

CREATING A

**more effective and sustainable
housing development model**

FOR NORTHERN IRELAND

OCTOBER 2019



Supported by





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This research was conducted by the Research on Property and Planning Centre (RPP) at Ulster University an internationally acclaimed inter-disciplinary research centre specialising in housing, planning, regeneration, real estate and infrastructure investment.

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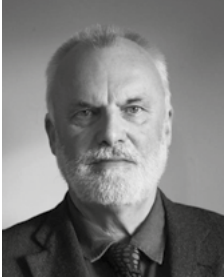
EY Ireland

Choice Housing

NHBC



Foreword



The Forum for a Better Housing Market NI was established in June 2018 to consider the issues facing the housing market in Northern Ireland, primarily the well-documented undersupply, and to develop tangible evidence-based policy solutions. This report and the recommendations that it contains are the culmination of work undertaken by the Forum.

It has been my pleasure to chair the Forum and bring together the steering group tasked with providing guidance on priorities and objectives. It has been a privilege to work with some of the most respected figures in the Northern Ireland housing sector and I would like to extend special thanks to them all for their support.

The steering group identified four priority areas to focus on when considering how we might create a more integrated, sustainable housing market: the planning system, housing pipeline, financing housing related infrastructure and the skills gap.

Ulster University was commissioned to conduct an in-depth investigation into these areas, the outcomes of which were fundamental in forming the recommendations. My thanks go to Professor Martin Haran and Professor Jim Berry who led the project, and to all who agreed to be interviewed for the qualitative element of the research.

Finally, I would like to add a note of special thanks to Lloyds Banking Group, without whose support the research undertaken, and publication of this report would not have been possible.

David Little BSc MBA FCIQB, *Chair*
Forum for a Better Housing Market NI



Executive Summary

This report makes a series of recommendations on how to improve housing provision in Northern Ireland. They include suggestions for reform of the planning system as well as proposals designed to catalyse housing development, address the skills and labour shortages and tackle the issue of housing-related infrastructure. We anticipate that the evidence gathered from planning officers, statutory consultees, planning consultants, developers, builders, housing associations and community groups will form the basis for a more integrated, forward-thinking approach to future housing provision.

Residential Planning Headline Statistics¹

 **14,994** - total number of new build applications across all 11 local councils.²


 **55%** of residential planning applications were for new build.

 **83%** of new build residential applications were approved.³

 **79%** of all new build applications (11,900) were for single dwellings.

 **69%** of new build applications were in greenfield locations.

 **5** local councils met the 15-week target for local applications (2018-19).

 **3** local councils met the 30-week processing target for major applications (2018-19).

 **39** number of applications for residential schemes with 100+ units.

¹Based on a total of 14,994 applications covering the period 28-01-2015 – 28-12-2018.

²Total residential applications including extensions, change of house type etc 27,134.

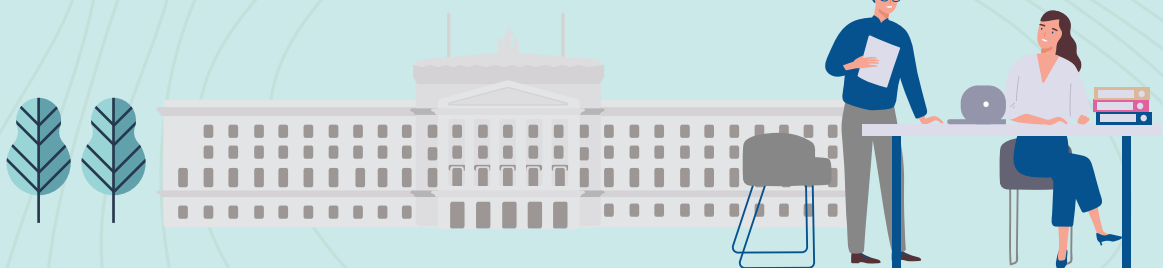
³7% refused and 10% awaiting determination.



1. BUILDING A BETTER PLANNING SYSTEM

Analysis of all new build residential planning applications from January 2015 to December 2018 showed that processing times improved but were still too long for larger schemes. Several issues were identified, including the absence of a ‘time-bound response framework’ and poor-quality applications. The study also highlighted the environmental impacts of future housing supply.

- **Changes to pre-application process.** We recommend that a senior planning officer is present at all pre-application discussion (PAD) meetings to agree the principles of larger schemes (10+ units). This will help address issues early on and avoid delays at the application stage. A scheme specific pre-application checklist should be provided to the applicant following the PAD to help them assemble all the necessary information.
- **Time-bound duty to respond.** We recommend that local councils should have the legal power to determine an application in the absence of a response from statutory consultees within a specified time period. We further recommend that time-bound obligations are placed on applicants to providing additional information requested by planning officers or statutory consultees, if the application is to remain ‘live’ within the system. Time-bound obligations should accurately reflect the nature of the information request.
- **Enhanced use of digital data.** We recommend digitising the planning process to increase stakeholder interaction and information sharing while reducing processing times and costs.
- **Align KPIs with economic and sustainable development goals.** We recommend a more strategic evaluation of planning applications for residential development. This should consider how the applications align with housing needs and assess the potential outcomes for local councils in terms of population growth, social development, economic uplift and environmental impact.





2. DELIVERING A MORE EFFICIENT, SUSTAINABLE HOUSING PIPELINE

At the larger end of the scale, housing development is being affected by the currently subdued market and access to land, while smaller-scale development is being inhibited by access to finance. Social housing provision is being hampered by a funding model that does not allow housing associations to plan strategically. Furthermore, the high volume of single-dwelling rural developments outside development boundaries is placing a heavy burden on the planning system and has long-term implications for infrastructure and service provision as well as the environment – implications that are not fully accounted for in planning determinations.

- **Review housing need assessments.** We recommend that future housing need assessments should encompass not just the volume of residential units needed, but also evaluate infrastructure requirements (and means of funding this), potential displacement effects between local councils and collaborative approaches to residential development activity across the eleven local councils.
- **Change the social housing funding model.** We recommend that government moves to financial commitments of three years, instead of annually, to enable housing associations to strategically plan in line with housing needs.
- **A more sustainable rural housing development model.** We recommend the introduction of a more sustainable rural development model that considers the costs associated with building new homes in the countryside and the need to contain agri-property land speculation outside designated development boundaries.
- **Optimise public sector surplus land release.** We recommend a more joined-up approach to land disposal for social and affordable residential developments, with potential revenue generated invested in infrastructure.





3. ADDRESSING THE PEOPLE AND SKILLS GAP

The study noted that planning has become more complex and now requires a broad mix of interdisciplinary skills and expertise. It also noted that there is a staff resourcing problem in planning departments and among statutory consultees. In the wider construction sector, Northern Ireland is at risk of a shortage of skilled tradespeople owing to an ageing workforce and emigration.

- **Professional skills and people development.** We recommend that junior planning officers are afforded the opportunity to learn and cultivate ‘soft’ skills in partnership with senior planning officers on large residential development applications.
- **Investment in apprenticeships.** We recommend that government and the house-building sector work in partnership to ensure adequate investment in the future skills base and to make the apprenticeship pathway more appealing and stable for prospective entrants.



4. FINANCING HOUSING-RELATED INFRASTRUCTURE

Sustained underinvestment in infrastructure such as roads and wastewater treatment pose a major challenge to future housing provision. A review of how infrastructure projects are funded, including a detailed exploration of alternative financial and delivery vehicles, is urgently needed.

