

## Impact case study (REF3)

<b>Institution:</b> Ulster University		
<b>Unit of Assessment:</b> Architecture, Built Environment and Planning (13)		
<b>Title of case study:</b> Evaluating Economic Policy and Developing Housing Market Intervention Strategies to Enhance Societal Development: HOUSEMARKET		
<b>Period when the underpinning research was undertaken:</b> January 2000 - December 2020		
<b>Details of staff conducting the underpinning research from the submitting unit:</b>		
<b>Name(s):</b>	<b>Role(s):</b>	<b>Period(s) employed by submitting HEI:</b>
Prof WS McGreal	Professor of Property Research	1989 - 2018 (July); 2018 (Oct) - 2020
Prof AS Adair	Professor of Real Estate Economics/PVC	1977 - present
Prof J Berry	Professor of Global Real Estate and Planning	1982 - present
Dr M McCord	Reader of Property Market Research	2010 - present
Dr J McCord	Lecturer of Law	2010 - present
Prof M Haran	Professor of Real Estate and Urban Studies	2008 - present
Mr S MacIntyre	Senior Lecturer of Environmental Health	2008 - present
Dr P Davis	Senior Lecturer of Property Appraisal Research	2000 - present
Dr D Lo	Associate of Real Estate and Infrastructure Investment	2015 - present
<b>Period when the claimed impact occurred:</b> August 2013 - December 2020		
<b>Is this case study continued from a case study submitted in 2014?</b> N		
<p><b>1. Summary of the impact</b></p> <p>This case study demonstrates how open access research undertaken by Ulster has had a direct impact on inter-departmental policy development, financial service provision and housing market accessibility through a number of complementary strands, namely:</p> <p><b>I1:</b> Directly influencing housing policy in Northern Ireland and official statistics used by the Office for National Statistics.</p> <p><b>I2:</b> Evidencing market need and guiding the creation of new intermediary housing product innovation to support societal mobility through access to quality affordable housing.</p> <p><b>I3:</b> Validating stress testing model development and provisioning affordability models for debt, and monitoring performance to reduce risk for financial institutions and prospective borrowers.</p> <p><b>I4:</b> Directly influencing regional valuation arbitration and jurisdiction case law on land and property valuation disputes.</p>		
<p><b>2. Underpinning research</b></p> <p>Research on housing markets at Ulster dates from the mid-1980s when Adair and McGreal started the Northern Ireland Property Market Analysis Project - renamed the Northern Ireland Quarterly House Price Index (NIQHPI) in 2002. The <i>significance</i> of this research, analysing the performance of the market drawn directly from these data (<b>R1-R6</b>), has attracted sustained funding from the public sector via the Northern Ireland Housing Executive (NIHE) since 2000 (<b>G1</b>) and from the financial sector (Bank of Ireland, Progressive Building Society). This project was the catalyst for further research relating to housing policy in NI through studies on the functioning of the housing market funded by NIHE namely, 'Affordability in the Private Housing Market' (McGreal, Adair and Berry) in conjunction with Murie (University of Birmingham) in 2005, the 'House Sales Scheme' (McGreal, Adair and Berry) in 2004 and 'The NI market – changing structure, drivers for change and implications for housing policy' (McGreal and Berry, with Gibb, University of Glasgow) in 2007. The underpinning research expanded to the private rented sector culminating in the production of a NI rental performance index since 2012 (McGreal and McCord, J), providing evidence on a critical and growing sector of housing provision.</p> <p>Ulster's research has continuously provided the basis for policy support and development for enhancing access to the housing market. Research on housing affordability (McGreal and McCord, M) developed a new methodology and composite measure that provides evidence on the ability to access the housing market (<b>R4, G1</b>). Parallel research has also investigated the nature of rental market structures (<b>R6</b>) which evidenced the development and roll-out of a new 'Rent-to-</p>		

Own' housing model for NI (Haran, Davis, McCord M and McCord J). Ulster's work has also helped inform and shape planning policy, specifically Belfast City Council's 'Local Development Plan' draft Plan Strategy 2035 (dPS) (Haran, Davis, McCord, M, McCord, J and MacIntyre), and has provided strategic guidance to the NIHE and Department for Communities on the valuation of the public sector asset register comprising cost effectiveness and 'value for money' within the Social Housing Development Programme.

