Housing Market Analysis Update

Fermanagh and Omagh Council Area

August 2017

Housing Executive

The Housing Market Anakysis Update Publication has been produced by the Housing Executive's South Regional Place Shaping Team. For further information please contact:

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Introduction

Adequate housing is a human right, essential to human dignity, security, health and wellbeing. The right to adequate housing, is a key component of the right to an adequate standard of living, as access to housing is a precondition for the enjoyment of several human rights, including the rights to work, health, social security, vote, privacy, education and the rights of the child. The spatial organisation of housing can also promote or hinder social cohesion, equity and inclusion.

As recognised by the Regional Development Strategy (RDS) and the Spatial Planning Policy Statement (SPPS), planning plays a crucial role to ensure all people have access to a decent, connected, safe, affordable and well-located home. Planning can supply a variety of housing options and can enhance the supply of land for housing, to encourage mixed income development to reduce segregation and exclusion.

The purpose of a Housing Market Analysis (HMA) is to provide evidence, in order to develop integrated housing policies and approaches. Therefore, this HMA Update can inform LDPs housing policies contained in both the Plan Strategy and Local Plan Policy Stages, to increase a household's access to appropriate housing.

The Housing Executive published 11 Housing Market Analysis (HMA) from 2011 to 2013. This included two HMAs for the Fermanagh and Omagh areas. These HMAs were not based on council boundaries but on housing market areas, defined using Travel to Work Areas. The purpose of this document is to provide an update on these HMAs, to examine the current housing market and housing issues in the Fermanagh and Omagh area. Unlike the HMA, this document will be based on the Fermanagh and Omagh Council area, in order to provide councillors, planners, the public and stakeholders with an accessible evidence base which can be referred to when taking decisions on housing and planning strategies, at the Council level.

The Department of the Environment, now the Department for Infrastructure, issued the SPPS in September 2015. The SPPS states that the process of allocating land for housing should consider:

- RDS Housing Growth Indicators
- Use of the RDS evaluation framework
- Allowance for existing housing commitments
- Urban capacity studies
- Allowance for Windfall housing
- Application of a sequential approach and identification of suitable sites for settlements of over 5,000 population
- Housing Needs Assessment/Housing Market Analysis
- Transport Assessments

It states that the Housing Executive will carry out the Housing Needs Assessment/Housing Market Analysis and that this:

> '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 Housing Needs Assessment (HNA) will influence how Local Development Plans faciltiate a reasonable mix and balance of housing tenures and types.'

This HMA Update provides a regional and local housing market context, identifying key housing market drivers, and provides an overview of the three main tenures, social housing, (including general needs supported and traveller accommodation), the Private Rented Sector and Owner Occupied sector. The main housing market drivers, identified for Fermanagh and Omagh include:

- Economy;
- Demographics;
- Empty homes;
- Second homes; and
- Regeneration

While the HMA considers each tenure separately, it should be acknowledged that housing tenures are fluid and interact, with the characteristics of one tenure, affecting supply and demand in another. For example, a lack of affordable owner occupied housing can mean potential first time buyers choose to rent privately, and prospective social housing tenants can also be housed the private rented sector, with the support of housing benefit.

It should be noted, that there is a lack of current and/or local data for some of the drivers and categories of housing need, in this instance, we have used the latest data that is available. While it would be benefical to have some of this information updated, we still believe that these records can be useful to identify regional and local trends.

In addition, an Annual Social Housing Need Assessment update will be 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 it will inform Plan Reviews. The Annual HNA will also be a material consideration in the determination of planning applications.

Housing Market Areas

In 2010, the Housing Executive commissioned research on housing market areas (HMAs) in Northern Ireland. The purpose of identifying housing market areas is to gain a spatial understanding of how the housing market functions. This can help determine housing priorities and policy decisions and help guide plans for housing.

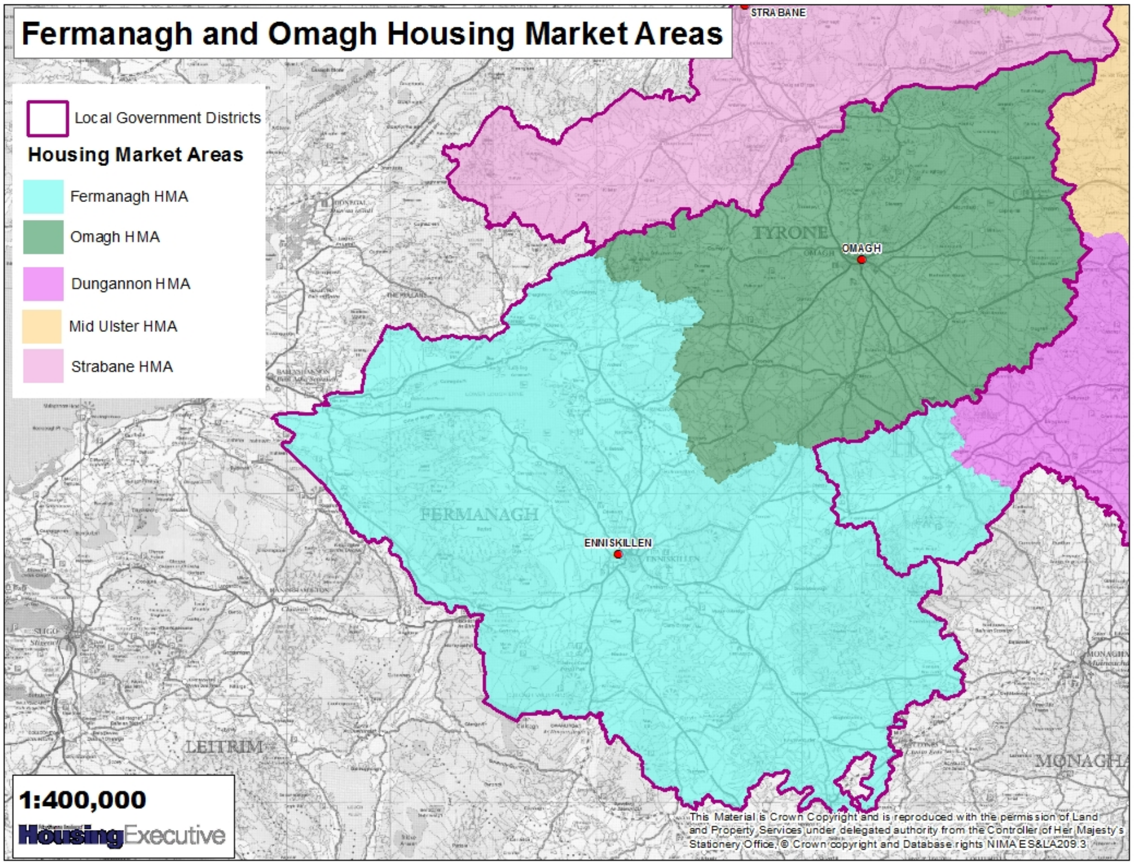
A housing market area is defined as a geographical area, where most people live and work and where most people moving home, seek a house, without moving job. As households often take little account of local authority boundaries when searching for a house, housing market areas can cross council boundaries.

Housing market area boundaries are identified using Travel to Work Areas (TTWA) and the level of self-containment an area has. Examining TTWA commuting flows between home and place of work, are often used to approximate HMAs, alongside self-containment, how relative the proportion of people or households that move within an area, is to the number that move into or out of it.

Housing Executive research identified two housing market areas in Fermanagh and Omagh, each closely aligned to the former council areas (see Map 1). Commuting patterns in each housing market area demonstrated a high level of self-containment, with a small area of the Fermanagh housing market area extending into the Mid Ulster Council Area. While Omagh and Fermanagh are separate housing market areas, they both exhibit similar characteristics, being mainly rural areas, subject to cross border influences. Therefore, housing market issues and drivers are evident across the Council area, despite containing two separate housing market areas.

However, housing market area boundaries change over time due to various factors, including the affordability of commuting, reduced or increased travel times, and the spatial direction influenced by land use planning. Therefore, the Housing Executive has commissioned new research to examine the validity of the existing housing market areas, especially in light of the new Council boundaries. These new housing market areas geographies are due to be published in 2018.

Map 1



Fermanagh and Omagh Housing Market Areas
Local Government Districts
Housing Market Areas
Fermanagh HMA
Omagh HMA
Dungannon HMA
Mid Ulster HMA
Strabane HMA
STRABANE
TYRONE
OMAGH
FERMANAGH
ENNISKILLEN
LEITRIM
MONAGHA
1:400,000
Housing Executive
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Policy Context

This chapter describes the strategic housing and planning policy context within which the Fermanagh and Omagh HMA housing system functions. This chapter also takes account of the budget, policy developments and the planning environment.

UK Government Spending

The Autumn Statement, in November 2016, confirmed that the government would continue to deliver spending plans set at the Spending Review 2015.

The 2015 Spending Review, included measures to reduce central government grant to local authorities and change to public services including the delivery of welfare. The Spending Review also planned to change state support by moving from grant to loan funding for some groups.

However, since the 2016 Budget, the outlook for the public finances has deteriorated. A weaker economy has meant less income from taxes, higher spending by local authorities and an increased cost of welfare benefits. Given the depreciated growth, and the period of uncertainty likely while the UK negotiates a new relationship with the EU, the government will no longer seek to reach the fiscal surplus announced in 2015, by 2019.

Budget for housing

The 2016 Autumn Statement announced the following investment in housing:

- Housing Infrastructure Fund – this is a fund of £2.3 of billion between 2017/18 to 2021-22, provided by the National Productivity Investment Fund (NPIF). Investment is to be allocated to local government on a competitive basis and will provide infrastructure targeted at unlocking private house building in the areas where housing need is greatest. It is intended to deliver up to 100,000 new homes.
- Affordable homes – restrictions on grant funding will be relaxed to allow providers to deliver a mix of homes for affordable rent and low cost ownership. The NPIF will provide an additional £1.4 billion to deliver 40,000 housing starts by 2020-21.
- Accelerated construction – this is pilot of construction on public sector land and is backed by up to £2 billion of funding. In England, the government will invest £1.7 billion by 2020-21 through the NPIF to speed up house building on public sector land, through partnerships with private sector developers. The devolved administrations will receive the remaining funding, allocated using the Barnett formula.

- Right to Buy – The government will fund a large-scale regional pilot of the Right to Buy for housing association tenants. Over 3,000 tenants will be able to buy their own home with Right to Buy discounts under the pilot.

The Spring Budget in 2017 does not provide further detail of how the NPIF for housing will be invested.

Following the election of a new government in June 2017, some of these plans could be subject to change, in a new Autumn Statement and Budget. However, the Chancellor has stated that the plans to bring down the public borrowing deficit by 2020 will remain unchanged. Until the Autumn Statement in 2017 is published, the Spring 2017 Budget is still relevant.

References to housing contained in Queen's Speech stated that proposals to ban letting fees for tenants and to assist house building by implementing measures set out in the Housing White Paper 'Fixing our broken housing market' *Department for Communities and Local Government* (DCLG, February 2017).

Northern Ireland Budget

The Northern Ireland Executive produced a one-year budget for 2016/17. As Northern Ireland is without an Executive, a new budget has not been set for 2017/18. However, the UK's spring budget in 2017 increased public spending for Northern Ireland by £120m to 2020/21.

In 2016/17, the Northern Ireland Executive agreed a comprehensive programme of public sector reform, including up to £700 million of capital borrowing to fund Voluntary Exit Schemes (VES) across the public sector. This money was made available over four years with £200 million in 2015-16, £200 million in 2016-17, £200 million in 2017-18 and £100 million in 2018-19. This Public Sector Transformation Fund allocated £14.5m to DfC, of which £9.1m was allocated to the Housing Executive to fund redundancies.

The 2016/17 budget for housing is mainly set out within the Department for Communities (DfC) budget allocation. The top priority for DfC in 2016-17 has been to deliver reform of the welfare system, incorporating an expanded range of services while maintaining service delivery standards. Key priorities, which are associated with housing include:

- supporting and developing vibrant communities through providing access to decent affordable homes, and creating urban centres which are sustainable, welcoming and accessible;
- supporting Older People, those Aging, Disabled or in Poverty including Child Poverty; and

- continue to support vulnerable members of society through joined up service delivery.

Resource, Departmental Expenditure Limits (DEL) for DfC, in 2016/17, increased by 6.2% from the previous year, totaling £871.2m, of this, housing was allocated £156.4m, and communities, cohesion and regeneration received £102.2m. Capital DEL's for DfC amounted to £159.7m, with housing receiving £107.5m and community, cohesion and regeneration received £20.0m. DfC's key areas for capital investment in 2016/17, which are related to housing, include:

- meeting the needs of new and existing housing tenants;
- continue to invest in seeking to address fuel poverty; and
- sustain urban regeneration investment as far as possible.

After the 2017 general election, the 'supply and confidence' arrangement between the DUP and the Conservative minority government resulted in an extra £1 billion public spending for Northern Ireland. This is to be allocated as follows:

- Health: A minimum of £250m, with £200m directed to health service transformation and £50m towards mental health provision. It will also receive £50m to address immediate pressures;
- Education: £50m to address immediate pressures;
- Infrastructure: £400m for projects including delivery the York Street Interchange, plus £150m to provide ultra-fast broadband across Northern Ireland;
- Deprivation: £100m over five years targeted to deprived communities;
- VAT and Air Passenger Duty tax: Agreed, to further consultation;
- Corporation tax: Agreed to work towards devolving corporation tax; and
- City deals and Enterprise Zones: Agreed to a set of city deals and a limited number of Enterprise Zones.

UK's Relationship with the European Union

The UK triggered the two-year process of leaving the European Union (EU) in March 2017, meaning the UK is scheduled to leave the EU on 29th March 2019. EU law will remain until the UK ceases to be a member, when the Great Repeal Bill will be enacted. This Bill will copy EU laws into UK law allowing the UK to amend or repeal these laws over time.

There is uncertainty regarding the outcome of negotiations between the UK and EU. Decisions on remaining in the single market, and, or the customs union, the status of EU citizens and the border between Northern Ireland and the Republic of Ireland are key areas of debate. Without any agreements being known at the stage of writing, it is difficult to forecast the effect leaving the EU may have.

With regard to Northern Ireland, decisions on the form of the land border between Northern Ireland and the Republic of Ireland will affect trade and households living and commuting across the border each day for work. The Centre for Cross Border Studies (2016) estimates that between 23,000 and 30,000 people are cross border workers, including workers who are neither UK nor Irish citizens. If checks are reintroduced at the border, this could damage trade and the economy, as well as being detrimental to workers travelling times. As the status of citizens also becomes unclear, it may lead to people who have moved to different states, relocate back to their home state, in order that benefits and welfare rights remain available to them.

In addition, Centre for Cross Boarder Studies (2017) EU funding of 7.25bn for Northern Ireland, between 1988 and 2013, has been seen as significant for both the economy and the peace process. Between 2014 and 2020, €3.5bn funding from the EU was expected; there is now uncertainty on whether and what proportion of these funds can be drawn down.

The UK's relationship with the EU is of significant importance in the Fermanagh and Omagh area. The Fermanagh and Omagh District Council's Economic Development Plan 2016-19, indicates that EU funding has been important to support economic development strategies aiming to enhance the productivity, innovation and exports of local industry. The amount of EU funding available to Northern Ireland and Fermanagh and Omagh is expected to decline significantly. Key settlements on either side of the border have functional relationships with service centres in adjoining jurisdictions. There are implications for border settlements, such as Pettigo, Belleek and Belcoo, with many believing a 'hard' border will damage the social and economic outlook for these villages.

Welfare Reform

The Welfare Reform Act 2012, introduced measures to address the rising costs of benefits. In Northern Ireland, changes to the benefits system for working age claimants came into effect with the introduction of the Welfare Reform Order (NI) 2015 in December 2015.

The changes include a benefit cap, phased in, in November 2016, sets an upper limit on the amount of income from benefits a household can receive. The benefit cap limits families to £20,000 per year and single households to £13,400. Households whose income is in excess of these amounts will have their housing benefit reduced to meet these limits. It is calculated the benefit cap will affect 2,600 claimants, 600 of whom are Housing Executive tenants.

Universal Credit is a new payment that aims to support households on a low income or out of work, and is due to be introduced in Northern Ireland Autumn 2017 (provisionally the 25th September) and will affect working-age claimants aged 18 to 64 years old. This must be claimed online and it will be paid twice a month to a household. If a person is renting a property, the housing element of the Universal Credit payment will be paid to the landlord. A certain amount can be earned before a Universal Credit payment is reduced. This is known as the Work Allowance. For any money earned over the Work Allowance, Universal Credit will be gradually reduced. Benefits to be replaced by Universal Credit are:

- Jobseeker's Allowance (income-based)
- Employment and Support Allowance (income-related)
- Income Support
- Child Tax Credits
- Working Tax Credits
- Housing Benefit (Rental)

Starting September 2017 to September 2018, Universal Credit will be introduced on a phased geographical basis by Jobs and Benefits office / Social Security office for all new claims, as set out in Table 1:

Table 1: Geographic Roll Out of Universal Credit

Week commencing	Office
25 September 2017	Limavady
13 November 2017	Ballymoney
11 December 2017	Magherafelt and Coleraine
15 January 2018	Strabane and Lisnagelvin
5 February 2018	Foyle and Armagh
19 February 2018	Omagh and Enniskillen
5 March 2018	Dungannon and Portadown
16 April 2018	Banbridge and Lurgan
30 April 2018	Kilkeel, Downpatrick and Newry
14 May 2018	Bangor, Newtownards and Holywood Road
28 May 2018	Knockbreda, Newtownabbey and Shankill
11 June 2018	Corporation Street, Falls and Andersonstown
25 June 2018	Shaftesbury Square, Lisburn and Larne
2 July 2018	Carrickfergus, Antrim and Ballymena
July-September 2018	Cookstown, Ballynahinch and Newcastle

If a claimant is in receipt any of the six benefits being replaced by Universal Credit they will be transferred to Universal Credit between July 2019 and March 2022.

Social Sector Size Criteria (SSSC), introduced in February 2017, has changed the way housing benefit is now calculated for those living in social housing. It means the amount of housing benefit paid is now based on the number of people in a household and the number of bedrooms the household needs. If found to be under-occupying, the rent used to calculate housing benefit will reduce by:

- 14% if under-occupied by 1 bedroom; or
- 25% if under-occupied by 2 or more bedrooms.

There are exemptions based on household's need for an additional bedroom, the qualifying age for State Pension credit being reached, and for some types of accommodation.

Changes to housing benefits include:

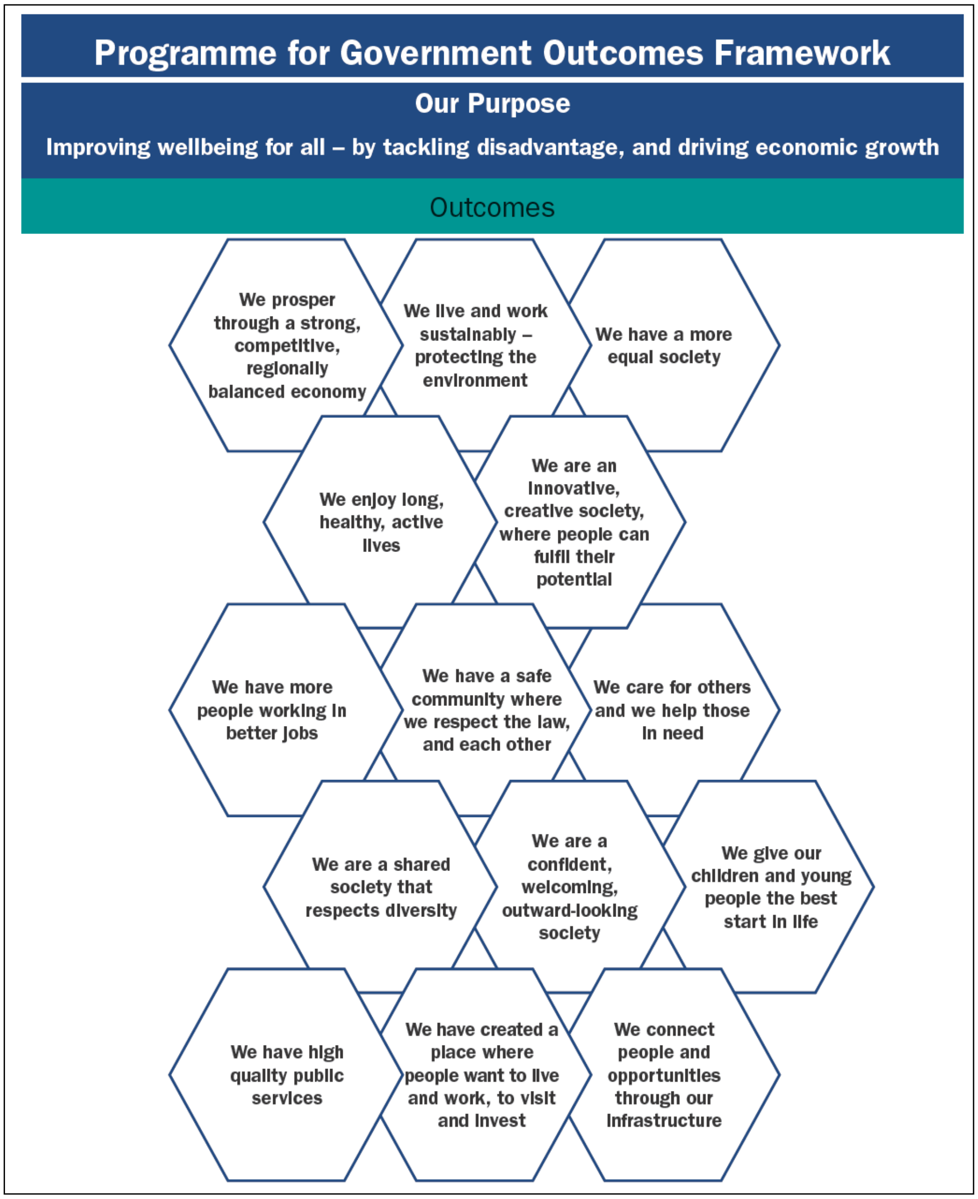
- In April 2011, in Great Britain and Northern Ireland, Local Housing Allowance (LHA) rates were changed and are now calculated on the 30th percentile of local rents rather than the mid-point.
- In April 2011, LHA rates for a five-bedroom property were removed; the maximum LHA rate is now for a four-bedroom house.
- LHA caps are now being extended to the social housing sector. This will come into force in September 2019, for all tenancies that started in and after September 2017.
- Throughout the UK, from January 2012, single people under the age of 35, receiving LHA, in the private sector, have been restricted to a rate for a single room in a shared property. This is being introduced to the social housing sector, with changes taking effect in 2019, for tenancies that started after 31st August 2017.
- LHA rates are to be set in line with the Consumer Price Index (CPI), instead of the Retail Price Index (RPI). CPI and RPI are both measures of inflation; however, RPI includes housing costs and mortgage interest payments, which CPI excludes. CPI is expected to restrict growth in benefit expenditure.
- On 1 April 2016, LHA rates were frozen for four years.

There are two mitigation schemes to help those with shortfalls in benefits. A Discretionary Housing Payment, administered by the Housing Executive, helps those whose housing benefit does not meet rent. The Welfare Supplementary Payment (WSP) scheme, administered by DfC aims to provide assistance to those affected by a loss of benefits, including for those who have a shortfall, resulting from the SSSC or the benefit cap. The WSP will be available until 31st March 2020.

The Northern Ireland draft Programme for Government

The Northern Ireland Executive's (NI Executive) published a draft Programme for Government in November 2016. Its over-arching aim is to 'improve wellbeing for all by tackling disadvantage and driving economic growth'. The draft Programme for Government is outcomes based approach, and proposes 14 outcomes and supporting indicators and measures. The 14 outcomes are set out in Figure 1 below. While housing is a cross cutting issue and can help achieve aspects in all 14 outcomes, there are two indicators specifically relating to housing; 'the number of households in housing stress' and the 'gap between the number of houses we need, and the number of houses we have.'

