

Co%wership

Response to the consultation on Newry Mourne and Down District Council Draft Plan Strategy and Supplementary Planning Guidance in relation to affordable housing.

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Introduction¹

1. This paper is submitted on behalf of Northern Ireland Co-Ownership Housing Association Limited (Co-Ownership) of Moneda House, 25-27 Wellington Place, Belfast, BT1 6GD by way of response to Newry Mourne and Down District Council Draft Plan Strategy and Supplementary Planning Guidance in relation to affordable housing issued in June 2025.

Background to Co-Ownership

2. Co-Ownership is Northern Ireland's regional body for shared ownership and the organisation which runs Co-Own. It is an Industrial and Provident Society, a registered housing association regulated by the Department for Communities (DfC) and a charity registered with the Northern Ireland Charities Commission.

Our aim

3. The main aim of Co-Ownership is to promote and sustain the concept of shared ownership in Northern Ireland mainly as a means of facilitating home ownership. For over 45 years it has been the cornerstone of government's affordable housing initiative, assisting mainly first-time buyers and also returning home buyers in Northern Ireland to get on to the housing ladder. It has been very successful to date, having helped to provide over 34,000 homes of which over 23,000 households have moved on from Co-Ownership.

Co-Own product

4. Under the Co-Own product, a customer buys a share in a home, depending on how much they can afford. This is between 50-90% of the purchase price. Co-Ownership buys the remaining share in the property and the customer can increase their share at any stage until they own it outright. There can be several reasons why someone who aspires to home ownership cannot achieve this. It could be because of obstacles like a lack of deposit or affordability issues. Co-Ownership can help such persons.
5. Under this product an applicant can purchase a new build or existing property with Co-Ownership anywhere in Northern Ireland up to the market value of (currently) £210,000. As of March 2025, Co-Ownership has almost 11,000 properties in stock.

Co-Own for Over 55s

6. We recognise that we have an ageing population. Co-Own for Over 55s is our product designed for those who in later life and wish to move to another home for reasons such as:
 - Wanting to be nearer to friends and family.
 - Needing a home that is easier and cheaper to heat and maintain.
 - Responding to health and/or mobility issues.
 - Not being a homeowner but having a lump sum to put towards buying a property.

¹ Nothing in this document or any part thereof shall constitute any intention to create legal relations with any of the parties named herein, nor shall it constitute any contract or other relationship of any kind between such parties.

The views herein contained are those of Co-Ownership and are not meant to be relied upon, interpreted or construed as a definite statement of the law and must not be relied upon as such.

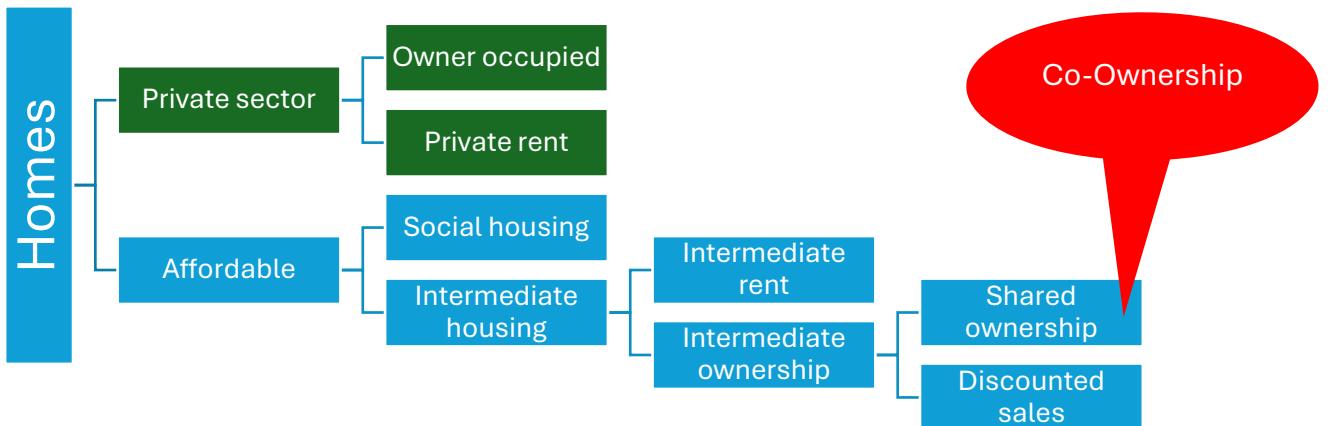
7. People may find themselves in a home that has become unsuitable due to a change in circumstances such as their family life, location, health, or other issues. The challenge that such people may face is that often their current home may not have the value (equity) they need to buy a new home or their savings aren't enough and getting a mortgage to cover the difference isn't an option. This is where Co-Own for Over 55s comes in in that we buy the property together with the customer – the customer uses the equity from the sale of their current home or savings and Co-Ownership provides the rest of the funding.
8. The customer takes a share in the property (50% to 90%) and pays a rent of 2.5% on our investment in the home. The home can be anywhere in Northern Ireland up to a value of (currently) £210,000, an existing or a new build property, and it should be suitable for their needs now without further immediate adaptation. Further details are available from our website at www.co-ownership.org.

