those points, if that is OK.

The Chairperson (Ms P Bradley): Yes, thank you.

Mr Paul Price (Department for Communities): Can you hear me?

The Chairperson (Ms P Bradley): Yes, we can hear you.

Mr Price: We believe that it is possible to reach Final Stage before the summer recess, but we are not in control of that. That is in the hands of the Assembly and, I think, the Assembly's Business Office. We await, I think, timetabling news on that, and we will be able to share it with the Committee later. If it is possible to reach Final Stage before the summer recess, that means that the two last things can be done during the summer recess. We can obtain Royal Assent to the legislation, and then, prompted by the legislative change, ONS can review its September 2016 decision.

When ONS carried out this process with the other jurisdictions, it took between four and six weeks. If we apply that timescale to Northern Ireland, with a fair wind, as I keep saying, we might expect that the classification to the private sector has been returned to our RHAs by September, let us say. We would be optimistic of that sort of timescale. Obviously, we would be keen on the fastest possible timescale, because, as the Minister said, it is £3 million a month.

Shane, before I move on to the other points, is that enough on timetables? Do you know anything further?

Mr Clements: Yes, it is. The only wrinkle, I suppose, would be how functional ONS is, given the current pandemic.

Mr Price: On the other question, Chair, about whether an inquiry in the manner of that into Woodvale and Shankill Community Housing Association would be possible, the answer is "Yes". The changes, as Shane said, narrow the grounds on which the regulator [*Inaudible*] an inquiry, but they do so only to where the legislative basis prompts an inquiry. To be honest, we have never needed grounds wider than that, so that sort of inquiry would continue to be as possible as it is now.

The Minister mentioned the intention to bring forward the [*Inaudible*].

The Chairperson (Ms P Bradley): Before you continue, I ask anybody who is listening in on their phone to put their phone on mute. There is an awful lot of background noise in the room. Will members do that? Sorry, continue with what you were saying.

Mr Price: In our work on the issue over the years, we looked at whether the Housing Executive sales scheme should also be abolished: i.e. was it necessary in order to achieve reclassification? It was included in a public consultation on that basis. It was looked at. It was concluded that it was not necessary, and, on that basis and given the Executive's original mandate and the need to pass the Bill quickly, it was removed.

The Chairperson (Ms P Bradley): Are you still there?

Mr Price: Yes.

The Chairperson (Ms P Bradley): Sorry, you had finished. It is not overly clear here in the room. It is a bit stop and start.

Thank you for that. I will go to the phones. Carál, can I bring you in first?

Ms Ní Chuilín: Yes, please. Thank you for the presentation from Paul, Shane and Deirdre.

My questions relate to the fact that, even though Paul's last point was that the consultation flagged up that there was not a need to include the Housing Executive, I think that there will be equality implications if you do not. The Minister has said that she intends to look at that, and I would encourage her to do that.

What is the impact on the social housing development programme of the numbers of social houses that have been sold annually?

My last question is this: with the housing associations being able to retain the voluntary end if they so wish, will that also be transferred to the Housing Executive? If we end the right-to-buy sales scheme, we need to end it across the board for all. I would like to see the conditions for any derogation from that.

The Chairperson (Ms P Bradley): Does anybody want to answer that?

Mr Price: Shall I come in on those questions?

Ms Hargey: Yes.

Mr Price: Carál, my point about the Housing Executive sales scheme and the public consultation was merely technical. The Bill that you have reflects our consideration, ultimately, that, to achieve reclassification, it was not necessary to remove the Housing Executive sales scheme. That is no comment, at all, on whether other things, such as social housing supply, would make it necessary to abolish the Housing Executive sales scheme. I think that that is the point that the Minister's later work will address.

Over the last four years, sales from the housing association scheme have ranged between 20 and 60 a year and generally going [*Inaudible.*] Obviously, those sales are market-sensitive. Housing Executive sales are much larger, and there have been between 300 and 400 over the last four years.