On a UK wide-level, Ulster's longitudinal analysis of housing market dynamics informed the Urban White Paper Fiscal Incentives in 2005-2006 (**G3**) for ODPM/HMRC/HMT. Other research funded by Joseph Rowntree Foundation (JRF), Housing and Neighbourhood Monitor 2008-2010 (**G2**) (in conjunction with Wong (University of Manchester) and Gibb (University of Glasgow)) brought together key spatial statistics to provide a longitudinal and cross-country overview and assessment against key policy objectives. Current research is augmented by Ulster's involvement in the UK Collaborative Centre for Housing Evidence (2018-2022), a multidisciplinary partnership funded by ESRC in conjunction with JRF and AHRC (**G4**). This involves ten UK universities led by Glasgow (Gibb) and including Ulster (McGreal) and three professional bodies (Royal Town Planning Institute (RTPI), Chartered Institute of Housings (CIH) and the Royal Institution of Chartered Surveyors (RICS)), with Ulster having responsibility for the NI hub, contributing to local research and knowledge exchange events. In addition, Ulster's engagement in and research on policy is also epitomised by its continued research commitments in the Administrative Data Research Centre (2018-2022) funded by ESRC (McCord, M). This collaborative interdisciplinary programme, examining health and social wellbeing in relation to determinants of social distress, societal dysfunction and health, is directly aligned with informing local and national governmental policy discussions (**R5**).

The *reach* of Ulster's research is not constrained to the regional and national level, with staff members engaged extensively on housing market issues internationally as evidenced by work in Australia on female home-ownership rates (2014), reverse mortgages (2015), time on the market (2015) (McGreal with staff in the University of South Australia), LIBOR and interest rate spread sensitivities in Australia (Hinch, McCord and McGreal, 2019), housing market performance, indices and cycles in Spain (McGreal with Taltavull, University of Alicante, in 2012 and 2013), the effects of foreclosure rates on property tax inequity in the US (McCord, M and Davis, 2016) and research for the Lincoln Institute of Land policy for testing the scalability of mass appraisal and property system reform in China (McCord, M and Davis in 2020).

### 3. References to the research

The research produced by Ulster is evidenced by International leading peer-reviewed articles:

- R1:** Haurin, D, McGreal, S, Adair, A, Brown, L and Webb, JR (2013) List price and sales prices of residential properties during booms and busts. *Journal of Housing Economics*, 22, 1-10. [10.1016/j.jhe.2013.01.003](https://doi.org/10.1016/j.jhe.2013.01.003).
- R2:** McGreal, S, Brown, L, Adair, A and Webb, JR (2007) Vertical Tax Equity: An Analysis of Residential Valuation in a Major U.K. City. *Journal of Housing Research*, 16 (1). 1-18. [10.1080/10835547.2007.12091973](https://doi.org/10.1080/10835547.2007.12091973).
- R3:** McCord, M, Lo, D, McCord, J, Davis, PT, and Haran, M (2019) Measuring the cointegration of housing types in Northern Ireland. *Journal of Property Research*, 36(4), 343-366. [10.1080/09599916.2019.1688851](https://doi.org/10.1080/09599916.2019.1688851).
- R4:** McCord, MJ, Davis, PT, Haran, M and McCord, J (2016) Analysing housing market affordability in Northern Ireland: towards a better understanding? *International Journal of Housing Markets and Analysis*, 9(4), pp. 554-579. [10.1108/IJHMA-09-2015-0054](https://doi.org/10.1108/IJHMA-09-2015-0054).
- R5:** McCord, M, MacIntyre, S, McCord, J, Lo, D and Davis, P (2018) Examining the spatial relationship between environmental health factors and house prices: NO2 problem? *Journal of European Real Estate Research*, 11(3), 353-398. [10.1108/JERER-01-2018-0008](https://doi.org/10.1108/JERER-01-2018-0008).
- R6:** McCord, M, Davis, PT, Haran, M, McIlhatton, D, and McCord, J (2014) Understanding rental prices in the UK: a comparative application of spatial modelling approaches. *International Journal of Housing Markets and Analysis*, 7(1), pp. 98-128. <https://doi.org/10.1108/IJHMA-09-2012-0043>.

