



<b>Subject:</b>	Housing Association Grant Update
<b>Date:</b>	5 <sup>th</sup> November 2025
<b>Reporting Officer:</b>	Cathy Reynolds, Director, City Regeneration & Development Kate Bentley, Director of Planning & Building Control
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### Restricted Reports

Is this report restricted?

Yes

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No

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Please indicate the description, as listed in Schedule 6, of the exempt information by virtue of which the council has deemed this report restricted.

Insert number

1. Information relating to any individual
2. Information likely to reveal the identity of an individual
3. Information relating to the financial or business affairs of any particular person (including the council holding that information)
4. Information in connection with any labour relations matter
5. Information in relation to which a claim to legal professional privilege could be maintained
6. Information showing that the council proposes to (a) to give a notice imposing restrictions on a person; or (b) to make an order or direction
7. Information on any action in relation to the prevention, investigation or prosecution of crime

If Yes, when will the report become unrestricted?

After Committee Decision

After Council Decision

Sometime in the future

Never


### Call-in

Is the decision eligible for Call-in?

Yes

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No

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<b>1.0</b>	<b>Purpose of Report/Summary of Main Issues</b>
1.1	To advise Members of recent changes to Housing Association Grant (HAG) rates announced by the Department for Communities (DfC) and outline the potential implications for the delivery of social housing within Belfast.
<b>2.0</b>	<b>Recommendation</b>
2.1	<p>The Committee are asked to:</p> <ul style="list-style-type: none"> <li>I. note the recent changes to Housing Association Grant (HAG) announced by DfC;</li> <li>II. note the potential challenges these changes present for the delivery of social housing in Belfast; and</li> <li>III. note that a more comprehensive report will be brought back to Committee at a later stage following detailed review of this announcement and further engagement with the statutory partners and delivery agents.</li> </ul>
<b>3.0</b>	<b>Main Report</b>
3.1	The Minister for Communities has recently announced changes in grant funding for the delivery of new social homes across Northern Ireland. The Minister confirmed that the proportion of Housing Association Grant funding (HAG) provided by the Department for Communities (DfC) for new social housing starts will decrease, with the average grant reducing from 54% to 46% of total costs. The benchmark costs will increase by 13.7 percentage points on average to take account of changes to construction costs, inflation, rent levels and interest rates and will apply from 1 December 2025 until the end of the 2026/27 financial year. However, the grant associated with the development of new social housing will reduce by 7.7 percentage points on average. What this means is that the calculation has taken account of relevant recent changes to costs and concluded that against these higher costs, and anticipated higher income from rent, the grant can reduce slightly.
3.2	The Minister explained that, given the challenging financial context, the changes are intended to secure the maximum number of new homes from the Department's £177.5 million budget this year.
3.3	The Department has confirmed that the revised framework will reduce the average level of grant support available to housing associations, with the stated aim of ensuring consistency across the region and maximising the number of schemes that can be supported within existing budgets.
3.4	The Minister acknowledged that meeting the Programme for Government target of 5,850 new social homes within this mandate will be difficult. However, he emphasised the need to

	<p>“achieve more, for less” and expressed confidence that housing associations will continue to deliver for those most in need.</p>
3.5	<p>Under the previous funding model, Belfast received an average grant level of around 54% of scheme costs. As previously discussed with Members, this level of grant funding presented viability challenges for delivery of certain housing products within the Belfast Boundary area. These challenges were particularly acute in the City Centre where the Local Development Plan identifies significant housing growth as a strategic priority.</p>
3.6	<p>Following the announcement, the regional average grant rate has now been reduced from 54% to 46%, a decrease of 8 percentage points. Belfast is set to receive an even lower rate of 42.5%, which is 11.5 percentage points below its previous level. For Belfast, this represents just over 21% reduction relative to the original regional average, placing Belfast at a distinct disadvantage compared to other areas. Housing Associations will need to secure more private finance or absorb higher costs to deliver the same schemes.</p>
3.7	<p>While the Department has emphasised the need for efficiency, the Northern Ireland Federation of Housing Associations (NIFHA) has expressed serious concern about the impact of these changes. NIFHA warned that <i>“the budget for the Social Housing Development Programme is already insufficient to meet need, and that the reduction in grant rates will render many schemes financially unviable, particularly in Belfast where costs are higher”</i>. Analysis carried out last year <i>“indicated that, at a 48% regional grant rate and 44.5% for Belfast, 70% of 75 sites examined were unviable and unlikely to progress. With the Belfast rate now expected to fall further to 42.5%, notably below the new regional average, the consequences are expected to be more severe, with a significant proportion of planned developments at risk of delay or cancellation”</i>. NIFHA have also expressed concerns that <i>“as the funding gap will have to be met by housing associations, this will require longer repayment terms and higher borrowing costs which in turn could have the potential to impact rents. For Housing Associations, pursuing schemes where rents become unaffordable is simply not viable”</i>. NIFHA also advise that the <i>“initial investigation into the impact of the rate changes suggest new build developments appear to be more viable in regional and rural areas outside of Belfast”</i>.</p>
3.8	<p>At this stage, the full impact of the Department’s announcement is yet to be fully understood. However, following the joint meeting of the City Regeneration &amp; Growth and People &amp; Communities Committee on 27<sup>th</sup> August 2025 when NIHE presented on the city centre waiting list, officers had already commenced work to assess the viability challenges associated with delivering homes within the city centre under the then-existing Total Cost Indicators (TCI) and Housing Association Grant (HAG) levels. The relationship between these calculations in determining the level of grant funding is outlined in Appendix 1. These rates were already perceived as insufficient to support delivery in high-cost urban areas. Work to date has</p>

<p>3.9</p> <p>3.10</p> <p>3.11</p>	<p>included engagement across the sector to consider the cost basis specific for city centre housing development and explore how housing associations, the private sector and Council might advocate for a more refined, market sensitive approach, particularly in progressing a dedicated city centre TCI. This would reflect the Local Development Plan's demographic assessment and the strategic importance of housing in the city centre.</p> <p>With this recent announcement of further reductions to the grant rate, it is now critical to understand the full impact of these revised grant levels, which seem to have the potential to exacerbate existing viability concerns and pose greater risks to housing delivery especially given the current housing need of 13,599 people across the city ( as at June 2025, NIHE data), spanning families, young people, and the elderly. Of these, 11,371 have been identified as being in housing stress.</p> <p>Whilst further analysis will be required there are concerns that lower grant rates are likely to slow the pace of new social housing delivery, reduce the number of schemes that can proceed, and make it harder to meet housing targets.</p> <p>Council officers will continue to engage with DfC, the Housing Executive, Housing Associations, Developers and NIFHA to understand the detailed implications for Belfast-based schemes. A fuller report will be brought back to Council in due course, setting out the scale of the impact, options for mitigating risks, and any recommendations for Council engagement or advocacy.</p>
<p><b>4.0</b></p>	<p><b><u>Financial and Resource Implications</u></b></p> <p>None associated with this report.</p>
<p><b>5.0</b></p>	<p><b><u>Equality or Good Relations Implications/Rural Needs Assessment</u></b></p> <p>There are no Equality, Good Relations or Rural Needs implications associated with this report.</p>
<p><b>6.0</b></p>	<p><b>Appendices –</b></p> <p>Appendix 1: Explanation of relationship between Total Cost Indicators (TCI's) and Housing Association Grant (HAG)</p>