Figure 1: Draft Programme for Government Outcomes



Source: NI Executive (2016)

Key measures in relation to housing include:

- a commitment to build 9,600 social homes by March 2021;
- supporting 3,750 first time buyers to purchase a new home through Co Ownership or a similar scheme and developing new affordable housing products to help first time buyers;
- helping to address the under supply of appropriate housing, such as accessible housing, for particular groups, including older people, in the private sector;

- review the effectiveness of the Fuel Poverty Strategy and develop a new strategy by March 2019;
- support more shared housing and incentivise the development of more mixed tenure, mixed use sites;
- review the Housing Selection Scheme; and
- develop a homelessness strategy.

Housing White Paper 'Fixing Our Broken Housing Market'

The UK Government published the Housing White Paper 'Fixing Our Broken Housing Market' in February 2017. This paper applies to England, but it includes proposals that other jurisdictions are now also considering. The Paper contains four themes:

1. Planning for the right homes in the right places;
2. Building homes faster;
3. Diversifying the market; and
4. Helping people now.

The primary objectives of the White Paper are to enable the development of more homes and to reduce housing costs, so that more people can enter home ownership.

Key measures include:

- ensuring up to date development plans are in place;
- improve the coordination of public investment and infrastructure and to support connections to utilities, allowing developers to build more quickly;
- to diversify the market by encouraging smaller builders and attracting new investors; and
- improve safeguards in the private rented sector.

The first outcome of the White Paper was the announcement in the Queen's Speech in June 2017, that letting agents fees would be abolished.

The Housing Strategy 2012-17

The 'Facing the Future' Housing Strategy was published by DSD, now DfC, in October 2012. An accompanying Action Plan was published in 2013 setting out actions to deliver the Housing Strategy, with an Action Plan update published in 2015 setting out the progress to achieving actions. The Strategy states that the Government has five main roles in relation to housing:

1. Helping to create the right conditions for a stable and sustainable housing market that supports economic growth and prosperity;
2. Providing support for individuals and families to access housing, particularly the most vulnerable in society;
3. Setting minimum standards for the quality of new and existing homes and for how rented housing is managed;
4. Driving regeneration within communities, particularly those suffering from blight and population decline; and
5. Promote equality of opportunity in housing in NI and promote good relations.

A key aspect of the Housing Strategy is to take a housing led regeneration approach to regenerating communities experiencing deprivation and blight by providing new social and affordable homes.

Supporting Strategies

The Programme for Government and the Housing Strategy identify a number of strategies and plans, which will promote the aims, priorities and commitments of both documents. These include a Review of Housing Fitness standards and the Review of Houses in Multiple Occupation. DfC also published a consultation document 'Private Rented Sector in Northern Ireland – Proposals for Change' in January 2017. The key objectives of this review are to:

- Assess the contribution the PRS currently makes and could potentially make to increase housing supply;
- Identify the key enablers to support the current and potential future role of the PRS;
- Evaluate the effectiveness of existing regulation;
- Ascertain if there are any unintended consequences in the current system and make recommendations on how these could be addressed; and
- Assess the contribution the PRS does and could make to support the NI Executive's Together Building a United Community Strategy, which focuses on encouraging more shared housing.

Community Planning

The new councils received powers of wellbeing and community planning, within the Local Government Act 2014. This stated that local government districts have statutory duty to lead and facilitate community planning and will be required to consult and co-operate with the community and bodies responsible for providing public services. The legislation also established a statutory link between community plans and development plans.

Fermanagh and Omagh Community Plan 2030

The Community Plan, published in March 2017, contains three themes, each with associated outcomes. The three themes and outcomes are:

<u>People and Communities</u>

1. Our people are healthy and well physically, mentally and emotionally;
2. Older people lead more independent engaged and socially connected lives;
3. Our communities are inclusive, safe, and resilient and empowered;
4. Our people have the best start in life with lifelong opportunities to fulfil their potential;

<u>Economy, Infrastructure and Skills</u>

5. Our economy is thriving, expanding and outward looking;
6. Our district is a connected place;

<u>Environment</u>

7. Our district is an attractive and accessible place; and
8. Our outstanding natural environment and built and cultural heritage is sustainably managed and where possible, enhanced.

Planning Policy Context

The Regional Development Strategy (RDS)

A second RDS 2035 "Building a Better Future", was issued by the Department for Regional Development, now the Department of Infrastructure, in March 2012. The RDS 2035 provides an overarching strategic framework, to help achieve a strong spatially balanced economy, a healthy environment and an inclusive society. The RDS also contains a commitment to sustainable development.

The Strategy contains a Spatial Framework to support balanced spatial economic development and growth between the wider Belfast area and the rest of Northern Ireland. Features of the Spatial Framework include:

- The RDS identifies 16 Hubs and 6 Clusters of settlements. The importance of Clusters is, to benefit from and add value to, regional economic growth, rather than competing for scarce resources. The RDS identifies both Enniskillen and Omagh as Main Hubs.

- There are Gateways and Economic Corridors based on the Regional Strategic Transport Network connecting Belfast and Derry/Londonderry and the main centres of economic activity with gateways or important transport interchanges such as ports and airports. Enniskillen is identified as the South West Gateway with strategic links to Sligo. Enniskillen is also located on a main transport corridor from Belfast to the west and Sligo. Omagh is located on the main transport corridor from Derry/Londonderry to Dublin.

RDS Housing Requirements

The RDS's regional objectives for housing are to:

- manage housing growth to achieve sustainable patterns of residential development;
- support urban and rural renaissance; and
- strengthen community cohesion.

The RDS Spatial Framework aims to influence the geography of development across Northern Ireland. The RDS, therefore, sets 'Housing Growth Indicators' (HGIs) to guide distribution of housing in the region. The RDS projects housing growth required, to respond to changing housing needs, within all tenures.

The RDS identifies an indication of the net additional housing requirement of 94,000 dwellings between 2012 and 2025 throughout Northern Ireland. The HGIs allocate a proportion of the regional net additional housing requirement to each council area. These allocations were intended to provide a starting point for assessing future net housing additions required at the local level through the Local Development Plan process. The distribution of housing growth within each council area will be decided as part of the Local Development Plan; however weight should be given in the allocation of housing, to the Hubs.

The HGI figure for 2025, at 94,000, for the 18 years from 1998 to 2015, NISRA (Northern Ireland Statistics and Research Agency) estimates the population of Fermanagh and Omagh will increase by 4% until 2024, with a 7% increase in households.

RDS housing requirements for Fermanagh and Omagh District Council

The RDS's regional allocation of 94,000 dwellings is shared according to the Spatial Framework, with 4,500 dwellings (4.8%) apportioned to the Fermanagh and Omagh Council area.

Table 2: Housing Growth Indicators 2012 to 2025

LGD	**RDS 2035 2012-2025**	
	Number	**%**
Fermanagh and Omagh	4,500	4.8
Northern Ireland	94,000	100

Source: DFI (2016)

Strategic Planning Policy Statement (SPPS) and Development Plans

The implementation of the RDS is supported by SPPS, issued in 2015, and new Local Development Plans.

The key aim of the SPPS is to further sustainable development through balancing and integrating the three pillars of sustainable development: social, economic and environmental considerations. The SPPS also introduces spatial planning, requiring:

> 'a positive and proactive approach to planning, and a coherent long-term policy framework to guide and influence future development across the region. Strategic, community and land use planning matters, policies and decisions should be considered together. This new approach to planning extends beyond land use to integrate policies for the development and use of land with other key policies and programmes which influence the nature of places and how they function. It should also be visionary in setting out a clear expression for how areas should look and function into the future.'

In relation to housing, the SPPS states Planning Authorities must deliver:

- increased housing density without town cramming;
- sustainable forms of development;
- good design and
- balanced communities.

The SPPS is a framework for establishing the spatial distribution of housing allocations as part of the development plan process. It also allows for supply of land and other measures to deliver affordable housing development predicated on the findings from Housing Needs Assessments/Housing Market prepared by the Housing Executive.

The SPPS also allows the development of up to 14 affordable dwellings outside but close to settlement limits, where a need has been established by the Housing Executive, and where there are no readily available sites within settlement limits.

Extant development plans set out land allocations for a range of land uses, including residential development. Development Plans relevant to Fermanagh and Omagh include the Fermanagh Area Plan 2007 and the Omagh Area Plan 1987-2002.

Conclusions

Currently the Policy Context for the UK, Northern Ireland and Fermanagh and Omagh is fluid, making long-term predictions difficult. At the time of writing there is uncertainty regarding UK and Northern Ireland budgets, prior to the 2017

Autumn Statement and in the absence of a functioning Northern Ireland Assembly. In addition, the consequences for households and housing, due to changes in welfare reform may only be partially known, while mitigation payments are being provided. This means that we may not know the full extent of housing need until 2020, when supplementary payments are due to cease. The effect of the UK leaving the EU, may only emerge over several years, with decisions on the economy, the Northern Ireland/Republic of Ireland border and the status of EU nationals still to be negotiated and agreed. Undoubtedly, this will have a large effect on the future of Fermanagh and Omagh in particular.

As the future policy context is changeable, any predictions and forecasts should be viewed with caution. In this unstable policy environment, monitoring effects over time will be of crucial importance.

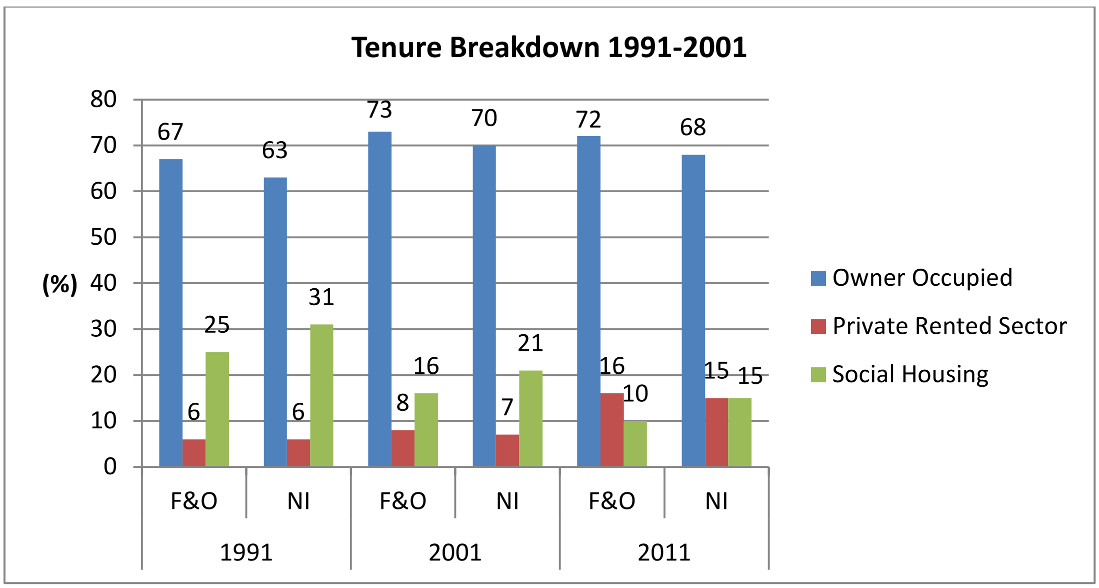
Northern Ireland Housing Market

This chapter considers long term tenure changes and the performance of the Northern Ireland Housing Market. This mainly focuses on the owner occupied housing market, with regional and local performance in relation to social housing and the private rented sector discussed in more detail in Section 3.

Tenure

There have been substantial changes to the tenure profile of the housing market. In the 20 years between 1991 and 2011, the census recorded a high increase in the proportion of Private Rented Sector (PRS) properties, resulting in a falling percentage share for social housing. The tenure profile has changed in a comparable way, across Northern Ireland, with the tenure breakdown for Fermanagh and Omagh following a similar pattern to that of Northern Ireland, see Chart 1.

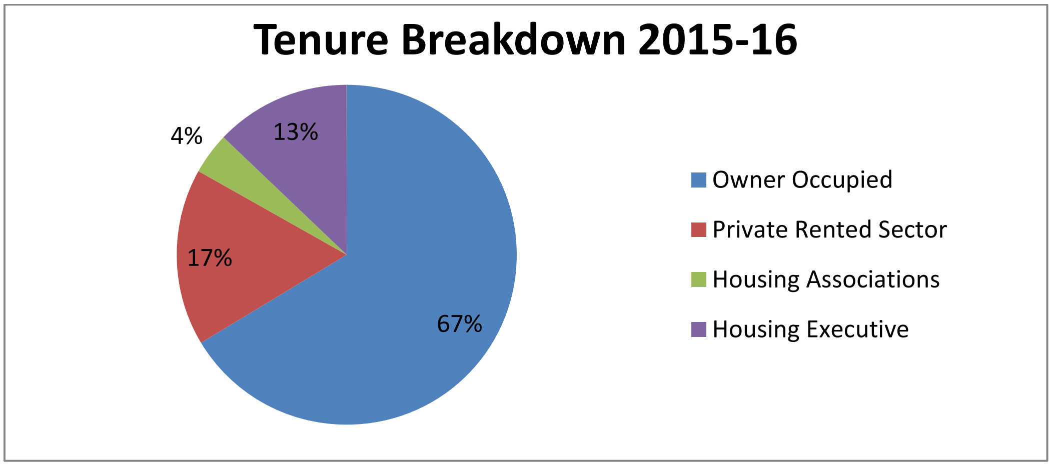
Chart 1: Tenure Breakdown Fermangh & Omagh (F&O) and Northern Ireland 1991-2001



Source: NISRA

DfC's Family Resources survey estimated that by 2015/16, there has been further change in the tenure profile, with PRS now making up a larger proportion of tenure than the social housing sector, with 20% of Northern Ireland households now living in the PRS, compared to 15% in the social housing sector. This survey also stated that 43% of households aged between 25-34 are housed within the PRS compared to 14% in 2004/5. Over the same period, the percentage of this group buying with a mortgage, decreased from 66% to 40%. The PRS has been seen to grow mainly due to affordablility problems in accessing the owner occupied market.

Chart 2



Source: DfC

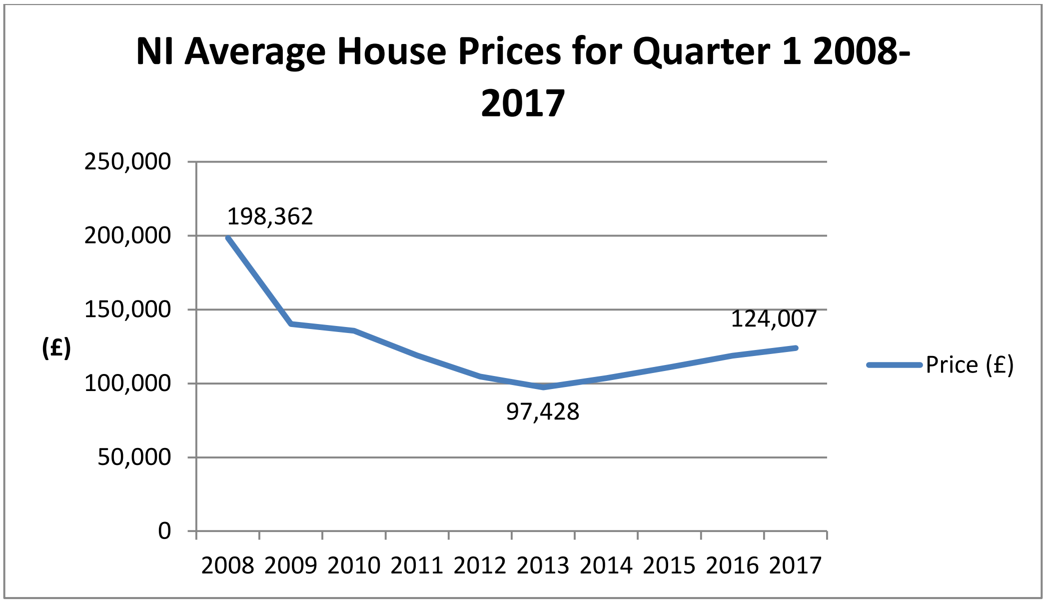
However, with the recent increase in first time buyers entering the owner occupied market, as affordability problems have eased, and the increasing cost for landlords due to stamp duty and tax changes, might see the rate of PRS growth decrease and stabilise in future years.

Affordability and House Prices

In 2016, the Council of Mortgage Lenders (CML) described the Northern Ireland property market as the 'definitive example of boom-and-bust' in the UK. However, the continued low interest rate environment, readily available mortgage finance and stronger affordability levels, compared to the rest of the UK, mean that consumer confidence in the mortgage environment appears to be rising.

Statistics from Land and Property Services (LPS) show steep house price falls, year on year, from 2007 to 2013. A standardised price of £224,670 at the height of the market, in Quarter 3 (Q3) of 2007, decreased by 57% to £97,428, at the lowest point, Q1 of 2013. Since this low point in 2013, house prices have been rising steadily, albeit at a fairly low rate, with average house prices now 27% higher. See Chart 3:

Chart 3



Source: (LPS) https://www.finance-ni.gov.uk/articles/northern-ireland-house-price-index

The average house price for Northern Ireland is £124,007 for Quarter 1 (Q1) of 2017. This is an increase of 4.3% over a 12 month period. Apartments are the only property type for which prices have declined over the last year, with terrace properties showing the highest rate of increases. This could be due to increased first time buyer activity, as terraces have the lowest average prices of all house types. This is illustrated in Table 3:

Table 3: Northern Ireland House Price by Property Type

Property Type	Percentage Change on Previous Quarter	Percentage Change over 12 months	Standardised Price (Quarter 4 2016)
Detached	0.6%	3.6%	£186,905
Semi-Detached	0.%	5.9%	£121,098
Terrace	-0.7%	4.8%	£85,713
Apartment	-4.5%	-0.4%	£97,242
All	0.8%	4.3%	£124,007

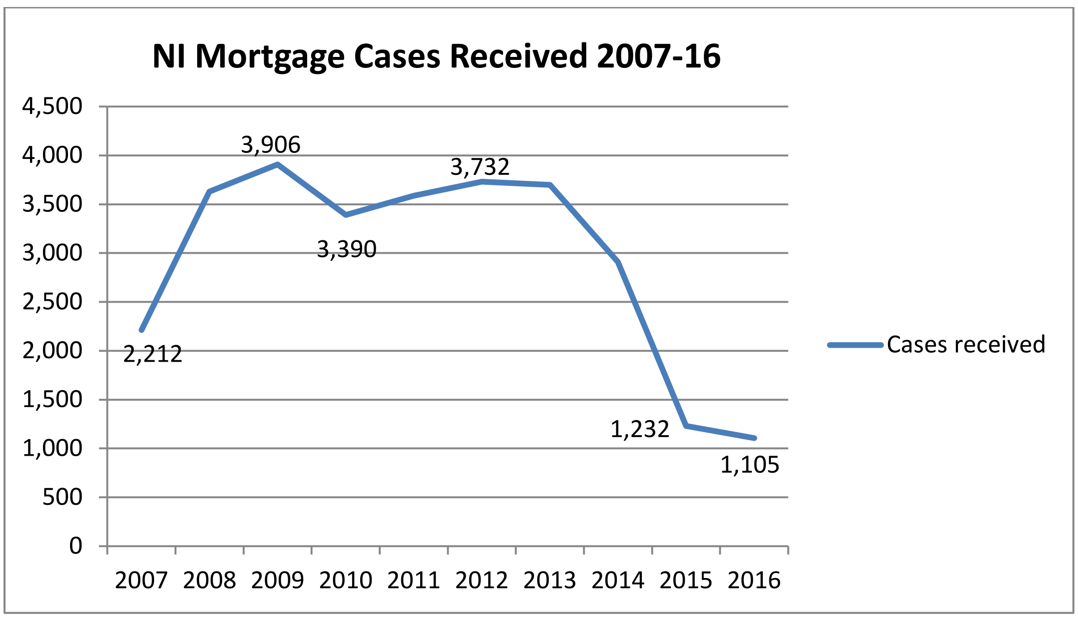
Source: Department of Finance

NISRA report that median house prices, against median gross earnings show a ratio of 4.7% in 2016. This has fallen steeply from a ratio of 9.1% in 2007, when there were a high levels of affordability problems across Northern Ireland. This indicates improved affordablilty since the height of the market. 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. This means monthly repayments are more affordable for borrowers in Northern Ireland, than counterparts in Great Britain.

On average, first time buyers loan to value ratio was 86%, meaning an average deposit of approximately 14% was needed for those entering the owner occupied market for the first time. Loan to value rations averaged at 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, affordabilty issues and difficulties in making repayments led to a rise mortage default cases, as demonstrated in the chart below.

Chart 4:



Source: The Department of Justice, 2017

These cases relate to properties or land owned at least in part with a mortgage, where the owner has defaulted on their mortgage payments, and the lender has initiated legal proceedings for an order of possession of the property. Not all of cases lead to eviction or re/possession, as the parties can still negotiate a compromise.

The Department of Justice states the main reasons for housing debt are:

- Change in circumstances like job loss, reduction in working hours, sickness or relationship breakdown;
- Accessing high cost credit/mortgages from non-traditional lenders and securing it on their homes; and
- Over borrowing during the property boom.

However, as the housing market has improved since 2013, the number of mortgage cases have fallen significantly. The Department of Justice records that 322 mortgage cases were received by the Royal Courts of Justice in Belfast, during Quarter 1 of 2017 (January to March). This represents a 13% decrease of cases received from the same period in 2016 (371), and is the lowest volume of cases received during the January to March quarter since the records began in 2007.

However, while afforability has improved, issues remain. The Council of Mortgage Lenders (CML) reports that negative equity has been the biggest problem in the Northern Ireland housing market since the recession. The property debt company Negative Equity NI reported that in 2015, more than 60,000 homes were in negative equity. The mean average debt held by homeowners in Northern Ireland, in 2014 was £35,162, twice the UK average. Increasing house prices, however, have eased the pressures of negative equity for some households.

The future short term prospects for house prices are also unclear. While Ulster University's Economic Policy Centre expects prices to rise by 3% in 2017, and 2% in 2018, this contrasts with the view from PricewaterhouseCoopers (PWC). In July 2017, PWC has stated that due to a slow recovery of wages and disposable income in Northern Ireland, house prices are expected to slow, with rises of 1% in 2017 and will not rise in 2018. However, both these predictions are lower than the 4.3% rise from Q1 of 2016 to Q1 of 2017, indicating a potential slow down in the housing market.

It is also important to note, that affordability is not simply reflected in house prices, as there is a range of housing costs, including the cost of borrowing, council rate levels, and energy costs.

House Price Index

Ulster University produces a House Price Index, each quarter. This Index uses sub regional geographies, which are not coterminous with council boundaries or the Housing Executive's Housing Market Areas. However, the Ulster University's Fermanagh and Omagh region does align with the Fermanagh and Omagh District Council boundary.

Repayment affordability highlights the level of unaffordable stock, based on dwellings sold. The latest available University of Ulster Affordability Index (2016), see Table 4, shows mortgage repayment affordability and includes an 'affordability gap'. The affordability gap is the difference between lower quartile house prices, and the maximum a median income household can borrow. A positive affordability gap indicates a surplus between the borrowing capacities of households, against lower quartile house prices. Therefore, houses are more affordable in areas with a high affordability gap.

The Ulster University's Affordability Index calculated that repayment affordability improved across all regions of Northern Ireland in 2016, with the exception of Mid Ulster council area. Fermanagh and Omagh is the second most affordable region in Northern Ireland, with 57% of properties sold considered to be affordable, for those on median incomes, and the council area had a positive affordability gap of £41,927. The percentage of properties considered unaffordable over the last five years, has generally increased, as house prices in the area have increased. Although house prices have increased over the last 12 months, the percentage of unaffordable properties has decreased. This may be due to decreases to mortgage interest rates for first time buyers, increasing borrowing capacity.