I hope that I understand correctly your final question about a voluntary scheme and whether that would also be available to the Housing Executive. I think that it would be a control that we would legislate for to prevent a housing association operating a voluntary scheme, so we have not done that, for obvious reasons. If, however, in the future, we abolished the Housing Executive sales scheme in law, there will also be an option to prohibit in law a voluntary sales scheme for the Housing Executive or for a Minister, on policy grounds, not to approve such a voluntary scheme. I hope that that answers the question.

The Chairperson (Ms P Bradley): Carál, are you happy with that?

Ms Ní Chuilín: That gives clarification, but the issue is that, despite the growing housing stress, a number of homes have been lost and the stock has never been replaced. I support the legislation being brought forward, for that reason alone.

The Chairperson (Ms P Bradley): OK. Thank you, Carál. Robin, do you wish to make any comments?

Mr Newton: My concerns are a little like yours, Chair, but they are particularly about clause 7, which deals with the abolition of the right-to-buy scheme. That is probably one of the most popular things that government has done over the years, and, indeed, through it, tenants aspired to be homeowners. It contributed significantly to areas, as tenants bought properties and invested their money in upgrading them and so on. In saying that, I suppose that I understand the point that we take public housing stock out through the right-to-buy scheme; nevertheless, the solution was not to stop the scheme but to build other housing over the years, and we have failed to do that.

The Minister indicated that she would go out to public consultation. The legislation indicates that there will be a transition period with a two-year timescale. Can I assume that the public consultation and the transition period will directly involve tenants? The public consultation may involve the wider public, but will the tenants be directly contacted and directly involved in the consultation?

Ms Hargey: Yes, there are a couple of things there. The main issue around the right to buy is not to give away options for people who want to purchase properties, but the challenge is with the provision of social housing stock and the impact that that has on growing housing need. With the depletion of housing stock, we have seen a big increase in housing need and housing stress. The social housing stress waiting list figures show a 42.5% increase from 2009 to 2019 and a huge jump in terms of the housing. When you look at that in the context of the figures that Paula touched on, where we are losing between 200 and 300 properties from the social housing supply, you can see the problems that we are building in the time ahead. Those housing stress figures are increasing, not decreasing, and we need to do something. That said, we also need to provide alternatives for people who wish to move to that next phase, and that is why, as part of any consultation, we want to look at how we can do that and present that to the public in our engagement going forward. We will do the wider public engagement, but listening to tenants will also be important. We also have to listen to those in housing stress who currently do not have a home. In some cases, families have been waiting for up to 10 years to get a home and cannot access the market. We will consult seriously on all those issues, and, importantly, we will equality-screen and proof it as we go along. I am happy to come back and discuss these issues in more detail with the Committee as we move through them.

Mr Newton: I know all about housing stress and housing need. In my constituency, there are 5,000-odd folk waiting for a house that is suitable to meet their needs, so I understand that. I make the case that we are removing the most popular thing that government ever did across the UK in giving the tenant the right to buy. If we are to do that, some tenants will need to be consulted face to face — that is my contention — during the two-year transitional period; indeed, those tenants should be able to consider the future of their tenancy or the potential for them to purchase during that two-year period. That is only fair to those who are already in public-sector housing. The solution to the problem is to build more public-sector housing over the next few years. I think that I have already put a question in to you on that matter.

Mr Price: Can I come in here?

The Chairperson (Ms P Bradley): Yes, go ahead.

Mr Price: I want to make the point that we considered emphatically that, had the Bill not included the provisions on abolishing the housing association sales scheme, ONS would most definitely not have reversed the classification decision. For government to oblige a housing association to sell its property to a tenant and to give that tenant the right to buy it was a very clear example of a control that would have meant that reclassification would not have been achieved. That is not to object to Mr Newton's point about the popularity of right to buy; it is merely that the necessity was overwhelming. We believe that you can do both. It is possible to support the right to buy of a social tenant without reducing social supply at the same time, and the next Bill and the next piece of work will look at that.