## Impact case study (REF3)

The quality of the underpinning research is further evidenced by the succession of grants and renewed commissions received from charities, government departments and agencies. Grants awarded to:

- G1:** McGreal, Adair, McCord, McCord, Hinch, Davis, MacIntyre and Haran  
House price, rents and affordability indices  
(01/10/2012 - 31/12/2020), (01/1/2016 -31/12/2020) and (05/05/2019 - 31/03/2022)].  
Northern Ireland Housing Executive  
GBP882,750 [Phase 1 (GBP295,000); Phase 2 (GBP300,000); Phase 3 (GBP287,750)].
- G2:** McGreal, Brown and Blair  
Housing and Neighbourhood Monitor (with Manchester and Glasgow University)  
01/04/2008 - 31/07/2016  
Joseph Rowntree Foundation  
GBP67,042 (Ulster apportionment)
- G3:** McGreal, Adair and Berry  
Longitudinal Analysis of the Urban White Paper Fiscal Incentives  
01/08/2004 - 30/11/2005  
Office of the Deputy Prime Minister  
GBP145,675
- G4:** McGreal and Blair  
Collaborative Centre for Housing Evidence  
01/08/2017 - 31/07/2022  
Economic and Social Research Council (with Joseph Rowntree Foundation and Arts and Humanities Research Council)  
GBP6,000,000 (Ulster apportionment GBP131,128)

#### 4. Details of the impact

**I1:** In terms of policy, the NIHE which is the strategic housing authority for NI, has drawn extensively upon the research undertaken by Ulster (**G1, R1-R6**) with *reach* extending across all sectors of the regional housing market as evidenced by successive issues of the *Northern Ireland Housing Market Review & Perspectives*, which acts as the fundamental reference for NIHE's Corporate Plan guiding intervention in the housing market and monitoring strategic impact. For example, the 2014 to 2017 document (**C1**) highlights the *significance* of Ulster's research in influencing policy in relation to the owner-occupied sector (Chapter 2, **C1**) and the private rented sector (Chapter 3, **C1**). This policy impact extends to the understanding of local housing markets with Ulster's research directly feeding into housing investment plans for local authority areas for promoting mixed-tenure sustainable communities and reducing housing stress and need (**R3, R4, R6; C2**). As stated by the Head of Research and Equality, NIHE (**C2**): "*The research has had significant impact on the Executive's role in the analysis of housing intelligence and statistics for Northern Ireland and on enhancing the Executive's strategic focus and the implementation of housing and social policy development*".

Furthermore, Ulster's research provides evidence for determining Local Housing Allowance, a key component in aligning public sector capital for setting housing benefit thresholds. As stated, "*this portfolio of research and vital data provision has enabled the Executive to revise and align capital and grant funding towards specific policy needs and has been integral to the Executive's overall Corporate Plan, guiding intervention in the housing market, monitoring strategic impact and for informing policy for directing social housing investment and development*". Further, "*the reports produced by Ulster University have directly influenced the Executive's role in the provision of mixed-tenure policy and provided a robust, transparent evidence base for informing social housing investment plans*" (**C2**). Ulster's research has also resulted in the adoption of a new approach for measuring housing market affordability (**C3**). As stated, "*this research directly led to the composite measure being adopted by the Executive for informing housing strategy at the Local Government District level and also in line with the Executive's strategically focused Housing Market Areas*" (**C2**). Ulster's research has also informed the revision of social housing standards procurement cost model and informed local government departments as to the efficiencies in current housing delivery for improving housing supply. As stated, "*the recommendations of the research are being adopted by the Department for Communities and the Executive to help improve social housing standards and delivery*" (**C2**).