- **Developer contributions.** We recommend that developer contributions should be ‘phased in’, becoming mandatory after a specified point and that the contributions process must be transparent and accountable, which is not currently the case.
- **Explore potential for a government-backed home-building fund.** We recommend assessing whether such a facility, which has been introduced in England, might address some of the ‘access to finance’ issues faced by small builders/developers.
- **Integrate approaches to decision-making.** We recommend government develop a decision support system that takes an integrated approach to future housing provision and infrastructure need.



1. Introduction

For several years there has been broad agreement that more homes are needed in Northern Ireland. In 2016, the Housing Supply Forum published a report highlighting the many challenges facing the sector. These included a lack of suitable land, a sluggish planning system, inadequate infrastructure, access to finance and limited capacity within the SME construction sector.

In the same year, the Draft Programme for Government recognised housing as a ‘key enabler’ of several desired ‘outcomes’. This document and the Executive Office’s subsequent Outcomes Delivery Plan observed that the number of households has been steadily increasing and that there has been a shift away from renting. It also said that the local SME construction sector was unable to match demand.

In 2017, the Department for Communities established the Housing Market Symposium to address these and other housing-related issues. In its final report, published in January 2018, it identified an undersupply of homes that equated to a requirement for an additional 2,000 dwellings annually, over and above average Housing Growth Indicator estimates to 2025.

The latest Department for Communities’ statistics illuminate the scale of the social housing shortage. In March 2018, it said there were 36,198 applicants on the social housing waiting list, of which 24,148 were in ‘housing stress’. The data also show that in 2017-2018, 11,877 households were accepted as being ‘statutorily’ homeless.

It was in this context that the Forum for a Better Housing Market NI commissioned leading academics at the Ulster University to undertake a further in-depth investigation of the housing market. Their findings, detailed within this report, form the basis for a series of recommendations for the improvement of housing provision in Northern Ireland.

They employed a quantitative as well as a qualitative approach. The former analysed four years planning data, comprising almost 15,000 applications, to identify potential impediments to the efficiency of the planning process. Among other things, they looked at the impact on processing times arising from development size and location. See Section 2 for a description of the results.

The qualitative approach sought information through discussions with key players from across the sector. Importantly, the findings exposed the impact on the planning system and infrastructure of high numbers of single-dwelling applications in greenfield areas and the lack of much-needed large-scale social housing schemes. These and other issues are discussed in Section 3.

Drawing on the evidence gathered, the report concludes in the final section with a series of realistic, practical recommendations around four key themes, namely: improving the planning system, delivering a more efficient, sustainable housing pipeline, addressing the people and skills gap and financing housing-related infrastructure.

The value of this report does not simply lie in the creation of an impartial evidence base, or in the set of recommendations. It also shines a spotlight on some of the important issues around social housing, integration with wider infrastructure planning and, of course, how to mitigate our increasing impact on the environment.



2.0 Residential planning application process analysis and evaluation

This section provides a quantitative evaluation of the performance of the planning system post-2015.

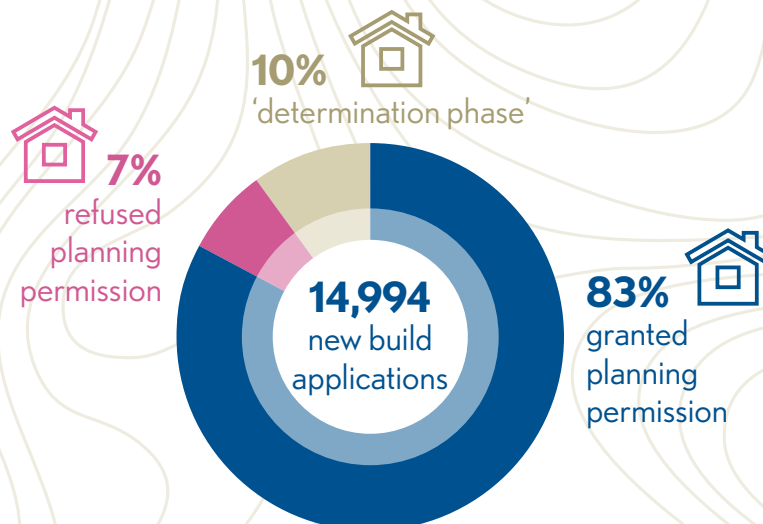
Residential planning application data was obtained in spatial format from the Department for Infrastructure (DfI) for the period 28 January 2015 to 28 December 2018. Performance metrics include volume of units and the nature of applications (tenure type, mixed-use, single use etc.) as well as a temporal timeline interpretation of the application process across the 11 local councils areas.

As the focus of this study was on the housing development pipeline, applications for new builds were extracted from the overall residential application dataset. These data were then spatially 'overlaid' onto a series of other datasets using GIS software.⁴

The quantitative evidence is complemented by qualitative insights derived from interviews with heads of planning within each local council area. The views of consultees, private developers, housing associations and financiers among others will also be reflected in this chapter.

2.1 HEADLINE ANALYSIS OF NEW BUILD PLANNING APPLICATIONS

The total number of residential planning applications received within the study period was 27,134. Of this, 14,994 (55%) were new build applications. Eighty-three percent, or 12,453 applications, were granted planning permission, while 7% were refused permission. The remaining 10% were in the 'determination phase', indicating they were likely to be undergoing consultation, awaiting site visits or on hold.



⁴A series of maps have been included in the technical annex illustrating the spatial analysis and the key datasets utilised. The integrated datasets were then exported for regression analysis. The technical annex also provides an overview of the methodological framework and specific regression models applied in the study.

2.2 NEW BUILD APPLICATIONS BY UNIT DENSITY

Analysis of new build planning applications by unit density depicts a concerning but not entirely unexpected outcome. There were 11,900 applications for single dwellings, equal to 79% of all new build applications in the planning system in the period 2015-18 (see Table 1).

UNIT DENSITY	NO OF APPLICATIONS
Single Dwelling	11,900
2-4 Units	1,461
5-24 Units	1,299
25-50 Units	240
51-100 Units	55
101-200 Units	23
200+ Units	16

Of equal concern is the lack of large development schemes. There were 94 applications for schemes of more than 50 units. Of these, a mere 39 were for schemes of 100-plus units. Pertinently, given the need for social housing in key urban centres, only six social housing applications were received for schemes in excess of 50 units. Aside from single dwelling applications, the planning system is dominated by schemes of less than 25 units. Interviews with stakeholders highlight several reasons for this, including:

- Constrained finance for private housing schemes
- Purchaser sentiment remains 'cautious', thereby curtailing speculative development
- A lack of available sites conducive to 100+ schemes within key urban markets
- Available capacity and true economies of scale within the Northern Ireland house-building sector
- Planning consent on a high volume of legacy sites has now lapsed
- The housing association funding model is not conducive to a strategic medium-term approach to future development.

The house-building sector in Northern Ireland comprises several large private developers and housing associations. However, as this data highlights, there is also a high volume of small developers/builders.

The ability to mobilise schemes of 5-24 units will be important in addressing housing need, particularly in more rural local council areas where market absorption rates are aligned to developments of this scale. This will apply equally to social/affordable and private housing provision and highlights the need to explore the viability and advantages of 'mixed tenure' schemes.

Interviewees shared contrasting views on the viability of mixed tenure schemes. Private developers, for instance, expressed concerns about the impact they would have on the 'saleability' of private homes. If mixed tenure development is to be scaled up there will need to be a 'culture shift' among house buyers and private developers.

A systematic review of how social housing is allocated will also be required as the present prioritisation model is undermining the viability of mixed tenure as a concept within Northern Ireland.



2.3 PLANNING APPLICATION PROCESSING ANALYSED BY DISTRICT

The highest number of applications were found in Mid Ulster District Council and Newry, Mourne & Down District Council (Figure 1). A total of 50,559 residential units were submitted for planning approval during the study period. Figure 1 illustrates how these were distributed across the 11 planning authorities.