Table 4: Repayment Affordability

	2012		2013		2014		2015		2016	
	Aff Gap(£)	% Unaff	Aff Gap(£)	% Unaff	Aff Gap(£)	% Unaff	Aff Gap(£)	% Unaff	Aff Gap(£)	% Unaff
North Down & Ards	29,821	58%	42,860	46%	37,717	52%	34,411	51%	38,620	49%
Armagh & Craigavon	19,739	58%	17,358	55%	18,657	57%	3,812	73%	4,909	71%
Antrim & Newtownabbey	18,277	66%	14,633	63%	15,706	59%	14,425	63%	21,329	58%
Belfast	3,820	73%	7,817	68%	7,400	67%	-4,012	77%	-601	75%
Carrickfergus & Larne	63,691	25%	71,181	27%	67,140	25%	63,848	33%	82,935	23%
Derry, Strabane & Limavady	5,832	68%	20,281	60%	15,524	68%	24,661	52%	23,385	50%
Fermanagh & Omagh	**50,949**	**27%**	**39,538**	**38%**	**36,342**	**38%**	**37,309**	**52%**	**41,927**	**43%**
Newry, Down & Banbridge	16,408	63%	19,356	59%	18,370	62%	10,437	71%	16,860	66%
Lisburn & Castlereagh	8,920	69%	13,351	66%	18,321	63%	8,937	69%	28,470	58%
Magherafelt, Cookstown & Dungannon	19,461	58%	30,038	45%	30,867	45%	23,059	55%	16,552	58%
Moyle, Ballymena, Ballymoney & Coleraine	21,199	57%	23,538	51%	24,467	53%	18,084	60%	21,427	54%

Source: University of Ulster, 2017

The deposit dap, see Table 5 below, looks at the ability to access the housing market in terms of the required deposit, or the Loan to Value ratio. This index assumes a household's ability to save 30% of annual disposable incomes, and estimates a 'savings ratio'; the number of years it would take households to save for a deposit. As house prices have increased, the percentage of an income needed and the number of months needed to save for a deposit have increased. Increasing inflation rates, also mean household's disposable incomes have decreased. However, Fermanagh and Omagh is the second most affordable region in Northern Ireland in terms of the deposit gap. This measure illustrates continuing challenges for prospective homebuyers wishing to access owner occupation.

Table 5: Loan to Value Affordability

	2012		2013		2014		2015		2016	
	Income %	Savings Ratio	Income %	Savings Ratio	Income %	Savings Ratio	Income %	Savings Ratio	Income %	Savings Ratio
North Down & Ards	37.86	1.26	33.1	1.1	35.63	1.19	36.01	1.20	38.76	1.29
Armagh & Craigavon	37.23	1.24	38.92	1.3	38.57	1.29	46.37	1.55	49.42	1.65
Antrim & Newtownabbey	39.73	1.32	41.83	1.39	41.59	1.39	41.54	1.38	42.03	1.40
Belfast	46.95	1.57	44.41	1.48	44.87	1.5	50.91	1.70	52.48	1.75
Carrickfergus & Larne	24.55	0.82	22.16	0.74	24.71	0.82	25.87	0.86	23.30	0.78
Derry, Strabane & Limavady	45.81	1.53	36.98	1.23	40.28	1.34	34.47	1.15	39.08	1.30
Fermanagh & Omagh	**25.34**	**0.84**	**31.12**	**1.04**	**33.26**	**1.11**	**32.50**	**1.08**	**34.49**	**1.15**
Newry, Down & Banbridge	41.14	1.37	39.84	1.33	40.69	1.36	43.71	1.46	44.52	1.49
Lisburn & Castlereagh	45.83	1.53	44.12	1.47	42.41	1.41	45.20	1.51	41.78	1.39
Magherafelt, Cookstown & Dungannon	40.26	1.34	35.53	1.18	35.7	1.19	38.61	1.29	45.17	1.51
Moyle, Ballymena, Ballymoney & Coleraine	39.44	1.31	38.55	1.28	38.56	1.29	40.75	1.36	43.11	1.44

Source: University of Ulster, 2017

The University of Ulster combine these two aspects of affordability into a single relative measure called a Multiplier Weighting Ratio. The higher the ratio, the greater the affordability problem is in the area. Based on the Multiplier Weighting

Ratio, overall affordability improved in Fermanagh and Omagh, in 2016 and it remains the second most affordable region in Northern Ireland, see Table 6. Again, affordability may have increased during the last 12 months, despite house price rises, due to more relaxed lending criteria for first time buyers.

Table 6: Multiplier Weighting Ratio

	Multiplier weighting ratio 2013	Multiplier weighting ratio 2014	Multiplier weighting ratio 2015	Multiplier weighting ratio 2016	Variation 2015 - 2016
North Down & Ards	0.508	0.438	0.612	0.633	-0.021
Armagh & Craigavon	0.714	0.443	1.128	1.170	-0.042
Antrim & Newtownabbey	0.878	0.426	0.872	0.813	0.059
Belfast	1.007	0.448	1.307	1.312	-0.005
Carrickfergus & Larne	0.199	0.303	0.285	0.179	0.106
Derry, Strabane & Limavady	0.74	0.506	0.597	0.651	-0.054
Fermanagh & Omagh	**0.394**	**0.343**	**0.563**	**0.494**	**0.069**
Newry, Down & Banbridge	0.784	0.457	1.034	0.980	0.054
Lisburn & Castlereagh	0.971	0.446	1.040	0.808	0.232
Magherafelt, Cookstown & Dungannon	0.533	0.378	0.708	0.873	-0.165
Moyle, Ballymena, Ballymoney & Coleraine	0.655	0.412	0.815	0.776	0.039

Source: University of Ulster, 2017

Transactions

Transactions also demonstrate an improving housing market. Between 2008 and 2011, the annual number of sales was approximately 11,000 each year, however, since 2012, the number of transactions has increased each year, with 22,713 sales occuring during 2016, a change of 106%. Borrowing by first time buyers and home movers has increased significantly since 2012.

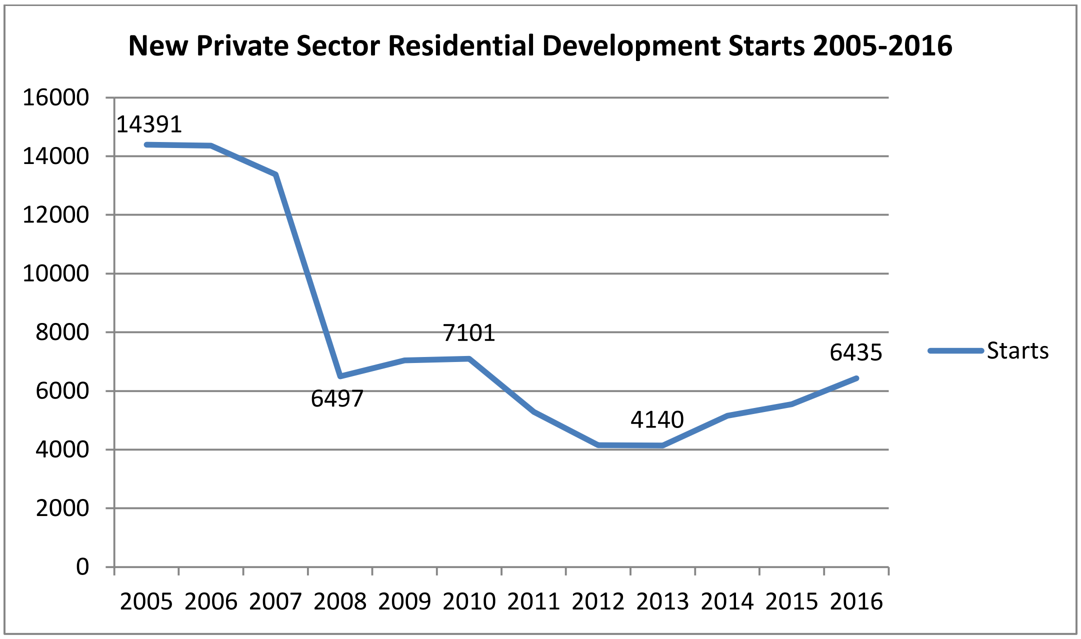
In 2016, CML reported that the recovery in transactions was driven by an increase in the first time buyer activity. CML reported a high of 9,700 first time buyers in 2005, with numbers dropping significantly to 2,900 in 2008. However, since the recovery in the housing market there has been an increase in first time buyers to 8,000 in 2016, which is an increase of 7% since 2015.

New Build

Private sector house building has been increasing since 2013, demonstrating improved confidence in the housing market from private developers. However, while starts are increasing, they are still well below 2005 figures and are not reaching the need for new units, as set out in Housing Growth Indicators (HGI).

Across NI, completions have been at a lower level than the HGIs. New build completions are at 64% of HGIs, with 23,102 units built over a five year period (2012/13 to 2016/17). This means, to reach HGIs by 2025, an additional 8,863 homes need to be constructed each year.

Chart 5:



Source: https://www.finance-ni.gov.uk/publications/new-dwelling-statistics-report

Residential planning applications have fallen significantly from a high of 24,749, in 2005/6 to 7,795 in 2016/17. However, this is an 8% increase from 7,192 applications received in 2015/16. Excluding applications for domestic alterations and extensions, there were 4,941 residential planning applications in the last financial year, an increase of 16% from 2015/16. This indicates increased opportunity for new housing units, within the next five years.

Conclusions

While the housing market has improved over the last four years, there remain structural issues that could adversely affect household finances and the housing market in the future. These include the rate of new build not meeting household growth, as determined by DFI's housing growth indicators, which could lead to house price inflation. There are also continuing high levels of negative equity. While rising house prices mean more houses have left negative equity, higher levels of inflation and a consequent 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.

Section 2:
Housing Market Drivers

Economy

The housing sector both influences and is influenced by economic performance. The UN's New Urban Agenda notes the importance of the contribution of housing in economic development and in stimulating productivity. Housing enhances capital formation, income, employment generation and savings. In turn, economic conditions are a key driver within the housing market, affecting the rate of household formation, people's incomes, employment and access to finance, thereby determining their housing choices. The economy can also influence the availability of land for development and the cost of loans to invest in new building.

International and UK Economy

In June 2017, the World Bank estimates that global economic growth will strengthen to 2.7% in 2017 and 2.9% in 2018/19. The Emerging Market and Developing Countries will account for more than 75% of global growth. Growth in the Euro Zone is predicted to grow by 1.7% in 2017, followed by 1.5% in 2018 and 2019; this is similar to the rate of growth in the UK.

At the March 2017 Budget, the Office of Budget Responsibility (OBR) forecast the UK economy by to grow by 2% in 2017. The growth rate is now predicted grow at a lower rate in the medium term, than estimated at the time of the Autumn Statement. Growth in 2018 is predicted to be at 1.6%, with growth in 2019 at 1.7%, 1.9% growth in 2020, returning to 2% growth in 2021.

Sterling depreciation in 2016, has led to increased inflation at 2.6% in July 2017, higher than the 2.4% predicted for the year, and the Bank of England target of 2%. This is the highest level of inflation since June 2013. Inflation puts pressure on household finances and leads to slower consumer spending and subdued private investment. Danske Bank reports that in Northern Ireland, inflation has led to a fall in household confidence over the last 12 months.

Northern Ireland Economy

In Q1 of 2017, Danske Bank's Quarterly Sectoral Forecasts report, predicts that the Northern Ireland economy will grow by 0.8% in 2017 and 1.0% in 2018. The rate of growth expected in the short - medium term is below the 1.6% growth in 2016, which was the strongest rate of growth, since 2007.

However, the weaker pound has supported an increase to net exports, with the year to Q4 2016, experiencing an increase of 20%. With a sustained weakened pound against the euro and the US dollar, continued export growth is expected.

At a sector level, private services are predicted as continuing to be the main drivers of growth. The information and communication sector is expected to be the fastest growing in Northern Ireland this year (4.4%), followed by the professional, scientific and technical sector (3.3%) and the administration and support sector (2.8%). The wholesale and retail trade sector is forecast to make the biggest contribution to overall GVA growth in 2017.

A weaker outlook for demand suggests that there will be a slight deterioration in the Northern Ireland labour market over the short-term. Employment levels are expected to fall by around 400 jobs in 2017, equivalent to a contraction of 0.1%. Job losses are expected to continue in 2018, with the further loss of around 1,000 jobs, given the uncertain economic conditions.

Danske Bank predicts that due to uncertainty over what access UK-based businesses will have to EU markets in the future, and when formal separation from the EU will take place, the outlook for investment-orientated sectors remains relatively weak. It is predicted this will cause businesses to postpone capital spending, damaging the manufacturing and construction sectors. The nature of the border with Republic of Ireland will also have an important influence on the Northern Ireland economy, as this is remains Northern Ireland's biggest export market, with 30% of exports destined for the Republic of Ireland, in 2016.

Fermanagh and Omagh Economy

Economic Performance

The Office of National Statistics reports, in Fermanagh and Omagh, in 2015:

- GVA (Gross Value Added) was worth £1,851 million, approximately 5% of the Northern Ireland total. While this is just 5% of total GVA in NI, this is nearly equivalent to the population of Fermanagh and Omagh, which is approximately 6% of the population in Northern Ireland.
- GVA per head was £16,052 in 2015, just below the NI average, and an increase of 75%, since 1997.

The GVA for main areas of economic activity in Fermanagh and Omagh are set out in the table below:

Table 7: Fermanagh and Omagh GVA by Economic Sector, 2015

Economic Sector	GVA £m
Agriculture & Forestry	61
Manufacturing	235
Construction	153
Distribution, Transport, Accommodation & Food	400
Public Administration (including education and health)	540

Source: the Office of National Statistics

Table 7 shows that public sector and services are the most important economic areas in the Fermanagh and Omagh.

Employment Trends

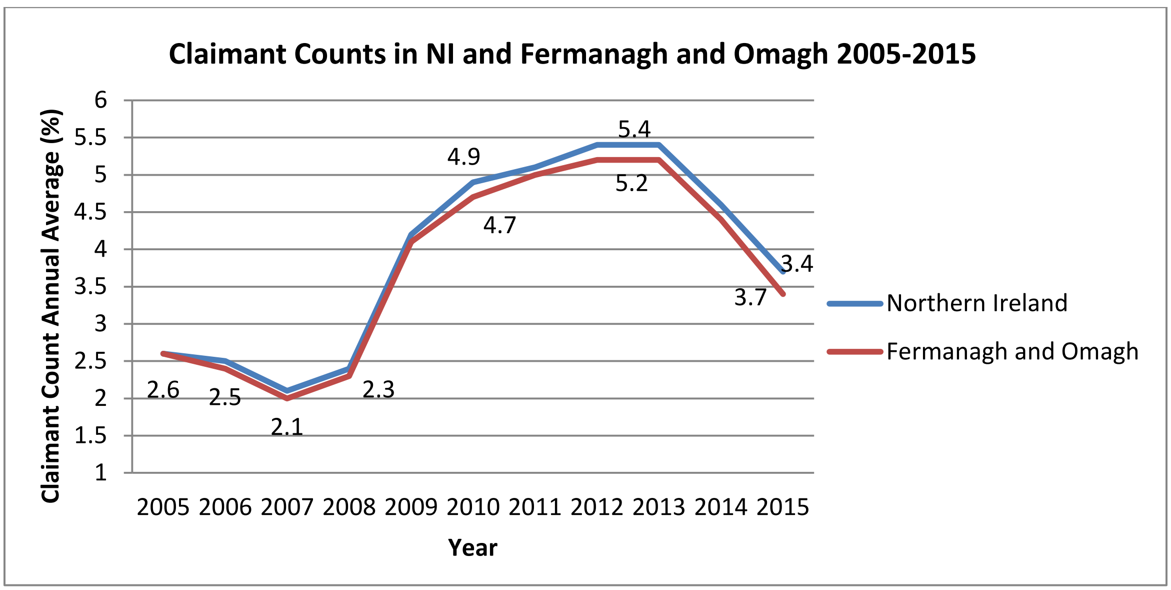
The Department of Finance statistics for 2015 show economic activity in Fermanagh and Omagh at 77.1% is at a higher rate than the Northern Ireland figure of 72.9%. The employment rate was also higher in Fermanagh and Omagh at 73.7%, compared to the Northern Ireland average of 68.4%. Of those employed, part time employment was slightly higher in Fermanagh and Omagh (25.3%), than in NI (23.4 %). However, there is concern over increasing numbers of redundancies in recent years. There were 146 redundancies during 2016, an increase from the 106 redundancies during 2015; these are significant rises from the 33 redundancies in 2014.

Fermanagh and Omagh had 2030 claimants, in 2016, at a rate of 2.8%, compared to the NI rate of 3.1%. Since 2015, there have been significant decreases in the claimant counts across NI, with 16.1%, fall in Northern Ireland, and an 18.5% decrease in Fermanagh and Omagh. Of the claimant count in Fermanagh and Omagh:

- 21.6% claimants were in the age group 18-24, although this had decreased by a higher than average rate, in the last year, at -25.2%;
- 54.2% of claimants were considered long term unemployed (over 6 months). This was comparable to the Northern Ireland average of 53.9%.

Past claimant count trends, are shown in Chart 6 below:

Chart 6



Source: NINIS (Northern Ireland Neighbourhood Information Service), 2017

This chart shows claimant counts in Fermanagh and Omagh have followed the same trend as the Northern Ireland rate, albeit at a slightly lower level. It shows that, similar to the housing market and the economy, the claimant count peaked in 2013, with a slowly improving economy after this point. It remains to be seen whether this improving employment picture can be sustained, with uncertainty reigning in the economy.

Labour market structure

The Fermanagh and Omagh job market is dominated by services, both public and private, with 78.8% of employees working in this sector, less than Northern Ireland as a whole (83.1%). The Table 8 shows the share of jobs across the main industries.

Table 8: Employees by subdivision, 2015

	Employee Jobs total	Full Time (%)	Part Time (%)	Manufacture (%)	Construction (%)	Services (%)
Fermanagh and Omagh	39,426	74.7	25.3	12.2	6.9	78.8
Northern Ireland	717,105	76.6	23.4	11.2	4.4	83.1

Source: Department of Finance

The Standard Industrial Classification of Economic Activities employee statistics, which are summarised in Table 9, below, indicate that Fermanagh and Omagh, like Northern Ireland, the highest proportion of employees, in 2015, worked in Wholesale, Retail and Repairs, flowed by Health and Social Work. There were also relatively high numbers of employees in Manufacturing and Education.

Changes to the employee share by industry, in Fermanagh and Omagh, since the lowest part of the recession in 2013, show a decrease of 18.3% in Financial and Insurance industry, as well as, smaller decreases in Social Work and Information & Communication. However, there have been increases in Construction, Administrative and Support and Professional, Scientific & Technical jobs.

Table 9: Employee Share by Industry 2015

Standard Industrial Classification (SIC07)	Northern Ireland		Fermanagh and Omagh	
Industrial group	**No.**	**%**	**No.**	**%**
All Industries	717,105	100.0%	39,426	100.0%
Other	9,955	1.4%	808	2.0%
Manufacturing	80,013	11.2%	4,809	12.2%
Construction	31,406	4.4%	2,724	6.9%
Wh'sale & Retail Trade; Repairs	125,216	17.5%	7,728	19.6%
Transport & Storage	25,684	3.6%	1,306	3.3%
Accommodation & Food	45,770	6.4%	2,611	6.6%
Information & Communication	19,131	2.7%	497	1.3%
Financial and Insurance	17,903	2.5%	726	1.8%
Real Estate	6,638	0.9%	255	0.6%
Professional, Scientific & Tech	28,500	4.0%	997	2.5%
Admin and Support	51,288	7.2%	1,025	2.6%
Public Admin. & Defence	53,228	7.4%	2,691	6.8%
Education	69,467	9.7%	4,834	12.3%
Health & Social Work	123,372	17.2%	7,002	17.8%
Arts, Entertainment & Rec	14,429	2.0%	881	2.2%
Other Service Activities	15,105	2.1%	532	1.3%
All Services	595,731	83.1%	31,085	78.8%

Source: Department of Finance

Incomes and Earnings

NINIS shows that in 2016 Fermanagh and Omagh had amongst the lowest gross weekly pay, across Northern Ireland, with only Causeway Coast and Glens, and Ards and North Down, showing lower weekly wages. The part time median wage was the lowest across all council areas in Northern Ireland. In 2013, median wages in Fermanagh and Omagh were also amongst the lowest of all councils. Wages have increased over the past three years, as demonstrated in Table 10.

Table 10: Gross Weekly Pay

	Median Wage 2013 (£)	Median Wage 2016 (£)	Change (£)
All	291.3	334.0	42.7
Full Time	421.1	450.4	29.3
Part Time	128.0	155.0	27.0

Source: NINIS

Unlike Northern Ireland, where male wages are higher than female wages, women's weekly wages in Fermanagh and Omagh, at £454.00, are higher than men's wages at £445.00.

Fermanagh & Omagh District Council's Economic Development Plan

In August 2016, Fermanagh & Omagh District Council published an Economic Development Plan (EDP) (2016 –2019). The EDP's Ambition statement is:

> 'Creating a step change in the economic fortunes of the Council area by: promoting a culture of innovation within the local economy; further development and retention of a skilled workforce and development of a vibrant urban and rural environment that will encourage people to live, work, visit and invest in'.

The Ambition Statement allocates key aims and actions under four themes:

- Theme 1: Growing and Diversifying the Local Economy;
- Theme 2: Creating a Dynamic Workforce;
- Theme 3: Supporting Town and Village Regeneration; and
- Theme 4: Promoting Innovation, Infrastructure and Connectivity.

The District Council will provide a key facilitation role in the delivery of the Economic Development Plan. It is stated the Council will promote the 'community planning ethos', encourage collaboration to guide local delivery and work with statutory partners to assign delivery of key elements of the Action Plan to those organisations that are considered to be better placed or have a statutory requirement.

The Council's role will include working in collaboration with neighbouring councils and Government Departments/Agencies in Northern Ireland and the border counties. An aim of the Council is to act as an advocate for the region particularly in relation to influencing large-scale infrastructure and programme spend by Central Government Departments.

In terms of emerging economic policy, the strategic direction is as follows:

- Diversification of the economy and to address local productivity constraints by encouraging exporting and investment in innovation and increased uptake of public sector/large scale procurement exercises;
- Higher value/strategic business development functions to be supported through Invest NI;
- Local Government to focus on expanding the number of companies engaging for the first time in exporting, innovation and public procurement and signposting companies to higher value interventions delivered by Invest NI; and

- Further development of key growth sectors for the NI economy, namely: Advanced Manufacturing, Agri-food, Life and Health Sciences, ICT, Creative Industry and Sustainable Energy.

Future Prospects

There are a number of risks, which could have implications for the Northern Ireland and the Fermanagh and Omagh economy. These include political instability, further austerity and a larger than expected impact of the UK leaving the EU, on consumer spending and business investment. For a number of businesses across Northern Ireland, and especially in the border area of Fermanagh and Omagh, the loss of access to the EU single market and potential future barriers to cross-border trade are major concerns.

For rural areas, it will be important that the effect of policy decisions, regarding the withdrawal of the UK from the EU, such as those on EU trade, regulations, funding and migrant labour are be rural proofed to ensure that they meet rural needs. Key grant funds for rural businesses and projects, will cease after exiting the EU, with potentially severe consequences for the rural economy in Fermanagh and Omagh.

Productivity in Fermanagh and Omagh can be seen to be marginally underperforming within the NI economy, in relation to the population share; however, the rate of employment has been shown to be traditionally higher than the Northern Ireland average. The economy shows an improving picture from 2013 to date, and while it could be considered to be returning to long term trends, it is not certain how sustainable this will be in light of the changing political climate.