Research developed by Ulster for revaluing the public housing asset register has had several key impacts. The initial impact of this research verified that the operational social housing sector stock was overvalued by circa 25% (GBP1,300,000,000). This impacted upon NIHE financial resources and was used as evidence provided to the NI Assembly and NI Auditing Office / Public Accounts Committee relating to the auditing of revenue, expenditure and value for money. The impact of the research also led to the NIHE adoption of the valuation approach for calculating the adjustment factors (C3). As stated, *“In response to Ulster’s findings, the Executive adopted the valuation approach developed by Ulster”* (C2).

The data and price indices developed by Ulster (G1) are used in the development of macro-economic indicators for NI (used by regional government) and directly contributes to the UK official statistics produced by the Office for National Statistics (ONS). The indices (G1) inform the determination of gross family expenditure statistics, purchasing power parities (PPPs), and feed directly into official publications such as the Consumer Price Inflation statistical bulletin and annual estimates of housing service cost levels for Eurostat based on improved estimates of private rental costs. As stated by the Assistant Deputy Director of housing market indices at ONS: *“the research into housing markets and underpinning data development and provision undertaken by Ulster University directly supports the Office for National Statistics with the production of official governmental gross family expenditure statistics and rental price statistics for Northern Ireland”* (C4). More specifically, *“the data supplied by Ulster is directly used by the ONS to improve the quality of Northern Ireland data and inform the production of an Index of Private Housing Rental Prices (IPHRP) by geographical classification”*. Ulster’s research is further supporting the ONS to develop and improve existing measures. As stated, *“as per our CPIH development plan, we are also using the data to investigate whether it could be used to improve the production of the owner occupiers’ housing cost index used in the CPIH”* (C4).

Ulster’s research and price data (G1) has also directly provided evidence on the high-level strategic viability testing of the latest Belfast local Development Plan draft strategy 2035. As stated by the Director for the Department for Infrastructure, *“the ongoing portfolio of housing market research and transaction-based house price data produced by Ulster University has directly informed the high-level strategic viability testing of the Local Development Plan proposals within NI”* (C5). A clear impact was that no guidance on viability assessments existed in NI, and the Ulster research *“set out how viability testing on an area-wide basis should be undertaken”* (C6) and *“fostered the creation of a bespoke viability assessment framework for area-based local development plans within NI”* (C5). The high strategic importance of Ulster’s research is corroborated by the Director of Planning at Belfast City Council who states that the research *“was innovative in that it culminated in the creation and application of a robust, data driven approach to viability testing”* (C6). The research is also integral to planning policy development and *“serves as key evidence that the revision of new planning policies proposed, most notably in relation to the delivery of affordable housing within future development schemes are both realistic and deliverable. The research will not only support the future planning decision making framework, but also provides policy insights to support growth”* (C6).

**I2:** The reach and impact of Ulster’s research extends beyond policy by contributing directly to societal betterment through the redress of housing inequality and poverty alleviation via evidence-based targeted interventions and financial product innovation. This has aided strategic decision-making in relation to build-to-rent products, with reach relating to unmet housing need, tenure choice, supported housing and shared neighbourhoods. As stated by the Chief Executive of Co-Ownership: *“the research projects undertaken by Ulster have been of strategic importance and supported the continued growth and evolution of Co-Ownership within Northern Ireland”* (C7). Further, Ulster’s data is used to guide the Co-Ownership lending model which has facilitated 29,536 property purchases with total funding commitments of approximately GBP877,000,000. As stated, *“the housing research at Ulster has provided key insights and robust data evidence for policy development particularly into enhancing access to the housing market”*. More specifically, *“the objective analysis produced by Ulster University is used extensively by Co-Ownership to monitor housing and rental market dynamics and to ensure that the Co-Ownership range of products are fully aligned to market circumstances and customer needs across the housing cycle”* (C7).