Yes, indeed, the point of the two years is that, if someone has an expectation of using their right to buy, it is not abruptly taken away from them. I hope that that helps.

Mr Newton: Yes, that helps.

The Chairperson (Ms P Bradley): Robin, is that you finished, yes?

Mr Newton: The Minister mentioned the Northern Ireland Housing Executive. If the Bill goes ahead, there is disparity with the Housing Executive, and there are issues there that will need to be addressed in the longer term.

The Chairperson (Ms P Bradley): Yes, the Minister did speak to that.

I will move on. Sinéad, do you have any questions or comments?

Ms Ennis: Not at this time, Chair. Thank you.

The Chairperson (Ms P Bradley): Grand. Mark, do you have any questions or comments?

Mr Durkan: Yes, I want to pick up on Robin's comment about the popularity of right to buy. While it undoubtedly has been popular, we have to look at where it has got us, particularly in our inability to build as many homes as we need or would like to build. Obviously, this has been delayed due to the fact that we did not have an Assembly for three years. Could we get a figure on the total financial cost of that delay? The social cost is incalculable, because lists have spiralled and homelessness has increased, and we are all too aware of the implications of that for individuals and families.

You made the point, Chair — it was echoed by others — about the inequity that the Bill will create around the right-to-buy scheme. We have to consider not just the inequality but the practical outworkings. We already see more than 10 times as many Housing Executive properties being bought per year than housing association properties. If people are no longer able to buy housing association homes, they will, when it comes to allocation, think, "No, I will not go there because I will never be able to buy it". Will it affect people's choices at that allocation stage? That needs to be considered.

There will be a suspicion that the Housing Executive right to buy being retained is about allowing the Housing Executive to generate the income from those 300 or 400 house sales a year to keep it running. I echo Robin Newton's point about the need to look properly at where the Housing Executive is going and how we can empower the Housing Executive to start borrowing and building again. Has there been an analysis done of why Housing Executive properties sell more, given that they are generally older? It is not always the case, but, often, due to their age, they are in a less desirable state than some of the newer housing association properties. Are they also more affordable for a tenant to purchase? We need some analysis of that as well.

Mr Price: The first question, I think, was about how much the delay in introducing the legislation has cost us, and it would be best to come back on that in writing. However, I can give you a fair degree of an answer. We have been sheltered from the worst effects that the decision would have had by the derogation that Treasury has extended to us, which, we must assume, will end this financial year. In the meantime, the derogation has meant that our development programme has been able to add new social homes to our overall supply unhindered by reclassification. It has added as much as we can afford, and there has been no effect. However, we have had to keep Co-ownership alive. When it was classified to the public sector, it became ineligible for financial transactions capital. We have had to keep it alive with capital that otherwise could have been spent on new social homes. As each month passes, we go above [*Inaudible.*] The total money invested in co-ownership over the years is probably over £40 million. We will confirm that in writing, but assume £40 million. Forty million pounds in housing association grants would have built around 600 social homes. It would have taken 600 households off the social housing waiting list. If [*Inaudible*] years ago, we had removed the housing association sales scheme at the same time, that would have prevented a further 100 of our existing social homes leaving current supply. I think that the delay has cost us around 700 new social homes, if you want to put it that way, which is —

Mr Durkan: Thank you for that.

Mr Price: — which is a significant number. That is probably best done in writing, if you do not mind.

The Chairperson (Ms P Bradley): That is OK.

Mr Durkan: I would be pleased to get that in writing; that would be great. Thank you.

Mr Price: On the Housing Executive and its ability to borrow, I cannot say too much. There is a commitment in 'New Decade, New Approach' on the part of the Executive to tackle the Housing Executive's enormous investment challenge. It is something that we have already briefed the Committee on. We are in discussions with the Minister, and, working with her, the aim would be to bring forth proposals at some point soon.