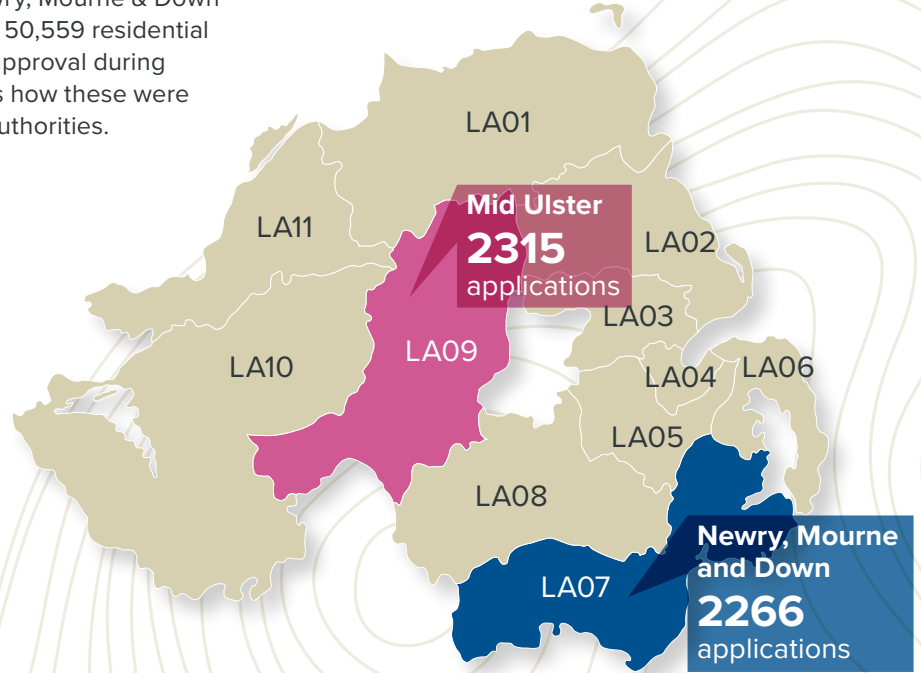
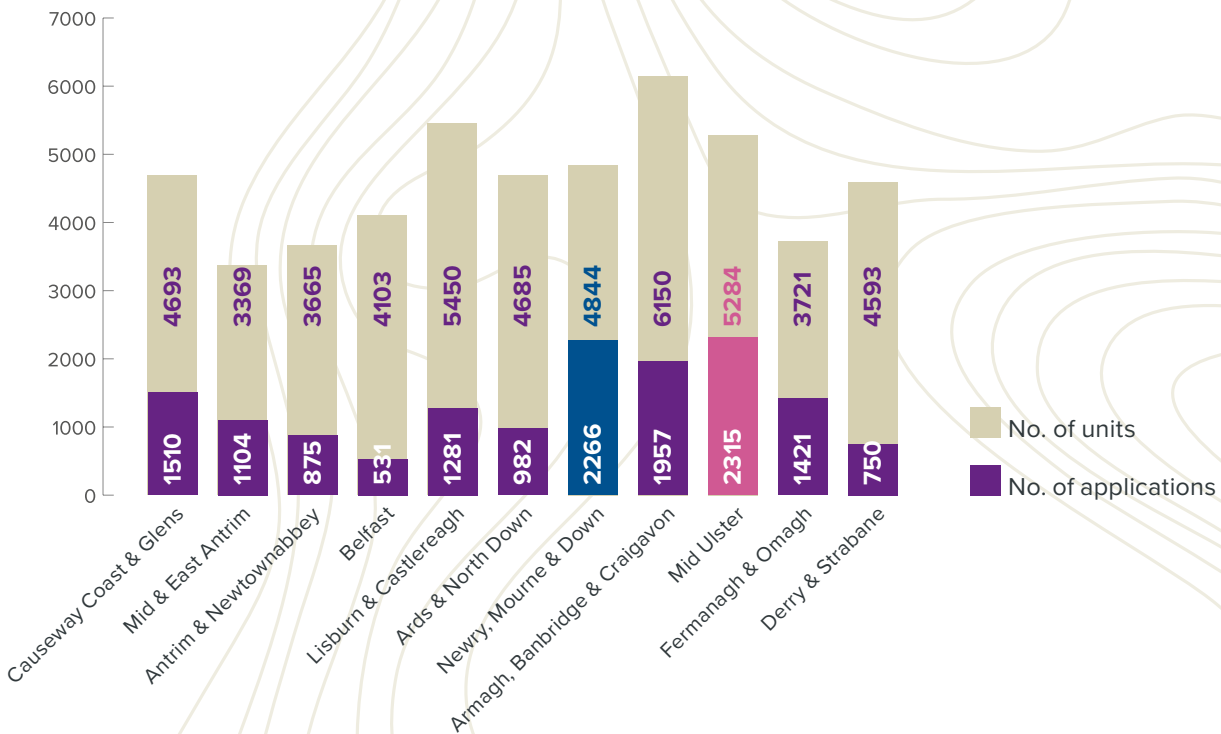


Figure 1. Planning Applications per Local Council



2.4 PLANNING APPLICATIONS: PERFORMANCE AND PROCESSING TIMES

In 2018/19, it took an average of **14.8 weeks for local applications** to progress to decision or withdrawal, according to figures produced by the Northern Ireland Statistics and Research Agency (NISRA). Five of the eleven local councils met the 15-week target in 2018/19, namely: Antrim and Newtownabbey, Armagh, Banbridge and Craigavon, Derry and Strabane, Mid and East Antrim and Fermanagh and Omagh. Over the last two years, Belfast marginally exceeded the 15-week target, whilst processing times in Causeway Coast and Glens and Lisburn and Castlereagh have been longer.

Processing times for major planning applications remain a problem. NISRA statistics show that the average processing time for major applications was 59 weeks across all councils in 2018/19, almost double the 30-week target and an increase of almost nine weeks from the previous financial year. Individually, only three councils (Antrim and Newtownabbey, Armagh, Banbridge and Craigavon and Fermanagh and Omagh) met the 30-week target in 2018/19. Fermanagh and Omagh was the only council to meet the 30-week target in each of the last two years. Pronounced and persistent delays in processing major planning applications were evident in Ards and North Down, Derry and Strabane, Lisburn and Castlereagh and Newry, Mourne and Down.

To investigate whether there were statistically significant determinants of planning delays, we constructed a series of analytical models to ascertain which attributes comprised an effect, and the likelihood of meeting the 15-week or 30-week determination thresholds. The modelling examines the nature of the decision days initially at the overall Northern Ireland level, with local council level models constructed for a more granular analysis.

We initially tested the time it took (number of days) to reach application award from received date to decision date, and from validation date to decision date. The results showed that both the 'validation' model (which measures the number of days from validating a planning

application to the decision date) and the 'received' model (the time taken from application submission to decision date) displayed similar findings.

We included an additional parameter measuring the time from date of receipt of an application to date of validation to control for this initial processing time. The analysis reveals that 12,151 (81.4%) of applications comprise the same date of receipt and validation, with 94.7% being validated within 10 days and 98.3% within 21 days.

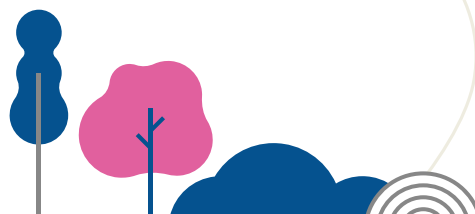
2.4.1 NORTHERN IRELAND LEVEL MODELS

The findings from the Northern Ireland level model, which includes the entirety of new build planning applications in the period January 2015 to December 2018, exhibits relatively low levels of explanation for delays in determinations.