It is important to note that the economy and the housing market are cyclical and intertwined. Economic performance, income levels, and the structure of employment are important contributing factors in the mix and tenure of housing required. A growth of professional and higher paid jobs may increase demand for family housing, while service and customer care posts may attract younger, single people seeking smaller and lower value dwellings.

Demographic Trends

The population and demographic profile of an area is a key determinant in the number and type of housing demand. This section examines population and household projections and trends to identify how these could affect housing requirements in Fermanagh and Omagh.

Population Trends and Projections

Table 12 shows population change for the District Council from the 2001 and 2011 censuses. Over this period, the population increase of Fermanagh and Omagh at 7.3% is comparative to the Northern Ireland increase.

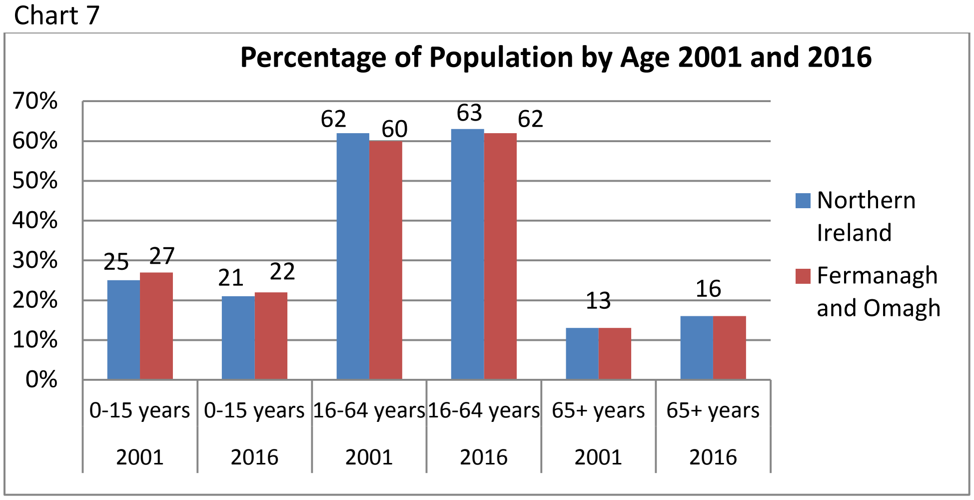
Table 11: Population 2001 to 2011

	2001	2011	Change 2001-11 (%)
Fermanagh and Omagh	105,479	113,161	7.3
Northern Ireland	1,685,300	1,810,900	7.5

Source: NISRA

Chart 7 shows the composition of the Fermanagh and Omagh population by age band in 2001 and a more current estimate at 2016. It also shows that the proportion of the population, within each age group in Fermanagh and Omagh, is similar to the same information for Northern Ireland, with a slightly higher percentage of children. Currently, in the Council area 62% of people are of working age, followed by children at 22% and 16% were older people. Since 2001, it can be seen that while the proportion of the working age population is approximately the same in 2016, there is a slightly lower proportion of children, and a higher proportion of older people, this household group has grown at the same rate, as that of Northern Ireland.

Chart 7



Source: NISRA

Minority Ethnic Communities

It is difficult to measure migrant population flows due to the freedom of movement accorded to EU citizens. Data sources, that are most frequently used, to compile estimates of migration flows include the Census, National Insurance number allocations to non-UK nationals and the number of births to foreign-born mothers (see Table 12, Chart 8 and Map 2).

The 2001 Census indicated that 99.2% of the NI population consider themselves white (non-traveller) compared to 92% of the UK. The largest minority ethnic countries in NI, at this time, were Chinese, Irish Traveller and Indian. Around 40% of the 14,271 people that belonged to a minority ethnic community had been born in Northern Ireland with 11% from the UK and Republic of Ireland and 48% had been born overseas.

However, since the EU expansion in 2004, there was a sharp increase in the number of people born in Eastern Europe. In 2011, the most frequent languages spoken as a main language, within Fermanagh and Omagh, other than English or Irish, include Polish, Lithuanian and Hungarian. The Census, National Insurance numbers and births to mothers born outside of Northern Ireland, show increased numbers of migrants after 2001, who have had an effect on the Fermanagh and Omagh housing market.

Table 12: Place of Birth of Residents of Fermanagh and Omagh, 2011 Census

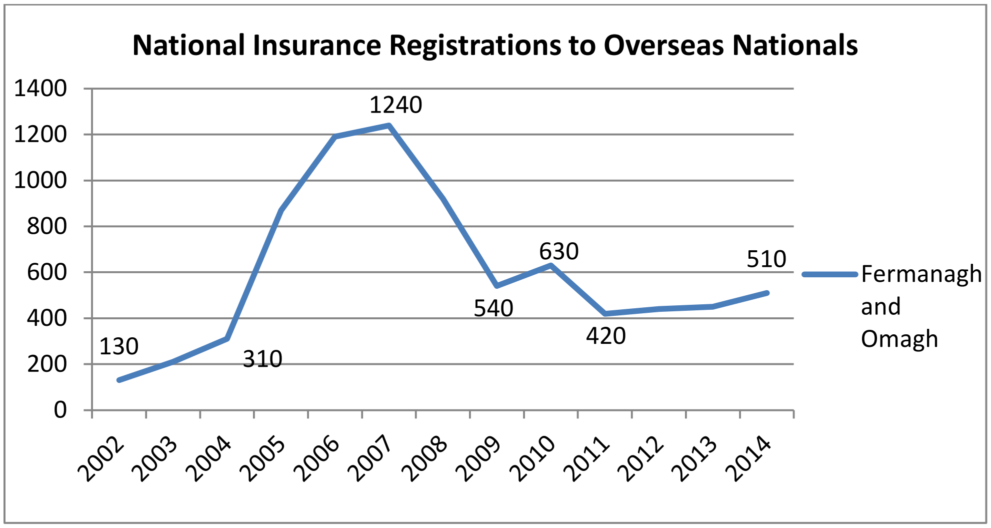
Place of Birth	Number of Residents	% of Total Usual Residents
Northern Ireland	98,051	86.6%
UK	5,299	4.7%
Republic of Ireland	5,314	4.7%
Europe (outside of UK & ROI)	3,178	2.8%
Africa	161	0.14%
Middle East	32	0.03%
Asia	505	0.45%
North America and Carribean	492	0.43%
Central and South America	37	0.03%
Oceania	92	0.08%
All Usual Residents	**113,161**	**100%**

Source: NISRA

Chart 8 shows that the numbers of migrants moving into Fermanagh and Omagh fell during the recession, indicating lower numbers of external migrants who could be termed migrant workers. Anecdotal evidence suggests many migrant workers, in Northern Ireland, lived in accommodation tied to their employment or in the Private

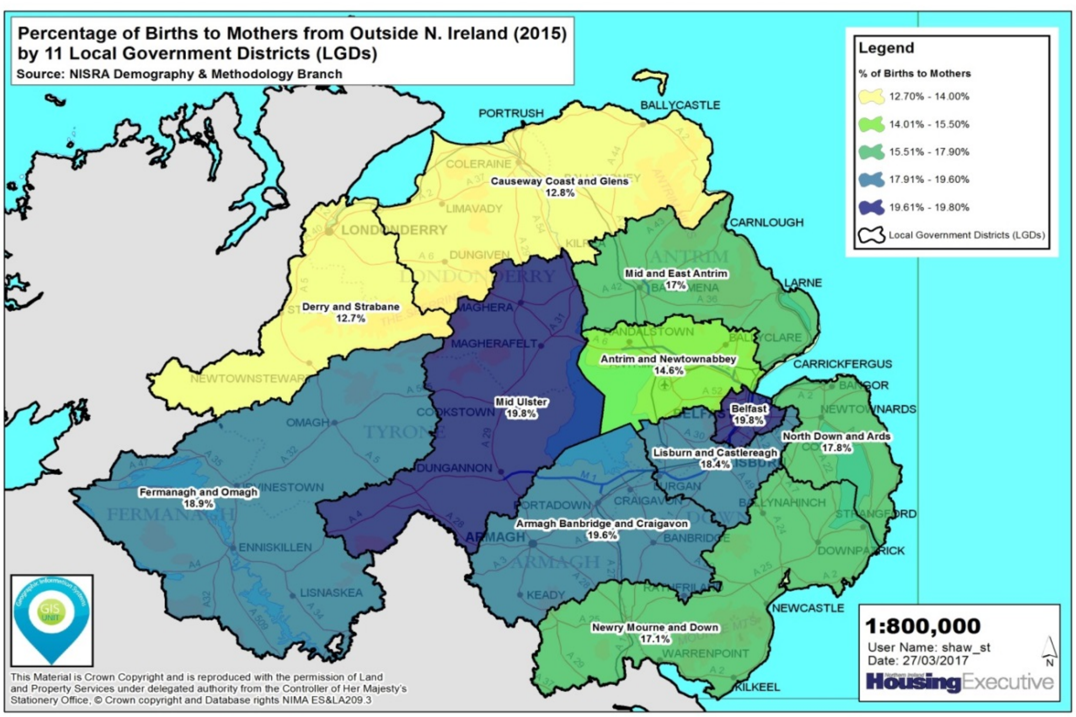
Rented Sector, including Houses of Multiple occupation. It was also suggested that migrants who remained in the area, during the recession, were more likely to be part of a family household. In addition, since 2011, numbers of overseas nationals have been increasing in Northern Ireland and Fermanagh and Omagh, albeit, at a slow rate.

Chart 8



Source: Department of Work & Pensions

Map 2: Births to Mothers from Outside NI (2015)

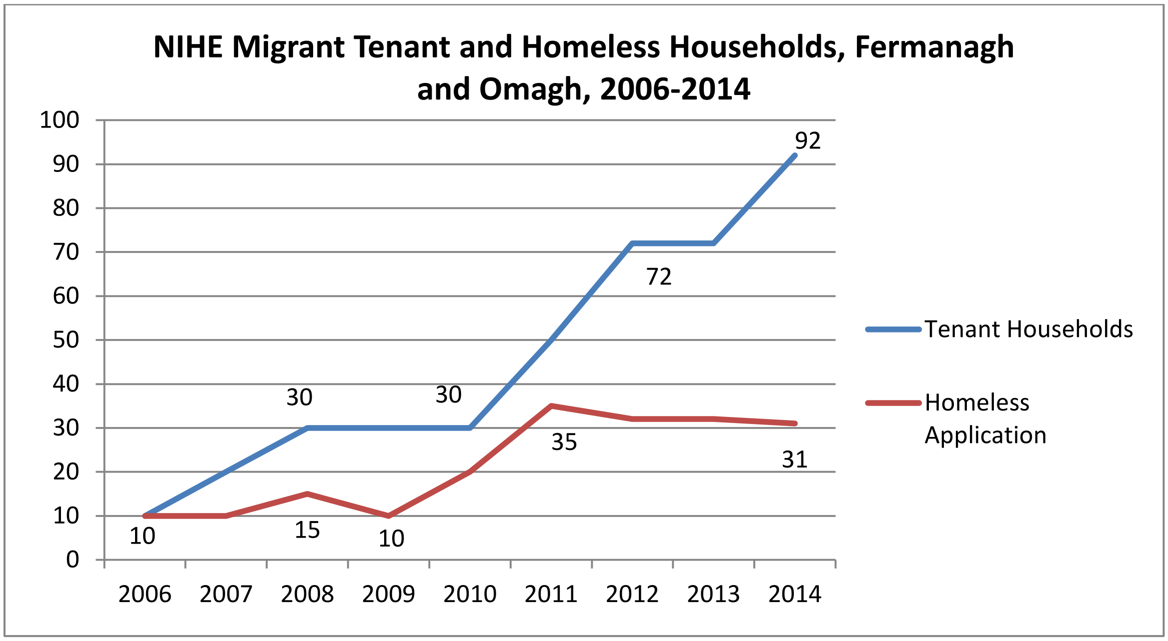


Source: NISRA

Map 2 shows that nearly 20% of births in Fermanagh and Omagh are from mothers born outside Northern Ireland, this is one the highest rates in Northern Ireland, and has contributed to the population growth in Fermanagh and Omagh. It is likely these family households have settled in the area and have examined their housing choices further, including the tenure of home that best suits their needs.

Despite the lower numbers of migrants registering in Fermanagh and Omagh, after 2006, applicants for social housing have increased. This coincides with restrictions, to claiming state benefits, being lifted in 2011. Prior to this, migrant workers were not entitled to benefits, if they had not been signed up to the Workers Registration Scheme, or had not worked consecutively for 12 months. The increase of migrants applying for social housing, however, also suggests these migrant households are likely to remain in the area. Migrants are also forming part of the numbers registering as homeless and requiring an urgent housing solution (see Chart 9).

Chart 9:



Source: NIHE

Although migration has contributed to the components of population change in Fermanagh and Omagh, the largest change and increases in population, are mainly due to natural change. Nevertheless, nearly 20% of the births to mothers born outside Northern Ireland have contributed to this natural change.

However, as the status of EU nationals after the UK leaves the EU is still to be agreed, it is unclear what effect this may have on those migrants currently living in Fermanagh and Omagh. While it may be unlikely that EU nationals may be compelled to leave, it could reduce the number of external migrants moving into the area. This could mean that future components of population change could be more influenced by natural change or out migration.

Table 13: Components of Population Change, 2016

Components of Change	Fermanagh and Omagh	Northern Ireland
Mid-Year Estimate	115,799	1,862,137
Birth	1,518	24,379
Death	957	15,341
Natural Change	561	9,038
Net Internal Migration	-98	0
External In Migration	1,438	23,804
External Out Migration	1,259	22,346
Net External Migration	179	1,458
Net Migration	81	1,458
Other Changes	-154	20

Source: NINIS

Household trends

The long-term trend towards the formation of smaller and single person households have ensured that household growth has occurred across Northern Ireland. The increase in single person households throughout the UK reflects a mix of factors. These include higher divorce rates and higher numbers of adults delaying marriage and child bearing until they are in their 30s. However, the factor that is of most significance is older people that outlive their partners living alone for a longer time.

Table 14: Household Trends 2001-2011

	2001	2011	Change 2001-2011	
			Number	%
Fermanagh and Omagh	36,577	41,512	4,935	13.5%
Northern Ireland	628,490	703,275	74,785	11.9

Source: NISRA

Household figures, summarised in Table 14, suggest that from 2001 to 2011:

- The number of households in Fermanagh and Omagh increased by 13.5%, which is above the Northern Ireland rate of 11.9%;
- The 2011 census shows that 55% of Fermanagh and Omagh households were 1 or 2 person households;
- The average household size was 2.7.

Household projections

Future household trends are more sensitive to economic, housing market and policy changes than future population trends. As a result, household projections are subject to a greater degree of uncertainty than population projections.

NISRA issued 2012-based household projections to 2037, which are summarised in Table 15. This shows that 48,301 households may be living in Fermanagh and Omagh by 2037, which is an 11.6% increase over the term 2017-2037. This is comparable with the Northern Ireland projected change.

Table 15: Household projections 2017-2037

LGD2014	Total households 2017	Total households 2027	Total households 2037	Change 2017-2037
Northern Ireland	730,299	777,590	812,650	11.3%
Fermanagh and Omagh	43,263	46,289	48,301	11.6%

Source: NISRA

Table 16 shows projections for Fermanagh and Omagh. It shows that household growth will be driven by an increase in two person and single person households; the rate of growth is projected to be higher than the Northern Ireland total. It also shows that there is likely to be a comparatively sharp decline in the number of households with children, with the current proportion of 38% of households with children, dropping to 24% by 2037. It should be noted that household projections are calculated in a policy neutral environment.

Table 16: Household projections by household type 2017-2037

			Change 2017-37	
	2017	**2037**	**Number**	**%**
Northern Ireland				
Single person households	204,202	240,225	36,023	18
Two adults without children	200,014	248,093	48,079	24
Other households with no children	109,502	120,365	10,863	10
Lone adult with children	43,214	43,492	278	1
Other households with children	170,367	160,475	-9,892	-6
All households	730,299	812,650	82,351	11
Fermanagh and Omagh				
Single person households	11,945	14,518	2,573	22

	2017	2037	Change 2017-37 Number	%
Fermanagh and Omagh				
Two adults without children	11,347	14,855	3,508	31
Other households with no children	7,224	7,575	351	5
Lone adult with children	1,901	1,693	-208	-11
Other households with children	10,846	9,660	-1,186	-11
All households	43,263	48,301	5,038	12

Source: NISRA

Table 17, shows the current housing by type in Fermanagh and Omagh at April 2017. While the number of bedrooms spaces cannot readily be identified, it could be assumed that units with fewer bedrooms are made up of apartments and terrace properties. Using this assumption, the current proportion of smaller properties is 24% of all stock. We can also calculate that smaller households (single households and two adults, without children), currently make up 54% of all households, it can, therefore, be inferred that many of these households are under occupying houses, although they may desire a larger home. By 2037, it is projected that small households will make up 61% of the population; in accordance with this, the average household size will reduce from 2.7 persons to 2.4. Consequently, smaller size, new build houses in Fermanagh and Omagh, across same tenures, will be required to meet households need, in the future.

Table 17: Fermanagh and Omagh Dwellings by Type, 2017

	Apartment	Detached	Semi detached	Terrace	Total
Number	2,594	28,793	8,063	8,774	48,224
Percentage	5%	60%	17%	18%	100%

Source: LPS

Future Prospects

The 2011 census states that 27.75% of people had a long-term health problem or disability, which limited their day-to-day activities. This proportion is likely to increase with 31.9% of the population of Fermanagh and Omagh being aged 60+ by 2037 (39,172 people). The household needs of those with a disability or mobility problems will need to be addressed through policies in planning, housing and social service sectors. This could lead to an increased demand for wheelchair, adapted, and Lifetime Home properties.

The increase in smaller households means that the housing needs of people could be met through an increased supply of smaller units. However, not all one or two people households may want to live in a smaller property if they can afford a larger property.

Since the EU referendum, there is uncertainty regarding status of EU migrants in the Fermanagh and Omagh area. It remains to be seen whether EU nationals will return home or remain, and to what extent EU migration will be allowed, after the UK leaves the EU. This will also affect over 5,300 residents (as at 2011) who were born in the Republic of Ireland, influencing population and household growth trends.

Regeneration

The main regeneration initiatives in Fermanagh and Omagh are town centre masterplans for Enniskillen and Omagh Town. Both masterplans aim to increase residential development within their centres, including through 'Living over the Shop'. Other actions, such as traffic management plans, improved public realm and investment in the town centres will also attract people to live, work and spend time in these towns.

Enniskillen Town Centre Masterplan

The Department for Social Development (DSD), working with Fermanagh District Council, commissioned URS, to produce a Regeneration Masterplan for Enniskillen Town Centre, with the final report produced in 2012. The Masterplan provides guidance on the location and form of development in the town centre over 20 years. It aims to direct public and private investment to areas, which will most benefit local people, support local business and commerce and contribute to long-term viability and vitality, facilitating the regeneration of Enniskillen.

The Aims and Objectives of the Masterplan are to:
- Promote and strengthen the town's strong independent retail offering;
- Maximise the town's tourism potential, making the most of its physical assets and geographical location;
- Develop the town's leisure and cultural offering;
- Promote the town's unique identity as an Island town;
- Increase the town's domestic and international tourist figures;
- Provide more opportunities for living on the Island; and
- Reduce traffic congestion within the town centre.

The Masterplan also contains Regeneration Goals, one of which is to 'Diversify the town centre offering, providing office, leisure, retail and residential space'.

Both the Aims and Objectives and the Regeneration Goals promote residential development within the town centre. The Masterplan accordingly identifies development sites for mixed-use development, including residential uses. It also states that there is potential to capitalise on the attraction of the river with housing located on the waterfront.

Omagh Town Centre Masterplan

DSD commissioned Paul Hogarth Company to prepare a Masterplan for Omagh Town Centre. The Masterplan was published in January 2009, and set out key objectives for the regeneration of Omagh as well as a series of site-specific proposals to achieve objectives. Since 2009, the economic downturn adversely affected public and private sector investment meaning many of the proposals outlined in the 2009 Masterplan remained undelivered. Therefore, the District Council commissioned a study to update the 2009 Masterplan; this updated Masterplan was published in 2015. This revaluated the performance of the town centre and identified new opportunities, to achieve objectives.

The Aims and Objectives of the Masterplan are set out under five themes:

- Underpinning a strong and positive identity;
- Reconnection with the landscape;
- Sustainable linkages;
- Protection and enhancement of existing qualities; and
- Sustainable coordination of change.

The Masterplan promotes town centre living as a key objective, as an important means to create a vibrant town centre. It states that all new town centre development projects should seek to include an element of residential use. These are encouraged primarily on upper storeys, allowing for ground floor activity with commercial or community uses. The Masterplan also states that achieving a mix of type and tenure would help to maintain a diverse town centre population.

Second Homes

A second home is defined by Department for Infrastructure (DfI), as a dwelling, not permanently occupied, whose owner resides principally in another dwelling. This includes holiday homes and residents used for easy access to business but excludes dwellings privately rented to other tenants.

The SPPS states that the LDP should 'zone land or include policy, as appropriate, to reflect the local need resulting from the demand for second homes'. However,there is a lack of up to date statistical information on second home ownership in Northern Ireland and the Council area, which can limit analysis on the effect of second homes in the Fermanagh and Omagh housing market.

Nevertheless, we note that DFI's 2012 Housing Growth Indicator update estimates that there are 900 units in Fermanagh and Omagh, which are second homes. This information was sourced from the Housing Executive's Housing Condition Survey 2011 (HCS) and the Central Survey Unit's (CSU) combined survey sample 2013-14. This figure has been included within the calculation for setting the Housing Growth Indicators and therefore is part of the calculation of the new dwelling requirement for the area to 2025. In this sense, the LDP's housing zonings can be seen to reflect the need resulting from demand for second homes.

However, it is still worthwhile to try to identify key trends and evaluate if there are any concentration of second homes affecting settlements or localities.

The Housing Executive has conducted research into second homes and produced a report in 2008, 'Second Homes in Northern Ireland'. While this contains information sourced in 2007, we believe that underlying trends still have relevance. The report identified three areas in Northern Ireland, which have relatively high levels of second home ownership; the Causeway Coast, Newcastle-Dundrum and Fermanagh Lakelands. The report states:

- Second home ownership in Fermanagh and Omagh District Council is mainly located in the 'Lakelands' area of Fermanagh;
- The growth in second homeownership in this area has been more recent than the Causeway Coast, with most second homes purchased after 2001; and
- Most purchasers own their primary residence outright and have bought homes using savings or traditional loans.

The report indicates that second homes in Fermanagh and Omagh are widely scattered geographically, limiting the affect that second home ownership may have in one settlement or location. Most of the second homes in the research sample were houses and bungalows, located in greenfield sites, with a small number of waterside apartments in Enniskillen. It was assessed that while some permanent residents held negative views about second homes, there was no evidence that second homes have had a significant impact on the local housing market or house prices in the Fermanagh Lakelands. This is can be seen to be validated by the University of Ulster research, which states that Fermanagh and Omagh contains the second lowest percentage of unaffordable properities based on median incomes, in Northern Ireland, in 2017.

Map 3, provides information taken from the 2011 census on the number of household spaces without usual residents. This information has been used as an approximate measure of both vacant houses and second homes. This is combined information and cannot broken down into the two different components.

Conclusion

Currently, second homes are accounted for in the Housing Growth Indicator calculation. This means they should be already planned for. It is also suggested that there are no 'hot spots' of second home ownership in Fermangh and Omagh, causing a pressure on one particular area, requiring a policy response. However, information on second homes is limited and, therefore, this will need to be monitored over the longterm. The publication of the Housing Executive's House Condition Survey in 2018, may be able to supply additional information on this issue.

Empty Homes

The Regional Development Strategy states 'Planning authorities should take account of existing vacant housing in any assessment of housing need'.