Ms Hargey: Those are all valid points that are being raised. There is a wider housing policy and strategy being developed that looks at issues such as the revitalisation of the Housing Executive and dealing with historic debt, and I have talked about that in the Chamber and in Committee. I would love to take the Housing Executive and the right-to-buy scheme together in one approach. The difficulty is the timescale. That is why I am bringing the first part now: if the derogation runs out — we are advised that it is highly unlikely that it will be extended again — that would have huge financial implications for

the number of new social homes that we could build over the next couple of years. That is why we would love to encompass everything into this change in the Bill, but we have to take this first, because any delay in this part, in terms of the reclassification, will have a huge impact on our budget. It would have a huge impact on housing associations' ability to borrow and particularly on Co-ownership, with regard to financial transactions.

I am bringing this part forward to effect legislative change, but there will be other things that will come forward in the coming months in the wider housing piece that we will need to look at. We had meetings on it this morning, and, although there has been a slight delay because of COVID-19 and the pandemic, it is definitely in the pipeline. We will need to look at where the construction industry is and how councils function in terms of planning permissions and all of that. Rest assured, I am looking at all the issues seriously. I want to bring forward additional changes and protections as soon as possible. Again, I want to engage the Committee as I move through all of that.

Mr Durkan: It was remiss of me not to acknowledge the pressure that the Department and the Minister are under to do this quickly. I fully understand that and support the action being taken to do so. It is important that we get it through and, obviously, get it right as well. I heard the commitment from the Minister on the wider housing piece; I will probably ask for that and get it again in the Assembly. When the last Bill went through by accelerated passage, the Committee and, I think, all the parties represented on it were very responsible in recognising the risk that might be created by tabling amendments that might slow the passage of the Bill through the Assembly. The same will probably apply here. I can speak only for my party, not others, and not every party or MLA is round this Committee table. We, as a Committee, have to do our best to make sure that the Bill is as robust as possible when it comes before the Assembly. It needs to be not amendment-proof but tamper-proof so that it cannot be jeopardised or not go through; we cannot afford for it not to. My party is 100% behind the Minister in any bids that she makes for more money to build more homes, particularly as we emerge from this crisis. There will be a need for huge investment in areas such as social housing, and that is why it is doubly important that we get this through now without delay.

The Chairperson (Ms P Bradley): I absolutely agree. Last time in the Chamber, plenty of Members voted in favour of amendments that were not agreed to, but I get where you are coming from. Mark, do you have any more questions for the Minister?

Mr Durkan: No, that is fine. Thank you.

The Chairperson (Ms P Bradley): OK. I will move on to Fra, if he is there? No? OK. I am coming back into the room. Kellie was the first to notify us.

Ms Armstrong: I take the Minister and the officials back to clause 2(2)(c):

"Any guidance issued by the Department under this order relating to housing activities or its financial or other affairs".

It is the "other affairs" part that I am interested in. What protections will there be for tenants, if a housing association is found to be acting inappropriately with them? I am aware that this section — "Inquiries into the affairs of housing associations" — is mostly to do with their financial activities, but I am concerned that there does not seem to be a clear enough identification of how tenants can be looked after in the legislation.

Mr Clements: The changes deal with the existing legislation: the 1992 Order. Tenants will be protected within the regulatory regime that our regulator operates at the moment. There are three areas that the regulator looks at: corporate governance, financial regulation and the consumer, which covers the tenants. This legislation does not change any of the current regulatory framework, so tenants will still be protected by it. When we talked to various organisations, including tenants' groups, about the legislation, the regulator, at the same time, discussed with them what they wanted to see in the consumer framework or at the consumer end of the framework. Nothing that we are doing here will change or lessen the protection that tenants already have.

Ms Armstrong: When you are looking at inquiries into the affairs or activities of a housing association — I am not talking about the direct protections for the tenant — what are the penalties or the issues that will come back on the housing association? I am happy that the tenants will be looked after, but there must be a way to take forward complaints and concerns, whatever the issue may be, and to

have something with the housing association. I am asking not about the protection directly for tenants but about the implication for a housing association.

