

# **Newry, Mourne and Down District Council LDP 2035 Review of housing strategy**

Newry, Mourne and Down District Council

03 March 2025

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## 1.0 Introduction

- 1.1 In accordance with the Planning Act (Northern Ireland) 2011 and the Planning (Local Development Plan) Regulations (Northern Ireland) 2015, Newry, Mourne and Down District (NMDDC) is currently preparing its Local Development Plan (LDP). This will cover the period from 2020 to 2035 and will comprise of two separate elements:
- 1 Plan Strategy (PS) which will set out the vision, objectives, growth strategy and strategic policies for the Council area. It will address the economic, social and development issues of the area by indicating where development should take place and what form it should take.
  - 2 Local Policies Plan (LPP) which will build on the PS and provide more localised and detailed policy and proposals, including settlement limits and zones.
- 1.2 Having completed the first stage of the LDP process, ‘Initial Plan Preparation’, NMDDC is now progressing towards publication of a draft Plan Strategy (PS) for consultation.
- 1.3 As part of the initial stage of plan preparation the Council has developed an evidence base relating to relevant topics that are to be addressed by the PS. This initially informed the preparation of the Preferred Options Paper (POP) which was subject to consultation between June and August 2018. The POP contained a series of options for dealing with key issues in the district, as well as the Council’s justification for its proposed approach.
- 1.4 In order to assist the Council in respect of the on-going plan-making process, Lichfields has been appointed by NMDDC to review of the background work undertaken to date and provide advice in relation to the emerging housing elements of the PS.
- 1.5 This report specifically draws on the following housing and employment-related elements of the evidence base:
- 1 **Draft Housing Strategy (7 November 2024):** Sets out the planning policy which the Council considers to be relevant to the calculation of housing need and provides details relating to the expected housing supply over the PS period from 2020 to 2035.
  - 2 **LDP Technical Supplement 3 (September 2024):** Produced to inform the preparation of the NMD LDP draft PS. It provides an overview of the regional and local planning policy context, sets out an updated housing profile for the district and details an overview of the evidence base underpinning and informing the Housing Strategy and strategic subject policies.
  - 3 **Urban Capacity Study:** Represents a key element of the evidence base which will be used to inform the housing element of the Spatial Growth Strategy.
  - 4 **Northern Ireland Housing Executive – Strategic Housing Market Analysis (June 2022):** Sets out projections of future housing need and demand at Northern Ireland and Local Government District (LGD) levels.
- 1.6 In reviewing the evidence that has been prepared to date, we have sought to assess its constancy with the Strategic Planning Policy Statement (SPPS) and Regional Development Strategy (RDS), identify any gaps or shortcomings in the evidence base, and make

recommendations on any additional work that might be required to ensure that the PS accords with the tests of soundness.

1.7 The report is structured as follows:

- **Section 2:** provides an overview of the relevant policy background within Northern Ireland that is relevant to the preparation of the PS for NMDDC;
- **Section 3:** assesses the housing requirement over the PS period from 2020 to 2035;
- **Section 4:** considers the sources of housing supply that will ensure that the identified requirement can be met in full;
- **Section 5:** reviews matters relating to the delivery of affordable housing over the PS period; and,
- **Section 6:** sets out our conclusions and recommendations.

## 2.0 Policy Context

- 2.1 This section sets out the planning framework that forms the policy basis for this study. It provides a summary of the relevant planning documents and provides the context for future policies relating to residential development and housing land zonings.

### Regional Development Strategy (2010)

- 2.2 The Regional Development Strategy 2035 (RDS)<sup>1</sup> is the spatial strategy of the Executive, which provides the long-term policy direction and strategic spatial perspective for planning in Northern Ireland. The RDS has a statutory basis under the Strategic Planning (Northern Ireland) Order 1999.
- 2.3 Section 3 of the RDS provide Strategic Guidance in the form of:
- 1 Regional Guidance (RG) which applies to everywhere in Northern Ireland and is presented under the three sustainable development themes of Economy, Society and Environment; and,
  - 2 Spatial Framework Guidance (SFG) which is tailored to each of the five geographical components of the Spatial Framework.
- 2.4 Regional Guidance policy RG8 refers to “*Manag(ing) housing growth to achieve sustainable patterns of residential development*”. It requires a varied mix of housing to be delivered, including the availability of affordable and special needs housing.
- 2.5 Paragraph 3.19 provides an overview of the policy in relation to appropriate housing in settlements, which should:
- 1 Promote more sustainable housing development within existing urban areas;
  - 2 Ensure an adequate and available supply of quality housing to meet the needs of everyone; and,
  - 3 Use a broad evaluation framework to assist judgements on the allocation of housing growth.

### Strategic Planning Policy Statement for Northern Ireland (2015)

- 2.6 The Strategic Planning Policy Statement for Northern Ireland (SPPS)<sup>2</sup> sets out the framework for planning across Northern Ireland, including in relation to the preparation of LDPs. It has a statutory basis under Part 1 of the Planning Act (Northern Ireland) 2011.
- 2.7 Paragraph 3.3 of the SPPS requires planning authorities to deliver on all three pillars of sustainable development when formulating policies, including the economic aim to promote “*economic recovery and balanced growth*” and to tackle disadvantage by “*ensuring economic considerations are accorded appropriate weight in plan preparation*”. It also states that the planning system should focus on the needs and

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<sup>1</sup> Department for Regional Development, Regional Development Strategy 2035, (2010)

<sup>2</sup> Department of the Environment, Strategic Planning Policy Statement for Northern Ireland (SPPS): Planning for Sustainable Development, (2015).

aspirations of society such as “*facilitating sustainable housing growth in response to changing housing need (including delivery of social and affordable homes)*” (paragraph 3.3).

2.8 Paragraph 6.135 identifies the three key purposes of housing in settlements as being to:

- 1 Manage housing growth to achieve sustainable patterns of residential development;
- 2 Support urban and rural renaissance; and,
- 3 Strengthen community cohesion.

2.9 Paragraph 6.143 states that the NIHE or relevant housing authority will undertake a Housing Needs Assessment (HNA)/Housing Market Assessment (HMA), the purpose of which will be to identify the range of specific housing needs including affordable housing need requirements.

## **Planning Policy Statements**

2.10 The SPPS states at paragraph 1.9 that the existing Planning Policy Statements will be cancelled when all 11 councils have adopted a new Plan Strategy for their area. In the interim, a transitional period will operate when councils will apply existing policy contained within the PPS documents. Paragraph 1.11 of the SPPS states that when a council adopts its Plan Strategy, existing policy retained under the transitional arrangements shall cease to have effect.

### **Planning Policy Statement 12: Housing in Settlements (2005)**

2.11 This Planning Policy Statement provides strategic direction and guidance in the form of regional planning policy to assist the implementation of the RDS. The policy guidance in this statement applies to all residential development proposals within cities, towns, villages and small settlements in Northern Ireland. It does not apply to dwellings in the countryside except in respect to travellers' accommodation.

2.12 PPS12 identifies a range of planning control principles including:

- 1 Increased Housing Density without Town Cramming: When considering an increase in housing density in established residential areas, care should be taken to ensure that local character and the environmental quality are not eroded.
- 2 Good Design should be the aim of all those involved in housing development and will be encouraged everywhere
- 3 Sustainable Forms of Development: The use of greenfield land for housing should be minimised whilst the accommodation of more urban housing should be encouraged through the recycling of land and buildings. It also encourages the promotion of more housing in city and town centres, including as part of mixed-use developments. Major housing development should be concentrated in sustainable locations in order to facilitate a high degree of integration with centres of employment, community services and public transport and taking advantage of existing infrastructure.
- 4 Balanced Communities: Social housing is to be provided by developers as an integral element of larger housing developments where a need is identified.

- 2.13 PPS 12 also encourages the provision of a mix of housing types. To this end, Policy HS4 (“House Types and Size”) states that *“planning permission will only be granted for new residential development of 25 or more units, or on sites of one hectare or more, where a mix of house types and sizes is provided.”*

## 3.0 **Housing need**

- 3.1 This section addresses the issues associated with the housing requirement for NMD. It reviews and updates the figures contained in the draft Housing Strategy which identified potential housing need figures ranging from 10,005 to 12,667 dwellings over the LDP period 2020 to 2035. It also considers whether any adjustment is required to the baseline housing need figure.

### **Review of Housing Growth Indicators**

- 3.2 The Department for Infrastructure published the revised Housing Growth Indicators (HGI) in September 2019. The HGI provide an estimate of future housing need in Northern Ireland, broken down to a local government district level. The most recent HGI is based on the 2016-based household projections and identify future housing need between 2016 and 2030. As set out in the draft Housing Strategy, the HGI identified a total need of 10,000 dwellings for NMD (667dpa) over this 15-year period<sup>3</sup>.
- 3.3 The HGI identify the change in the number of dwellings in each local government district between 2016 and 2030, having regard to the following metrics and data inputs:
- 1 Estimated housing stock at the start of the projection period, based on the Northern Ireland Valuation List.
  - 2 The estimated number of households at the end of the monitoring period, based on the NISRA 2016-based household projections.
  - 3 The number of second homes as a proportion of the number of households. This includes holiday homes and residences used for easy access to business, but excludes dwellings privately rented to other tenants. The data is taken from the NISRA Central Survey Unit (CSU) combined survey sample.
  - 4 The proportion of the total housing estimate that is vacant, based (as per second home data) on the NISRA Central Survey Unit (CSU) combined survey sample.
  - 5 Estimates of net conversions, closures and demolitions, based on analysis of housing stock numbers and new dwelling completions data from Land and Property Service (LPS).
- 3.4 The estimate of stock at the end of the HGI monitoring period is calculated by adding the estimated number of second homes (3), vacant stock (4) and the stock loss adjustment (5) to the estimated number of households at the end of the monitoring period (2). The estimated housing stock at the start of the monitoring period (1) can then be subtracted from the total for the end of the period to ascertain the projected new dwelling requirement over the HGI period.
- 3.5 The HGI methodology document is clear that that HGI should be used as a guide rather than a cap on development. This is a consequence of it being based on trend-based household projections. The SPPS also states that housing allocations within development plans should be informed by a range of components including, but not limited to, HGIs.

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<sup>3</sup> The Department for Infrastructure has confirmed that the HGIs relate to the period from 1 January 2016 to 31 December 2030 – a full 15 years.

Housing Needs Assessment/Housing Market Analysis also provide an evidence base that the SPPS states must also be taken into consideration in the allocation of housing.