DfI's 2012 Housing Growth Indicators methodolgy paper estimates that there are 4,500 empty properties in Fermanagh and Omagh area. This figure was derived from the Housing Executive's Housing Condition Survey 2011, with reference to the 2011 Census and the Central Survey Unit's combined survey sample 2013-14. As this figure has been included within the calculation for setting the Housing Growth Indicators to 2025, the LDP, can be seen to take account of vacant housing in the assessment of the requirement for new housing, at a council level.

While an overall figure for the council area has been calculated, it is still useful to try to identify any concentrations at local geographies. There is difficulty in getting up to date local information since Land and Property Services (LPS), previously the Rates Collection Agency, started to collect rates for empty properties. Before 2012, the Rates Collection Agency/LPS recorded empty properties, which were exempt from a rate payment. However, figures from Rates Collection Agency/LPS, from 1998 to 2012, a 15 year period, can provide an indication of long term localised trends and locations of empty properties in the Fermanagh and Omagh areas.

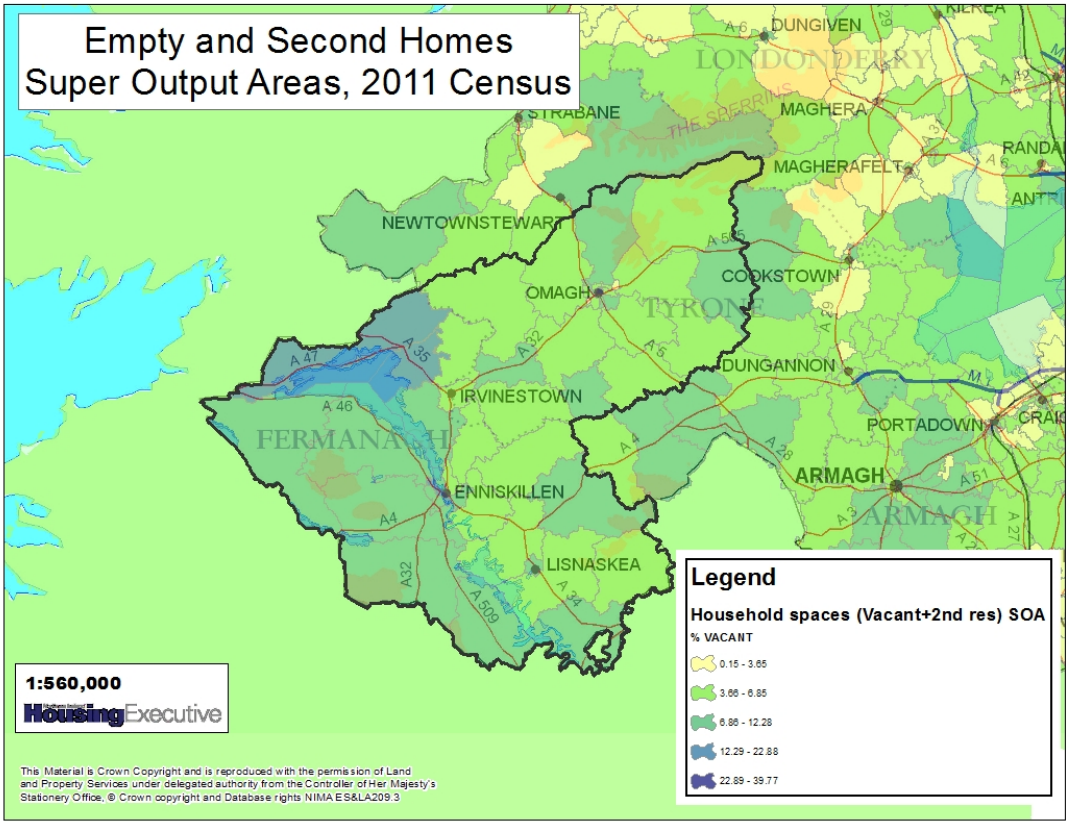
Using the Rates Collection Agency/LPS information, localised concentrations of empty homes have been identified by calculating the proportion of vacant housing stock, compared to the total housing stock in each ward, and by looking at the number of vacant properties in each ward. Results from these comparisions indicate that the lower concentrations of vacant properties tend to be in the more urban areas of Enniskillen and Omagh Town, than in the rural area which generally experiences higher levels of empty properties. In exception, are the wards of Portora in Enniskillen and Drumragh in Omagh Town, which exhibit relatively high numbers of empty properties, however, it should be noted that the vacancies as proportion of the total housing stock in each ward, are not as high as within some rural wards.

High concentrations of empty homes over this 15 year period can be found in three adjacent wards to the North and North East of Fermanagh and Omagh (Owenkillew, Terman, Sixmilecross). There also high numbers of empty properties in wards bordering the Republic of Ireland, to the South East and South West of the council area, namely, Belleek and Boa, Belcoo and Garrision, Derrygonnelly, Brookeborough and Newtownbutler. In addition, Trillick, in the centre of Fermanagh and Omagh also contains a high amount of vacant houses.

This is mainly reflected in Map 3, although there are some differences, as this is taken from the 2011 Census and combines vacant and second home information.

Map 3 provides information taken from the 2011 census on the number of household spaces without usual residents.

Map 3



Source: Census, 2011

Conclusion

Similar to second homes, vacant units are accounted for in the Housing Growth Indicator calculation, meaning they should be taken into account within planning policy. Higher proportions of vacant homes are recording within rural and border areas. It should also be noted that the 2011 House Condition Survey states that unfitness is associated with vacant units, especially in isolated rural areas. An unfit dwelling, is one lacking one or more basic amenities. With a reduction in private sector grants, including home replacement grants, unfit and vacant homes could be a sustained problem across rural areas in Fermanagh and Omagh. These isolated properties can also be removed from regeneration initiatives, which tend to occur at settlement level.

Further information would be valuable for designing policy responses. The publication of the Housing Executive's House Condition Survey in 2018, may be able to supply additional information on this issue.

Section 3:
Tenures

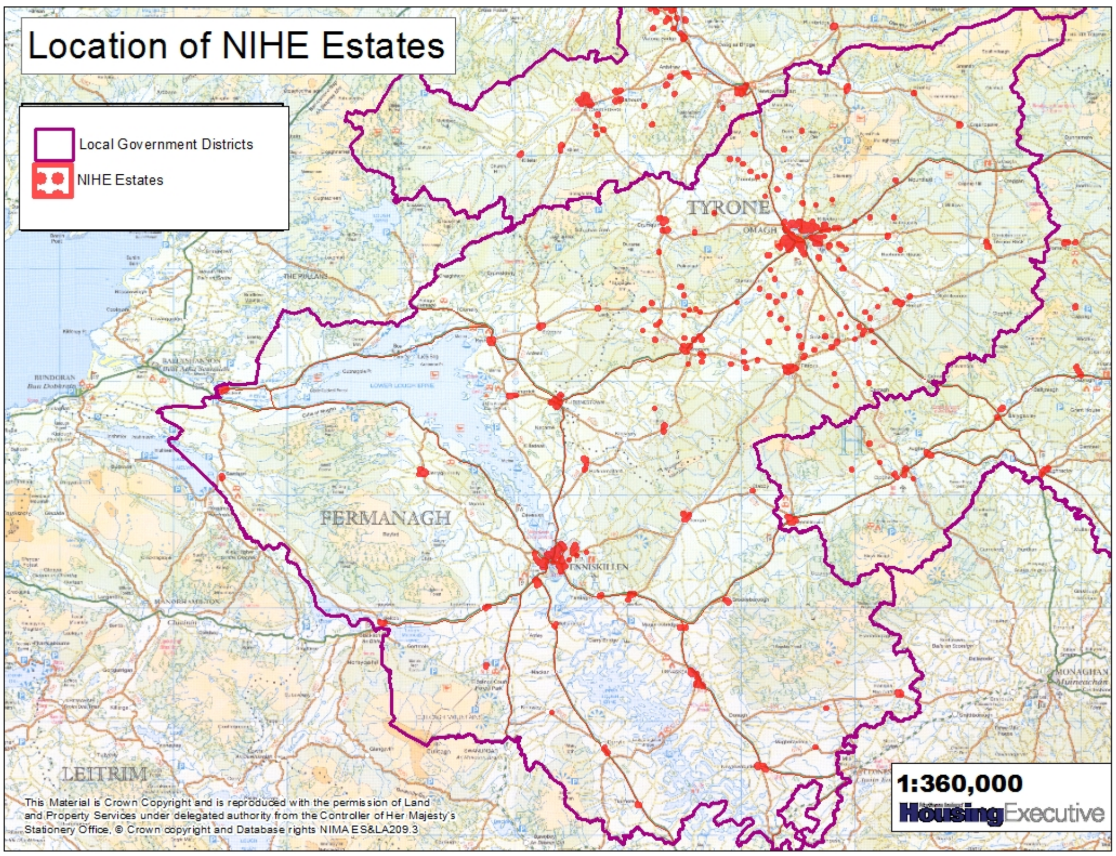
Social Housing

Social housing is housing provided at an affordable rent by registered Social Landlords for rent and is allocated through a Common Waiting List.

Numbers and spatial distribution of social housing stock

Map 4 shows, that while there are clusters of Housing Executive estates and homes around Enniskillen and Omagh Town, a relatively high proportion of estates and 45% of Housing Executive stock are dispersed throughout the rural area. This is expected in a Council area with a predominantly rural population.

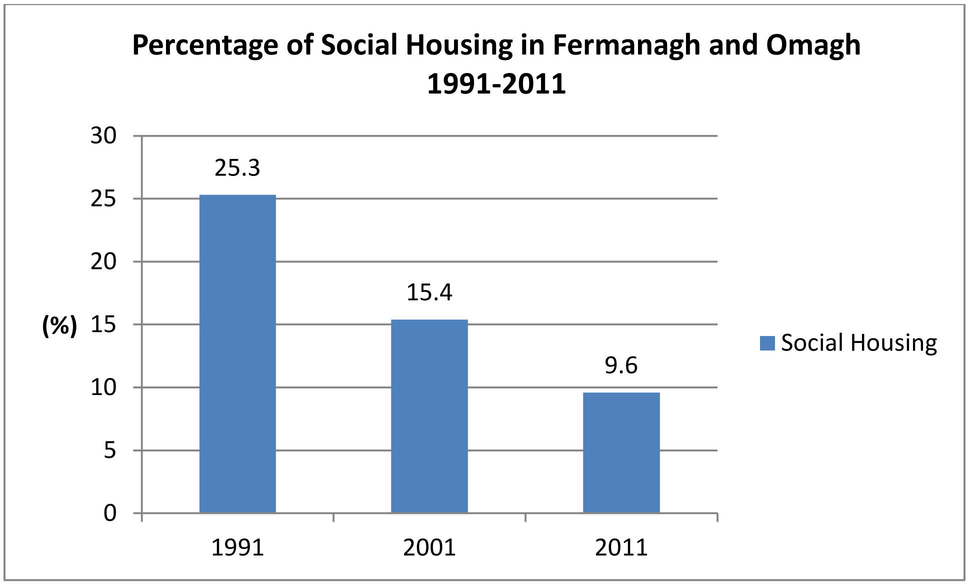
Map 4



Source: NIHE

The numbers of households in Fermanagh and Omagh renting from a social landlord has dramatically declined over the 20 years between 1991 and 2011, and is now the smallest housing tenure sector. In 1991, a quarter of households in Fermanagh and Omagh were renting from social landlords. By 2011, the proportion of households living in the sector had fallen to approximately 10%, compared to 15% for Northern Ireland as a whole.

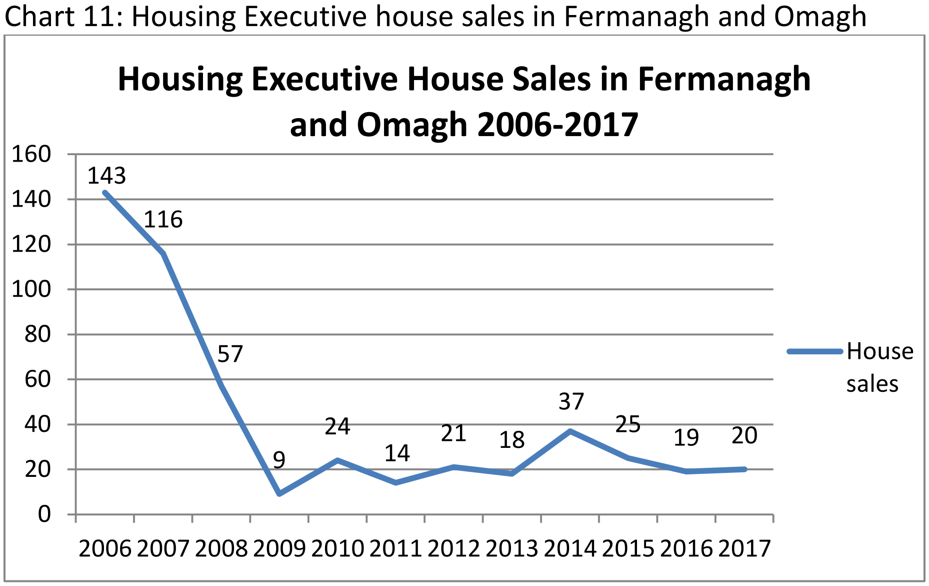
Chart 10:



Source: NISRA

The decline in social rented stock has been mainly driven by the sale of Housing Executive dwellings, which has outweighed construction of new social rented dwellings by all social landlords. Nearly 6,500 Housing Executive dwellings have been sold in Fermanagh and Omagh, since the introduction of the house sale scheme, meaning there currently are approximately 3,680 units remaining. Chart 11 shows that sales fell sharply from 2006 with an average of 20 dwellings sold between 2009 and 2017. This is due to modifications to the eligibility criteria in respect of house purchase, the recession in the housing market, and is a result of the changes in the profile of the stock and the tenant base.

Chart 11: Housing Executive house sales in Fermanagh and Omagh



Source: NIHE, 2017

Since 2006, there have been 159 new build completions, as Table 18 demonstrates, this is a replacement of 32% of the houses sold, and therefore, social housing stock numbers have decreased by nearly two thirds. This helps account for lower percentage of social housing as a proportion of all housing tenures.

Table 18: Social rented sector completions and Housing Executive sales 2006 -2016

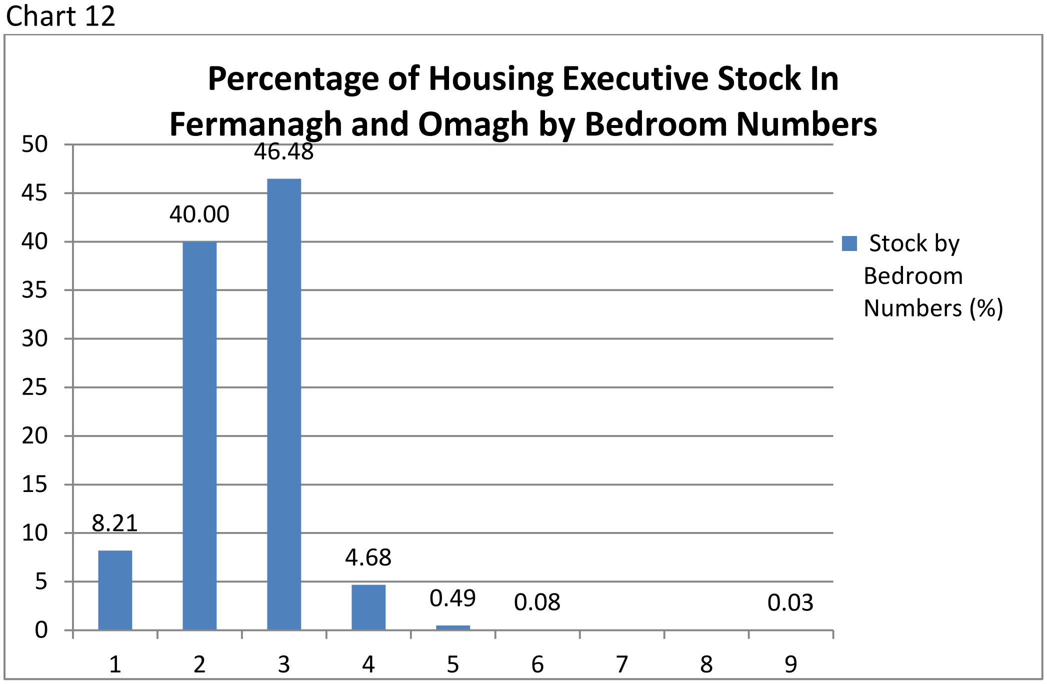
	No social new build completions	No NIHE sales	Completions as % of sales
Fermanagh and Omagh	159	503	32%

Source: LPS and NIHE

Dwelling Attributes

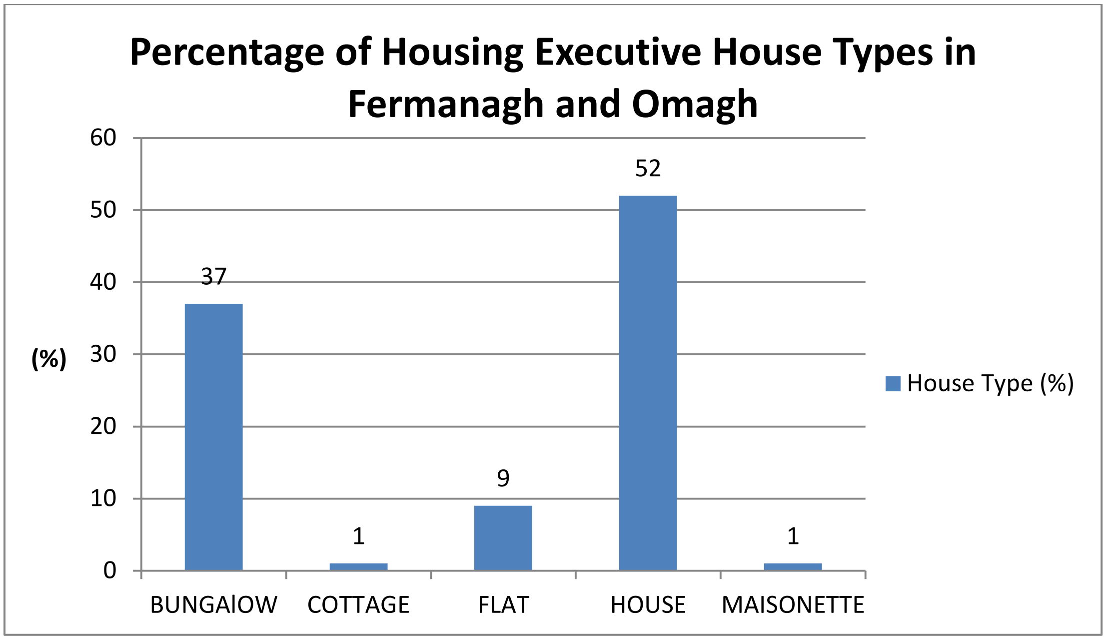
The majority (82%) of Housing Executive stock in Northern Ireland comprise of two or three bedrooms. This trend is reflected in Fermanagh and Omagh with 86% of Housing Executive stock being two or three bedroom units. There are a high percentage of bungalows in Fermanagh and Omagh, with 1,366 still in Housing Executive ownership, as most two-bedroom bungalows are excluded from the House Sales Scheme. Flats and maisonettes make up 10% of the social stock and are mainly located in urban areas.

Chart 12



Source: NIHE 2017

Chart 13



Source: NIHE 2017

In Northern Ireland 12% of all Housing Executive stock is one bedroom-sized property, compared to 8% in Fermanagh and Omagh. Currently there is a requirement for 200 one bedroom units to be provided each year as part of the Social Housing Development Programme. As there are no up to date figures for housing association stock, we are unsure how many are one bed properties. However, as there have been lower levels of new build in Fermanagh and Omagh, in recent years, the numbers of housing association one-bed units are likely to be relatively low. In addition, perhaps partly due to the lower percentage of one bed units in Fermanagh and Omagh, at March 2017, there was a higher proportion of single household applicants (58%) in housing stress, than the proportion for Northern Ireland (45%). This suggests that the housing stock in the Council area is less able to meet the need for single households, than Northern Ireland as a whole; meaning under occupation is likely to continue to be a significant issue in the area. Consequently, an indicative housing mix for the District, suggests 30% of new social housing development should be for single households, see Table 23.

Welfare Reform

The introduction of the Social Sector Size Criteria (SSSC), sometimes known as the 'bedroom tax', in February 2017, has led to increased demand for smaller properties. In Fermanagh and Omagh there are 1,705 units of under occupied social housing stock, with 797 units in the rural area and 908 in urban areas. This means that many social housing tenants in the council area will receive a benefit cut and, consequently, a shortfall of housing benefit, to meet rent payments. While there are mitigation payments through the Welfare Supplementary Payments, in place until 31st March 2020, it is likely that at this date, demand for smaller properties will rise significantly. To help address demand, the social housing development programme may assist the delivery of a higher number of smaller properties. This will provide a greater opportunity for under occupying tenants to transfer to new, smaller properties, meaning the larger stock could become available for allocation, to families.

Of Housing Executive housing stock, in Fermanagh and Omagh, 40% of units are under occupied with 55% of all under occupied Housing Executive stock located in urban areas, and 45% in rural areas. This is comparable to the distribution of all Housing Executive stock in Fermanagh and Omagh, demonstrating no disproportionate effects in either urban or rural areas when looking at this on a statistical basis only. However, the effects of SSSC could be seen to have a disproportionate effect in rural areas as the need for smaller dwellings may be more easily met in urban areas. Urban areas are more likely to contain developable housing land and higher levels of housing need, to support the delivery of new social housing schemes. In rural areas, there may be less available land, and a lack of housing need to justify additional development to supply new units, of whatever size. Consequently, with fewer opportunities for new development supplying smaller units, tenants in rural areas may have less opportunity to downsize, without moving out of the area.

Welfare Reform changes can also have a bearing on levels of homelessness and homelessness prevention. We note the adverse effect that Welfare Reform has had on homelessness rates in England, with two thirds of local authorities recording increases. This is partly due to rent arrears increasing due to the introduction of the shared room rate, Social Sector Size Criteria, the LHA cap, and Universal Credit. While Northern Ireland has a mitigation package in place, this is due to end in 2020.

In Great Britain, Universal Credit has led to an increase in tenants presenting as homeless, due to rising arrears and subsequent eviction. However, the facility for direct payment of housing benefit to landlords in Northern Ireland is likely to lessen (but not eliminate) the development of arrears. Tenants will still have to make up any shortfall between the housing benefit element the landlord receives, and the rent charge.

It is expected that Universal Credit will also have a significant effect on the availability of temporary accommodation, for homeless households, reducing the ability to prevent homelessness. The six week assessment period before benefits are provided, means that landlords are also subject to this delay. The landlord cannot achieve backdated rent, if the tenant leaves this accommodation before the assessment is completed. 13% of homeless households move to permanent accommodation within a six-week period, and this proportion will rise if the six-week period extends, as experienced in Great Britain. This means landlords may house homeless tenants for a number of weeks at risk of not receiving any rent. Therefore, it is expected the quantity of temporary accommodation will decrease, as landlords refuse to make their accommodation available to homeless households. This could lead to a shortage of options to house homeless households and may lead to increasing numbers being placed in bed-and-breakfast or hotel accommodation. This is especially a risk in rural areas, such as Fermanagh and Omagh, where this is generally less available temporary accommodation.

Currently, there are 106 households in temporary accommodation in Fermanagh and Omagh, with approximately half of these placed in private rented lets. Universal Credit is scheduled to be introduced in Fermanagh and Omagh in February 2018.

Rents

Rental income is important for the Housing Executive and housing associations as revenue from rents affects the ability of social landlords to deliver services including managing and improving stock. Rental income is also important for the Housing Executive to implement a range of interconnected community safety, cohesion and integration strategies, designed to help tenants to feel safe, connected and involved.

Housing Executive rents are 'pooled' and reflect the type, size and age of dwellings and (where applicable) the provision of certain amenities or services. Any variation in the average rent between one area and another is, therefore, simply a reflection of variations of Housing Executive housing stock. It is understood that Housing Associations do not generally 'rent pool' in the same way with individual rents being set for each development based on costs to provide/construct.