Ulster's research has provided the evidence base for the initial design and development, as well as informing and verifying the roll-out, of a new financial product (Rent-to-Own). The impact of Ulster's research has, to date, witnessed GBP8,940,000 of funding allocated to Rent-to-Own resulting in 62 households accessing the housing market. As stated, "*the viability of introducing a Rent-to-Own product within Northern Ireland was completed by Ulster University in 2015. This research provided an evidence base to determine the level of need for an intermediary product of this nature within the Northern Ireland housing market. The house price and rental market analysis compiled by Ulster University informed the design and financial parameters of the RTO model as well as underpinning the economic appraisal*" (C7). Accordingly, the research undertaken by Ulster demonstrates strong civic engagement in formulating and improving benefits to citizens in terms of tenure choice options by enabling low-income families to transition to home ownership, improve their social mobility and realised the health and economic benefits attributable to affordable, quality housing provision.

**I3:** The price indices developed by Ulster (G1) are also adopted into the provisioning and stress-testing models used by financial institutions in NI, with reach and implications for the financial sector and the wider well-being of society. Lenders continue to use the NIQHPI for commercial decision making, utilising the price inputs and volume data in stress-testing models, for the automatic indexation for lending and the elimination/reduction of risk. As stated by the Deputy Chief Executive & Finance Director of Progressive Building Society, "*We have used the quarterly NIQHPI statistics for over 20 years as a key input to our loan loss provisioning model*" and "*the research into housing markets and underpinning data provision undertaken by Ulster University directly supports the Progressive Building Society for commercial decision making and lending and helps form the basis of the provisioning model approved by HMRC for modelling bad debt and possession cases*" (C8). In this capacity the direct reach of the research is to key financial institutions lending on mortgages with extended research to potential households/borrowers with *significance* relating to the financial capacity/risk exposure to the housing market.

**I4:** With regard to directly influencing regional valuation arbitration and jurisdiction case law on land and property valuation disputes, the NIQHPI has been the authoritative evidence base guiding such disputes. As stated, "*the Northern Ireland Quarterly House Price Index has been extensively used and cited as evidence by RICS members, including agents and valuers in regional practice and has significant impact in land and property valuation litigation and arbitration proceedings. Ulster University's research on property value has also informed and been extensively relied upon and referenced in the precedential case law on legal principle and expert valuation in Northern Ireland*" (C9). Equally, "*the NIQHPI played a central role in the decision by professional indemnity insurers to reach negotiated settlements. The Index provided the hard evidence which was vital in demonstrating the actual state of the market at the time the valuations were undertaken*" (C10). In addition, the NIQHPI is consistently presented as evidence in High Court litigation (for example McAteer v Lismore [2012] NI Ch7; Bank of Ireland (UK) PLC v Patterson Miller [2014] NIQB 140; and Helm Housing Limited v Myles Danker Associates Limited [2015] NIQB 73) and has informed the jurisdiction's leading case law on legal principle and expert valuation which extensively references Ulster University (C11). Thus, impact is in a professional/legal context, the reach of court decisions impact on participants in the housing sector with *significance* informing a body of case-law.

#### 5. Sources to corroborate the impact

**C1:** Northern Ireland Housing market Review & Perspectives 2014-2017, NIHE.

**C2:** Testimonial: Head of Research and Equality, NIHE.

**C3:** Northern Ireland Housing Executive: Annual report 2018/2019.

**C4:** Testimonial: Assistant Deputy Director, Prices Division, Office for National Statistics.

**C5:** Testimonial: Director, Department for Infrastructure.

**C6:** Testimonial: Director of Planning and Building Control, Belfast City Council.

**C7:** Testimonial: Chief Executive, Co-Ownership Housing.

**C8:** Testimonial: Deputy Chief Executive, Progressive Building Society.

**C9:** Testimonial: FRICS Chartered Arbitrator.

**C10:** Testimonial: Senior Director, CBRE NI.

**C11:** Bank of Ireland (UK) plc v Brian Patterson & Ors p/a Patterson Miller [2014] NIQB 140.