### **Use of HGIs in NMD evidence base**

- 3.6 LDP Technical Supplement 3 (September 2024) refers on page 29 to the fact that the Council's POP made use of the 2012-based HGIs which identified a need for 10,900 new homes in the NMD Council area between 2012 and 2025 (13 years). The POP pro-rated this figure over the 18 years between 2012 and 2030 and concluded that:

*“The adjusted figure for the 2012-2030, over an 18 year period was 15,092 or 838.4 per annum.”*

- 3.7 Whilst the 2012-based HGIs were applicable when the POP was prepared and published, they should no longer be used for the purposes of informing the NMD PS. We note that the draft Housing Strategy instead uses the most up-to-date 2016-based HGIs.

- 3.8 The period covered by the 2016 HGIs (2016-2030) does not coincide with that of the emerging LDP (2020-2035), although both cover a 15-year period:

- 1 As set out above, the HGIs are based on the full calendar years, so include 2016 and 2030, as well as the 13 intervening years;
- 2 The NMD LDP period is based on financial years, so will cover the period from April 2020 to March 2035, i.e. a total of 15 years.

- 3.9 For the purposes of using the HGIs to inform the emerging PS, it is necessary to pro-rate the 2016 HGI figure to the end of the LDP period in 2035. The draft Housing Strategy sets out two different approaches to pro-rating the 2016 HGI figure, as summarised below.

#### **Option 1: Pro-rating the annualised figure of 667dpa**

- 3.10 As set out above, the 2016-based HGI identifies a requirement for an average of 667 dpa between 2016 and 2030 (inclusive). The Housing Strategy states on page 1 that:

*“Projecting the HGI figure annually from 2020 to 2035 would provide an allocation of 10,005. It is necessary to take account of completions since the start of the Plan period (see Table 1). When completions are deducted from the allocation an adjusted figure of 8,538 would apply.”*

- 3.11 Table 1 of the Housing Strategy indicates that a total of 1,339 new homes were delivered between 2020 and 2023. Deducting this figure from the total requirement of 10,005 gives rise to a residual requirement for 8,666 new homes between 2023 and 2035. This equates to an average requirement for 722dpa.

- 3.12 However, the base figure of 10,005 dwellings over the LDP period incorporates a rounding error (i.e. 10,000 homes over 15 years equates to 666.67dpa, rounded to 667dpa). Given that both the HGI and the LDP periods both cover 15 years, it would be appropriate for this approach to reflect a requirement for 10,000 new homes over both time periods.

#### **Option 2: Extending the HGI period to 2035**

- 3.13 Appendix A of the Housing Strategy (Methodology for Strategic Housing Allocation) states:

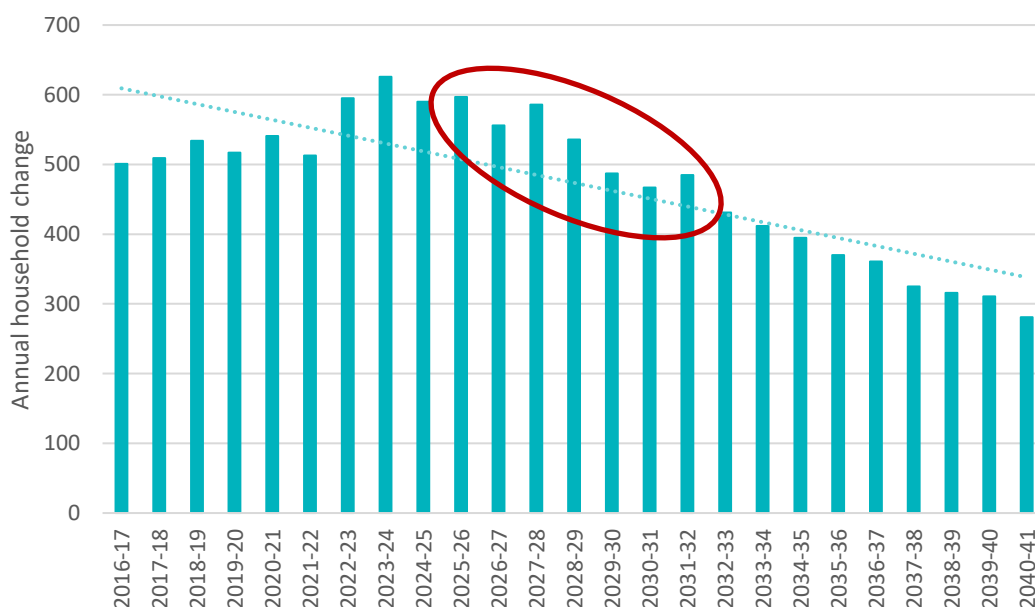
*“In September 2019 the Department for Infrastructure published a revised HGI figure of 10,000 dwellings for the Newry, Mourne and Down District covering a 15 year period 2016-2030. The NMDDC LDP period has been revised to 2020-2035. Projecting the HGI figure of 10,000 on a pro rata basis to 2035 gives a figure of 12,667.”*

- 3.14 In considering this approach, the Housing Strategy has simply extended the HGI figure from an end date of 2030 to 2035, such that it covers a 19-year period. It has not had regard to the fact that the start of the HGI period does not coincide with the LDP period, nor has it taken account of housing completions to 2023. The four years from 2016 to 2019 (inclusive) are not relevant to the 2020 to 2035 LDP period so should be excluded from the housing need calculations.

### **Towards a proposed approach**

- 3.15 Given that the HGI period and the LDP period both cover a period of 15-years, there is logic in simply applying the 2016-2030 figure to the 2020-2035 period. However, in so doing, it is important to recognise that the 2016-based household projections also show a decreasing trend in the increase in the level of annual household change in the second half of the LDP period. As illustrated in Figure 3.1, the projections indicate a consistent rate of annual change between 2016-17 and 2021-22 (c.520 per annum), before increasing to a figure of c.600 per annum between 2022-23 and 2027-28. The projections then indicate a clear downward trend in the level of household growth, from an additional 586 households in 2027-28 to an additional 395 households in 2034-35. Between 2029-30 and 2034-35, the average level of household change is c.450 per annum.

Figure 3.1 2016-based household projections – annual household change



Source: Lichfields analysis of 2016-based household projections

- 3.16 In the light of the direction of future change in household change, it would be appropriate to update the published HGIs to take account the projected number of households in 2035 and the housing stock in 2020. Table 3.1 provides details of the updated analysis and

compares this to the baseline HGI figures (noting that the published figures are all rounded to the nearest hundred). In undertaking this analysis, our approach to second homes and vacant dwellings has been to retain the same proportionate share of expected dwellings at the end of the period as per the latest HGIs:

- 1 Second homes: HGIs anticipate 800 second homes in 2030; this equates to 1.11% estimated number of households in 2030 (i.e. 1.11% of 72,300). We have applied the 1.11% figure to the projected number of households in 2035 (i.e. 1.11% of 74,868 = 831).
- 2 Vacant dwellings: HGIs anticipate 5,300 vacant homes in 2030; this equates to 6.73% of the total number of dwellings in 2030 (2030 household plus second homes, vacant dwellings and allowance for conversions = 78,700). We have applied the 6.73% to the estimated number of dwellings in 2030 (i.e. 6.73% of 81,483 = 5,484).

3.17 We have also retained a consistent approach in respect of the allowance for net conversions, closures and demolitions, i.e. an allowance of a net positive figure of 20dpa.

3.18 As illustrated in Table 3.1, this update to the HGI figures gives rise to a requirement for an additional 9,965 dwellings between 2020 and 2035. Given that the baseline HGIs are rounded to the nearest hundred, it is appropriate to likewise with this approach. The implication is that the housing requirement for NMD over the LDP period from 2020 and 2035 remains at 10,000.

Table 3.1 Adjustment to 2016-based HGI to reflect NMDDC LDP period

		a	b	c	d	e	f	g
Variable		No. households	Second homes	Vacant stock	Net conversions and demolitions	New stock estimate	Housing stock	Projected dwelling requirement
Calculation		2016-based NISRA projections	1.11% of occupied housing stock (i.e. households)  a x 1.11%	6.73% of total housing estimate (i.e. at end of period)  e x 6.73%	Revised figure pro-rated from HGI (i.e. 300/15 years)	a + b + c + d		e - f
2016 based HGI	Year	2030			2016-30	2030	2016	2016-30
	No.	72,300	800	5,300	300	78,700	68,600	10,000
Revised HGI 2020-35		2035			2020-35	2035	2020	2035
	Year	74,868	831	5,484	300	81,483	71,518	9,965
	No.	74,900	800	5,500	300	81,500	71,500	10,000

Source: 2016-based HGIs / Lichfields analysis

- 3.19 Whilst the resultant figure is the same as that set out in the baseline HGI, this analysis provides assurance as to the robustness of the proposed housing requirement, particularly in the context of the projected future reduction in annualised household growth.

## Past trends

- 3.20 As set out above, HGIs do not represent a definitive indication of the housing requirement for each local government district in Northern Ireland. The 2016-based HGI document states at paragraph 2.1 that:

*“[The HGIs] are produced primarily to provide guidance for those preparing development plans. They are intended to support the development process by giving an indication of where development is most likely to be needed given the current understanding of population, current data on the housing infrastructure and expected population growth. ... these estimates are purely for guidance and should not be considered as a cap or a target on development and, as such, represent a robust starting point which can be considered while also taking account of the full range of factors that may influence housing requirements over the plan period in terms of how many houses are needed in any area.”*

- 3.21 Similarly, paragraph 6.139 of the SPPS states that:

*“Housing allocations in Local Development Plans should be informed by ... RDS Housing Growth Indicators (HGIs) ... [which] provide an estimate for the new dwellings requirement for each area and provide a guide for allocating housing distribution across the plan area.”*

- 3.22 In the light of this it is helpful to have regard to other indicators, including past trends. In considering past trends, it is important to note that there is no assurance that the level of historic housing completions was consistent with need or that future needs will be the same as those experienced in the past. There is a risk that over-reliance on past trends could reward past under-delivery by lowering future requirements. Nevertheless, a review of past trends can be a useful means by which to undertake a sense check of the requirement figures derived from other sources in terms of their consistency with historic delivery or the extent to which a step-change in delivery would be necessary to meet identified requirement levels.

- 3.23 A review of data provided by NMDCC relating to new dwelling completions for the nine-year period between 2014/15 and 2022/23 shows an average completion rate of 682dpa for urban and rural (i.e. total) dwellings. This is 8.9% above the Department of Finance (DoF) figures for NMD for the same time period (626dpa) and 2.2% higher than the identified housing requirement of 667dpa.

- 3.24 Having analysed the differences between the comparative year-on-year figures, NMDDC has advised that there was a change in the data gathering methodology in 2018/19. The Department for the Environment (DfE) historically relied on site inspections to inform its assessment of delivery. When local government districts took responsibility for monitoring, the approach was changed to a reliance on building control records. In 2018/19, the Council reverted to the use of site inspections to inform its assessment of past trends. This might have resulted in any historic under-recording of being counted as a 2018/19 completion. In addition, we understand that the monitoring periods between 2018 and 2021 varied, as follows:

- 1 2018-19: 18 months between 1 April 2018 and 31 September 2019 – however, in spite of the duration of this monitoring period, the recorded delivery figure of 1,535 dwellings is high, equating to 1,023 dwellings over a 12-month period;
- 2 2019-20: 10 months between 1 October 2019 and 31 July 2020; and,
- 3 2020-21: 8 months between 1 August 2020 and 31 March 2021.