According to DfC's Northern Ireland Housing Statistics 2015-16, the average public sector rent in Scotland and Northern Ireland has remained below the comparable rent for England and Wales, over the past decade. Between 2002/03 and 2015/16, the average annual Housing Executive rent increase was 4.2%. In 2016, the average Housing Executive weekly rent was £66.60; with the average gross weekly housing association rent (including rates and service charges), being 47% higher and net rent 15% higher.

In 2015/16, annual arrears for the Housing Executive have fallen by 4% from the previous year, amounting to 3.6% of annual collectable rental income. In contrast, housing association arrears have increased, by 11% in the last year, and with an annual amount of 5.6%, the higher arrears, in this sector, being due to higher rents. Social housing arrears can be predicted to increase after September 2019, when new tenants will be subject to Local Housing Allowance (LHA) caps. This is likely to affect housing association tenants more than Housing Executive tenants, as Housing Executive rents, are generally lower than LHA rates. Arrears are also expected to increase across the social housing sector, after March 2020, when Welfare Supplementary Payments are due to cease, as many tenants will have reduced benefits, due to under occupying properties.

Profile of Existing Social Housing Tenants

The Continuous Tenant Omnibus Survey (CTOS) is carried out by the Housing Executive each year and provides up to date information on current Housing Executive tenants.

There has been a decline in the numbers and proportions of households in the social rented sector. A general trend has been a move to smaller household size. The 2015 CTOS records, in Northern Ireland, almost half of social housing tenancies (46%) are single person households. Fermanagh and Omagh Council area has a larger proportion of single person tenancies, at 53%, with 27% of households containing two people.

Long-term trends in social housing also show reduction in the proportion of tenants in employment, and an increased percentage of tenants who are economically inactive. Moreover, tenants who are in work tend to be in lower paid occupations and often work part-time. Average incomes, for social housing tenants are, therefore, low. The CTOS records that of those who responded, 72% of Housing Executive tenants, in Fermanagh and Omagh have an income of less than £10,400 and 35% of respondents do not have a current account. This is significantly higher than Housing Executive tenants across Northern Ireland, of which, 59% recorded incomes of less than £10,400 and 27% of tenants do not have a current account. These long-term trends reflect that the social rented sector now mainly accommodates households who cannot afford to own a home or secure private rented housing.

The CTOS states that 19% of tenants in Fermanagh and Omagh were employed; this is slightly higher than the Northern Ireland average of 17%. Although families and couples have higher rates of employment than single people or single parents, rates of employment amongst all working age households are very low. Tenants are therefore, reliant on housing benefit and, or other state benefits. A high proportion (89%) of all social rented tenants in the Fermanagh and Omagh are in receipt of housing benefit, which is higher than the Northern Ireland average of 78%. In addition, there is a larger percentage (43%) of household reference persons receiving disability benefits, compared to the Northern Ireland figure of 37%.

The 2011 House Condition Survey estimated that 55% of all households in Fermanagh and Omagh were in fuel poverty. This is a particular problem for social housing tenants, due to the low incomes of these households.

General Social Housing Need

The Housing Executive has a statutory responsibility under the Housing NI Order 1981, 'to regularly examine housing condition and need'. Social housing includes general needs, supported housing needs and Travellers Accommodation.

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 level of social housing need is projected for a five year period.

The total social housing need for Fermanagh and Omagh District for 2016 - 2021 has been assessed at 145 units. As expected, the need is concentrated in the main towns with 119 units in Enniskillen and 20 units in Omagh. A breakdown of the remainder of the housing need across villages and small settlements is shown in Table 19.

Table 19: Summary of Social Housing Need Assessment for Fermanagh and Omagh District by Settlement

Settlement	Social Housing Need (Units) 5 Year (2016-2021)	Social Housing Need (Units) 14 Year (2016-2030)
Main Urban Centres		
Enniskillen Town	119	333
Omagh		
Hospital Road	0	0
Lisanelly / Gortin Road	0	0
Omagh General	20	56
Local Towns		
Irvinestown	0	0
Lisnaskea	0	0

Settlement	Social Housing Need (Units) 5 Year (2016-2021)	Social Housing Need (Units) 14 Year (2016-2030)
Carrickmore	0	0
Dromore	0	0
Fintona	0	0
Villages		
Aghadrumsee	0	0
Arney/Bellanaleck	2	6
Ballinamallard	0	0
Belcoo	0	0
Belleek	0	0
Brookeborough	0	0
Derrygonnelly	0	0
Derrylin	0	0
Donagh	0	0
Ederney/Lack	0	0
Florencecourt	0	0
Garrison	0	0
Kesh	0	0
Kinawley	1	3
Lisbellaw	0	0
Lisnarick	0	0
Magheraveely	0	0
Maguiresbridge	2	6
Newtownbutler	0	0
Roslea	0	0
Teemore	0	0
Tempo	0	0
Beragh	0	0
Drumquin	0	0
Greencastle	0	0
Gortin	1	3
Trillick	0	0
Mountjoy	0	0
Omagh Cottages	0	0
Total	**145**	**407**

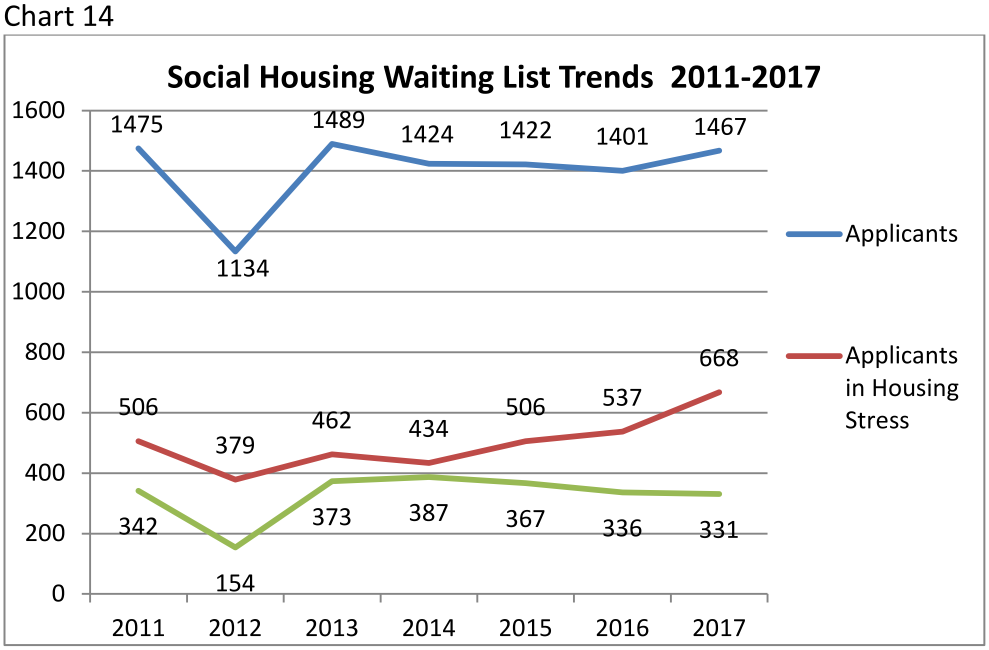
Source: NIHE

The long-term projections, for 14 years, should be viewed with caution. While social housing need, can be given to 2030, the projection 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 a simple indicator. These figures could be subject to change due to policy direction, welfare reform, the rate of household growth and economic and housing market fluctuations. This projection will be reviewed annually by the Housing Executive and will be set out in Annual Housing Need Assessments.

Not all households that wish to be considered for social housing have a pressing housing need. The Housing Executive assesses each applicant's circumstances against a range of criteria. These 'points based' criteria include insecurity of tenure, housing conditions, overcrowding, intimidation and health and social well-being. Applicants with 30 or more points are assessed to be in housing stress. In March 2017, approximately 3.4% of all households within Fermanagh and Omagh applied for social housing.

The projected housing need for Fermanagh and Omagh has remained low for the five year period to 2021, with housing need concentrated in Enniskillen, with a small need for Omagh town. Numbers in housing stress have remained high in Enniskillen, where allocations are unable to meet demand. Allocations are adequately meeting need in the rest of the District. Fermangh and Omagh waiting list trends show that while the total number of applicants has remained relatively stable, the numbers in housing stress, have been steadily increasing, with a rise of 32% from 2011 to 2017. Allocations are also showing a declining trend, albeit at a low rate. It should be noted that the sharp declines in 2012 are mainly due to a change in how waiting list information was recorded.

Chart 14



Source: NIHE 2017

A high proportion of projected housing need in Fermanagh and Omagh is for single person households and older person accommodation. Single and older person households comprised 70% of the Fermanagh and Omagh waiting list in housing stress, with families making 25% of households in housing stress.

Table 20: Household composition of housing applicants at March 2017 for FODC

Type	Single person	Small Adult	Small Family	Large Adult	Large Family	Older Person	Total
Applicant	718	77	289	31	111	241	1,467
App (HS)	**345**	**22**	**112**	**11**	**54**	**124**	**668**
Allocation	160	18	72	<10	27	48	331

Source: NIHE 2017

In Enniskillen, there was a higher proportion of single and older person households, at 76%, than in the District as a whole, and family houseolds made nearly a fifth of households in housing stress. Pressure for social housing can also be identfied by looking at the length of time applicants in housing stress take to be housed. In Enniskillen, the average time was 30 months, with older person households taking an average of 33 months to be housed. Singles also take a relatively long time to be housed at 29 months.

Table 21: Enniskillen Town - March 2017

Type	Single person	Small Adult	Small Family	Large Adult	Large Family	Older Person	Total
Applicant	250	22	85	7	36	76	476
App (HS)	**160**	**9**	**36**	**5**	**16**	**50**	**276**
Allocation	44	2	21	2	9	12	90

Source: NIHE 2017

In Omagh, there was a relatively low proportion of family households, at 10%, and single and older person households comprised 70% of households in housing stress. In Omagh households in housing stress took a longer time to be allocated a property, than in Enniskillen, with the average time on the waiting list being 35 months, just under three years. Both large family and single household groups waited the average time of 35 months. Like Enniskillen, older person households took the longest time to be housed, with a high proportion waiting over four years and with an average time of 55 months.

Table 22: Omagh Town – March 2017

Type	Single person	Small Adult	Small Family	Large Adult	Large Family	Older Person	Total
Applicant	228	34	101	16	33	93	505
App (HS)	**89**	**34**	**6**	**2**	**13**	**39**	**183**
Allocation	34	20	4	1	4	14	77

Source: NIHE 2017

Based on the waiting list, at March 2016, the projected need for rural areas in Fermanagh and Omagh is low, at six units for the next five years, or 18 units until 2030. This housing need is located in Arney/Bellanaleck, Kinawley, Maguiresbridge and Gortin. It is recognised, however, that there may be additional hidden demand for social and mixed tenure housing. The Housing Executive aims to capture this demand by carrying out Latent Demand Tests.

The total projected wheelchair housing requirement within social housing in Fermanagh and Omagh is 12 units for the period 2016-21. There is also a requirement that 6% increasing to 10% of the Social Housing Development Programme is generic wheelchair units of two or three bedroom units, built in line with space standards set out in DfC's Housing Association Guide. In light of the projected need, the Housing Executive has set a indicative housing mix for new social housing development in Fermanagh and Omagh, see Table 23.

Table 23 Indicative Housing Mix for Fermanagh and Omagh

Elderly	Families	Singles	Wheelchair
30%	30%	30%	10%

Source: NIHE 2017

Supported Housing Need Assessment

Supported Housing is for individuals who cannot live independently in their own home. They require extra housing support and/or an element of care in addition to a home. Accommodation can take the form of self-contained or shared accommodation. The term 'shared housing' is used to describe accommodation for two or more persons with shared facilities, e.g. bathroom, kitchen, communal living room or dining room. Shared housing can include cluster dwellings, group homes or hostels. Communal facilities are often a feature of this type of development. Some will provide the services of a warden who may be a resident in the scheme.

Supported housing need is identified, for a three-year programme, through a commissioning process with partners including the Housing Executive, the Health and Social Care Board, Health Trusts and the Probation Board.

The new-build provision for supported housing has been agreed and prioritised over a three-year period. Year One (2017/18) is committed, with funding approved for all projects programmed to start within this time. In Fermanagh and Omagh there is a requirement for eight supported housing units in Fermanagh and Omagh District for the period 2017/18 – 2019/20.

Table 24: Supported Housing Need

Scheme	No of units	Client group	Year	Housing association	Policy theme
Omagh 16-17 Homeless/ Care leavers	8	Young people leaving care	2017/18	Apex	Supported

Source: NIHE 2017

Supported housing will also be affected by Welfare Reform, as the LHA cap could cause difficulties in the affordability and viability of supported housing, as supported housing rents are frequently higher than the rest of the social housing sector. The full consequences of reform on supported accommodation remain unclear, as we are uncertain how this will be applied in Northern Ireland. There is currently scheduled to be a one-year delay in the LHA cap being applied to this type of housing, however, it will be important to monitor the outcomes of this in Great Britain, where it is currently being rolled out.

Traveller Housing Need Assessment

Promoting Social Inclusion Working Group on Travellers report, published in December 2000, recommended:

> 'The Northern Ireland Housing Executive should undertake a comprehensive strategic needs assessment of current and projected accommodation requirements of all Travellers in consultation with Traveller organisations, members of the Traveller communities and District Councils.'

The fieldwork and analysis of the third Comprehensive Traveller Accommodation Needs Assessment was published in February 2015. The three-year Traveller Accommodation Programme (2015-2018) has been formulated to reflect the findings of the needs assessment. The Northern Ireland programme includes the following types of scheme:

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

Currently, there is no need identified for Fermanagh and Omagh District.

Future Prospects

The proportion of households living in the social rented sector across Fermanagh and Omagh, in common with the rest of Northern Ireland and the UK, has been declining for many years. The rate of this downward trend has slowed in recent years. Over the medium term, the most likely 'policy neutral' scenario is that further changes in the size of the sector are likely to be minimal. As the CTOS shows, low average income levels and the high need for housing benefit, will limit the capacity of tenants to purchase their current home or to purchase homes on the open market. House sales have also reduced as a share of high quality stock has been sold.

Similar to the housing market as a whole, the overall trend within the social housing market has been a move to smaller household size. Within Fermanagh and Omagh Council area, a large proportion of Housing Executive tenancies are single person households (53%), and 27% of households containing two people. The majority of applicants are also small households, with 70% of those in housing stress in Fermanagh and Omagh being single and elderly households. It is expected the demand for small units will continue, especially with Welfare Reform proposals being introduced.

One of the objectives of the Welfare Reform is to change behaviours, as we cannot predict behavioural changes due to Welfare Reform; it is difficult to estimate the full effect of the restructure.

Welfare Reform has the potential to alter the social housing market considerably with implications for housing stock, household transfers, arrears, homelessness and homelessness prevention. However, these effects may be more visible after 2020, when Welfare Supplementary Payments are due to end. A significant issue is the introduction of the Social Sector Size Criteria (SSSC). High numbers of both tenant and applicant small unit households, and the lower percentage of one-bed units in Fermanagh and Omagh, at March 2017, suggests that the Council area is less able to meet the need for single households, than at the Northern Ireland level. This means under occupation is likely to continue to be a significant issue in the area, and will affect the ability of many to meet rent payments.

Universal credit could also lead to a rise in arrears, especially due to the six-week time for assessment. This six-week period could also reduce the motivation for landlords to accommodate homeless households, as there is a risk the rent may not be covered, if a household gains permanent accommodation before the assessment is complete. This could lead to a shortage of temporary accommodation in the area, meaning there is an additional possibility of a household being placed in bed-and-breakfast or hotel accommodation.

The introduction with Local Housing Allowance (LHA) caps for social housing, will allow direct comparison with the private rented sector, in terms of financial shortfalls to meet rent, value for money with regard to housing standards, location and security of tenancy.

The introduction of the SSSC, Universal Credit, and the LHA caps could lead to an increase in arrears. In the long term, this could affect the ability of social housing landlords finance stock improvements.

A shared room rate for single people under the age of 35 is scheduled to be introduced in 2019, for tenancies starting after August 2017. This could lead to a proportion of single households seeking accommodation in a House of Multiple Occupation, within the private rented sector. This could lead to reduced numbers of single applicants on waiting lists, although the demand from this household group is expected to remain high.

The projected wheelchair housing requirement within social housing in Fermanagh and Omagh is 12 units for the period 2016-21. Proportions of households needing wheelchair or adapted accommodation is expected to rise in the medium and long term, due to the projected increase in the population of older people.

The increase in the demand for smaller units and for wheelchair accommodation will need to be taken into account, in the support of social housing new build schemes in the area.

The most recent Housing Need Assessment (2016-21) for Fermanagh and Omagh District projected a five-year requirement for 145 new social housing units. This will be monitored on an annual basis to assess how social housing need is being met.

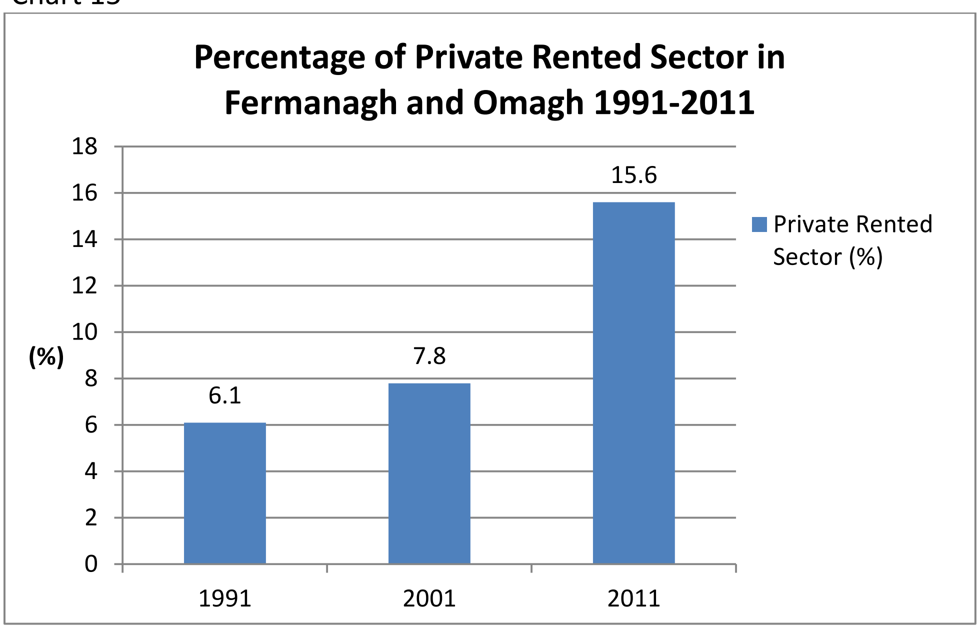
Private Rented Sector

The Housing Executive's House Condition Survey defines the private rented sector (PRS) as housing rented from a private landlord, private company, other organisation, relative or friend. The PRS includes accommodation tied with employment and Houses in Multiple Occupation (HMO).

Expansion of the Private Rented Sector

According to the 2011 census, the proportion of privately rented properties in Fermanagh and Omagh was 15.6%, which is comparable to the Northern Ireland average of 15.1%. The PRS has grown dramatically in the last 20 years, as shown in Chart 15. The PRS can be considered to have increased in line with the buoyant housing market, until 2007. Increases in house prices and readily available finance made this sector attractive for Buy to Let landlords. This was seen as an investment, which could provide capital and revenue incomes for the long term, offering larger returns than a pension, at this time. The rise in house prices also meant there was an increasing market for rental properties, as potential first time buyers found it increasingly difficult to enter the owner occupation market.

Chart 15



Source: NISRA

Unlike the owner-occupied and social rented sectors, which were adversely affected by the outcomes of the housing market collapse and cuts to public spending, DfC in 2017, reported the private rented sector continued to grow and that during the recession, the PRS was inflated by 'accidental landlords'. These included households in negative equity, who unable to sell their property and rented it privately to pay their mortgage. There was also ongoing demand for those who found mortgage finance difficult to access. The Department for Communities and Local Government (DCLG) estimated that in 2014, 18% of households in Northern Ireland were in private rented accommodation.

Ulster University's research paper 'Performance of the Private Rented Sector in Northern Ireland' June to December 2017, reports that rental transactions have experienced a downward trend since 2013, and decreased by 14.5% in June to December 2016, from the same period in 2015. This is in contrast to the owner occupied market, as transactions and house prices have increased, each year, since 2013.

The Report states that the decrease in transactions could be due the PRS being seen as a longer term housing solution, as the market matures, and could also be in part due to new finance products for first time buyers, leading to slightly lower demand.

In 2016, the lowest number of rental transactions, for Northern Ireland LGDs, was in Fermanagh and Omagh, with 375 transactions during 2016. However, this can be expected, as Fermanagh and Omagh has the smallest population and has the lowest total housing stock of all Council areas.

DfC introduced Landlord Registration in February 2014, to provide councils with up to date information about the activity in the sector to enable them to enforce private tenancy law. All private landlords in Northern Ireland should now be registered. Over 40,000 landlords have registered with the Landlord Registration Scheme, and have given details of their properties. A tenant and prospective tenants can now search the register and check if a landlord is listed. On registration, landlords receive a toolkit which details their obligations and duties under private rented sector law.

DfC state that the Landlord Registration database showed in 2016, that 84% of registered landlords own one or two properties, with few landlords owning five or more dwellings.

Table 25: Number of Landlords and Private Tenancies

	Number of private tenancies by Council Area	**Number of Landlords by Council Area of Residence**
Fermanagh & Omagh	5,421	2,473
Northern Ireland	102,298	40,760

Source: DfC Landlord Registration Database, January & March 2017

Welfare reform could also affect the attractiveness of private renting for landlords. LHA caps could lead to increased arrears as full rents are unable to be met, and under Universal Credit, there is an increased risk that landlords letting properties for temporary homeless accommodation, may not get their rent covered. This could encourage some landlords to leave the sector, however, there may be increased demand for Houses in Multiple Occupation (HMO's) as discussed under HMO section, page 85. In addition, Welfare Reform is considered in more detail under the Social Housing Chapter.

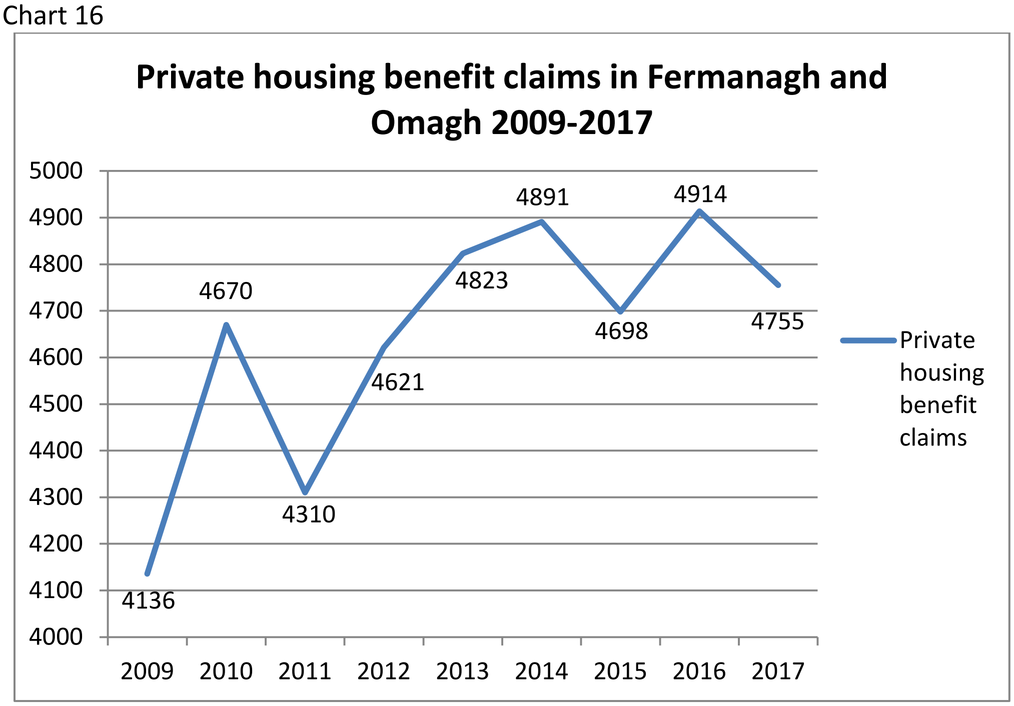
Tenant Profile

The PRS can provide flexible accommodation for young professionals, migrant workers and students. It can also provide for households that cannot, or do not want, to buy or rent from a social landlord. Private renting can provide permanent housing for long-term tenants and provide emergency housing for homeless applicants.