Mr Clements: If a housing association, as a result of an inquiry, is found to be in breach of any of the legislation or the guidance that has been issued, there are sanctions available, as set out in the third and fourth elements of the Bill, whereby the regulator can put committee members on the board of the housing association to resolve issues. Where there are issues with the housing management or the management of land, the regulator can direct that that land or property be transferred to another housing association to be managed more effectively. Those powers exist in the 1992 legislation. They are just framed more strongly in this to say that it has to be as a result of an inquiry and that these are the sanctions that can be imposed.

Ms Armstrong: I would have preferred to see it spelt out clearly that it involves behaviours against tenants.

You mentioned before that, on the regulatory elements, you will still receive the same information. Can you confirm how you envisage the reclassification having an impact on any future regulatory framework? In the past — bear with me as I call up my notes here — there would have been environmental information regulations. You indicated today that the information would be available afterwards. Will the environmental information be available after or before the fact?

Mr Price: Do you mind if I come in there briefly, Shane? I might leave that last question to you.

On your previous question, Kellie, it might help if we got for you an account of how the annual regulatory process looked after the interests of tenants. That is not covered in any of the materials here today because it is not in the Bill. That probably is where your concern is addressed. It might be helpful if we did that in writing. It would be provided by the staff in the regulator's office.

Aside from all the things that Shane mentioned about the ability to hold an inquiry on various grounds, there is the basic annual interaction between regulator and housing association. That has gears in it, and it can become more intensive if the regulator is concerned. It can publish critical regulatory assessments of associations if they fail to meet the consumer standard, the financial standard or the governance standard. Would it be helpful to get that for you?

Ms Armstrong: Yes, absolutely.

Mr Price: Would the Bill constrain a future regulatory framework? It would not, actually; it would not do anything. If we introduced a future regulatory framework that added a control to those, whereas, otherwise, *[Inaudible]* remove them, the risk would be that any future review by ONS would create the need for another Bill to remove that control. Do you see what I mean?

Ms Armstrong: I do, yes.

Mr Clements: May I come in with a little more on that? When we were first working on this, one of the questions that we had for ONS concerned regulation, and they are content that we have to have a regulatory system, given the level of public investment in housing associations. They looked at the regulatory system that we had and the one that we are introducing and were OK with that. As it stands, regulation will not be an issue.

One of the things that we will produce for people in housing — we will include the regulation — is something akin to the rural assessment or equality assessment. We will have an ONS impact assessment so that, if anybody brings forward changes that could run foul of ONS, we will give them an assessment template to follow. Hopefully, that will prevent significant controls being added and, therefore, ONS coming back during its next round of reviews and reclassifying back to the public sector.

Ms Armstrong: That would be helpful. Thank you very much.

Finally, Chair, I want to ask about the right-to-buy scheme. I noted that clauses 7 and 8 will come into effect two years after Royal Assent, so that will give people the opportunity to purchase within those two years. During the COVID-19 pandemic, not many of our local banks have been willing to allow borrowing, and I am concerned that the two-year period will not be long enough to facilitate those who

might consider buying their home during the period before the legislation takes effect. Have there been any discussions with our banks about whether they will enable people to do that, given that the capacity for borrowing at the moment is quite low?

I am also concerned that some might see the legislation as an opportunity to cheaply sell off older properties that require high maintenance, to get them off their books. What controls will the Department have for that?

Mr Clements: Our process for house sales is already limited, in that they have to be completed within a particular time frame. For example, the valuation that is provided for each property is valid for only six months. As we move through the pandemic, people will still have time to start that process, and the valuation of the property will remain valid for six months. The two-year period does not mean that the sale must be completed within two years; it refers to anybody who has registered an interest — a serious interest — to purchase. It might take a further period to complete after the end of the two years, so people will still have time to move that forward.

On your question about COVID-19 and the impact on borrowing, we have not had discussions with the banks on extending that at this stage.