3.25 Across this three-year period, the average number of recorded housing completions equates to 870dpa. This represents a significant peak compared to the other monitoring years and might represent an over-estimate due to the change in recording methodology, i.e. taking account of an historic (prior to 2014) under-recording of completions.

3.26 The monitoring of all other years was based on a 12-month period between 1 April and 31 March.

3.27 Even though this has resulted in the figures for some monitoring periods being different to that which would otherwise be expected based on a 12-month monitoring period, it is clear that there has not been any double counting in the past trend figures.

3.28 When reviewing the average delivery rates over the seven-year period from 1 April 2016 to 31 March 2023, we consider that the difference might be attributable to the NMDDC data reporting all housing completions (i.e. gross data) whilst the DoF data reports net additional completions.

3.29 We would recommend that further investigation should be undertaken in respect of the differences between these two sources of past trend data.

Table 3.2 Housing completions in Newry, Mourne and Down 2014/15 to 2022/23

Year	Department of Finance published completions for NMD	NMDDC completions <sup>4</sup> (net additional)		
		Urban	Rural	Total
2014/15	450	311	118	429
2015/16	513	291	170	461
2016/17	609	395	164	559
2017/18	707	555	143	698
2018/19	757	1,247	184	1,431
2019/20	584	486	200	686
2020/21	599	355	157	512
2021/22	766	514	183	697
2022/23	647	470	192	662
<b>Total</b>	<b>5,632</b>	<b>6,135</b>		<b>6,135</b>
<b>Average</b>	<b>626dpa</b>			<b>682dpa</b>

Source: NMDDC Housing Strategy and Housing Tech Supp 3 and Department of Finance – new dwelling statistics

3.30 A review of this data reveals that the DoF past trend figure is 6.1% lower than the HGI-based net requirement figure of 10,000 dwellings over the 15-year LDP period. Whilst the NMDDC-based figure is slightly higher, we would note that:

<sup>4</sup> Source: NMDDC Housing Strategy Rev5 12-11.24 and Housing Tech Supp 3 – Housing Rev6b 15-10-24

- 1 As explained above, the total and average annual completions figures might be distorted by the inclusion of completions from previous years in the 2018-19 monitoring period due to the change in the data gathering methodology.
- 2 As set out below, we recommend application of a 10% flexibility margin to take account of changing circumstances over the Plan period. This would increase the annual requirement to 733dpa which is 7.5% above the NMDDC past trend figure.

3.31 The proposed uplift in the housing requirement compared to past trends would be important to ensure that identified local needs can be met in accordance with the requirements of the RDS and, in so doing, avoid existing market pressures being exacerbated. It would also be important in boosting economic growth across the Council area. However, the comparatively limited increase is important in demonstrating the deliverability of the identified housing requirement. This is critical to ensuring compliance with test of soundness CE2, namely that the strategy is realistic and appropriate having considered the relevant alternatives and is founded on a robust evidence base.

## **Northern Ireland Housing Executive assessment of need**

3.32 The SPPS also refers to the need to have regard to the Housing Needs Assessment or Housing Market Analysis undertaken by the Northern Ireland Housing Executive (NIHE) in preparing housing allocations for LDPs. The NIHE Strategic Housing Market Analysis for Northern Ireland (June 2022) contains an assessment of future housing requirements based on an assessment of newly arising need and demand due to projected net growth in the number of households, together with a review of accompanying demand (second homes) and supply-side adjustments (vacant dwellings and conversions etc). The report sets out the annualised projected dwelling requirement by tenure for each of the local government districts in Northern Ireland. In so doing, it considers two scenarios – one excluding the existing unmet need for social housing (backlog), and a second that has regard for backlog.

3.33 As illustrated in Tables 3.3 and 3.4, the housing requirements for the market and intermediate sectors are the same for both scenarios. However, the social housing requirements increases from 90dpa without backlog to 170dpa with backlog. This indicates that the social housing backlog in NMD currently accounts for 89% of emerging need. This is the third highest backlog for all local government districts after Derry City and Strabane (300%) and Belfast (167%), and compares to the Northern Ireland average of 76%.

3.34 Without the backlog, the identified housing requirement for NMD is 630dpa whilst the “with backlog” figure is 710dpa. These figures are comparable to the baseline figure of 667dpa set out above (i.e. without the non-implementation allowance). This falls between the two NIHE figures, suggesting that the provision of 10,000 new homes over the Plan Strategy period would go some way to address the backlog of affordable housing but would not meet it in full.

3.35 Although not directly comparable to the Northern Ireland setting, it is noteworthy that, in many cases, the housing requirements contained within development plans in England and Wales are insufficient to meet the affordable housing requirement in full (including backlog). This point was recognised by Dove J in *Borough Council of Kings Lynn and West*

*Norfolk v Secretary of State for Communities and Local Government and Elm Park Holdings Ltd<sup>5</sup>:*

*“The Framework makes clear that these [affordable housing] needs should be addressed in determining the FOAN [full objectively assessed housing need], but neither the Framework nor the PPG suggest that they have to be met in full when determining that FOAN. This is no doubt because in practice very often the calculations of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice. That is because the vast majority of delivery will occur as a proportion of open-market schemes and is therefore dependent for its delivery upon market housing being developed.*

*“this consideration of an increase to help deliver the required number of affordable homes, rather than an instruction that the requirement be met in total, is consistent with the policy in paragraph 150 of the Framework requiring that the SHMA “addresses” these needs in determining the FOAN.”*

3.36 It follows from this that there will be situations in which the combination of the overall quantum of housing and the affordable housing policies contained within the development plan will not address the identified affordable housing need in full. However, that does not take away from the importance of, or need for, policies that seek to maximise the provision of affordable housing delivery.

3.37 Against this context, the fact that the baseline housing requirement for NMD would meet some of the affordable housing backlog demonstrates an appreciation by NMDDC of the approach set out in the RDS and SPPS.

Table 3.3 New dwelling requirements by tenure, 2020-2035, annualised, LGDs, excluding backlog

	Market	Intermediate	Social	All
Antrim and Newtownabbey	220	60	50	340
Ards and North Down	230	70	60	370
Armagh City, Banbridge and Craigavon	690	180	160	1,030
Belfast	340	140	150	620
Causeway Coast and Glens	240	60	60	360
Derry City and Strabane	140	50	40	220
Fermanagh and Omagh	240	60	40	340
Lisburn and Castlereagh	490	140	130	760
Mid and East Antrim	210	60	60	330
Mid Ulster	430	120	110	650
Newry, Mourne and Down	440	100	90	630
<b>N. Ireland</b>	<b>3,660</b>	<b>1,030</b>	<b>960</b>	<b>5,640</b>

Source: NIHE Strategic Housing Market Analysis for Northern Ireland (June 2022) Figure 3.12

<sup>5</sup> EWHC 2464 (Admin) 9 July 2015

Table 3.4 New dwelling requirements by tenure, annualised, 2020-2035, LDGs, including backlog

	Market	Intermediate	Social	All
Antrim and Newtownabbey	220	60	100	390
Ards and North Down	230	70	100	400
Armagh City, Banbridge and Craigavon	690	180	200	1,060
Belfast	340	140	400	880
Causeway Coast and Glens	240	60	90	400
Derry City and Strabane	140	50	160	340
Fermanagh and Omagh	240	60	60	360
Lisburn and Castlereagh	490	140	180	800
Mid and East Antrim	210	60	90	360
Mid Ulster	430	120	130	680
Newry, Mourne and Down	440	100	170	710
<b>N. Ireland</b>	<b>3,660</b>	<b>1,030</b>	<b>1,690</b>	<b>6,370</b>

Source: NIHE Strategic Housing Market Analysis for Northern Ireland (June 2022) Figure 3.13

- 3.38 Matters relating to the affordable housing target and the delivery of affordable housing are set out in Section 5.

## Adjustments to baseline housing requirement

- 3.39 It is appropriate to consider whether the actual housing need going forward is higher than the HGI-based figure identified above. In order to identify the appropriate level of future housing growth in the emerging Plan, NMDDC should give consideration to whether an upward adjustment is required.

## Flexibility margin

- 3.40 The inclusion of a flexibility margin is an important planning tool that will ensure that the housing requirement can be met even if some sites do not come forward at the expected rate. This will protect NMDDC against proposals for development on sites that do not accord with the Plan Strategy and will ensure its vision for growth can be achieved.
- 3.41 Whilst Northern Ireland policy does not explicitly require a flexibility margin, the application of a flexibility margin is widely used elsewhere in the UK. Most notably, Scottish Planning Policy (2014) requires the inclusion of a flexibility margin within housing policies contained in all development plans. Paragraph 116 states:
- “Within the overall housing supply target, plans should indicate the number of new homes to be built over the plan period. This figure should be increased by a margin of 10 to 20% to establish the housing land requirement, in order to ensure that a generous supply of land for housing is provided. The exact extent of the margin will depend on local circumstances, but a robust explanation for it should be provided in the plan.”*
- 3.42 In Wales, the Local Development Plan Manual (2020) also requires the inclusion of a flexibility margin. Paragraph 5.59 states:

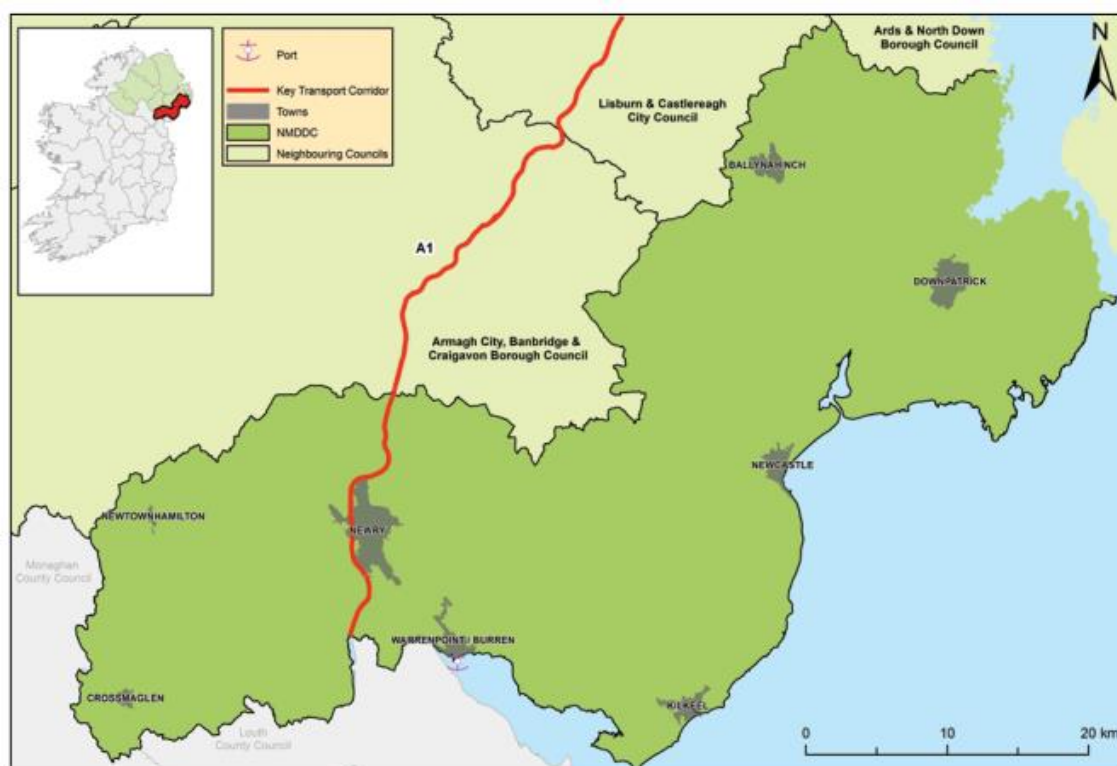
*“It will be extremely rare that all sites identified in a plan will come forward in the timescale anticipated. Whilst there is a need to improve certainty through frontloading, as described earlier in the Manual, there may be instances where site specific circumstances, unknown at the plan making stage, delay the delivery of sites. A development plan will not be effective if it cannot accommodate changing circumstances. **This means that a flexibility allowance must be embedded into the plan.** The plan will need to evidence there is sufficient flexibility above the requirement to account for non-delivery and unforeseen issues ... The level of flexibility will be for each LPA to determine based on local issues; the starting point for such considerations could be 10% flexibility with any variation robustly evidenced. The policy framework in the plan should be clear regarding the housing requirement, provision, and flexibility allowance. The level of flexibility chosen by the LPA when the plan goes on deposit is broadly maintained upon adoption of the plan.” (emphasis as per Development Plans Manual).*

- 3.43 Fundamental to the application of a flexibility margin is to provide a mechanism by which to take account of changing circumstances and ensure that the sufficient new homes can be delivered. In respect of this it is entirely consistent with test of soundness CE4, namely that the plan “is reasonably flexible to enable it to deal with changing circumstances.”
- 3.44 Further support is given to the application of a flexibility allowance by the fact that, as set out above, HGIs are provided as guidance for those preparing LDPs and are not considered to represent a cap on development. An upward adjustment is therefore acceptable, particularly where it would be focused on ensuring that the HGI-based requirement can be achieved.
- 3.45 The Lisburn and Castlereagh PS, which was adopted in September 2023, includes a 10% flexibility margin of 10%. Referring to this approach, the Commissioners Report states that:
- “...it is not at odds with regional policy aimed at furthering sustainable development, Plan Objective A or Strategic Policy 01 Sustainable Development of this plan. Nor is it a derogation from the ‘plan, monitor and manage’ approach to housing land supply advocated by the SPPS. The proposed uplift is consistent with soundness test CE4.”* (Paragraph 5.10)
- “Whilst deliverability is not a test for soundness it is instrumental in achieving the duty imposed by Section 1 (1) of the Planning Act. This endorses the proposed 10% flexibility margin.”* (Paragraph 5.52)
- 3.46 This evidence demonstrates the extent to which a flexibility margin represents a valuable and widely used tool that contributes towards the effective planning for future housing development in order to ensure that identified needs can be met. It will similarly play an important role in ensuring that the identified housing requirement for NMD can be delivered over the LDP period. It will also ensure that the Plan will be sufficiently flexible to respond to changing circumstances that may occur over time.
- 3.47 We recommend that a 10% flexibility allowance is applied to the identified requirement, resulting in a requirement of 11,000 dwellings for the LDP period.

## Housing need in neighbouring council areas

- 3.48 In preparing its new LDP, each council is required by the Planning Act 2011 to have regard to relevant plans, policies and strategies relating to adjoining local government districts and consider how these may affect their own plans. Where cross-boundary issues are relevant, it will be important to ascertain whether the LDP conflicts with the plans of neighbouring councils. This is fundamental to being able to satisfy soundness tests C4 and CE1.
- 3.49 A key implication of this is that, in seeking to identify the housing requirements for NMD, it is important to determine whether there might be any unmet housing need in the adjoining local government districts that would need to be accommodated within NMD.
- 3.50 As illustrated in Figure 3.2, Lisburn and Castlereagh is bordered by three other council areas. The extent to which it might be required to accommodate any unmet needs from adjoining council areas will depend on:
- 1 The position within the relevant authorities in respect of their housing needs and the ability to meet the identified requirement; and,
  - 2 The status and timescales of any emerging LDP.

Figure 3.2 NMD in the context of adjoining local government districts



Source: NMD Preferred Options Paper, Map 1

- 3.51 The position of the adjoining council areas in respect of these matters is set out in Table 3.5. The Lisburn and Castlereagh PS was adopted in September 2023 and did not give rise to any unmet need. The other adjoining local government districts – Ards and North Down and Armagh City, Banbridge and Craigavon – have not yet reached draft PS stage. However, neither authority has indicated that it will have any unmet housing need that needs to be accommodated by NMDDC. As such, it is reasonable not to apply any uplift to

the NMD housing requirement to address unmet needs in adjoining local government districts.

Table 3.5 Status of LDPs in adjoining local government districts

Council area	Plan Strategy status	Plan period	Housing requirement	Unmet need arising?
Lisburn and Castlereagh	Adopted September 2023	2017-2032	11,250 750dpa	No
Ards and North Down	Consultation on Preferred Options Plan May-August 2019	2015-2030	8,190 546dpa	No
Armagh City, Banbridge and Criagavon	Consultation on Preferred Options Plan March-May 2018	2015-2030	19,850 1,323dpa	No

Source: Lichfields analysis of individual LDP documentation

- 3.52 It should also be noted that the Belfast PS was adopted in May 2023 and provides a basis by which the identified housing requirement of 31,660 will be met by 2035. The implication of this is that there is no unmet needs arising from Belfast that needs to be accommodated in other local government districts in Northern Ireland.

## Recommendations

- 3.53 Drawing on the analysis contained in this section, we recommend that a baseline housing requirement of 10,000 dwellings should be applied for the NMD LDP period of 2020 to 2035.
- 3.54 It is further recommended that a 10% flexibility allowance should be applied to the identified requirement, resulting in a requirement of 11,000 dwellings for the Plan period. This would result in an annualised requirement of 733dpa which is 17% higher than the previous delivery published by the DoF and 7.8% above the past trend data recorded by NMDDC. This level of uplift is considered to be both realistic and deliverable, and would be important in ensuring that the identified needs of the local area can be met throughout LDP period, even in the event that changing circumstances arise.
- 3.55 It is not, however, recommended that any additional provision is required to address any unmet needs from adjoining local government district.
- 3.56 It is important to ensure that a shortage of future housing delivery does not act as a constraint to economic growth. To this end, the alignment of housing and employment growth will play a significant role in contributing to balanced growth and balanced communities. In the light of this, it is finally recommended that due consideration is given to ensuring that the housing and economic growth objectives of NMD are adequately aligned.

## 4.0

# Housing supply

### 4.1

Having identified a recommended housing requirement for the NDP PS, it is important to consider how this will be delivered through an assessment of supply. Drawing on the evidence contained in Table A6 of the LDP Housing Strategy, this section provides an assessment of:

- 1 The proposed components of future housing supply;
- 2 The case for the application of a non-implementation allowance; and,
- 3 The geographical distribution of the proposed supply.

## Components of supply

### 4.2

Paragraph 6.139 of the SPPS identifies a number of categories of sites that should be included in LDPs:

- 1 **Housing commitments:** *“Councils should take account of dwellings already constructed, approvals not yet commenced and residential development proposals likely to be approved.”*
- 2 **Urban capacity studies** which *“assess the potential for future housing growth within the urban footprint and the capacity for different types and densities of housing.”*
- 3 **Allowance for windfall housing** which is described as *“central to the assessment of future housing land requirement”*. It is therefore *“necessary to make full allowance for this [windfall sites] when deciding the number of sites to identify for development in the plan to prevent excessive allocation of housing land.”*

### 4.3

PPS12 likewise notes that existing commitments, urban capacity studies and windfall sites will play an important role in determining housing allocations in LDPs.

### 4.4

Table 4.1 below provides a summary of the expected level of supply from different sources. This is based on the information contained in Table A6 of the LDP Housing Strategy, which sets out the anticipated housing supply over the LDP period by source and settlement. Noting that the total figure in Table A6 does not include the 411 dwellings in the zoned Phase 2 site at Downpatrick, we set out the total figure with and without this site.

Table 4.1 Sources of supply identified by NMDDC

		No. dwellings
Completions 2020-2023	Settlement total	1,339
	Rural areas	533
Commitments	Under construction	1,834
	Not started	1,858
Zoned sites (uncommitted)	Phase 1	4,119
	Phase 2	411
Zoned mixed-use sites (uncommitted)	Phase 1	294
Urban Capacity Study		681
Windfalls		364

	No. dwellings
Countryside supply	1,700
<b>Total including Phase 2</b>	<b>13,133</b>
<b>Total excluding Phase 2</b>	<b>12,722</b>

Source: NMD LDP Housing Strategy, Table A6

- 4.5 We consider each source of supply in turn below. In reviewing this overall supply figure, it is important to have regard to the deliverability of each source of supply and the application of a non-implementation allowance, so as to ensure compliance with Tests of Soundness CE2, CE3 and CE4.

## Completions

- 4.6 The number of dwellings completed between April 2020 and March 2023 is based on NMDDC monitoring data completions data. This data represents the net additional completions and differentiates between completions in settlements and in the open countryside, as follows:

Table 4.2 Completions in NMD between April 2020 and March 2023

Settlement tier	Completions (excluding replacement dwellings), 2020-2023	% of settlement completions	% of all completions
City/Main Towns	585	43.7%	33.8%
Towns	302	22.6%	17.5%
Villages	295	22.0%	17.1%
Small settlements	157	11.7%	9.1%
<i>Settlement total</i>	<i>1,339</i>	<i>100%</i>	<i>77.4%</i>
Countryside	390		22.6%
<b>Total</b>	<b>1,729</b> <b>576dpa</b>		100%

Source: NMD LDP Housing Strategy, Table A6

- 4.7 The countryside figure represents the net additional number of completions between 2020 and 2023, as summarised in Table 4.3:

Table 4.3 Completions in NMD countryside, 2020-2023

	2020/21	2021/22	2022/23	Total
Total completions	157	183	192	<b>532</b>
Replacements	36	58	48	<b>142</b>
Net additional	121	125	144	<b>390</b>

Source: NMDDC Housing Monitoring data

- 4.8 The total number of completions in NMD between 2020 and 2023 equates to an annualised average of 576dpa. This is 21.4% below the identified requirement figure of 733dpa. Having regard to these completions results in a residual requirement for 9,271 dwellings between 2023 and 2035 – an average of 773dpa.