According to 2011 Census, 61% of private rented households had no dependent children in the household while 39%, had one or more, dependent children. At this time, the majority of tenants (72%) were aged between 25 and 54, 16% were over 55 years and 12% were under 24 years. The highest proportions of households in the private rented sector are located in Belfast, due to the larger population and the presence of many young professionals and the large student population.

DfC also reported, in 2017, that the PRS is home to many households who would traditionally have lived in the social housing sector. Evidence for this, in Fermanagh and Omagh, shows at March 2017, 57% of all private sector tenants are in receipt of housing benefit. Chart 16 also shows that while there is some fluctuation in the number of households claiming private sector housing benefit, there has been a general increase of claims, with 15% more claims in March 2017, than in 2009.

Chart 16



Source: NIHE 2017

Dwelling Stock

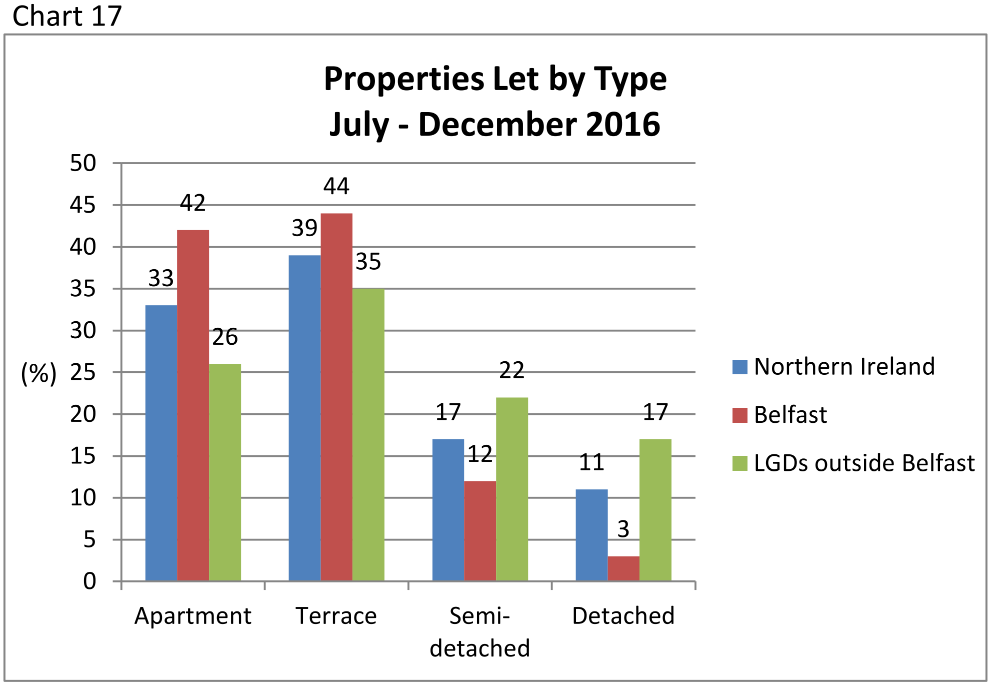
It should be noted, that there is a lack of up to date statistical information on the PRS at a local area, which can limit analysis. However, Ulster University's research report 'Performance of the Private Rented Sector in Northern Ireland' June to December 2017, provides some specific figures for 2016, by council area. It also contains broader amalgamated evidence for 'council areas outside Belfast'. As the ten remaining council areas have significant rural hinterlands, we believe this can provide some approximate information for Fermanagh and Omagh.

The number of properties with different bedroom numbers and house types, are important in allowing a range of households a choice of an appropriate home that meets their needs.

The private rental market is dominated by apartments and terrace/townhouses, these account for the majority of properties across Northern Ireland, with detached units having the smallest market share.

However, there are marked differences between the proportions of property types let for Northern Ireland as a total, Belfast council area, and LGDs outside Belfast. There are significantly higher proportions of let properties being detached and semi detached in council areas outside Belfast. This is partly due to the higher numbers and proportion of detached properties within the total housing stock outside Belfast (42%) compared to within Belfast (9%). Similarily, higher portions of properties let were apartments and terraces in Belfast, due to the high porportion of these house types in all Belfast housing stock.

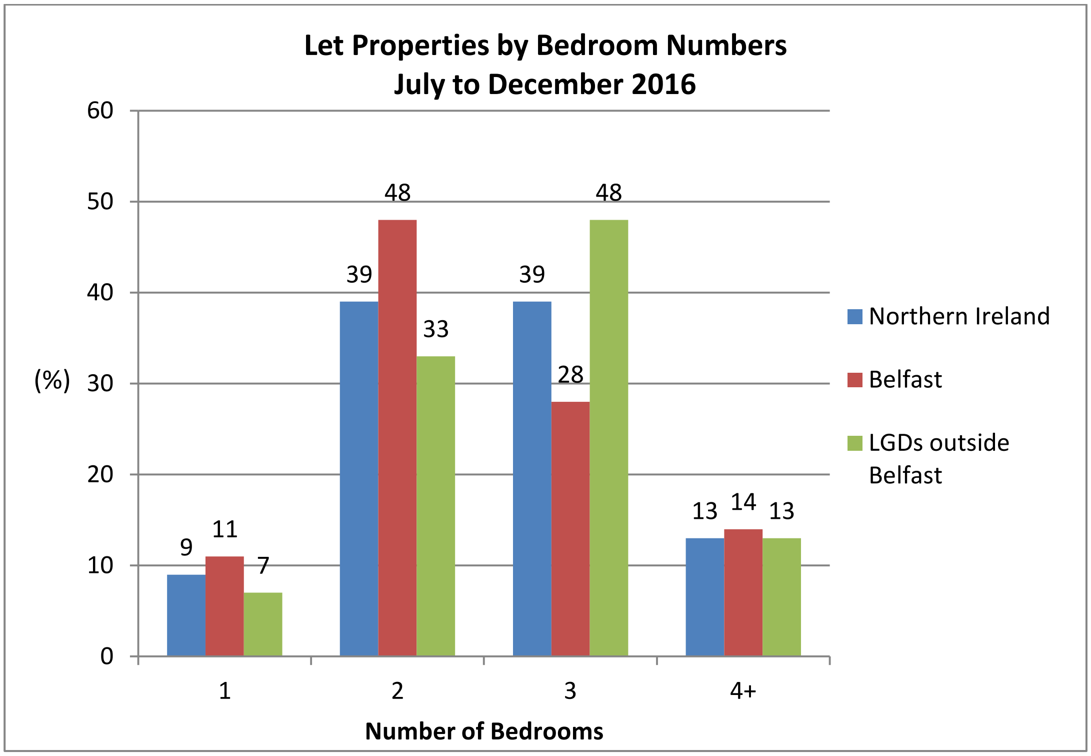
Chart 17



Source: University of Ulster/NIHE

While two and three bedroom properties dominated the market, similar to let properties by house type, there are geographical differences between rented properties by the number of bedrooms, across Northern Ireland. There is a higher proportion of let two bedroom properties in Belfast, which reflects the popularity of the smaller house types of apartments and terrace dwellings. Likewise, the high proportion of three bedroom properties, outside Belfast, can be seen, due to higher lets for semi detached and detached properties.

Chart 18



Source: University of Ulster/NIHE

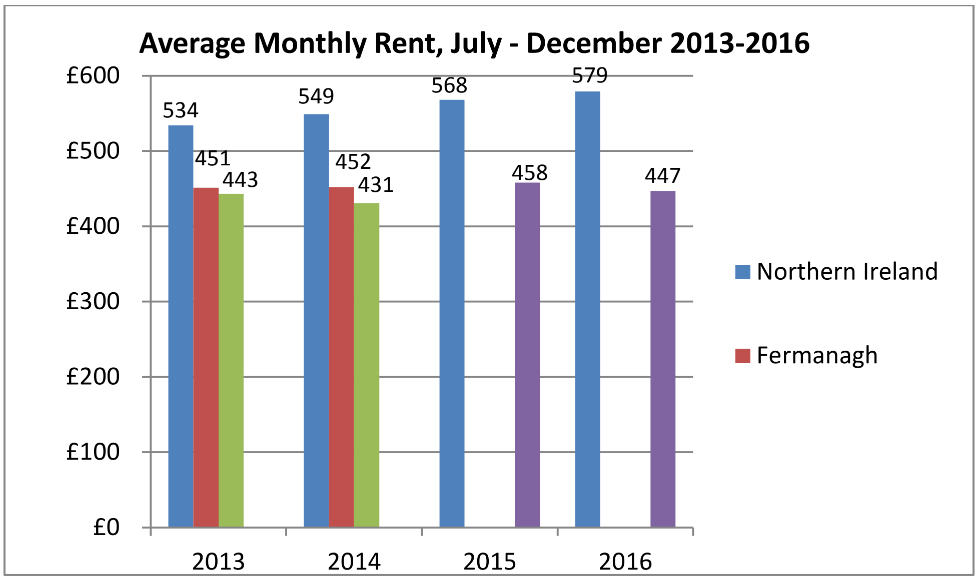
Affordability

Research undertaken by the University of Ulster indicates affordability challenges in accessing the private rented sector for low-income households, especially in relation to raising a deposit. A deposit is normally the equivalent of a month's rent, meaning an average deposit in Northern Ireland was approximately £580, and was significantly (£130) cheaper in Fermanagh and Omagh at approximately £450.

While a private tenant can access housing benefit, there are many on lower incomes who have difficulty finding the money to bridge the gap between housing benefit and the market rent charged, by a private landlord. In these instances, tenants may be able to apply to the Housing Executive for a Discretionary Housing Payment. In addition, some landlords have experienced mortgage repayment difficulties, particularly those who bought at the height of the boom with the help of high loan-to-value mortgages.

DfC (January 2017), calculated the percentage of earnings used for rent by using weekly and monthly median earnings and average rents, based on 2015 information. This showed that in Northern Ireland, 33% of earnings were used to pay rents. In Fermanagh and Omagh, this was 29% and was the lowest of Northern Ireland Councils, reflecting lower rents in the area.

Chart 19



Source: University of Ulster/NIHE

Please note that figures for 2013 and 2014, in Chart 19 are only available at the former council area geographies. Nevertheless, the Chart shows that the average monthly rent for Northern Ireland has shown steady increases from 2013 to 2016, with an increase of approximately £15 per month, each year. Prices for Fermanagh and Omagh have been significantly lower, throughout this time, than those for the Northern Ireland average.

In contrast with the regional picture, house prices have shown decreases, with a monthly decrease of £11 from 2015. This could be a reflection of decreased demand in the area. Prices also differ across property types and bedroom sizes, these are displayed in Tables 26 and 27.

Table 26: Average rent by property type

	Apartment	Terrace/Townhouse	Semi Detached	Detached	All
Fermanagh & Omagh	£404	£442	£489	£501	£447
Northern Ireland	£554	£551	£592	£739	£579

Source: University of Ulster/NIHE

Table 27: Average rent by number of bedrooms

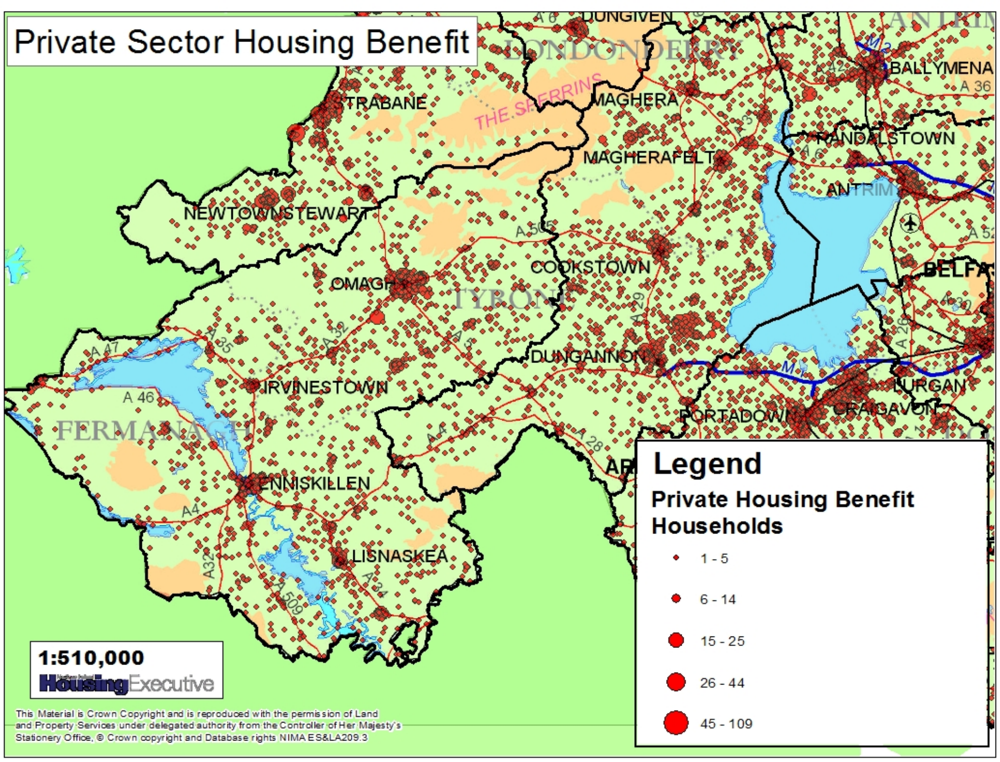
	1	2	3	4+	All
Fermanagh & Omagh	£328	£420	£477	£538	£447
Northern Ireland	£442	£528	£573	£840	£579

Source: University of Ulster/NIHE

Geographical Distribution

Map 5 shows the distribution of tenants in reciept of private housing benefit, in Fermanagh and Omagh. As these tenants account for nearly 60% of all private rented tenancies, this can indicate primary locations of PRS properties. The map confirms that the PRS properties are widely dispersed throughout the Council area, however, as expected, there are concentrations in more urban areas. Main locations of private rented sector tenancies include Omagh and Enniskillen and local towns (as proposed in the Local Development Plan's preferred option for settlement hierarchy) of Fintona, Irvinestown and Lisnaskea. The villages Maguiresbridge and Newtownbutler are also areas with a relatively high proportion of PRS dwellings.

Map 5



Source: NIHE, 2016

Houses of Multiple Occupation (HMO)

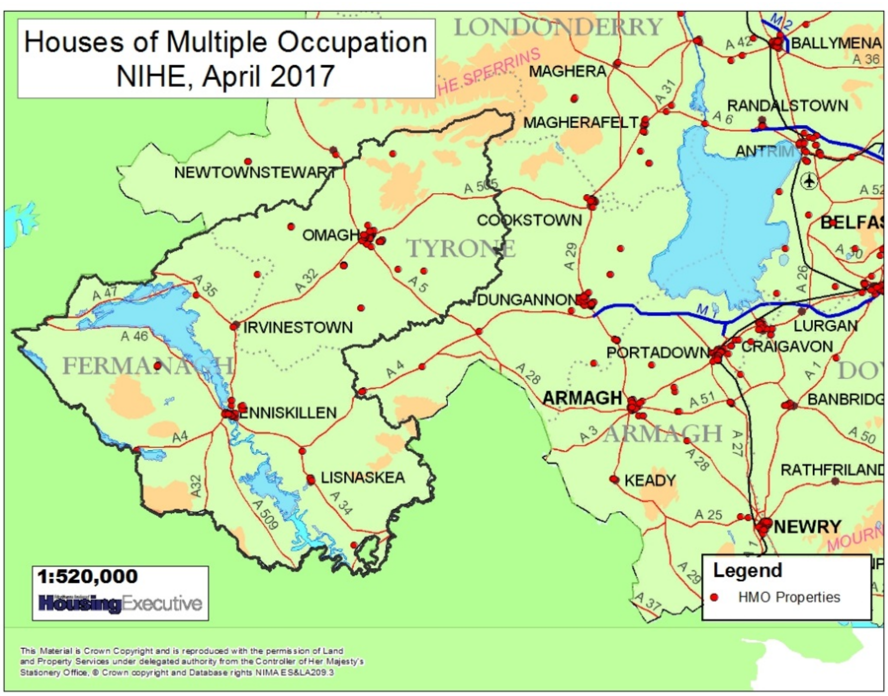
An HMO is defined as ‘A house occupied by more than two qualifying persons, being persons who are all members of the same family’.

The Housing Executive currently has responsibilty for a statutory registration scheme for Houses in Multiple Occupation (HMOs), as requried by the Housing (NI) Order 2003. Responsibility for the registration of HMOs is planned to be transferred to Councils in 2018.

HMOs can form an important element of the PRS, particularly for younger people on low incomes and for single people, under the age of 35, affected by the limitation of housing benefit to the shared room rate. Ancedotal evidence also indicates that this has been a popular sector with migrant workers. There are 6,270 HMOs registered in Northern Ireland, of which 130 are located in Fermanagh and Omagh. However, HMOs in Fermanagh and Omagh account for a small part of the PRS, comprising 2% of private tenancies in the area, this can be seen in the differences between Maps 5 and 6. There may be potential for further growth of HMOs in the area, as the shared room rate is due to be extended to the social sector this year.

Map 6 shows HMOs in the District, are mainly located in the main towns of Omagh and Enniskillen, and do not have a significant effect on the housing market in rural areas.

Map 6



Source: NIHE, 2017

Future Prospects

The lower number of rental transactions since 2013, may indicate a slowing down in the growth of the PRS. In addition, tax changes are due to be introduced in 2018, and some landlords have predicted that this may discourage new landlords entering the market and may prompt some small landlords to leave. This could signal a slowdown of growth, following the long period of expansion in the sector, and may cause some landlords to increase rents. However, DfC (January 2017) has stated that the risk of large-scale disinvestment is expected to be low.

While the economy and owner occupied housing market can be seen to be recovering, enduring affordability issues for many potential first time buyers, alongside, high numbers in part time and temporary employment, would indicate that the private rented sector will continue to play an important role in Northern Ireland's housing market. There is also continued demand, as need is outstripping supply for social housing in many areas.

Renting privately may also remain popular with some households, as it can include benefits, such as:

- Responsiveness, especially in meeting new demand;
- Flexibility;
- Choice in terms of property type and location; and
- Freedom from responsibility from repairs and maintenance.

However, the PRS will be heavily influenced by trends in the social housing and owner occupied sector. Welfare reform may encourage some social housing tenants who are under occupying to enter the PRS, where there are often small properties available. This will also depend on the level of income shortfalls, a households may have, to meet rent. For example, the reduced housing benefit of 14% or 25% for under occupying a social house could be more than the shortfall of the Local Housing Allowance to meet private rents. In addition, the introduction of the shared room rate for single social housing tenants, under the age of 35, may encourage these households to seek HMO accommodation. House prices and mortgage availability in the owner occupied sector will also affect the popularity of the sector. Easing mortgage restrictions on first time buyers may lead to a decrease in demand for private rental, and as house prices are rising, accidental landlords may leave the private rented market.

Other factors that could influence the future of the market include:

- the development of intermediate housing products, helping people into homeownership, leading to a decrease in demand;
- overseas migrants, often housed in the PRS, being compelled or wishing to leave, following the UK's departure from the EU; and
- the introduction of a new regulatory framework, for the sector, following DfC's consultation.

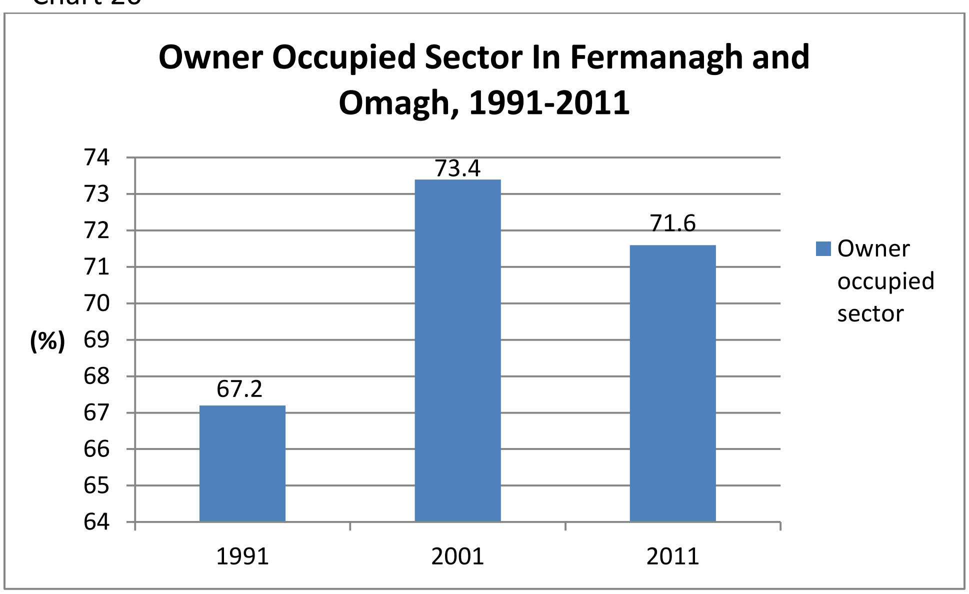
Owner Occupation

This chapter considers the characteristics and dynamics of the owner occupied sector of the Omagh HMA, including recent housing supply and price trends.

Tenure

In the 2011 census, 72% of households in Fermanagh and Omagh were living in the owner occupied sector, approximately 2% less since the 2001 census. In Northern Ireland as a whole, owner occupation has reduced from 70% to 67%. Commentators have stated that the reduction in owner occupation since 2001, has been due to affordability problems, especially for potential first time buyers, who have entered the private rented market. This is supported by evidence from the 2011 Census on household reference persons' (HRP) age by tenure. This shows that owner occupation is more predominant in households with an older head of household, than households, which have a younger HRP. Where the HRP of a household was 34 or under, 43% were owner-occupiers, compared to 78% of those aged 45 and above. In households with a HRP of age 34, or younger, 45% lived in the private rented sector and 12% lived in social housing, suggesting owner occupation is less accessible for younger people.