Mr Price: May I come in on the question about two years? Clearly, there is a risk in that period being longer, so there is a balance to be struck. I take the point entirely about COVID-19. The proposal for two years was made before the pandemic broke. The scope to change that two years involves a degree of risk. That is all that I will say. It risks the objective of the Bill, in that the ONS could reclassify our housing associations. That is the balance that we are trying to strike.

Mr Buckley: Most of the points have been commented on. In support of what Robin said, I think that it is sad that clause 7 will mean the abolition of the right-to-buy scheme. As was rightly said, many others and I feel that it was an aspirational and positive policy that gave people the real chance to own their home and hand something on to future generations. I am saddened by that.

I take the point that was made by one of the officials — I am not sure who it was; I did not catch the name — about the ability to maybe cater for both. I am sceptical about that and look forward to working with the Department on how that can be accomplished. I realise what Kellie said about the two years, but, again, that really applies only to those who are engaged in the process at the minute, and it still takes away that very positive, aspirational right. Again, it highlights our failure to keep up with demand in the building of social homes. That was just a comment.

Mr Allen: Chair, I, too, just have a comment. I echo Johnny and Robin's points about the right-to-buy scheme; indeed, my party's views on where it stood on the scheme are firmly on the record. We understand and appreciate the necessity to have it in the Bill to achieve the overturning of the reclassification.

I will make a point about clause 8. I would like to get more detail on that later and what form that grant-making process might take. I emphasise the point that a voluntary scheme should not tie hands behind backs. It should enable housing associations to consider fully their ability to sell those properties to interested tenants.

The Chairperson (Ms P Bradley): OK. Thank you. No members in the room wish to make any further comments. Do any members on the phone wish to make any further comments?

Ms Ní Chuilín: Paul, may I come in?

The Chairperson (Ms P Bradley): Yes, certainly, Carál.

Ms Ní Chuilín: First, I have received a text from Fra. He sends his apologies. He had a hospital appointment, which I forgot to record.

The Chairperson (Ms P Bradley): OK.

Ms Ní Chuilín: With respect, it is very difficult to communicate properly through this medium.

People can register their interest within two years and will have time to make purchases, but, if the finances are not available for this scheme, they will not be available for Co-ownership. Maybe we need to keep an eye to that. That is not within the gift of the Minister. All that she does is bring forward the vires for people to make their decisions. If this does not go through, Co-ownership will not go through either. It is worth saying that.

The Chairperson (Ms P Bradley): Absolutely. I think that we all know and agree with that. I am with Andy on clause 8 and am interested to see what the grant will look like. There are inequalities. Many people living in private rentals will never have the opportunity of a right-to-buy scheme because they have never had the opportunity to live in a Housing Executive or housing association house. There is a big inequality there, especially for many of our young people who do not have the points to get a Housing Executive or housing association house and are left in a position in which they have no option. It will be interesting to see what the grant is.

I absolutely agree: Co-ownership is very much dependent on the Bill going through as soon as possible.

Minister, do you have anything to add?

Ms Hargey: Sorry, I just came off mute. I just want to restate — it has been said by a number of members — the urgent need for accelerated passage. I understand that that means restricting the time for scrutinising the Bill, but it is on the record that we wanted to do this as far back as 2016. There is also the important point about the financial implications and the impact that it will have on our social housing and co-ownership programmes, particularly with the derogation ending in March next year. We need to get it through as soon as possible, notwithstanding the need to answer some of the concerns that people have. Hopefully, we can follow that up in writing and as it moves to the Chamber to be taken forward.

Thanks very much for the opportunity to speak to the Committee. I hope that people understand the reasons — I think that they do — why I need to take the Bill forward urgently and use the accelerated passage process.

The Chairperson (Ms P Bradley): OK. Thank you, Minister, Paul and Shane for joining us today.

Ms Hargey: Thank you.

The Chairperson (Ms P Bradley): Thank you. Bye-bye.