## Commitments

- 4.9 Commitments represent dwellings on sites that benefit from planning permission. The Council's evidence differentiates between sites that are currently under construction and those that have not yet commenced, as summarised below:

Table 4.4 Number of dwellings under construction and with permission but not started as of April 2023

Settlement tier	Under Construction	Not started
City/Main Towns	604	814
Towns	456	593
Villages	453	308
Small settlements	321	143
Settlement total	1834	1858
Countryside	-	-
<b>Total</b>	<b>1,834</b>	<b>1,858</b>

Source: NMD LDP Housing Strategy Table A6

- 4.10 The information provided by the Council does not include any allowance for commitments in the countryside even though there are likely to be some sites that are under construction and not started at the base date. As set out below, a separate allowance has been applied for delivery in the countryside; this takes account of commitments and future windfall releases.
- 4.11 Whilst the delivery of sites that are currently under construction can effectively be assured, there is a risk that commitments that have not yet commenced might not be delivered. This should be reflected through the application of a non-implementation allowance.

## Zonings

- 4.12 The LDP Housing Strategy identifies a total future supply of 4,119 dwellings on phase 1 zoned housing sites, 411 dwellings on a "phase 2" zoned housing sites and 294 dwellings on zoned mixed-use sites.

### Major zonings

- 4.13 This supply includes two major zonings at Downpatrick and Ballynahinch:
- 1 Downpatrick: Residential-led mixed use development comprising c.1,000 dwellings, local neighbourhood facilities, a school site (subject to need) and a new distributor road linking the site from Saul Road to Ballyhornan Road.
  - 2 Ballynahinch: Residential development of 427 dwellings.
- 4.14 Both zonings were included in previous plans but were not delivered due to them being reliant on the delivery of major infrastructure projects – comprising of a road scheme to be funded by DFI at Ballynahinch and non-strategic road scheme to be funded by developer at Downpatrick.
- 4.15 A pre-application notice (Reference: LA07/2024/0776/PAN) was received by NMDDC in July 2024 in respect of the site at Downpatrick. An outline planning application was subsequently submitted in January 2025 (LA07/2025/0124/O) for a residential-led mixed

use development on this site. A new distributor road linking the site from Saul Road to Ballyhornan Road is proposed as part of this development.

- 4.16 This site is expected to come forward within the LDP period, although it will be important to ensure early progress in order to maximise delivery within the Plan period. Although based on a sample of development sites in England and Wales, the Lichfields report, *Start to Finish: how quickly do large-scale housing sites deliver?* (2024)<sup>6</sup> indicated that the mean build rate for sites comprising of between 1,000 and 1,500 dwellings was 90dpa (median rate of 87dpa). This indicates an 11-year construction period for the site. Given the planning status of the site, it is likely that this site would not be completed in full by 2035 and so we would recommend further consideration of the expected level of delivery that should be included in the Housing Allocation.
- 4.17 The development at Ballynahinch is contingent on delivery of the strategic road. Following a public inquiry, DFI made Direction Order (Statutory Rule) for the A24 Ballynahinch Bypass scheme which came into operation in July 2021. However, this project was not included on the list of priority schemes that was published in August 2023 and so development work on this project is currently paused. DFI is currently drafting a new Transportation Strategy for Northern Ireland (TSNI). This will shape the planning and delivery of transport infrastructure and services up to 2035 – such that it will be aligned with the NMD LDP period. Following publication of the draft TSNI, DFI will review all work undertaken to date on the draft Regional Strategic Transport Network Transport Plan (RSTNTP). A decision to proceed to procurement in respect of the Ballynahinch Bypass will then be considered.
- 4.18 This uncertainty regarding the delivery of the Ballynahinch Bypass casts doubt over the timing of delivery of the major zoning at Ballynahinch. Given the similarities between this and the Phase Two site in Downpatrick, we would therefore recommend that it should be reclassified as a Phase Two site.
- 4.19 The recommended additional work in respect of these two sites is necessary to demonstrate compliance with soundness tests CE2 and CE3.

### **Mixed use zonings**

- 4.20 We understand that NMDDC has prepared a schedule of the other zoned sites. Although the scope of this commission did not extend to a review of those sites, it will be important to assess their continued suitability, availability and deliverability. Consideration should be given as to why the sites have not come forward for development to date and when they are expected to be delivered. This is important in order to demonstrate compliance with soundness test CE2.
- 4.21 We would also recommend that the list of zonings is contained within the PS or Housing Technical Supplement.
- 4.22 Under the two-part LDP system in Northern Ireland, it is important to note that there will also be an opportunity to identify additional sites for smaller (non-strategic) zonings will at the LPP stage, if required.

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<sup>6</sup> This research uses empirical evidence on how long sites take to go through the planning and construction process. The latest (third) edition of the research drew on a sample of 297 sites with a combined yield of 387,000 dwellings; 179 of the sites delivered 500 or more dwellings <https://lichfields.uk/content/insights/start-to-finish-3>

## Phase Two site

- 4.23 A site for 411 dwellings Downpatrick is zoned in the current Ards and Down Area Plan 2015 (ADAP).
- 4.24 Volume 1 of ADAP contains Proposal HOU 2 Zonings and Phasing: Down District. This states that Phase Two land in Downpatrick will not be released until the transportation infrastructure associated with Phase 1 has been completed. This is confirmed in Volume 3 of ADAP which states:
- “The Plan also proposes 22.44 hectares of Phase 2 housing land. This land will be held in reserve in accordance with Proposal HOU2 in Volume 1 of the Plan, until the completion of the distributor road as part of Phase 1 lands.”*
- 4.25 There is uncertainty regarding the delivery of housing on the Phase Two zoned housing site in Downpatrick, meaning the delivery of these dwellings may or may not come forward within the LDP period.
- 4.26 For the purpose of this commission, we are questioning when the delivery will occur on the Phase Two zoned site in Downpatrick and our recommended Phase Two site in Ballynahinch, rather than if will happens. In light of this uncertainty, Tables 4.11 and 4.12 below outlines the supply with and without the Phase Two site.

## Urban Capacity Study

- 4.27 The urban capacity study (UCS) represents a key element of the evidence base which will be used to inform the housing element of the Spatial Growth Strategy. It provides an assessment of the potential future housing growth within the urban footprint and the capacity for different types and densities of housing. The UCS takes account of housing development opportunities arising from previously developed land, infill sites, conversion of existing buildings, and possible changes of land use. Consideration is given to the type of housing and density appropriate to each site in order to assess the number of units likely to be generated.
- 4.28 PPS 12 states that urban capacity studies will be undertaken as an integral part of development plan preparation and form an essential early step in the sequential approach to site identification and the managed release of housing land. A full methodology for the execution of urban capacity studies is described in Appendix 1 of PPS12.
- 4.29 The SPPS acknowledges the UCS as a basis for LDP allocations. It refers to the following elements/requirements of a UCS:
- 1 Councils should assess the potential for future housing growth within the urban footprint – defined by RDS Glossary as *“defined as the continuous built up area of the settlement. The boundary will be represented by an uninterrupted line, often lying inside the planned settlement limit. ...Undeveloped zoned land at the edge of the settlement will be excluded. Urban footprints have been identified and set as a baseline as of January 2001.”*
  - 2 The capacity for different types and densities of housing should be assessed.

- 3 The UCS should take account of housing development opportunities arising from previously developed land, infill sites, conversion of existing buildings, and possible changes of land use.
- 4 Consideration should be given to the type of housing and density appropriate to each site in order to assess the number of housing units likely to be generated.

4.30 In preparing the urban capacity study consideration was given to the RDS regional target of 60% of new housing to be located in appropriate brownfield sites within the urban footprint of settlements greater than 5,000 population. The study has therefore focused on the five settlements with a population of more than 5,000 people – Newry, Downpatrick, Newcastle, Warrenpoint, Kilkeel and Ballynahinch – rather than considering the urban capacity of all urban areas. The towns of Crossmaglen along with the proposed towns of Castlewellan, Killyleagh and Saintfield were excluded from the assessment. Although PPS12 acknowledges that settlements with a population of less than 5,000 can be of greater relative importance within their own locality, we consider this approach to be proportionate and appropriate.

4.31 In respect of the other requirements set out in the SPPS:

- 1 The NMD UCS is based on a single density figure of 25dph. However, it contains a note that states that “A density of 25 dph was used as a general guide however where there were clear constraints on the site yield has been adjusted accordingly.” This implies that a downward adjustment has been applied, although there might be circumstances in which a higher density might be appropriate. Given the low density figure that has been applied, we assume that it represents a net figure.
- 2 It is unclear whether the potential for different types of housing have been considered on UCS sites.
- 3 The UCS does state that a range of types of land/sites have been considered

4.32 The UCS sets out the potential development sites by settlements and identifies a total estimated supply of 681 dwellings, as summarised in Table 4.5. We have not undertaken a review of the UCS sites or estimated yield as part of this assessment.

Table 4.5 UCS estimated capacity by settlement

Settlement	Estimated yield @ 25 dph
Newry	257
Downpatrick	168
Newcastle	63
Warrenpoint	19
Kilkeel	106
Ballynahinch	68
<b>Total</b>	<b>681</b>

Source: NMDDC UCS

## Windfalls

4.33 The RDS Glossary defines windfall sites as:

*“Sites that were neither zoned nor anticipated during the formulation of the development plan but which have become available during the lifetime of the plan.”*

- 4.34 Further consideration of windfall sites is contained in paragraph 6.139 of the SPPS which recognises the potential contribution of such sites and the extent to which they are expected to contribute to the future supply of housing:

*“Windfall potential is central to the assessment of future housing land requirement and is a key element of the urban capacity study. Windfall potential arising from previously developed land within the urban footprint can be a key source of housing supply over the course of the plan period. In line with the objectives of the RDS it is necessary to make full allowance for this when deciding the number of sites to identify for development in the plan to prevent excessive allocation of housing land. The scale of the windfall housing allowance will vary from area to area and may depend on the approach taken to the urban capacity study. Allowance can be made on the basis of examining past trends in windfalls coming forward for development and estimating likely future windfall potential. It is recognised that there are a range of methodologies for calculating windfall. The methodology used should be robust and care should be taken to avoid under-estimation of windfalls. Windfall should be regularly monitored because of its dynamic and changing nature, with monitoring data factored into the plans housing allocation when the LDP is reviewed.”*

- 4.35 The Urban Capacity Study includes an assessment of the expected windfall supply in the settlements that have a population of more than 5,000 people. This document differentiates between Type 3 and Type 4 character areas, as follows:

- 1 **Windfall Type 3 Character Areas:** established residential areas. The potential capacity of windfall sites was calculated using a scoring matrix to assess the following yield categories, as set out in PPS12:
  - a Sub-division of existing housing;
  - b Empty homes (where in excess of average vacancy);
  - c Redevelopment potential;
  - d Infill;
  - e Intensification of existing residential (use of private open space);
  - f Conversion from non-residential;
  - g Smaller areas of vacant/under-utilised land; and,
  - h Other unspecified.
- 2 **Windfall Type 4 Character Areas:** city/town centre areas with a higher propensity for change. Again, a scoring matrix was used to assess the following yield categories:
  - a Sub-division of existing housing;
  - b Redevelopment potential (existing housing);
  - c Redevelopment potential (non-residential);
  - d Infill;

- e Intensification of existing residential (use of private open space);
- f Conversion from non-residential;
- g Vacant non-residential;
- h Car park redevelopment;
- i Flats over shops;
- j Opportunity sites (with residential option);
- k Smaller areas of vacant/under-utilised land;
- l Ancillary space associated with established/committed uses; and,
- m Other unspecified.