The attributes within the planning data comprise limited levels of explanation for understanding the length of time it took to process an application to determination, highlighting that characteristics not accounted for within the data (exogenous factors) are having the largest and most significant effect(s) on processing time.

This outcome is substantiated by the stakeholder interviews, which contain a range of reasons for delays in planning applications. In the case of larger developments, it reflects the distinctiveness of applications in terms of type, location and site characteristics.

While there are low levels of explanation, it is noteworthy that most of the regression models are significant ($p < .05$) and that some determinants have statistically significant relationships. To ensure reliability of the findings, several control variables, such as planning status, settlement size, local council areas and time, are included within the models as binary variables to account for any partial or differential effects, omitted variable bias or mis-attribution effects.



The inclusion of these characteristics⁵ also produced some interesting discussion points. For example, there is no common or typical scale differentiation spanning the rural, peri-urban to urban classifications for application prioritisation – seemingly they are all treated equally.

The results indicate, not unsurprisingly, that the number of units per application increases the length of decision days. In addition, further banding the units per application to account for unit density categories (1-4 units; 5-24 units; 25-49 units; 50+ units) show these variables to also be significant⁶. The coefficient estimates show there is a high effect on decision time for applications with between 5-24 and 25-49 units. This level of effect decreases for 50+ units, which shows a moderate effect in terms of magnitude. This is likely to be due to the small sample size (n=95) of these applications within the data, which constitute a mere 0.6% of all applications.

The findings also infer that if an application is within an Area of Outstanding Natural Beauty (AONB), a Conservation Area, an Area of Special Scientific Interest (ASSI), a Local Landscape Policy Area or a Special Conservation Area there is evidence of significant effects, albeit at varying magnitudes. Pertinently, proximity to railway infrastructure or within a flood zone does not show any significance in terms of inhibiting application processing time. Applications within immediate proximity to both A and B roads (within 15 metres) display a significant effect, while sewage constraints also have a significant impact on the number of decision days to determination.

2.4.2 LOCAL COUNCIL LEVEL MODELS

The analysis is further delineated to produce local council level models. The rationale for this was to examine whether the factors contributing to delays in processing planning applications were consistent across each local council or if there were more localised challenges in each council area. It was envisaged that this would provide some insight into idiosyncrasies causing delays.

As with the Northern Ireland level model, the levels of explanation for delays predicated on the available data are low, nonetheless they do show increased explanation of the factors contributing to delays for the Mid and East Antrim (21.9%) and Antrim and Newtownabbey Borough Councils (24.7%), Mid-Ulster (18.9%) and Fermanagh and Omagh (22.5%) District Councils.

The number of units within an application showed between 0.4% and 1.6% change per unit density across the majority of the local council areas. These were not statistically significant within all councils areas. In Causeway Coast and Glens, Mid and East Antrim, Belfast, Fermanagh and Omagh and Derry and Strabane were all statistically insignificant. This can be attributed to the lack of high density applications allied with prioritisation for high density schemes across these local councils.

With regards to unit density, it was a relatively consistent picture, with applications of up to 49 units displaying moderate to high statistically significant effects. This illustrated that the changes in unit density do have an impact on increased delays. Again, this effect is not significant for Belfast City Council across both the 5-24 and 25-49 unit density categories, or for Lisburn & Castlereagh City Council and Newry, Mourne & Down District Council at the 25-49 category. Notably, although not significant, both the Fermanagh & Omagh and Derry City & Strabane District Councils showed moderate negative coefficients. While these appear to be counterintuitive, this is perhaps more suggestive of more expedient processing time of these larger applications in these regions which, in the case of Derry City & Strabane, included a number of social housing schemes.

⁵See full models in technical annex, which is available from Ulster University on request: <https://www.ulster.ac.uk/staff/m-haran>.

⁶We have, where necessary, transformed the variables into binary (dummy) format in order to test the inclusion or absence of a categorical effect that may be expected to shift the outcome (Kleinbaum et al., 1988). A dummy explanatory variable with a value of zero will comprise no influence on the dependent variable, whilst a value of one results in the coefficient influencing the intercept.

Interestingly, the modelling indicates that applications with 50+ units demonstrated no statistical significance, with the exception of the Fermanagh and Omagh and Newry, Mourne and Down regions, which are notably negative. Indeed, there was a mixed representation spatially of the effects of the largest schemes. The results suggest larger schemes have an impact, both positive and negative, but cannot be characterised as statistically significant, and where they are statistically significant, they appear to be prioritised. In essence, the size or scale of applications cannot be determined in any real spatial sense to be significant contributors to delays in applications reaching determination.

Looking at whether the policy environment has any impact on processing determination, we found the Derry and Strabane, Newry, Mourne and Down and Antrim and Newtownabbey regions revealed high positive statistically significant effects. This suggests that being located within conservation areas in these local councils has an impact on processing time. In the other local councils, moderate or low effects, both negative and positive, are insignificant.

Effects are also noticeable for the other planning policy parameters included within the analysis. ASSI shows a statistically significant positive effect in the Fermanagh and Omagh, Newry, Mourne and Down, Mid and East Antrim and Antrim and Newtownabbey councils. Proximity to existing road infrastructure also revealed assorted levels of impact statistically indicating that there may be instances where the existing road infrastructure or lack thereof is creating a time delay in application processing. The findings, however, do not show this to be prevalent. In addition, sewage constraints also appear varied and insignificant although it is worth noting that the Belfast City Council shows a low positive statistically significant effect with Fermanagh & Omagh District Council demonstrating a high positive significant effect, which may be inhibiting application processing time.

2.4.3 TIME MODELS

The data is also dissected to produce annual time period analysis over the time period. This exercise was undertaken to establish whether there appeared to be any changes in terms of annual trends across the period and indeed, if any factors, such as water and sewerage, remain prevalent. The results infer that the time to validate an application from original receipt, whilst significant, comprises a low effect (0.1-0.9%).

The number of units, or unit density, remained a significant factor in each of the four years analysed. When banding the unit density there was slightly more variation in terms of the magnitude of the impact on the time to determine an application. Applications comprising 5-24 units and 25-49 units indicate a much higher impact in terms of the determination time line in 2015, 2016 and 2017, however it is notable that this reduces in 2018 and becomes statistically insignificant, as councils start to prioritise larger residential developments.

For applications with units of 50+, there was a moderate statistically insignificant ($p>.05$) impact in both 2015 and 2016. Interestingly, the coefficient for 2018 displays a high negative impact, indicating that applications with high unit density do not have an effect on the time it takes for applications to reach determination. Again, this suggests that applications are being prioritised. The descriptive analysis also shows that the average number of days for 50+ applications decreased and that the volume of such applications entering into the planning system diminished over the data series.

The impact of conservation status applications was mixed, but in the main it was insignificant with marginal effects on increasing delays. The exceptions were ASSIs and AONBs, which showed a consistent moderate statistically significant impact between 2015 and 2017 and a low but significant effect in 2018. In terms of trunk infrastructure, there was a varied effect on an annual basis regarding proximity to roads and sewage constraints. This appears to have decreased over the four-year investigation period. However, it is worth noting that sewage constraints as of 2018 comprises a low but statistically significant effect – inferring that these constraints have an impact on the time it takes for application determination and suggest that capacity constraints are becoming a more impactful factor in application processing times for larger schemes.