Comments on the draft Plan Strategy

9. The purpose of this paper is to comment on the proposals outlined in the Local Development Plan Draft Plan Strategy on how the use of planning conditions or planning agreements under section 76 of the Planning Act (NI) 2011² can be used to increase the supply of affordable housing in Northern Ireland and to examine the role which Co-Ownership can play in this.
10. Co-Ownership welcomes the Local Development Plan Draft Strategy, and in particular HOU 5 relating to affordable housing as it will add to the delivery of affordable housing in the Newry Mourne and Down council area. The use of developer contributions has worked in other jurisdictions to deliver affordable housing and, if instituted correctly, will operate to add to supply here.
11. The concept of developer contributions for affordable housing should not be considered in isolation from contributions for other aspects such as infrastructure provision. It is essential in a viability study that all contributions are taken into account to assess whether an individual development is feasible.
12. It is important, for the reasons given in this paper, that the Council devotes appropriate resources to the negotiation of such planning agreements given its role to co-ordinate the different organisations involved so that the agreements are negotiated and implemented in a timely manner.
13. Therefore, it is important when section 76 agreements are used in Northern Ireland that lessons are learned from the operation of similar agreements in other jurisdictions (such as section 106 agreements in England) and that there is a standard form of agreement. This will encourage openness and transparency and encourage stakeholder buy-in to the process.

² Formerly under article 40 of the Planning (NI) Order 1991 (as amended).

14. HOU5 refers to affordable housing. It is important to see where affordable housing fits into the elements of housing in Northern Ireland.



15. HOU5 states *“The affordable housing element of the proposed development should not be distinguishable by means of its general design materials or finishes from the general market housing element and should adhere to the Department for Communities’ Housing Association Design Guide regarding the design standards required.”*

16. It is important to note that social housing must adhere to the Department for Communities’ Housing Association Design Guide regarding the design standards required. In relation to intermediate rent the Department for Communities has also issued a document entitled “Homes for Intermediate Rent Design Standards” in May 2024 which discusses the design standards for intermediate rent.

17. Intermediate housing that is to be sold through Co-Ownership should comply with the usual planning permission and building control standards applicable to homes being sold on the open market and should comply with the usual consents, approvals and permissions required in the development of new homes. They should comply with Co-Ownership property criteria applicable at the time including its property value limit and should be mortgageable. Note that Co-Ownership buys properties at the market value of the homes.

18. *HOU 5 also refers to where there is a phased approach to the development of a site applications which show the entire affordable housing element included within subsequent phases will not be granted.*

19. The timing of various aspects of the development is crucial. This involves several elements.
 - (a) the developer should be required to commence the development within a specified period of time and ensure that there is a proper supply of housing coming on stream within a known period of time.
 - (b) at least some of the shared ownership (and social housing units) should be started within a reasonable period of time. There may be a tendency for developers to complete the market housing units before the affordable housing. From an affordable housing perspective there is usually a requirement in a planning agreement that not more than x number of the market housing units shall be occupied until all or y % of the intermediate homes for sale/social housing units have been constructed in accordance with the planning agreement.
20. It is also the case that not all the intermediate homes for sale should be front loaded so that they have to be undertaken before the market homes are available for sale if there is to be a phased approach to the development. There should be some flexibility in relation to the timing of the release of the intermediate homes for sale through shared ownership.
21. It should be noted that if there are more homes in the development than those that are designated as intermediate housing for sale and these homes are valued below the Co-Ownership property value limit we would seek that our customers would have access to these homes and accordingly if they purchase one of these other homes the developer should receive credit for these and the home should count towards the number of intermediate homes for sale delivered.
22. The tenure mix of the affordable housing on the development is vital. It is important to know how many of the homes will be used for shared ownership and how many will be used for social housing so that the developer knows how many of each he or she is required to provide. However, there may also need to be some flexibility given to the housing association involved as to the mix of homes which they will purchase from the developer.
23. We note that affordable housing will be secured as appropriate, depending on the size of the development, by way of section 76 Planning Agreement.
24. As the obligations in a planning agreement bind the land and the successive owners of the land it is important that mechanisms are put in place to release the end user (the ultimate owner) from these obligations. For instance, if a shared ownership property has been built in a development where the entire development has not yet been constructed it is appropriate for the Council to confirm that the development has been started within any specified period. This is important as it goes to the marketability of the property. Of course, the Council would be able to reserve its rights of action against the developer should the development not be completed in accordance with the requirements of the section 76 agreement.
25. Similarly, if the planning agreement states that not more than X of the market housing units should be occupied until the shared ownership/ social housing units have been constructed then a purchaser of a market housing unit will wish to have written confirmation from the Council that this clause of the agreement has been complied with. It is therefore important when the planning agreement is negotiated that procedures are put in place to monitor the development so that it proceeds in the manner envisaged in the agreement. Furthermore, this will mean that any

confirmations required in respect of the progress of the development can be given promptly.