4.36 For each type of character area, the windfall assessment was based on a survey of the area, taking account of the following factors:

- 1 The nature and character of their built fabric;
- 2 Historic windfall contributions including those of previous urban capacity exercises;
- 3 Future opportunities;
- 4 Identified Type 1 (Urban Capacity Study) sites to ensure there would be no double counting of future potential housing delivery; and,
- 5 Vacancy rates.

4.37 The report identified a total windfall supply of 364 dwellings from the largest settlements, as summarised in Table 4.6.

Table 4.6 Identified windfall capacity in main settlements

	Type 3 capacity	Type 4 capacity	Windfall capacity
Newry	93	33	126
Downpatrick	43	11	54
Newcastle	39	0	39
Warrenpoint	26	24	50
Kilkeel	42	10	52
Ballynahinch	27	16	43
<b>Total</b>	<b>270</b>	<b>94</b>	<b>364</b>

Source: NMDDC Urban Capacity Study, November 2024

4.38 Given that the source of windfall sites is not known at the start of the LDP period, the assessment of windfall supply is usually based on a review of past trends. Table 4.7 sets out the number of completions on unzoned sites within the cities and towns in NMD between August 2010 and March 2023. Rolling that past trend forward would suggest a future windfall supply of 316 dwellings within these settlements. This is 15% lower than the figure contained in the UCS (as set out in Table 4.6 above). We consider this difference to be reasonable given that the UCS might also have identified the potential of some larger windfall sites.

Table 4.7 Completions outside of housing zonings within the urban footprint between August 2010 and March 2023.

Settlement	Units on sites of less than 0.1ha/<5 units	Annual past completions	Expected supply, 2023-35
Newry	113	9	107
Downpatrick	45	4	43
Newcastle	59	5	56
Warrenpoint / Burren	62	5	59
Kilkeel	44	3	42
Ballynahinch	10	1	9
<b>Total</b>	<b>333</b>	<b>27</b>	<b>316</b>

Source: Lichfields assessment of Urban Capacity Study Table 6.1

- 4.39 It is anticipated that some windfall completions will occur outside of the largest settlements. However, evidence documents provided by NMDDC do not provide any information regarding the future or historic windfall supply in smaller settlements. Table 4.8 sets out a review of past completions on small, unzoned sites within the cities/main towns and towns (defined as windfalls). This shows that between August 2010 and March 2023, 10% of total completions were on small sites:

Table 4.8 Completions outside of housing zonings within the urban footprint between August 2010 and March 2023

Settlement	Total completions	Units on sites of less than 0.1ha/<5 units	% of total completions
Newry	1,426	113	7.9%
Downpatrick	488	45	9.2%
Newcastle	444	59	13.3%
Warrenpoint / Burren	179	62	34.6%
Kilkeel	216	44	20.4%
Ballynahinch	409	10	2.4%
Saintfield	168	7	4.2%
Killyleagh	73	11	15.1%
Castlewellan	128	7	5.5%
Crossmaglen	104	7	6.7%
<b>Total</b>	<b>3,635</b>	<b>365</b>	<b>10.0%</b>

Source: Lichfields assessment of Urban Capacity Study Table 6.1

- 4.40 We have applied this 10% allowance to the anticipated future supply of settlements<sup>7</sup> with less than 5,000 population to identify a windfall allowance for the rest of NMD. As detailed in Table 4.9, this results in an additional windfall allowance of 231 dwellings

<sup>7</sup> i.e. Potential supply less non-implementation allowance, as discussed later in Section 4

Table 4.9 Analysis of expected windfall supply from settlements with less than 5,000 population

	Potential (i.e. commitments and zoned site)	Potential less non-implementation allowance (i.e. deliverable supply, see below)	Windfall assumption (10% of potential delivery)
Saintfield	43	39	4
Killyleagh	105	98	10
Castlewellan	26	25	3
Crossmaglen	215	204	20
Villages	1,563	1,452	145
Small settlements	509	490	49
<b>Total</b>	<b>2,461</b>	<b>2,308</b>	<b>231</b>

Source: Lichfields analysis

- 4.41 Adding this figure to windfall allowance contained in Table A6 of the LDP Housing Strategy (as summarised in Table 4.6 above<sup>8</sup>) equates to total windfall for settlements of 595 between 2023 and 2035 (49dpa).

## Countryside

- 4.42 Housing delivery is expected to come forward in the open countryside. The calculation of future supply from the countryside is based on a review of past trends between 2015/16 and 2022/23.
- 4.43 Over that period, a total of 1,393 dwellings were completed in the countryside in NMD. However, 253 of these were delivered on sites on which construction work commenced prior to 2010. These dwellings would have been approved under a different policy context; if they had been promoted after 2010, they might not have been granted planning permission. It is therefore not considered that such sites should inform an assessment of future completions in the countryside<sup>9</sup>.
- 4.44 A further adjustment has been made for replacement dwellings, such that the estimate of future housing supply in the countryside represents a net additional figure that is likely to come forward based on current policy provisions.

Table 4.10 Rural completions in NMD, 2015/16 to 2022/23, excluding those commenced before 2010

	All completions	Completions, excluding those commenced prior to 2010	% of completions commenced after 2010	Replacements commenced 2010 onwards	Net completions commenced 2010 onwards
2015/16	170	119	70.0%	23	96
2016/17	164	112	68.3%	15	97
2017/18	143	117	81.8%	22	95
2018/19	184	147	79.9%	31	116

<sup>8</sup> 364 dwellings between 2023 and 2035 from windfall sources

<sup>9</sup> Note that this approach does not affect review of past trends for the purpose of supply in first three years of LDP period, as detailed in Table 5.2 above, which has regard to all rural completions regardless of when planning permission was granted and work commenced on the site.

	All completions	Completions, excluding those commenced prior to 2010	% of completions commenced after 2010	Replacements commenced 2010 onwards	Net completions commenced 2010 onwards
2019/20	200	172	86.0%	43	129
2020/21	157	129	82.2%	33	96
2021/22	183	165	90.2%	58	107
2022/23	192	179	93.2%	48	131
<b>Total</b>	<b>1,393</b>	<b>1,140</b>	<b>81.8%</b>	<b>273</b>	<b>867</b>
<b>Annual average</b>	<b>174</b>	<b>143</b>		<b>34</b>	<b>108</b>

Source: NMDDC Historical Housing Completion and Building Control data

- 4.45 Based on the evidence set out in Table 4.10, it is estimated that average of 108dpa will be delivered in the countryside between 2023 to 2035. This equates to a supply of 1,296 dwellings.

## Summary

- 4.46 Drawing on the position detailed above, Table 4.11 provides a summary of the expected supply from different sources in NMD by 2035, together with a summary of the key differences with Table A6 of the LDP Housing Strategy (as summarised in Table 4.1 above). For the purposes of this table, we have retained the anticipated delivery of 1,000 from the major zoning at Downpatrick, even though it is likely that this will not be delivered in full and we have recommended that further work should be undertaken in respect of this. We have also retained all other zonings, but have recommended that these should be subject to review. For the reasons set out above, we have recategorised the major zoning at Ballynahinch as a Phase 2 site.

Table 4.11 Revised sources of supply

		No. dwellings			Commentary
		Amended supply	Table A6 supply	Difference	
Completions 2020-2023	Settlement	1,339	1,339	0	
	Rural areas	390	533	-143	Application of updated NMDDC evidence
Commitments	Under construction	1,834	1,834	0	
	Not started	1,858	1,858	0	
Zoned sites (uncommitted)	Phase 1	3,692	4,119	-427	Recategorisation of major zoned site at Ballnahinch as Phase 2 site
	Phase 2	838	411	+427	
Zoned mixed-use sites (uncommitted)	Phase 1	294	294	0	
Urban capacity study		681	681	0	

Windfalls	595	364	+231	Application of windfall allowance to all settlements
Countryside total	1,296	1,700	-404	Application of updated NMDDC evidence
<b>Total including Phase 2</b>	<b>12,817</b>	<b>13,133</b>	<b>-316</b>	
<b>Total excluding Phase 2</b>	<b>11,979</b>	<b>12,722</b>	<b>-743</b>	

Source: Lichfields analysis

## Non-implementation allowance

- 4.47 Whilst deliverability is not, in itself, a test for soundness it forms part of test CE3 (clear mechanisms for implementation) and is instrumental in achieving the duty imposed by Section 1 (1) of the Planning Act. As such, it is important to ensure that sufficient flexibility is built into the PS to ensure that the identified housing requirement can be achieved even if some sites do not come forward at all or at the expected rate.
- 4.48 However, it can be very difficult to anticipate which sites will – and which will not – come forward over the duration of a Plan period. It is for this reason that the application of a non-delivery allowance represents an important response to the likelihood of non-delivery particularly as the Plan system operates in two stages, and full detail on the designation of sites does not come forward until the LPP. If it was possible to know in advance of the LPP whether a particular site would not come forward then the LDP could be amended accordingly<sup>10</sup>.
- 4.49 It is recommended that a non-implementation allowance should be applied to any sites – regardless of whether they benefit from planning permission or not – on which construction has not yet started. This is to account for the risk that some sites will not deliver the expected number of new homes over the PS period.
- 4.50 The same approach was adopted in the Lisburn and Castlereagh PS and this adjustment was found to be acceptable by the Commissioner:
- “The flexibility margin will help in driving continuity of supply even when lead-in times are taken account of, especially when considered against the backdrop of the number of commitments with extant planning permission.”* (Report into the Independent Examination of the Lisburn and Castlereagh Plan Strategy, paragraph 5.54)
- 4.51 This approach is widely used elsewhere in the UK. More notably, in Wales, the Local Development Plan Manual (2020) specifically endorses the application of a non-delivery allowance and recognises that this is distinct to the flexibility allowance that is applied to the housing requirement contained within the LDP:
- “Including the entire land bank in numerical terms in a housing provision can be a high risk strategy. If sites do not come forward as anticipated, or issues arise as part of the examination process, a lack of delivery can result in a potential shortfall of homes. Having a non-delivery allowance in the plan can help avoid this scenario.”*

<sup>10</sup> The Plan Strategy provides the broad allocation in accordance with the SPPS, however specific details in relation to supply will be further assessed at LPP stage.

