

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 707 final

Brussels, 19th November 1981

## PROPOSAL FOR A COUNCIL REGULATION (EEC)

instituting a specific action on behalf of housing of  
Northern Ireland within the framework of an integrated  
operation in Belfast

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(presented by the Commission to the Council)

COM(81) 707 final

## STATEMENT OF GROUNDS

Northern Ireland has always been considered, both within the framework of national regional policy and at the level of Community structural policies, as a peripheral region experiencing exceptionally serious structural problems.

For this reason Northern Ireland benefits in the context of all Community policies and financial instruments from the priority treatment, from the higher rates of Community aids and from several specific actions intended to improve, in conjunction with measures undertaken by the United Kingdom, the impact of measures designed to deal with the above mentioned problems in their various fields.

Total Community grants (commitment) for structural purposes on behalf of Northern Ireland from 1973 to 1980 inclusive are some £ 214 million. It may be estimated that this was 1.2 % of regional GDP in 1980 (EEC average 1980 : some 0.15 % of GDP). The importance of the Community effort can also be illustrated by the two following tables :

Grants in ECU/head (1)

Commitments	1973	1974	1975	1976	1977	1978	1979	1980
Northern Ireland	7.5	8.2	17.7	24.7	22.5	32.5	57.3	54.0
EEC	1.6	2.1	3.3	4.2	4.7	5.7	9.7	11.6

(1) Takes no account of specific actions decided in 1980 and 1981

Loans in ECU/head

	1973	1974	1975	1976	1977	1978	1979	1980
Northern Ireland	-	3.2	-	-	18.0	-	50.2	53.0
EEC	3.7	4.9	7.8	8.4	9.0	10.9	12.8	15.7

The initiative taken by the Commission in proposing to the United Kingdom Government an integrated operation in Belfast should be viewed within this general framework. With this integrated operation in mind, this Government has sent details to the Commission of groups of linked investments which are important for developing the urban area of Belfast. This is the main urban industrial conurbation of the region, containing about one third of the total population. Also involved is the main port of the region. However, the area suffers from the consequences of concentration of industrial sectors in decline and of an especially marked urban decline.

Despite national and Community measures, the social and economic situation of the region has worsened continuously. The European Parliament, in its resolution of 19 June 1981 (1) adopted on the basis of detailed reports on social and economic problems in Northern Ireland, has stressed this worsening situation and has asked for further remedial measures. The reports have stressed in particular poverty and low incomes, housing conditions and health of the population, unemployment and under employment and the conditions governing energy supply in this peripheral region. The Parliament has recommended the Commission to study more particularly certain points among which are the "housing stock renewal and renovation of accommodation in certain areas (particularly Belfast) as a matter of urgency, since job creation must be linked with improved living conditions".

(1) O.J. n° C 172 of 13.7.1981, p. 122

The Commission considers that the field in which immediate Community action could produce tangible results of an improved situation of the conditions above mentioned is housing, especially in Belfast.

The housing problem in Northern Ireland and particularly in Belfast is of considerable size and is a real bottleneck for the social and economic development of the region. Moreover, public expenditure on housing is a priority within overall public expenditure for structural purposes in Northern Ireland. The aim of the public authorities is to improve housing conditions - currently 14 % of dwellings are inadequate - and to reduce the number of families requiring housing urgently and waiting to be rehoused. Many years of continued effort will be needed to meet requirements. The minimum number of new houses required is calculated at some 5,000 dwellings a year. To date, the United Kingdom Government has been unable to provide the means for a programme of this size. In 1980, only 3,020 new dwellings were started for the whole region.

This situation causes all the more concern because there is virtually no market for small dwellings so that private initiative cannot fill the gap due to lack of resources available to the public authorities. Community aid could therefore contribute to attaining the required level, provided the aid supplied is effectively converted into an increased number of new dwellings annually.

The importance of housing requirements also emerges from the document presented for the Belfast integrated operation. Nearly half the investments envisaged are for housing. These investments are not however capable of realisation within the considered time schedule indicated in the document (3 years) without Community aid.

Community aid would therefore have tangible results in hastening housing construction in Northern Ireland with beneficial consequences on jobs and on many sectors of activity linked to building construction. The aid is necessary to carry out the integrated operation in Belfast and would greatly facilitate the realisation of other measures for structural purposes in the region.

However, housing finance is not usually eligible for contributions from Community financial instruments, whether grants or loans. Community aid can only be granted for housing exceptionally and under limited conditions (with the exception of ECSC loans on behalf of ECSC social housing) and in most cases only for social housing linked to productive investment.