Chart 20



Source: NISRA

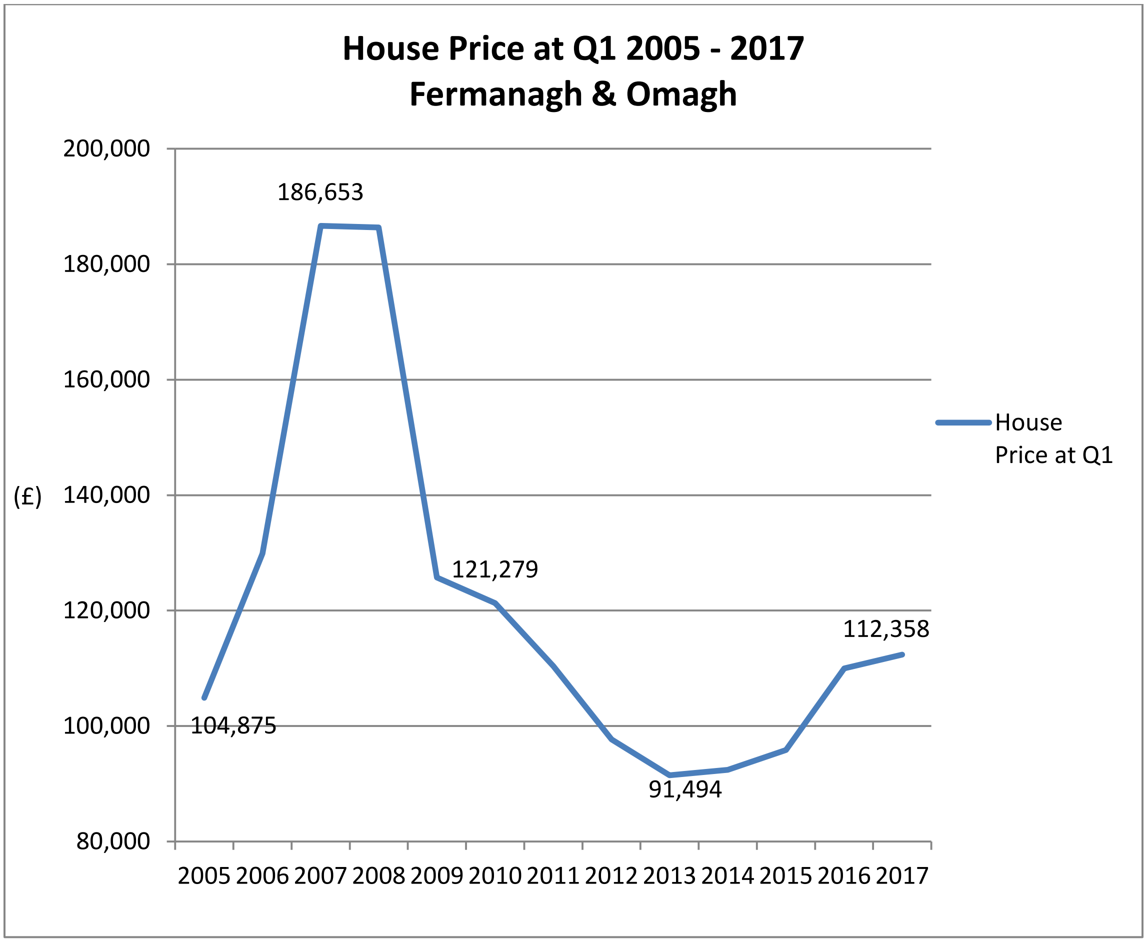
House Prices and Affordability

Land and Property Services state the average house price in Fermanagh and Omagh, at March 2017 was £112,358; this was an increase of 2.2% on March 2016. This demonstrates weaker house price growth than the 4.3% growth across Northern

Ireland, with Fermanagh and Omagh having the lowest rate of increase of all council areas, outside Mid Ulster. This could be seen as a sign of a weaker housing market in Fermanagh and Omagh, however, it means that houses are more affordable.

House price trends in Fermanagh and Omagh have followed Northern Ireland trends, albeit with a lower average price. High increases in house prices were experienced from 2005 to 2007, with house prices decreasing in half by 2013. Since 2013, the housing market can be seen to be recovering steadily, with house prices at Q1 of 2017 23% higher, see Chart 21.

Chart 21



Source: Department of Finance, 2017

The level of house prices is a key factor in determining the affordability of owner occupation. Affordability indexes are calculated based on the lower quartile house prices and the median household incomes. It can be seen from Table 28 that median wages in Fermanagh and Omagh are considerably lower than the Northern Ireland average.

Table 28: Median Wages

Region	All Persons Median Wage 2012 (£)	All Persons Median Wage 2013 (£)	All Persons Median Wage 2014 (£)	All Persons Median Wage 2015 (£)	All Persons Median Wage 2016 (£)
Fermanagh and Omagh LGD	*not available due to sample size	14,916	15,520	18,006	*not available due to sample size
Northern Ireland	18,693	18,473	19,485	20,348	20,953

Source: University of Ulster, 2017

Ulster University produces a House Price Index, each quarter. This Index uses sub regional geographies, which are not necessarily coterminous with the new Council boundaries or the Housing Executive's Housing Market Areas. However, Ulster University's Fermanagh and Omagh region does align with the Fermanagh and Omagh District Council boundary.

Repayment affordability highlights the level of unaffordable stock, based on dwellings sold. The latest available University of Ulster Affordability Index (2016), see Table 29, shows repayment affordability and includes an 'affordability gap'. The affordability gap is the difference between lower quartile house prices, and the maximum a median income household can borrow. A positive affordability gap indicates a surplus between the borrowing capacities of households, against lower quartile house prices. Therefore, houses are more affordable in areas with a high affordability gap.

The Ulster University's Affordability Index calculated that affordability improved across all regions of Northern Ireland in 2016. Fermanagh and Omagh is the second most affordable region in Northern Ireland with 43% of properties sold considered being unaffordable for those on median incomes and with a positive affordability gap of £41,927. The percentage of properties considered unaffordable over the last five years, has generally increased, as house prices in the area have increased. Although house prices have increased over the last 12 months, the percentage of unaffordable properties has decreased. This may be due to decreases to mortgage interest rates for first time buyers, increasing borrowing capacity. The higher proportion of unaffordable properties may be a factor in the lower number of transactions in 2015, seen in Chart 22.

Table 29: Repayment Affordability

	2012		2013		2014		2015		2016	
	Aff Gap(£)	% Unaff	Aff Gap(£)	% Unaff	Aff Gap(£)	% Unaff	Aff Gap(£)	% Unaff	Aff Gap(£)	% Unaff
Fermanagh & Omagh	50,949	27%	39,538	38%	36,342	38%	37,309	52%	41,927	43%

Source: University of Ulster, 2017

The deposit gap, see Table 30 below, looks at the ability to access the housing market in terms of the required deposit, or the Loan to Value ratio. This index assumes a households ability to save 30% of annual disposable incomes, and estimates a 'savings ratio', that is the number of years it would take households to save for a deposit. As house prices have increased, the percentage of an income needed and the number of months needed to save for a deposit have increased. Increasing inflation rates, also mean household's disposable incomes have decreased. However, Fermanagh and Omagh is the second most affordable region in NI in terms of the deposit gap. This measure illustrates continuing challenges for prospective homebuyers wishing to access owner occupation.

Table 30: Loan to Value Affordability

	2012		2013		2014		2015		2016	
	Income %	Savings Ratio	Income %	Savings Ratio	Income %	Savings Ratio	Income %	Savings Ratio	Income %	Savings Ratio
Fermanagh & Omagh	25.34	0.84	31.12	1.04	33.26	1.11	32.50	1.08	34.49	1.15

Source: University of Ulster, 2017

The University of Ulster combine these two aspects of affordability into a single relative measure called a Multiplier Weighting Ratio. It is considered that the higher the ratio, the greater the affordability problem is in the area. Based on the Multiplier Weighting Ratio, overall affordability improved in Fermanagh and Omagh in 2016 and it remains the second most affordable HMA in Northern Ireland, see Table 31. Again, affordability may have increased during the last 12 months, despite house price rises, due to more relaxed lending criteria for first time buyers.

Table 31: Multiplier Weighting Ratio

	Multiplier weighting ratio 2013	Multiplier weighting ratio 2014	Multiplier weighting ratio 2015	Multiplier weighting ratio 2016	Variation 2015 -2016
Fermanagh & Omagh	0.394	0.343	0.563	0.494	0.069

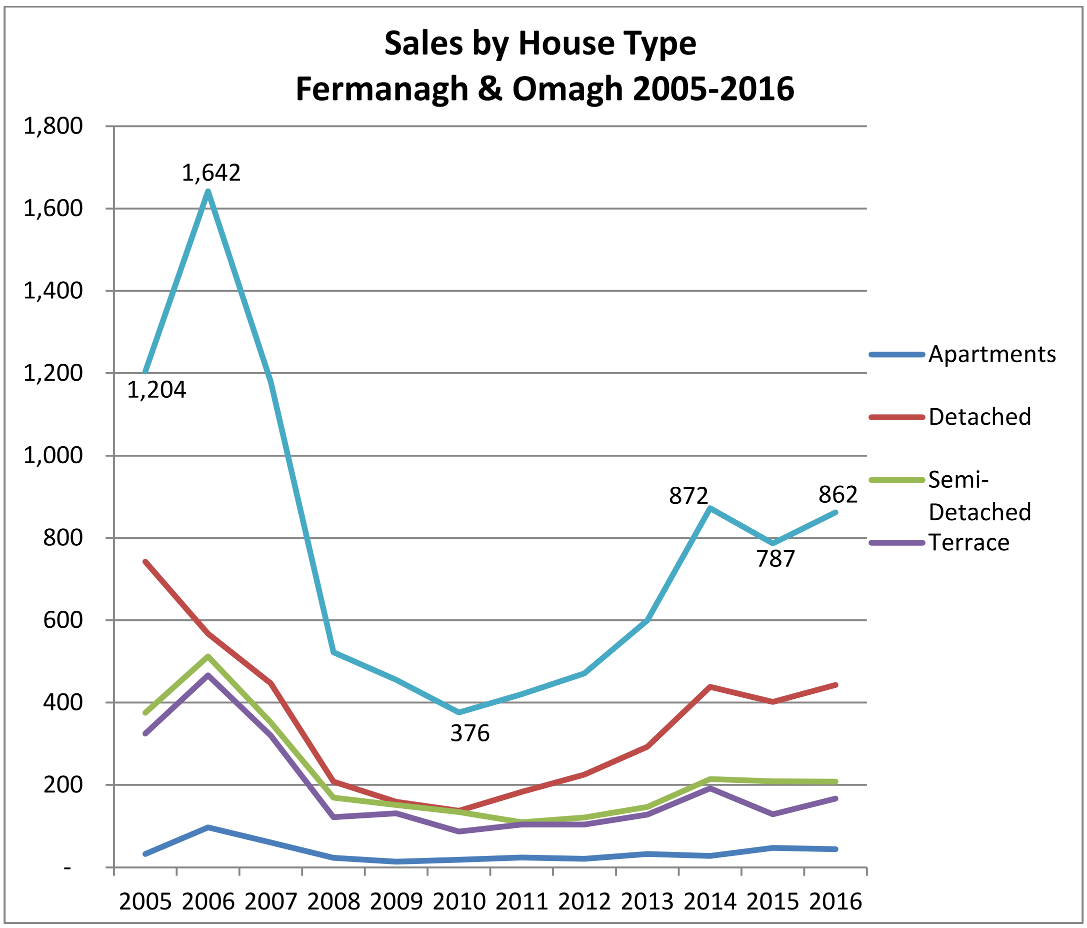
Source: University of Ulster, 2017

Transactions

Increased confidence in the housing market is further demonstrated by year on year increases in the number of property sales in Northern Ireland, the most popular property types, are semi-detached and detached dwellings.

In the Fermanagh and Omagh, these trends are broadly reflected, although there was a dip in the number of transactions in 2015, which corresponds with the 14% increase in property values, within the Council area at that time, and the higher percentage of unaffordable properties as shown in Table 29. This is validated, as the decline in transactions in 2015, was mainly due to a decreased in detached and semi-detached properties being sold, those houses, which are less likely to be affordable. Fermanagh and Omagh transactions have consistently been the lowest proportion of the house sales, in Northern Ireland, each year by council area.

Chart 22



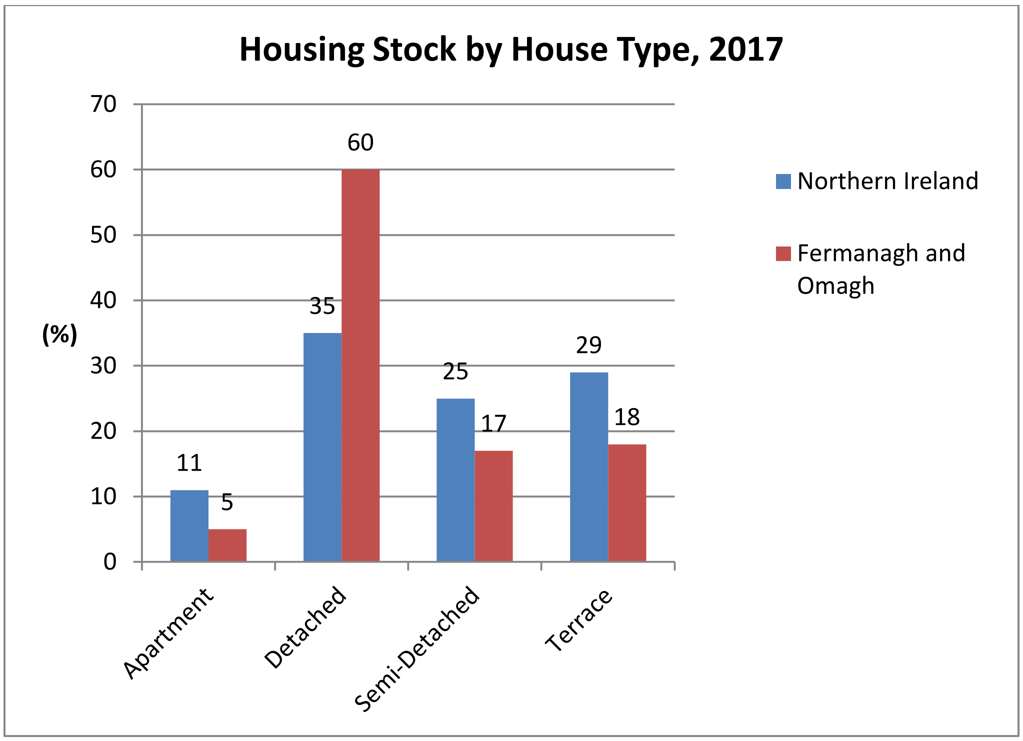
Source: Department of Finance, 2017

Housing stock

The level of transactions by house type reflects the existing housing stock in Fermanagh and Omagh, with higher numbers of detached dwellings, as expected, in a lower density rural area. As Chart 23 demonstrates, there are similar proportions of terrace and semi-detached dwellings, and low numbers of apartments. This differs from the Northern Ireland stock, which has a lower percentage of detached properties and higher proportions of terrace houses and apartments. This is expected, as the Northern Ireland figures incorporate higher density urban areas.

From 2008, there has been a 7% increase in housing stock, with the share of stock by house type, within Fermanagh and Omagh, remaining at the same level, with 60% of dwellings being detached and 5% being apartments. However, there have been different rates of increases by different house types; the number of apartments grew at the highest rate, by 16% with terraces increasing at the lowest rate, at 4%.

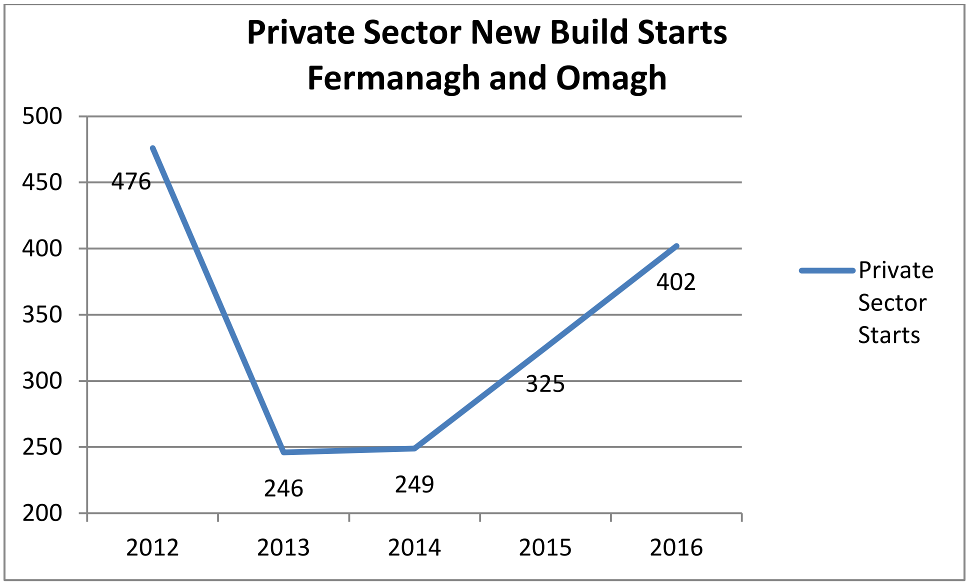
Chart 23



Source: Department of Finance, 2017

Various factors shape changes in the volume and mix of housing. Inter-tenure stock transfers, property conversions and demolitions have an influence but the most important factor is new house construction.

Chart 24



Source: Department of Finance, 2017

Over the last five years, private sector new build shows a fall from 2012 to 2013, with a sustained recovery in construction levels, as starts increased each year to 2017, indicating of an increasing level of confidence in the residential property market. Private sector starts, generally support growth in numbers living in the owner occupied sector.

Within Fermanagh and Omagh, over the last five years, while new build completions have been at a lower level than the HGIs, a relatively high proportion, 74% of growth has been achieved. This compares favourably to the 64% of HGIs achieved for Northern Ireland. In the Council area, since 2012, 1,274 units built over a five year period, compared to the HGI of 1,731 units for five years. This means to reach HGIs by 2025, an additional 3,225 homes need to be constructed, or 403 units each year. This means that the rate of new construction achieved over the last year needs to continue over the next eight years, to ensure housing need is met.

The sale of social housing, in Fermanagh and Omagh, has also contributed to the growth in owner occupation, with nearly 6,500 units entering the owner occupied sector, although sales rates have fallen back over the last ten years. At March 2017, 57% of Housing Executive properties in Fermanagh and Omagh had been sold to sitting tenants. House Sales have declined sharply since the downturn with 20 properties being sold in the last year.

Intermediate Housing

Intermediate housing can take different forms and is housing, made available to eligible households, for rent or purchase, which have prices higher than the social housing sector but are below open market rates. A key objective of DfC's Housing Strategy was to support access to the owner occupied market by developing intermediate housing options, therefore, in Northern Ireland; intermediate housing usually refers to local cost home ownership. Intermediate housing is defined in the SPPS as:

> 'shared ownership housing provided through a Registered Housing Association out (e.g. the Co Ownership Housing Association) and helps households who can afford a small mortgage, but that are not able to afford to buy a property outright. The property is split between part ownership by the householder and part social renting from the Registered Housing Association. The proportion of ownership and renting can vary depending on householder circumstances and preferences.'

Co Ownership Housing is the best-known scheme in Northern Ireland for people who wish to buy a home but who cannot afford to do so, without help. A share of between 50% and 90% of the home's value is bought and the remainder is rented from Co Ownership Housing. Almost 26,000 houses have been purchased through the scheme, since it was established in 1978. There is a cap on the value of the property that can be bought using the scheme; at April 2017, this was £160,000. This is higher than the current average house price in Fermanagh and Omagh, at £112,000. In 2016/17, four properties were purchased in Fermanagh and Omagh through Co Ownership making 84 active properties in the area.

Other newly launched intermediate housing schemes in Northern Ireland include Fairshare, which allows people to partner with a housing association to buy a property. Similar to Co Ownership, a share of 50% and 90% of the property can be bought and a rent is paid. Participating housing associations include Apex, Choice and Clanmil. Currently, there are no listed properties in Fermanagh and Omagh. In addition, OwnCo Homes, a rent to own scheme, was established in 2016. This is a private, not for profit, subsidiary of Co Ownership, which is a fixed term rental commitment, with an opportunity for home ownership.

Currently, the Housing Executive calculates intermediate housing need using a model established by Professor Glen Bramley and adopted by the Welsh Assembly. This model assesses demand by examining:

- median income levels;
- lower quartile house prices;
- income needed to purchase a, e.g., 50% share of a lower quartile property; and
- household projections.

It has been calculated that in Northern Ireland 1,053 new intermediate units are needed each year, with 73 located in Fermanagh and Omagh.

Future prospects

Evidence shows that the owner occupied market in Northern Ireland and Fermanagh and Omagh has stabilised. This recovery has occurred over several years, since 2013, and can be seen as house prices, transactions and new build have increased, in Fermanagh and Omagh and across Northern Ireland.

Fermanagh and Omagh Council area has followed the same trends as the Northern Ireland housing market, albeit at a lower level. This means that Fermanagh and Omagh is one of the most affordable areas in Northern Ireland and the UK. However, if prices continue to increase, local people, who have lower median incomes, and with levels of inflation increasing, or if interest rates rise, may find it increasingly difficult to purchase a home.

While initial signs in Q1 of 2017, show that this recovery is continuing, structural challenges remain including high levels of negative equity and a lack of supply.

An additional 3,225 houses need to be constructed to 2025, to meet Housing Growth Indicators.

Conclusion

Fermanagh and Omagh is a predominantly rural area, with two urban centres, Enniskillen and Omagh town. Over 70% of the population live in the rural area and the area has the smallest population of all councils in Northern Ireland. The rural character has influenced the form of housing development within the area, which is dispersed, has high levels of low density housing and larger sized units.

Since 2013, the economy of Fermanagh and Omagh has improved, evidenced by increasing employment rates (higher than the Northern Ireland average) and a reduction in claimant counts. However, incomes are among the lowest of all areas in Northern Ireland, which limits the affordability of owner occupation for some households.

Demographic trends show a projected 11% increase in the number of households by 2037. This household growth is expected to be driven by one or two person households, contributing to a decrease in average household size. The number of households with children is also projected to decline, which will influence the natural change in population levels in the long term. The population is also aging, with older people aged 60+, projected to make up approximately, a third of the population by 2037. This will increase demand for smaller houses, wheelchair standard housing and for houses, which can be easily adapted.

The largest influence affecting the social housing tenure is the introduction of further Welfare Reform measures. It is predicted that the Social Sector Size Criteria, the introduction of Universal Credit, Local Housing Allowance rates being extended to the social housing sector and the shared room rate for single people under 35 in social housing, will lead to increase financial difficulties for households and rent arrears. While mitigation measures are in place until 2020, if household circumstances change, resulting a benefit change, including moving house, households will be ineligible for supplementary payments.

It is thought these measures could lead to an increase in people presenting as homeless, as experienced in Great Britain, while at the same time there could be a reduction in temporary accommodation. The six week assessment time for Universal Credit is likely to deter landlords making their properties available for homeless households.

This will lead to increased demand for smaller unit accommodation and increased numbers in housing stress, and, therefore, increased overall demand for new social housing units.

There is some evidence that the rate of growth in the private rented sector (PRS) may be slowing with tax changes, including higher stamp duties, and with increased numbers of first time buyers. However, the PRS will continue to be an important source of housing for those who find it difficult to access both social housing and owner occupation. Therefore, there is not expected to be a reduction in the size of the private rented market, and demand is likely to remain high. The majority of let properties are at the smaller end of the market, with demand for apartments and terraces. This demand is likely to remain, due to the smaller size of households and as housing benefit is limited to lower priced properties.

The owner occupied market is showing signs of a sustained recovery, with increase in prices, new private sector construction, and transactions. While, in July 2017, there is no sign that the recovery is slowing down, it should be noted that are enduring structural issues, including high levels of negative equity, leaving the market vulnerable to interest rate increases. There is also a lack of supply, with new build rates lower than Housing Growth Indicators. Therefore, while Fermanagh and Omagh is currently one of the most affordable regions for homeownership, in Northern Ireland and the UK, the lack of supply could lead to further increases in house prices, increasing the number of unaffordable properties for the local population, combined with low median wages.

Currently, predictions and forecasts are difficult, as the political context is uncertain. The effect of the UK leaving the EU is likely to have economic outcomes, which will be reflected in the housing market. These could be especially felt in Fermanagh and Omagh as it borders four counties in the Republic of Ireland. If economic performance is adversely affected, household formation rates and in migration could reduce, and a decrease in income or employment levels may lead to lower demand in the owner occupied sector. However, if the economy continues to improve, it is likely that the housing market in Fermanagh and Omagh will remain buoyant. Signals will need to be carefully monitored over the next few years, to see if the housing market in Northern Ireland and Fermanagh and Omagh undergoes a new transitional phase.