*“A ‘non-delivery allowance’ is factored into the land bank; discounting a proportion of the land bank based on local evidence. This may not be appropriate for all LPAs, but relevant for LPAs with a large number of land bank sites, not those with just a few sites, or in areas where the land bank is made up of numerous small sites which take a long time to complete. **To be clear, a land bank non-delivery allowance is separate to the flexibility allowance (i.e. 10%) which is applied to the plan as a whole.** Understanding the proportion of sites that did not come forward in the past can be a useful tool in this respect. Sites can be discounted individually, or applied as a percentage across the overall land bank. The latter is the simplest approach. Non-delivery allowances have ranged from 20-50% to date, dependent on local circumstances.” (Page 118, emphasis added).*

4.52 Having regard to the approach adopted by the Lisburn and Castlereagh PS, we have applied a 10% non-implementation allowance for commitments, zoned sites and urban capacity sources. It is not applied to dwellings under construction as the risk of non-delivery is considered to be low in respect of sites on which construction has already commenced. It is also not applied to windfalls or countryside supply, both of which are based on analysis of actual past completions.

4.53 A summary of the adjustments applied and the expected delivery from each source is set out in Table 4.12.

Table 4.12 Non-implementation allowance and expected delivery by source

		No. dwellings	Non-implementation allowance		Expected delivery
Completions 2020-2023	Settlements	1,339	0%	-	1,339
	Rural areas	390		-	390
Commitments	Under construction	1,834		-	1,834
	Extant permission	1,858	10%	186	1,672
Zoned sites (uncommitted)	Phase 1	3,692		369	3,323
	Phase 2	838		84	754
Zoned mixed-use sites (uncommitted)	Phase 1	294		29	265
Urban Capacity Study		681		68	613
Windfalls		595	0%	-	595
Countryside supply		1,296		-	1,296
<b>Total including Phase 2</b>		<b>12,817</b>		<b>736</b>	<b>12,081</b>
<b>Total excluding Phase 2</b>		<b>11,979</b>		<b>652</b>	<b>11,327</b>

Source: Lichfields analysis

4.54 The NMD Plan Strategy therefore makes provision for the delivery of between 11,327 and 12,081 dwellings between 2020 and 2035, in order to meet an identified requirement for 11,000 homes. The range reflects the potential for the delivery of the Phase 2 zoned site at Downpatrick and Ballynahinch. The approach that is being taken in respect of these sites is considered to be appropriate and robust given the uncertainty regarding their delivery

within the LDP period. This figure should be reviewed following a detailed review of the deliverability of all zoned sites, including the number of dwellings that are expected to be delivered at the Downpatrick major zoning within the emerging LDP period.

4.55 We would emphasise that:

- 1 The requirement of 11,000 dwellings reflects the inclusion of a flexibility margin;
- 2 Both supply figures comfortably exceed the baseline housing requirement of 10,000 dwellings; and,
- 3 Under the two-stage LDP process in Northern Ireland, if there is a need for additional (non-strategic) zonings, these should come forward through the subsequent LPP.

## Distribution of supply

4.56 Having reviewed the sources of supply, this section now considers the distribution by individual town and settlement tier.

4.57 The RDS sets out the objective of “*managing housing growth to achieve sustainable patterns of residential development*” under regional guidance RG8. In order to achieve this objective, it emphasises the importance of meeting the needs of the whole community and places emphasis “*on the importance of relationship between the location of housing, jobs, facilities and services and infrastructure*” (paragraph 3.15). In particular, it seeks to:

- 1 Ensure that development patterns do not have an adverse impact on environmental resources and build heritage;
- 2 Mitigate the risk of flooding by avoiding those areas known to be at risk;
- 3 Focus high quality housing within existing urban areas;
- 4 Avoid causing unacceptable damage to the local character and environmental quality or residential amenity of the surrounding area;
- 5 Promote housing as part of mixed use developments;
- 6 Ensure an adequate provision of necessary infrastructure;
- 7 Encourage compact urban forms and promote more housing within existing urban areas; and,
- 8 Seek to locate 60% of new housing on appropriate brownfield sites within the urban footprint of settlements with a population of more than 5,000 people.

## Housing Evaluation Framework

4.58 These matters are brought together in the requirement to apply the Housing Evaluation Framework (HEF) which one of the sources that the SPPS requires to be taken into consideration when establishing housing allocations in LDPs.

4.59 The HEF contains six tests that will inform judgments on the allocation of housing growth:

Table 4.13 Housing Evaluation Framework

Resource Test	Studies should be carried out to assess and detail the existence of community assets and physical infrastructure such as water, waste and sewage, including spare capacity.
Environmental Capacity Test	An assessment of the environmental assets of the settlement, the potential of flooding from rivers, the sea or surface water run-off

	and its potential to accommodate future outward growth without significant environmental degradation should be made.
Transport Test	Studies should be carried out to assess the potential for integrating land use and public transport and walking and cycling routes to help reduce reliance on the car.
Economic Development Test	The potential to facilitate and appropriate housing and jobs balance and to unlock any major strategic development opportunities should be assessed and detailed.
Urban and Rural Character Test	Assessment should be made of the potential to maintain a sense of place, and to integrate new development in a way that does not detract from the character and identity of the settlement.
Community Services Test	The potential to underpin and, where necessary, reinforce the community service role and function of the settlement should be assessed and detailed.

Source: RDS 2035

4.60 Neither the RDS nor the SPPS makes any comment regarding the weight that should be applied to the six HEF criteria and it is therefore assumed that they are all weighted equally.

4.61 NMDCBC has applied the HEF criteria through an assessment of the following considerations:

Table 4.14 Considerations applied in review of HEF

Test	Metric	Criteria
Resource	Waste Water Treatment Works capacity	Level of capacity within existing WWTW facilities to accommodate additional growth
Environmental Capacity	Quantum of unconstrained land	Constraints defined as including: <ol style="list-style-type: none"> <li>1 Physical features including rivers and open water bodies, topography (steep slopes) and coastal edges</li> <li>2 Surface, fluvial and coastal flood potential.</li> <li>3 Infrastructure – roads, rail (incl rail beds), greenways, 110Kv electricity network.</li> <li>4 Environmental Designations (SPA/SAC/ASSI)</li> <li>5 Forest Parks, Historic Parks, Gardens &amp; Demesne Plan designations (Special Countryside Area, LLPA)</li> </ol>
Transport	Travel time by public transport	<ol style="list-style-type: none"> <li>1 For city and main towns, criteria is travel time to city/main town centre</li> <li>2 For small towns and village, criteria is and travel time to large town centre</li> </ol>
Economic Development	Provision of employment development land and retail facilities	<ol style="list-style-type: none"> <li>1 For city and main towns, criteria is quantum of zoned economic development land</li> </ol>

Test	Metric	Criteria
		2 For small towns and villages, criteria is vitality assessments, having regard to comparison and convenience shopping, retail services, leisure services and financial and business services
Urban and Rural Character	Sense of place and capacity to integrate development	<p>1 Settlements with a strong sense of place demonstrate a quality historic environment with a Conservation Areas or Areas of Townscape Character designation. General streetscape and the environmental quality (materials/design) of the public realm are also relevant.</p> <p>2 The capacity to integrate development is based on the number/capacity of UCS type 1 sites for city and main towns and capacity of Housing Monitor committed and uncommitted sites for other settlements</p>
Community Services	Proximity to a range of community service groups	<p>Community Services include:</p> <p>1 Education: primary/secondary/higher</p> <p>2 Health: hospital, health centre/GP, dentist, optician</p> <p>3 Leisure: leisure centre, gaelic/soccer/rugby pitch &amp; facilities, library, community centre, church</p> <p>4 Finance: post office, bank, credit union</p> <p>5 Retail and Professional services</p>

Source: Lichfields review of NMDDC HEF Methodology

4.62 NMDDC applied two alternative scoring approaches:

- 1 +2.5 / 0 / -2.5 to each criteria – i.e. a maximum score of 15; and
- 2 3 / 2 / 1 for each criteria – i.e. a maximum score of 18.

4.63 Table 4.15 indicates how both approaches highlight a differentiation between the different settlement tiers when viewed as a whole, albeit that there is some overlap between categories at a settlement-specific level with some villages achieving a higher score than a number of the towns. This is because the assessment criteria for smaller towns and villages differed to those applied to the city and larger towns:

- 1 The city main towns achieving an average score of 13.8/15 based on (1) and 17.5/18 based on (2). Under each approach, Newry was the only settlement to the highest score in respect of each metric.
- 2 The towns achieving an average score of 6.9/15 with scores of between 1.3 and 12 based on (1), and 15/18 based on (2) with a narrower range of scores of between 13 and 17.

- 3 The villages achieving an average score of 5.5/15 with scores of between -6.3 and 13.75 based on (1), and 13.9/18 based on (2) with a scores of between 9 and 17.

Table 4.15 HEF results for each settlement tier

Settlement tier	Settlement	Scores +2.5 / 0 / -2.5		Scores 3/2/1	
		HEF score	Mean score	HEF score	Mean score
City / Main Town	Newry	15.0	13.8	18	17.5
	Downpatrick	12.5		17	
Towns	Newcastle	12.5	6.9	17	15
	Warrenpoint	10.0		16	
	Kilkeel	12.5		17	
	Ballynahinch	10.0		16	
	Saintfield	5.0		14	
	Killyleagh	1.3		13	
	Castlewellan	2.5		14	
	Crossmaglen	1.3		13	
Villages	Rostrevor	10.0	5.5	16	13.9
	Bessbrook	12.5		17	
	Crossgar	13.8		17	
	Annalong	12.5		17	
	Dundrum	5.0		14	
	Ardglass	12.5		17	
	Hilltown	12.5		17	
	Drumaness	-2.5		11	
	Burren	0.0		12	
	Camlough	11.3		16	
	Mayobridge	8.8		15	
	Killough	3.8		13	
	Newtownhamilton	5.0		14	
	Meigh	3.8		13	
	Annsborough	0.0		12	
	Strangford	3.8		13	
	Mullaghbane	3.8		13	
	Ballyholland	3.8		13	
	Forkhill	2.5		13	
	Ballymartin	-6.3		9	
	Ballykinler	1.3		10	
	Jonesborough	7.5		15	
	Cullyhanna	1.3		12	
	Clough	6.3		14	

Source: Lichfields analysis

4.64 Full details of the individual evaluation of all settlements are contained in the LDP Strategic Settlement Evaluations report (November 2024) which was prepared by NMDDC.