Nevertheless, the budget authority has written a special article (Article 541) into the budget and within that article line 5411, which is intended for credits to enable financing of special measures within the framework of integrated operations, jointly with national or local authorities, in cases where the measures involved do not fall within the existing framework of Community financial instruments.

The integrated operations undertaken hitherto are still at the experimental stage. The budget line in question is only "p.m." awaiting a formal proposal by the Commission to the Council in order to establish the necessary legal basis for the use of credits to be allocated to this budget line.

However, in view of the exceptionally serious social and economic situation in Northern Ireland and to give the integrated operation envisaged full impact, the Commission has proposed to the Council in the letter amending the initial draft general budget of the European Communities for 1982 (1) to allocate 28 million ECU to line 5411 to finance

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(1) COM(81) 557 final

a specific action for housing in Northern Ireland within the framework of a Belfast integrated operation. At the same time, the Commission stated that the Council would receive a formal proposal as soon as possible. The proposed regulation attached herewith complies with this commitment.

The Commission intends at a later date to make a proposal to the Council which will be a legal basis valid for all specific actions to be carried out within the framework of integrated operations where these measures are needed and where they are not covered by existing financial instruments.

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If the specific action is to be effective and significant, it should be pluriannual and last for at least as long as that foreseen for an integrated operation, namely three years. If the level of Community aid is at least 28 million ECU for the first year and kept at this level for three years in real terms (implying thereby, as an indication, some 93 million ECU of Community expenditure) and if employed solely to finance new housing, the aid would cover rather more than one third of the number of new housing contemplated in the integrated operation. Potential building rate will depend however as well on housing location ; whether in Belfast or over the whole regional territory. But action must be progressive : starting in 1982 and returning thereafter annually to the budget authority to continue the action on the basis of experience gained over the year in progress.

The additionality of increased Community effort in relation to national expenditure must be measured in relation to effective United Kingdom expenditure on new housing in 1981. The figure of national expenditure should not decline in real value over later years of the programme or at least the relative size should be maintained within total national expenditure in Northern Ireland and the special programme should show the number of additional new housing to be built annually thanks to Community aid with an estimated time schedule for building and costs.

Additionality would therefore indicate, at the least, the maintenance of the United Kingdom effort. However, a co-financing rate of 50 % (see financial details) would be needed to obtain this result. Moreover, to hasten implementation, a system of advance payments of 80 % should be introduced for each annual instalment of forecast expenditure in the special programme.

The proposal for a regulation naturally provides for annual reports by the United Kingdom on progress made in carrying out the building programme and for reports to be presented by the Commission in applying the regulation, and the provision for inspection and on-the-spot checks.

The regulation is based on Article 235 of the EEC Treaty so that prior consultation of the Parliament is required. The Commission suggests to the Council that an opinion should also be sought from the Economic and Social Committee.

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Proposal for a Council Regulation (EEC) n° ...../81 of  
..... 1981 instituting a specific action on behalf of  
housing in Northern Ireland within the framework of an  
integrated operation at Belfast

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THE COUNCIL OF THE EUROPEAN COMMUNITIES

Having regard to the Treaty establishing the European Economic Community  
and in particular Article 235 thereof,

Having regard to the proposal of the Commission;

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas Northern Ireland is one of the peripheral regions of the Community  
experiencing particularly serious structural problems and has therefore  
priority status in both the national and Community context and benefits from  
several types of specific action in various fields;

Whereas, despite the efforts of the Community and the United Kingdom, the  
social and economic situation in this region has continued to deteriorate; whereas  
the European Parliament, in its resolution of 19 June 1981 (1), under-  
lined this deterioration by highlighting, in the reports on which this  
resolution is based, the poverty and low incomes, the conditions of housing  
and health of the population, particularly in Belfast, the level of unemploy-  
ment and under-employment and energy supply conditions in this region;

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(1) O.J. n° C 172 of 13.7.1981, p. 122

Whereas the Commission suggested to the United Kingdom Government that it undertakes an integrated operation in Belfast; whereas this Government, in view of this integrated operation, has presented the Commission a document giving details of groups of investments which are important for the development of the Belfast urban area;

Whereas the implementation of an integrated operation in Belfast should be able, with all the specific actions undertaken in Northern Ireland, to contribute to the efforts needed progressively to remedy this situation within the region provided that all the investments can be carried out at an adequate rate;

Whereas however almost half the expenditure on these projects concern housing; whereas the volume of annual national expenditure on housing in Northern Ireland does not enable investment at a rate which corresponds to the size of requirements, neither in the region, nor in Belfast; whereas, on the other hand, such investments are only exceptionally eligible under existing Community financial instruments;