2.4.4 KEY FINDINGS FROM QUANTITATIVE DATA MODELLING

The findings emerging from the modelling exercises exhibit evidence that would be generally expected and help confirm, in a statistical sense, the anecdotal evidence surfacing in the interview phase of this research. As expected, the data show there is no ‘typical’ planning application with ongoing encumbering features that have an impact on the magnitude and degree of statistical (in)significance.

The regression analysis at the overall Northern Ireland level suggests that there does not appear to be any real trend/issue regarding time taken from original receipt of the application to validation. As highlighted in the descriptive analysis, this occurs within 10 days for 98.5% of applications. Where it does not occur, it is a significant predictor of longer processing time. An application that takes longer than 21 days to validate will invariably increase the time taken for determination and has obvious inherent features that will delay processing time.

As anticipated, the number of units consistently increased delays. Nonetheless, this impact was not omnipresent when examining this aspect both temporally or spatially – indicating that at some points in time this has been more pressing and is more of a concern in some local council areas than others. Moreover, based on 2017 and 2018 data, this impact appears to have been alleviated and in a statistical sense no longer seems to present a concern.

The statistical evaluations are skewed by the high volume of single-dwelling applications. While most local councils now deploy a weighting/prioritisation to large developments, processing times remain protracted – even though the number of large development applications is moderate – particularly when disaggregated out by local council.

The categorisation of unit density shows a consistent effect on determination time within the standard regression model. However, this effect is not uniform or significant across several local council areas and generally beyond the 30-week processing time.

The binary categorisations showed that 50+ unit applications did not always increase application processing time. In 2018, applications for 50+ units revealed a large negative effect (on the model intercept) showing them to be decreasing the processing time relative to smaller scale applications. When considering this for each spatial (local council) model this effect also held true. It was also confirmed in the logistic analysis which shows unit density to have a sizeably reduced effect beyond the 30-week processing time periods. This ties in with insights obtained via interviews with planning officers across the local councils detailing the increased flexibility of the planning system to prioritise larger developments – including social housing schemes – which are constrained by the rigid housing association funding model. It should be remembered that the volume of 50+ unit applications is low overall, so prioritisation can have an impact, both from a practical viewpoint but also in terms of statistical interpretation.

Interview-based discussion highlighted that the ‘projects for public spaces’ movement exerts an influence over development plans and strategies with the result that tensions can impact on the robustness and implementation of policies at local level.

The planning system is becoming more streamlined. There are greater economies of scale in terms of staff time in processing large site applications relative to the smaller sites. However, the complexity of the planning system and process can impede the progress of an application. Discussions with the heads of planning in the local councils revealed that the planning process could benefit from having powers to address infrastructure blockages that affect larger applications.



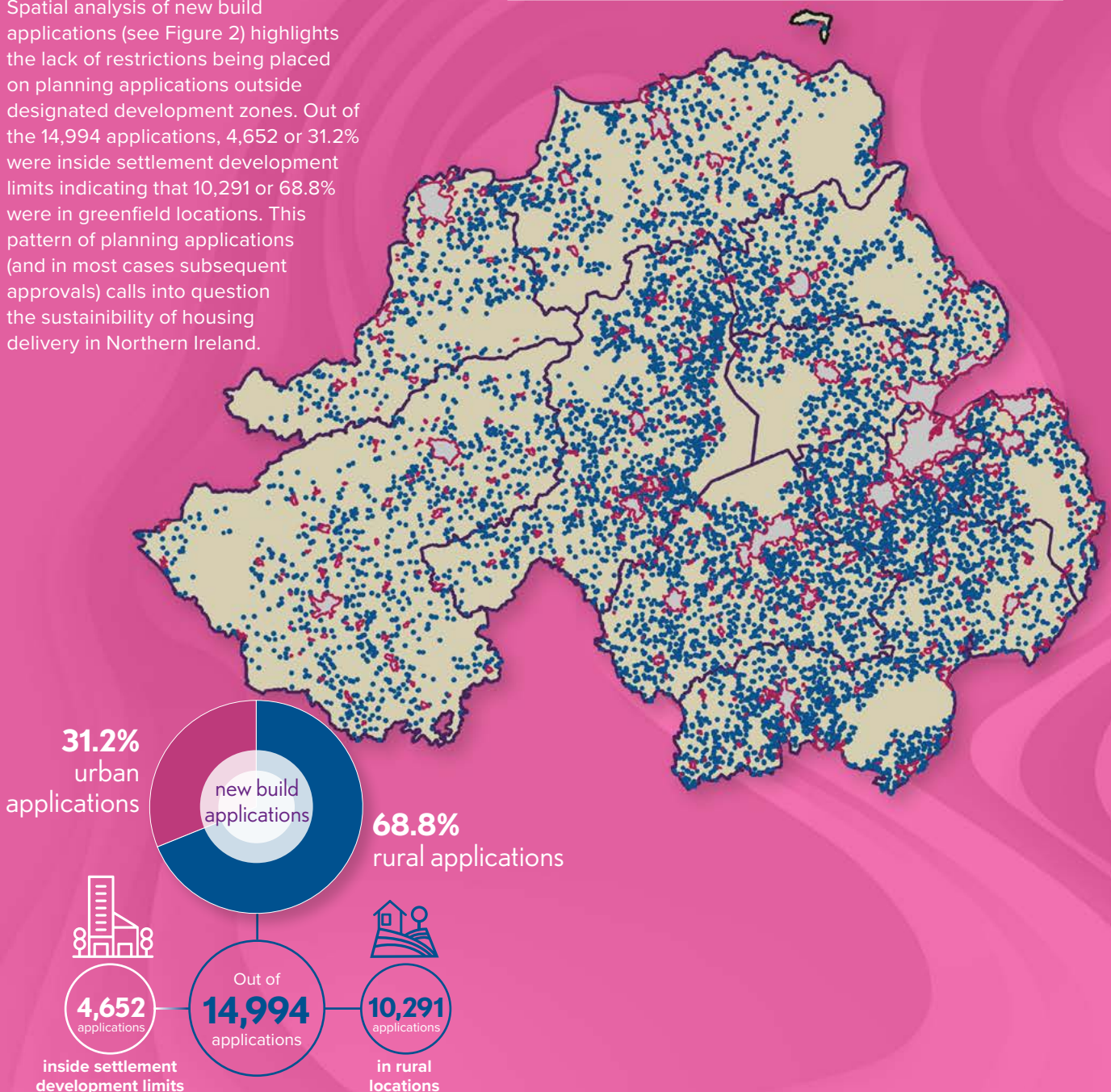
3.0 Evaluating Northern Ireland's residential development model: barriers, constraints and the sustainability of future housing provision

This chapter presents views and insights garnered through a series of interviews and discussion-based workshops with key stakeholders, including statutory consultees, heads of planning, planning officers, developers, housing associations, planning consultants and community groups. The aim was to gain a deeper understanding of blockages in the delivery of new homes and to use the evidence gathered to inform recommendations designed to improve the effectiveness of housing provision and guide future debate.

3.1 SUSTAINABLE HOUSING DEVELOPMENT

Spatial analysis of new build applications (see Figure 2) highlights the lack of restrictions being placed on planning applications outside designated development zones. Out of the 14,994 applications, 4,652 or 31.2% were inside settlement development limits indicating that 10,291 or 68.8% were in greenfield locations. This pattern of planning applications (and in most cases subsequent approvals) calls into question the sustainability of housing delivery in Northern Ireland.

Figure 2. New Build Applications Outside Development Limits



Interviews with the Heads of Planning in the local councils highlighted that planning departments were fully appreciative of the ‘extent’ of single dwelling applications, including the high volume outside development zones. Indeed, they acknowledged the unsustainability of single dwellings and the long term environmental implications. Concerns were also expressed about associated infrastructure and service provision costs of such disparate development.