26. In relation to the monitoring and enforcement of the provision of intermediate housing for sale if a home is to be sold through Co-Ownership, Co-Ownership will purchase the home and create an equity sharing lease in favour of its customer. Therefore, at this stage the Council can be satisfied that the intermediate housing for sale requirement has been complied with.
27. The customer can purchase out the interest of Co-Ownership at any stage to become a full homeowner. Consequently, it is not possible that intermediate housing for sale homes that are proceeding through Co-Ownership will remain affordable for a specified number of years. However, a sale to Co-Ownership does still meet the definition of affordable housing as there is provision for the public subsidy to be repaid or recycled in the provision of new affordable housing.
28. The issue of service charges is a complex one. Service charges are charges which are usually paid to a management company for services such as insurance, maintenance and upkeep of common parts. They are usually encountered in apartment units and are increasingly to be found in developments of houses where there is an obligation to maintain open spaces. A unit which is otherwise affordable can become unaffordable if there is an abnormally high service charge attached to it. Indeed, these are something which local authorities in England are specifically asked to consider.³ Therefore a clause in the planning agreement should state that all service charges should be fair and reasonable.
29. In the definition of intermediate housing for sale in page 180, reference is made to intermediate housing for sale. Co-Ownership's products are the only government funded products available in intermediate housing for sale. Also, it is useful to note that shared ownership is "part ownership by the householder and part renting from the registered housing association." It is not social renting.
30. *HOU 5 states that where an application is subject to an affordable housing requirement, the applicant/developer should consider the Northern Ireland Housing Executive's most recent Housing Investment Annual Updates or liaise closely with a registered housing association at the earliest opportunity to discuss the exact mix of affordable housing required in each individual location.*
31. We would encourage a developer to contact us at the earliest opportunity to discuss the mix of affordable housing required on each individual location. This should be in advance of the application for planning being lodged. We can provide evidence of such engagement with ourselves to a developer.]
32. *HOU 5 notes that through this process drawings will be checked to ensure that the affordable housing as stipulated has been identified on the drawings and that the design of these units complies with the Housing Association Design guide*

See comments earlier in relation to the design of intermediate homes for sale.

33. We agree that for a large-scale development a review point should be included in a section 76 agreement. This would allow the opportunity to reconsider the most appropriate way to deliver the affordable housing needs in the later stages of the

³ DCLG publication "Affordable Housing: Policy Objectives", November 2006.

development. However, consideration should also be given to the affordable homes that have already been delivered and how the remainder are to be delivered as if these are being changed from social to intermediate or intermediate to social there may be implications for the way in which the site has already been laid out and designed.

34. We agree that affordable housing in small settlements may provide for affordable housing only. This would involve the provision of social and intermediate homes which would allow for a mixed tenure approach to a site.

Comments on the Supplementary Planning Guidance

35. In the sections below we set out our comments in relation to the SPG. We have mainly confined our comments to the SPG at 4.0 on affordable housing.
36. Social housing - In the first paragraph there appears to be text missing as it says "See"
37. Affordable (Intermediate) Housing for Sale - You should note that at present the only shared ownership products that are available are Co-Ownership products – Co-Own and Co-Own for Over 55s. (Rent to Own is not accepting applications and so reference to this should be removed).
38. It is our understanding that there are no applications currently to Fairshare.
39. In the definition of Co-Own – it is a form of shared ownership rather than the reference to equity sharing.
40. In the definition of Co-Own for Over 55s rather than reference to "that we buy" you may wish to state "which Co-Ownership buys" and instead of "our investment" refer to Co-Ownership's investment.
41. In the paragraph "*Where residential units within a proposal are intended for private sale, consideration should be given to the inclusion of intermediate housing for sale as part of the development. In this regard SSO units, offered by an RHA are preferred to DMS units, given the regulation of RHAs afforded by DFC and the minimal impact SSO units are expected to have on overall scheme viability.*

There are a lot of acronyms in this section and you may wish to clarify what is meant by each.

42. We trust that this clarifies matters and would be happy to meet with yourselves to discuss the above matters.