Whereas it is in consequence essential to institute a specific action on behalf of housing in Northern Ireland within the framework of the Belfast integrated operation on the basis of a pluri-annual programme to be presented by the United Kingdom Government, enabling the assessment of the additional character of the Community aid in relation to national expenditure;

Whereas this action is necessary for the aims of the Treaty to be achieved and whereas the Treaty has not made provision for the necessary means of action required to achieve these aims;

HAS ADOPTED THIS REGULATION :

### Article 1

A specific action on behalf of new housing in Northern Ireland is instituted within the framework of an integrated operation at Belfast. The specific action shall be implemented according to a pluri-annual programme to be presented by the United Kingdom.

### Article 2

The specific action shall consist of co-financing by the Community in the construction of new housing. The amount of the financial contribution by the Community shall be decided according to annual instalments of new housing to be started each year under the programme.

Within the limit of budget resources allocated annually to this action within the framework of budget procedure, the maximum amount of this contribution shall be 50 % of forecast construction costs including infrastructure linked closely thereto.

### Article 3

The information contained in the programme and in its annual revision shall enable the Commission to ensure that Community aid is additional to national expenditure allocated to the programme. The grant of this aid is conditional on the assessment by the Commission of this additional character.

The programme shall indicate, in particular, the volume of investment in new housing to be started during the year and the part which is the subject of an application for co-financing by the Community and the proportion of additional new housing for which building is made possible by Community aid. At the same time, the programme shall give estimates for the two following years. These estimates shall be revised annually in

October for the following year. The programme shall also contain an estimated time schedule for payments and for work on new housing.

The outline of data to be included in the programme is laid down in the Annex to this regulation.

#### Article 4

The Commission, acting on the basis of information contained in the programme, shall decide at the beginning of 1982 the amount of the contribution and the conditions applicable thereto by instalment or part of instalment of new housing to be started that year. Decisions shall be taken for following years after updating of the programme in October of the previous year.

#### Article 5

At the request of the United Kingdom, advances may be paid up to 80 % of the amount of the contribution granted for each annual instalment or part of instalment. The balance of the contribution shall be paid on completion of the buildings planned and on receipt of a statement from the United Kingdom Government certifying that all payments for the new housing have been made. Payment of advances and the outstanding balance shall be credited to the agency responsible for implementing the programme. The United Kingdom shall however repay to the Commission amounts which it has not been possible to use in accordance with this regulation or the conditions governing grant of the contribution.

#### Article 6

In October of each year, beginning October 1983, at the same time as the updating of the programme for the following years, the United Kingdom shall send the Commission a progress report on the works. This report shall be sent to the Council and the European Parliament with a related report from the Commission on the manner in which this regulation has been applied.

Article 7

The United Kingdom shall provide the Commission with all necessary details on proper implementation of the specific action and shall take all measures required to facilitate inspection and check, which the Commission may consider useful, more particularly with the authorities and agencies responsible for implementing the programme, including on-the-spot checks.

Article 8

In agreement with the Commission, the United Kingdom shall take all measures needed to provide information on and to give publicity of the specific action.

Article 9

The specific action shall last for three years from 1 January 1982. It may be prolonged by the Council on a proposal from the Commission.

Article 10

This regulation shall enter into force on the day following its publication in the Official Journal of the European Communities.

This regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, .....

For the Council  
The President

OUTLINE OF DETAILS TO BE PROVIDED IN THE PROGRAMME "NORTHERN IRELAND HOUSING" (All details are to be supplied for Northern Ireland as a whole and for the urban area of Belfast).

## I. Introduction

### 1. General description of the housing situation:

- condition of existing housing,
- new housing requirements,
- requirements for the restoration of existing housing.

### 2. Relevant policy during the last three years both with regard to quantity and finance.

## II. Achievements during financial year 1981/82

### 3. Extent of budget appropriations for housing to be shown in relation to total public expenditure in Northern Ireland, subdivided into areas of major cost. This amount should also be shown in percentages for the last three financial years.

### 4. Subdivision to be shown of expenditure on housing for 1981/82 according to nature of expenditure incurred: e.g. acquisition of land, new housing construction, modernisation and improvement, maintenance and management costs, loan charges, etc.

Quantitative data on achievements (e.g. number of new dwellings built or under construction) to be added if possible. If the budget year has not yet closed, estimates should be added to available data and should have regard to costs and work in progress.