In addition, the volume of permitted development in the countryside is affecting demand for development within designated zones. In some local council areas there are high volumes of ‘legacy’ land with planning consent in designated development zones, in many cases exceeding projected housing need. There is no incentive to dezone land holdings due to potential for compensation payments.

The environmental implications of single dwellings outside development zones may be the most pertinent

consideration for the future supply of housing, but they also have implications for effective workload management within the planning system.

These figures highlight the prevalence of rural single dwelling applications: 68.8% of new build applications are in rural areas, but account for just 21.9% of proposed residential units. Conversely, 31.2% of new build applications are in urban areas, yet represent 78.1% of proposed residential units.

Of the 10,291 rural applications, 8,729 were approved, while 772 were refused and the remainder were mostly still in the determination phase. The approvals accounted for 9,271 residential units in rural areas (see Figure 3). In many rural local council areas, approval of planning applications outside development boundaries diminishes demand for development within designated zones.

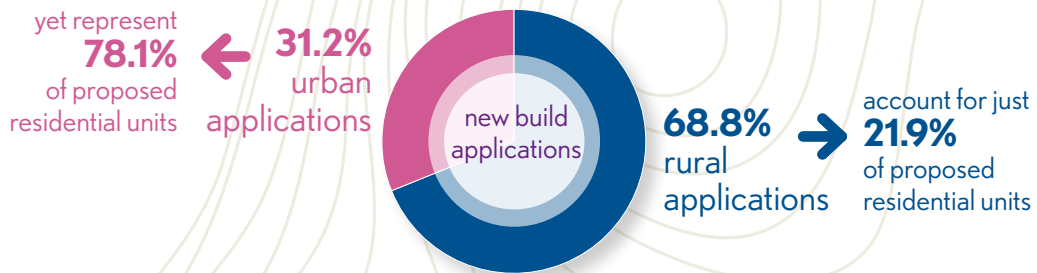


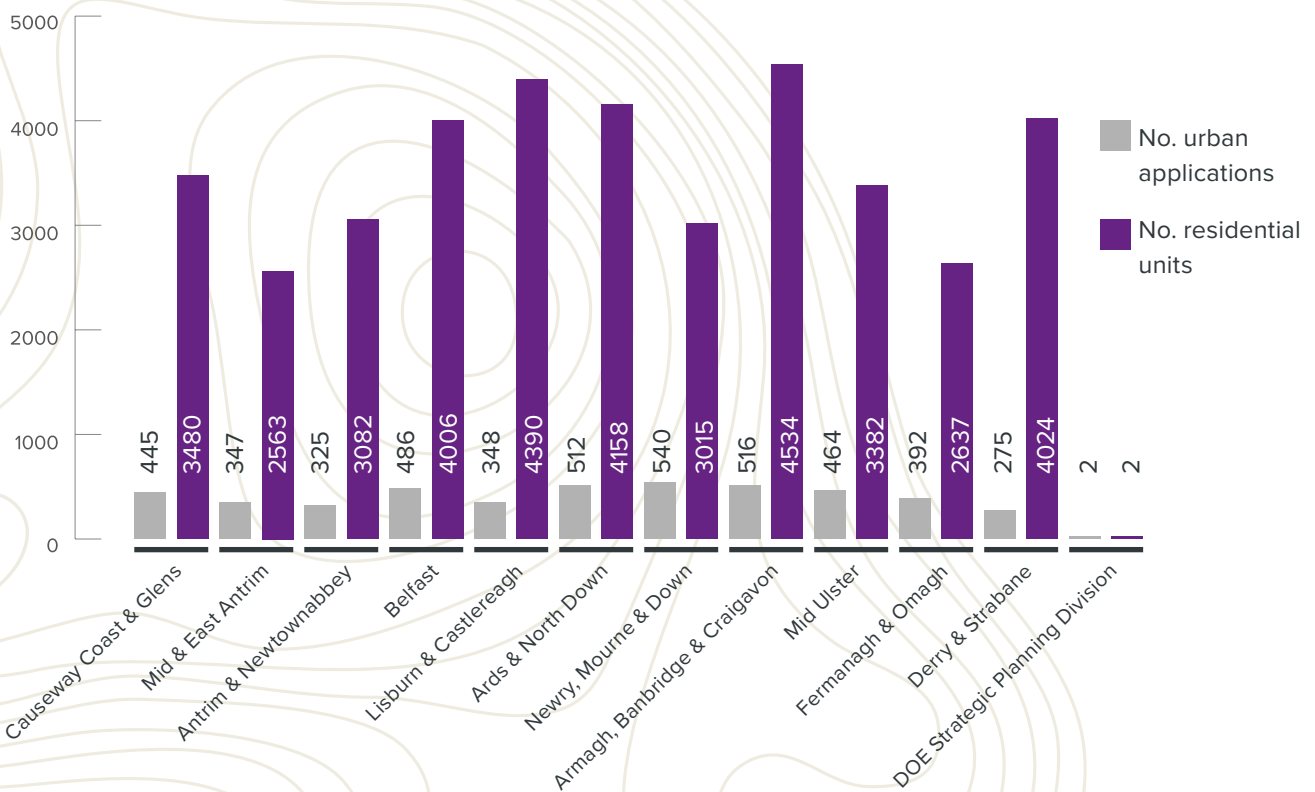
Figure 3. Number of Rural Approvals and Residential Units Approved by LGD



The current level of single one-off dwelling approvals is unsustainable. There is a requirement for education with respect to rural development, although contributors acknowledged that a shift in culture will be required. Local Development Plans will perhaps serve as platforms from which to initiate this change.

There were 4,652 applications for new build housing inside settlement development limits, comprising 39,273 residential units (see Figure 4). Of these applications, 3,680 were approved, 267 refused and the remainder were mostly still in the determination phase. The approvals accounted for 27,401 residential units. This represents a more 'holistic and sustainable' approach to housing provision.

Figure 4. Number of Urban Applications and Residential Units by Local Council Area



The interview-based discussions highlighted that the Northern Ireland planning system is centred on 'processing' efficiency. And whilst this contributes to transparency and accountability it is conceivable that key parameters around sustainability and environmental impact are getting lost in the pursuit of process-based 'key performance indicators'. Moreover, the system

seems somewhat imbalanced in its reflection of wider economic and societal development, with private developers in particular highlighting that more needs to be done to ensure the timely processing of applications, which contribute to housing need and wider economic growth.



3.2 PLANNING PROCESS HINDERED BY 'FRAGMENTED' GOVERNANCE STRUCTURES

One criticism levelled at the Northern Ireland planning system is that processing times for residential applications are twice as long as those in England. While it is always possible to learn from and exchange 'best practice' it is important to highlight that there are differences between the two systems. The planning process in Northern Ireland involves a more disparate range of actors with contrasting goals and objectives. In contrast to Northern Ireland, the planning process in England operates within a much more unified governance framework with the predominant consultee/stakeholder inputs being the remit of the local authority. This affords greater integration and resource prioritisation.

The statutory consultee process was highlighted by interviewees as the 'black box' component of the planning process. Developers suggested that consultees often get involved in applications when not required and that planners were adopting a 'belt and braces' approach when it came to consultation. They pointed to the turnaround time afforded to consultees. Meanwhile, interviews with statutory consultees pointed to information deficiencies on the part of applicants as being one of the key sources of delay within the planning application process.

3.3 ADDRESSING THE PEOPLE AND SKILLS GAP

Interviews conducted with the key professional bodies highlight the importance of addressing the people and skills gap. Staff resourcing is a significant issue for addressing and maintaining high professional standards across the respective disciplines of planning, housing development, construction and maintenance.

