

Developer Contributions

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Summary of Paper

NIFHA urges the Minister for the Environment, in consultation with the Minister for Social Development, to finalise the rules necessary to achieve *developer contributions* when planning permission is granted.

Introduction

The Northern Ireland Federation of Housing Associations (NIFHA) represents registered and non-registered housing associations in Northern Ireland. Collectively, these associations provide 30,000 good quality, affordable homes for renting or equity sharing. Further information is available at www.nifha.org

Background

In Great Britain and the Republic of Ireland, private developers are normally required to contribute community infrastructure when they are granted planning consent. Many homes for social renting or low-cost home ownership have been provided in this way.

This approach has not yet been applied in Northern Ireland. The Planning (Northern Ireland) Order 1991, the Regional Development Strategy and Planning Policy Statement 12 'Housing in Settlements' collectively go a long way towards providing the necessary legal and policy framework.

The introduction of a developer contributions system was strongly recommended by Sir John Semple's review of housing affordability in 2007.

Challenges

1. The need for social rented and equity sharing homes is greater than ever.
2. The property market is very depressed and virtually no private housing development is being started.
3. Would-be purchasers are finding it harder to raise enough mortgage finance.
4. The Planning Service believes the primary legislation and policy documents need some amendment before the full range of developer contributions can be enforced.
5. The Minister for the Environment intends to finalise Planning Policy Statement 14 'Housing in the Countryside' before making the necessary amendments to PPS12.

Opportunities

1. The principle of developer contributions has All-Party support in the Northern Ireland Assembly.
2. Trade bodies for private house-builders accept the principle, provided the rules are clear and implementation does not begin until market conditions improve.

3. Fewer planning applications are currently being submitted so the Planning Service can devote more resources to finalising the policy and procedures for developer contributions.
4. Developers can allow for the cost of contributions in their negotiations to buy sites. The cost should therefore be reflected in the price the developers pay for building sites, not the price of the finished homes.

Action Required

1. The Minister for the Environment should reassess the Department's priorities so that Planning Service urgently resumes preparation for the introduction of developer contributions.
2. The policy should aim to achieve a mixture of tenures on larger sites and accept off-site provision or a cash payment in the case of smaller sites or if exceptional circumstances apply. This would be consistent with the Regional Development Strategy's goal of mixed and balanced communities.
3. Bodies that will be directly affected by the policy should participate in an advisory group. They would help the Department of the Environment draft operational procedures to achieve the policy objective without stifling development.
4. Any necessary changes to primary legislation, regulations, policies and procedures should be implemented as soon as possible. This means that developers can take account of the costs when negotiating to buy building land.
5. The developer contribution system should be in place before responsibility for development control is transferred to the new local authorities in 2011.

Conclusion

There is widespread support for requiring private developers to include social rented and/or equity sharing homes in their schemes. Provided the contributions policy is clear and consistent, developers can take account of the costs when they negotiate to purchase land. Consequently, the contribution should not inflate the price of the finished homes.

The present downturn in the property market is an ideal time to finalise *developer contribution* rules and introduce the policy.

Further Information

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