III. Programme for the financial year 1982/83

5. Estimates of financial means available, with planned expenses subdivided as for section II (4) above.
6. Funds requested from the Community and allocated to new housing construction to be started during the financial year.
7. Estimated number of new housing to be started during the financial year.
8. New housing for which application has been made for Community assistance and the number of additional new housing for which construction will be possible due to Community aid.
9. Estimated time schedule for new housing indicated at points 7 and 8 with estimated time schedule for works completion.

IV. Forecasts or estimates for the two following financial years.

1. To be indicated as far as possible according to the same subdivisions as in section III.

The programmes are to be revised in October 1982 for the financial year 1983/84 and in the same manner in following years. Progress reports on completion or state of programme implementation should follow the same outline plan.

## FINANCIAL STATEMENT

### 1. BUDGET HEADING

Line 5411 "Community measures within the framework of integrated operations"

### 2. TITLE OF MEASURE

Specific measure in favour of housing in Northern Ireland within the framework of an integrated operation in Belfast.

### 3. LEGAL BASIS

Regulation (EEC) n° ..... of the Council of ..... establishing a specific measure in favour of housing in Northern Ireland within the framework of an integrated operation in Belfast.

### 4. AIMS OF THE MEASURE

#### 4.1. General aim of the measure :

The financing, together with national or local authorities, of a measure outside the normal field of application of the Community's existing financial instruments, which has as its aim the establishment of an integrated operation in Belfast which will have the necessary impact to contribute in as significant a way as possible to the progressive solution of the socio-economic problems of Northern Ireland.

#### 4.2. Specific aim :

Participation in the construction of new dwellings to the benefit of the whole population.

5. JUSTIFICATION OF THE MEASURE

5.1. The housing sector is recognized as being one of the most deficient in Northern Ireland and notably in Belfast, see the European Parliament's resolution of 19th June 1981 "on Community Regional Policy and Northern Ireland" and Paragraph 10 L) of this resolution which states :

'...housing stock renewal and renovation of accommodation in certain areas (particularly Belfast) as a matter of urgency, since job creation must be linked with improved living conditions.'

5.2. Action at the Community level is justified owing to the worsening of the relative situation of Northern Ireland in the Community. This measure should enable the rhythm of dwellings construction to be accelerated, something that would not happen without Community aid.

6. FINANCIAL IMPLICATIONS for the measure concerning intervention appropriations

6.1. Total cost for the Community from 1982 to 1984 : approximately 93 million ECU allowing for average monetary depreciation of 10 % a year in the European Community.

6.2. Financing the costs of construction up to a maximum rate of 50 %.  
(see Article 2 of the proposal for a regulation)

6.3. 5 year balance sheet of the necessary credits :

Mio ECU

Commitments	Payments				
	1982	1983	1984	1985	Further financial years
1982 28	22.4	-	5.6	-	-
1983 31	-	24.8	-	6.2	-
1984 34	-	-	27.2	-	6.8
Total 93	22.4	24.8	32.8	6.2	6.8

6.4. Method of calculation :

- a) On the basis of an average cost of £ 20 000 per dwelling the total 28 million ECU corresponds to approximately 750 new dwellings, half the number of new dwellings begun in Belfast in 1980. The rate of Community aid depends on the actual possibilities for new construction each year and variations in cost. It should be fixed so as to obtain the maximum additional effect, taking into account the volume of national expenditure. A rate that can rise to a maximum of 50 % for a part of the programme offers the margin needed to obtain this result.
- b) Total cost of Community intervention over 3 years at today's prices : 84 million ECU, 28 million ECU per year.
- c) Total cost of Community intervention taking into account on average + 10 % monetary depreciation per year.

1982	:	28 million ECU
1983	:	31 million ECU
1984	:	34 million ECU
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Total	:	93 million ECU

- d) Article 5 of the proposal for a regulation provides for the payment of advances of 80 % of the aid committed for each annual instalment. The balance of 20 % is to be paid after completion of building, that is to say two years later.

7. FINANCING OF THE EXPENDITURE

Credits be included in the future budgets starting from the 1982 financial year.

8. PLANNED METHOD OF CONTROL

- 8.1. In addition to the normal internal and external control, an annual report is planned concerning the progress of works, to be transmitted by the Commission to the Council and Parliament (Article 6 of the proposal of regulation).

8.2. The provisions concerning the pluri-annual housing programme, which will serve as the basis of this measure (first Article of the proposal of regulation) are to be revised each year for the following year (ibidem Article 3, 2nd sub-paragraph).

The granting of aid is subject to the additionality of Community aid being verified, on the basis of the indications contained in the above mentioned programme (ibidem Article 4, first sub-paragraph).