Key professional bodies, including the Royal Town Planning Institute (RTPI), the Royal Institution of Chartered Surveyors (RICS) and the Chartered Institute of Housing (CIH) emphasised the need for partnership working to ensure that skills investment is evidence-based and aligned with skills demand. The ability to make and deliver informed decisions in support of professional standards across the housing, planning and development spectrum are important criteria, in both the private and public sectors.

Raising professional staffing standards through education is a particular focus for professional bodies. Specifically, the CIH stress the need for taught and online qualifications at levels two through to five, in areas such as housing practice, supporting the homeless and management of private lettings to raise standards in the private rental sector. The CIH also offer training on topics such as addressing anti-social behaviour and awareness of mental health issues. Consequently, the CIH is developing a professional standards framework in consultation with members that will outline the areas of expertise and values that a housing professional needs to demonstrate.

However, there is a gap in the supply of housing professionals following termination of the housing management degree at Ulster University. The programme included a placement year, which facilitated development of a skills base for employment. This gap is a concern, particularly given the rising number of people with complex needs who need to live in social housing.

On the private sector side, discussions about skills stressed the importance of investing in apprenticeships by making this route more appealing for potential applicants. The research showed that investment in employee development within the housing and planning sectors is low relative to other parts of the UK.

In Northern Ireland there is a need for all stakeholders, including developers, agents, the statutory consultees (Transport NI, Environment Agency etc).. to embed the plan-led system. A shared vision, joint working, up-skilling and effective communications are all important in achieving this. A strong Local Development Plan (LDP) also requires a strong composite skill set.

LDPs will provide developers, councils, wider stakeholders, statutory consultees and communities with a structured framework within which to appraise the social and economic viability of development proposals. Investing in LDPs is therefore seen as being important and dependent upon the application of an integrated skill set, including the combined professional expertise of planners, developers and the statutory consultees.

3.4 HOUSING-RELATED INFRASTRUCTURE PROVISION

Housing-related infrastructure for the purposes of this study constitutes the upgrading of existing or provision of new infrastructure for housing development. Interview-based discussions served to highlight the magnitude of infrastructure deficiencies across Northern Ireland. Sustained underinvestment has culminated in acute provisional deficiencies, as water and sewage provisions are at or near full operational capacity.

Infrastructure investment presents a significant challenge to the future of housing delivery in Northern Ireland. The statistical modelling undertaken as part of this study highlighted that essential infrastructure, including water and sewage capacity, is starting to impinge upon planning application processing times. Interview-based discussions highlighted that several local councils face challenges in terms of infrastructure capacity and this has, in many cases, prompted the need for intermediary infrastructure solutions that are expected to be adopted by Northern Ireland Water in the future.

Developer contributions are routinely cited as a vehicle for funding housing-related infrastructure provision. This study afforded significant insight into stakeholder views on developer contributions with many developers confirming that they have already made significant contributions to infrastructure provision across Northern Ireland. The consensus amongst the development community is that they are willing to pay towards infrastructure costs where housing development necessitated new infrastructure provision or the upgrading of existing infrastructure. However, strong views were expressed about the need for greater transparency and consistency. Contributors to this investigation highlighted that this has not always been the case. Indeed, it was inferred that developer contributions were being utilised in some instances as a prerequisite to attaining planning consent. This of course raises concerns about the integrity of the entire process.

Interviewees affirmed the view that there was 'no easy solution' to addressing the infrastructure investment gap in Northern Ireland. The idea of a 'roof tax' model was proposed, as it would allow the 'contribution' towards infrastructure provision to be more accurately factored into the development appraisal and land acquisition decision. However, because not all developments are 'uniform' with respect to their infrastructure needs the application of a 'blanket approach' is fraught with misgivings.

Interviewees affirmed the view that whilst developer contributions do have a potentially important role in the provision of future housing-related infrastructure provision, the scale of infrastructure investment needed due to decades of under-investment means that developer contributions are a mere 'drop in the ocean'. Interviewees contributing to this investigation inferred that government and statutory bodies are actively exploring alternative funding models for infrastructure provision but that, at present, a viable solution remains elusive while there is a pertinent need for more detailed and holistic exploration of infrastructure need and prospective funding models.

3.5 FINDINGS OF DISCUSSIONS WITH STAKEHOLDERS

The findings of the key stakeholder interviews are presented around four key pillars, namely: (i) the planning system, (ii) the housing pipeline, (iii) the people and skills gap and (iv) housing-related infrastructure.

(1) Planning system

There was consensus amongst developers involved in the study that the 'pre-application discussion' (PAD) process is not working. For PADs to be a valuable component of the pre-application process, planning officers must have the confidence and experience to provide meaningful and consistent guidance and to manage the consultee process effectively.

The study also found that stakeholders believe several other factors are contributing to delays. These include the lack of a time-bound response framework in the statutory consultee process, the quality of applications and deficiencies in information provision. The interview evidence also points to an outmoded planning process that contributes to resource inefficiency and hinders stakeholder interaction and information sharing.

Stakeholders described a variety of reforms that they suggested would improve the efficiency of the planning process. These measures would place the onus on all stakeholders to become more accountable and to create a more collaborative culture.

The study also heard how housing provision needs to be part of a wider strategic plan that takes account of population forecasts, economic growth strategies and environmental considerations.



(2) Housing pipeline

The study found that subdued market sentiment was having an impact on the development of larger private development schemes, although the pattern was inconsistent across the various districts.

Stakeholders agreed that Northern Ireland has an acute social housing need, and that the nature and extent of this considerably across the 11 local councils. They also said that the annual funding model for social housing provision does not lend itself to a meaningful longer-term strategic delivery plan.

All stakeholders questioned cited concerns about the volume of single-dwelling rural development outside development boundaries. Eighty per cent of residential housing applications across Northern Ireland constitute a mere 20% of the development pipeline. While this was viewed as having a short-term impact on the planning system in terms of workload, the impact on the environment and the costs of infrastructure and service provision was in the long-term, more profound and not fully accounted for in planning determinations.

The consensus amongst interviewees was that assessment of housing need should be expanded to take account of associated infrastructure requirements.

Additional factors inhibiting development include access to land, particularly in key urban centres. Legacy sites also present economic viability challenges in some of the more rural local councils.

(3) The people and skills gap

It was acknowledged over the course of the study that staff resourcing is an issue within both planning departments and amongst statutory consultees. Further to this, it was acknowledged that the planning process has become inherently more complex, involving increased numbers of inter-disciplinary skill sets and expertise. As such, the role of planning officers is now dynamic, requiring flexibility and an inherent appreciation of housing development as an economic multiplier, which contributes to societal development. Evidence collated over the course of this investigation suggested that planning officers (at least at a senior level) need to exhibit 'commercial acumen'.

In addition, the ageing profile of skilled labour within the house-building sector was identified as a major source of concern as it raised the potential for a major skills shortage in the future. Interview evidence also pointed to a lack of appetite for 'wet skilled trades'.

These issues were compounded by the lack of opportunities across the wider construction sector, which has prompted increasing numbers of skilled trades personnel to seek employment elsewhere in the UK and Ireland and further afield. One effect of this outward migration has been an above-inflation upswing in labour costs for skilled trades.

(4) Housing-related infrastructure

Interviewees maintained that sustained underinvestment in infrastructure (such as wastewater and roads) pose significant challenges to future housing provision across Northern Ireland. On the question of developer contributions (DCs), the findings inferred that the majority of developers would be supportive of DCs in instances where a proposed development scheme necessitates the upgrading or provision of new infrastructure.

The developer contribution process needs to be transparent and accountable as our research suggests that developer contributions are, in some cases, being used as a pre-requisite to attaining planning consent.

However, it was recognised that DCs would represent a 'mere drop in the ocean' relative to the true scale of infrastructure investment needed across Northern Ireland. As such, there needs to be a systematic review of essential infrastructure funding, including detailed exploration of alternate financial and delivery vehicles.

Access to finance was also highlighted as an inhibitor for some smaller developers and builders, with many local lenders unwilling to finance speculative development.



4.0 Conclusions and recommendations

In this section we consider the findings of our data analysis alongside the information gathered from stakeholders and present a series of practical, realistic recommendations for the improvement of housing provision in Northern Ireland. These are intended to promote a more integrated, forward-thinking approach to the future provision of new homes, and to provide a basis upon which further collaborative stakeholder discussions might be framed. They are presented around four key themes: (i) the planning system (ii) the housing pipeline (iii) the people and skills gap and (iv) housing-related infrastructure.



(I) BUILDING A BETTER PLANNING SYSTEM

Changes to pre-application process – There was consensus amongst developers that the ‘pre-application discussion’ (PAD) process is not working because it is inefficient and often fails to establish the principles of the housing scheme.

We recommend that for larger residential schemes an initial dialogue between the applicant and a senior planning officer is facilitated to agree the ‘principles of the scheme’. Only where there is an obvious need for specific statutory consultee inputs should consultees be involved in the initial discussion. This would streamline the process and make more efficient use of consultee resources. Once principles have been agreed, the applicant can move forward from a ‘position of confidence’ to address the requisite information needs of consultees.

At this point, we further recommend that the quality of applications could be improved if applicants were provided with a ‘scheme specific pre-application checklist’. This would place the onus on them to assemble all the necessary information. An ‘application checklist’ developed by Belfast City Council offers a blueprint that has already contributed to improving the quality of planning applications.

Timebound duty to respond – NISRA statistics show that the average processing time for major applications was 59 weeks across all councils in 2018/19, almost double the 30-week target and an increase of almost nine weeks from the previous financial year. The study found that stakeholders believe several factors are contributing to delays, including a lack of a time-bound response framework in the statutory consultee process.

We therefore recommend that local councils should have the legal power to determine an application in the absence of a response from statutory consultees within a specified time period.

We further recommend that time-bound obligations are placed on applicants to provide additional information requested by planning officers or statutory consultees, if the application is to remain ‘live’ within the system. Time-bound obligations should accurately reflect the nature of the information request.

Enhanced use of digital data – The Electronic Planning Information for Citizens system, ePIC, was described by stakeholders as limited in terms of technical functionality. The application process is still therefore dependent on hard copies of plans and proposals. The interview evidence pointed to an outmoded system that contributes to resource inefficiency and hinders stakeholder interaction and information sharing.

We recommend the planning application system embraces digitisation to expedite data/image transfer and document sharing between stakeholders.

Align key performance indicators (KPIs) with economic and sustainable development goals – There needs to be a more strategic approach to determining planning applications for residential development that considers how the applications align with and map onto housing needs and assesses the potential outcomes for local councils in terms of population growth, social development, economic uplift and environmental impact. This would afford a more transparent evaluation and prioritisation of large residential developments and their potential contributions.

We recommend that planning decisions are evaluated according to a range of criteria that take account of long-term factors such as population forecasts, economic growth strategies and environmental considerations.



(II) DELIVERING A MORE EFFICIENT, SUSTAINABLE HOUSING PIPELINE

Change the social housing funding model – The funding model for social housing needs to change to allow housing associations to take a more strategic approach to building new homes. This includes the acquisition of land and the exploration of joint venture opportunities with the private sector, particularly with respect to mixed-tenure schemes.

We recommend that government moves to three-year financial commitments. This would enable housing associations to plan strategically in line with key housing need indicators and through phased annual financial drawdowns ensure development activity is spread across the three-year cycle rather than ‘back-loaded’.

A more sustainable rural development model – The volume of single dwelling approvals across Northern Ireland is one of the headline outcomes from this research. The consensus from all interviews is that the current profligate approval process is not sustainable and necessitates a step-change in approach.

We recommend the introduction of a more sustainable rural development model that considers the costs associated with building new homes in the countryside and the need to contain agri-property land speculation outside designated development boundaries.

Review housing need assessments – The consensus amongst interviewees was that housing need assessments need to be updated and changes made to the methodology used.

We recommend that future housing need assessments should encompass not just the volume of residential units needed within the private, social and affordable sector, but also evaluate infrastructure requirements (and means of funding this), potential displacement effects between local councils and collaborative approaches to residential development activity across the eleven local councils.

Optimise public sector surplus land release – The release of surplus public sector land for social and affordable housing has not happened at the scale envisaged, which has added to land acquisition pressures for housing associations. There is a clear societal need for the release of surplus lands, but interviewees highlighted that there is little ‘incentive’ for

government departments to release assets in key urban centres. And at present there is a misalignment between the location of lands being released and areas of acute housing need.

We recommend a more joined-up approach to the land disposal process with potential revenue generation being used more effectively within the confines of the infrastructure investment challenge.

(III) ADDRESSING THE PEOPLE AND SKILLS GAP

Professional skills and people development – Planning officers are increasingly required to be skilled negotiators, exhibit confidence, transparency and consistency in their guidance and decision-making as well as managing an increasingly diverse multi-disciplinary process efficiently and effectively. These ‘soft skills’ are essential given the pivotal role of the planning system as an enabler to economic growth and social development. The lack of ‘commercial acumen’ has been cited in this study as a challenge, although we have witnessed via a series of meetings with Heads of Planning growing evidence of a ‘sea-change’ in culture and approach. This is positive and to be encouraged and promoted.

We recommend that junior planning officers are afforded the opportunity to learn and cultivate these skills in partnership with senior planning officers on large residential development applications.

Investment in apprenticeships – This study has shown that investment in employee development across the house building sector is significantly lower than in other UK regions. The lack of a development pipeline has meant that developers have been reluctant to take on apprenticeships in significant numbers, instead seeking to consolidate existing staffing levels. This re-emphasises the need to ‘unlock’ residential development pipelines to create an environment conducive to growing employment and developing the future skills base.

We recommend that government and the house-building sector work in partnership to ensure adequate investment in the future skills base and to make the apprenticeship pathway more appealing and stable for prospective entrants.

(IV) FINANCING HOUSING-RELATED INFRASTRUCTURE

Developer contributions – For existing land banked sites, viability studies need to be flexible and considered in the context of market conditions and the social and economic impacts. The developer contribution process needs to be transparent and accountable as our research suggests that developer contributions are, in some cases, being used as a pre-requisite to attaining planning consent.

We recommend that developer contributions should be ‘phased in’, becoming mandatory after a specified point and that the contributions process must be transparent and accountable, which is not currently the case. This would allow developers to factor contributions into development appraisals and adjust land acquisition decisions accordingly.

Explore potential for a government-backed home-building fund – The house building sector in Northern Ireland is characterised by schemes of 5 - 25 units, but developers/builders of such schemes are finding it challenging to access finance, which is hampering housing provision, particularly in the more rural local councils.

We recommend that government explore the potential for a home building fund, which has been introduced in England, and how this might address some of the ‘access to finance’ issues faced by small builders/developers.

Integrate approaches to decision-making – Looking at the need for infrastructure investment from a holistic standpoint, there is a requirement to develop a decision support system that integrates future housing provision and overall infrastructure investment strategy.

We recommend government develop a decision support system that takes an integrated approach to future housing provision and infrastructure need. Such a system should be used to assess, weight and prioritise infrastructure investment, encourage inter-departmental collaboration, portfolio and partnership-based approaches to infrastructure delivery as well as assessing and evaluating different funding models.



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