**Distribution of growth**

4.65 This is important in demonstrating the relationship between that exists between the settlement hierarchy and HEF scores. As illustrated in Table 4.16, the level of growth that is proposed for each settlement tier reflects these outcomes.

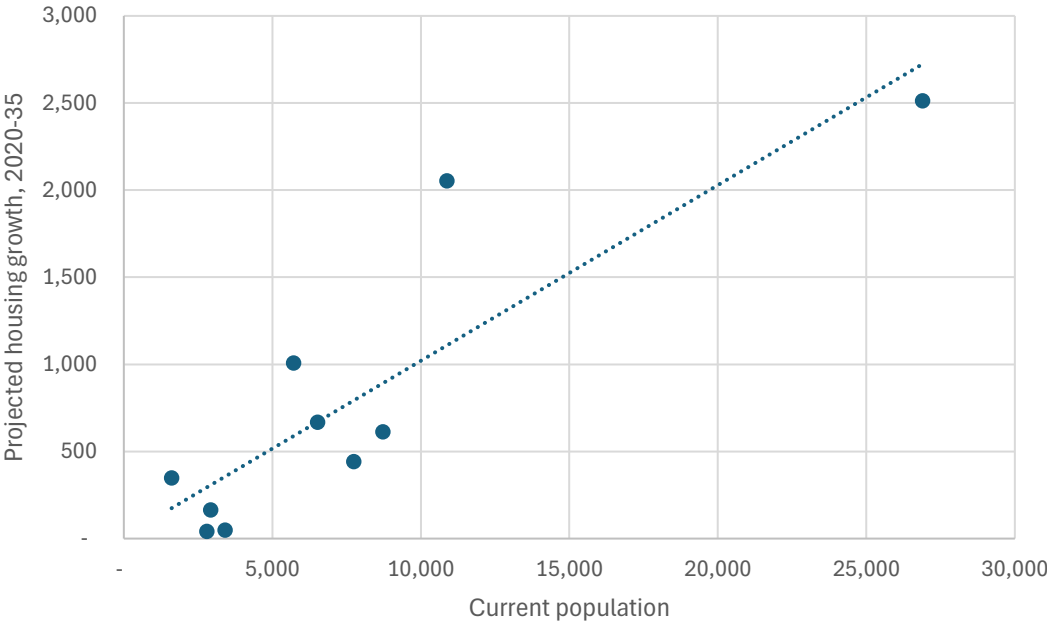
Table 4.16 Average level of delivery and HEF score by settlement tier

Settlement tier	No. settlements	Total potential housing <sup>11</sup>	Average potential per settlement	Average HEF
City / Main Town	2	4,568	2,284	13.8 / 17.5
Towns	8	3,329	405	6.9 / 15
Villages	23	1,892	82	5.5 / 13.9

Source: Lichfields analysis

4.66 Approximately 45% of the total housing supply for the LDP period has already been completed or benefits from planning permission. This has clearly had a bearing on the distribution of growth but it is clear that there is a positive relationship between the settlement hierarchy and the HEF scores. As illustrated in Figure 4.1. There is a strong positive correlation between the level of growth that is proposed for each settlement and the current population.

Figure 4.1 Correlation between current population and expected growth over LDP period (city and towns)



Source: NMDDC / Lichfields analysis

4.67 The approach to the distribution of growth can be further understood by reference to the relationship between the HEF score and the proportion of the total housing growth that is

<sup>11</sup> Figure includes completions between 2020 and 2023 and Phase 2 sites and takes account of 10% non-implementation allowance

Figure 4.2 Correlation between proportion of growth to be accommodated and HEF score (all settlements)

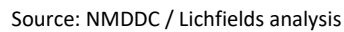
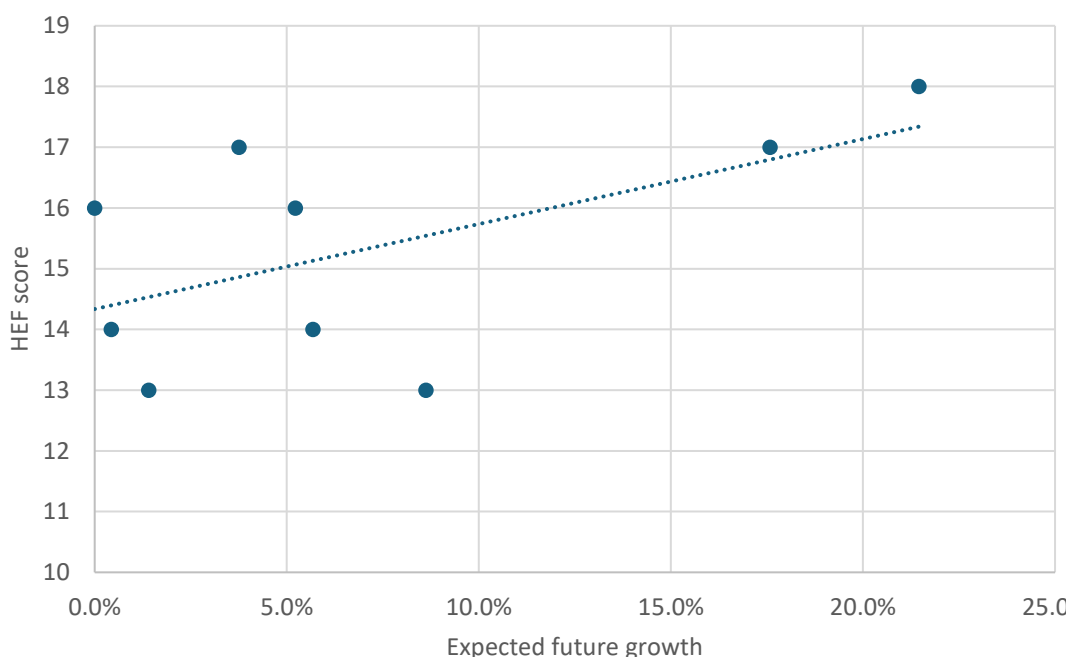


Figure 4.3 Correlation between proportion of growth to be accommodated and HEF score (city and towns)



Source: NMDDC / Lichfields analysis

4.68 66.4% of the total expected housing delivery over the LDP period is in the city and towns. This reflects the sustainability of these locations and their ability to accommodate further growth. It also reflects the requirement of the RDS for local planning districts to make judgements about the balance of growth in urban and rural areas:

*“Another important step in this allocation process is making judgements to achieve a complementary urban/rural balance to meet the need for housing in the towns of the district and to meet the needs of the rural community living in smaller settlements and countryside” (paragraph 3.21)*

4.69 Whilst significant levels of growth would not be expected in rural areas, they do serve an important role in providing services and facilities that will serve the surrounding countryside. The fact that 13% of total housing delivery is expected within the countryside therefore reflects the RDS approach.

### Summary of approach taken

4.70 Neither the RDS nor the SPPS specifically require the identification of a housing requirement for individual settlements. However, NMDDC has sought to ensure that the overall housing requirement for the Council area can be achieved within the following key parameters:

- 1 The established and identified settlement hierarchy;
- 2 The sustainability of individual settlements, as reflected in the HEF scores;
- 3 The known supply in each settlement; and,
- 4 Any specific constraints in different parts of the authority area.

- 4.71 The potential of settlements to expand has influenced the distribution of growth but this must be viewed in the context of the overall housing need which is set by reference to demographic, household and economic factors. It is not the case that all settlements with physical capacity should be expected to grow to their full potential as this could undermine the objective for sustainable development.
- 4.72 Whilst recognising the extent to which existing commitments are expected to contribute to the future housing supply, the approach that has been adopted by NMDDC in respect of the distribution of development is entirely consistent with the requirement of the RDS to “*manage housing growth to achieve sustainable patterns of residential development*” (RG8). It reflects an understanding of the role of different settlements and the need to achieve a level and distribution of growth that is both deliverable and capable of contributing towards more sustainable patterns of development. The HEF has played an important role in this process, although it is not possible for this to act as the only factor in considering the distribution of growth. This is because it considers just six criteria and the application of a high, medium or low score to each, together with the application of different criteria for large and small settlements means that there may not be significant variation in the HEF scores achieved for different settlements. It is a useful tool but, as recognised by the SPPS, is just one of a number of factors to be taken into account.
- 4.73 The SPPS states that housing allocations in LDPs should also be informed by the following considerations:
- 1 RDS 2035 Housing Growth Indicators;
  - 2 Allowance for existing housing commitments;
  - 3 Urban capacity studies;
  - 4 Allowance for windfall housing;
  - 5 Application of the sequential approach and the identification of suitable sites for settlements of over 5,000 population;
  - 6 Housing Needs Assessment / Housing Market Analysis; and,
  - 7 Transport Assessments.
- 4.74 Subject to confirmation that transport assessments have been completed, it is evident that NMDDC has appropriately followed this approach.
- 4.75 By following the policy requirements contained in the RDS and SPPS, and applying its own policy judgements, NMDDC has been able to establish a robust and sustainable approach to the distribution of housing growth. The extent to which existing commitments will play a role in future housing delivery does not undermine the integrity of the settlement hierarchy or the sustainability of development. Rather, it supports such attributes by virtue of the fact that planning permission will only have been granted for sites in sustainable locations and that are acceptable in policy terms.
- 4.76 It is noted that the expected housing supply in supply of future housing in Saintfield and Castlewellan is substantially lower than in other towns, including the other two small towns with a population of less than 5,000 people (Killyleagh and Crossmaglen). Saintfield and Castlewellan are two of the three settlements that have recently been recategorised from a

village to a town and so it might be expected that identified supply is lower than elsewhere. This is a matter that could be addressed in further detail in the LPP.

4.77 A summary of the expected housing delivery by settlement and source is set out in Table 4.17.

Table 4.17 Expected delivery by settlement and source

	Completions 2020-2023	Under construction	Commitments not started <sup>12</sup>	Zoned sites (uncommitted) <sup>12</sup>		Zoned mixed- use sites	UCS	Windfall	Total
				Phase 1	Phase 2				
Newry	412	403	663	678			231	126	2,513
Downpatrick	173	201	69	1036	370		151	54	2,054
Newcastle	86	82	92	86			57	39	442
Warrenpoint	41	65	84	357			17	50	614
Kilkeel	31	108	48	312		20	96	52	667
Ballynahinch	85	41	244	151	384		61	43	1,009
Saintfield	7	7	4	29				4	51
Killyleagh	13	34	48	60				10	165
Castlewellan	15	14	2	9				3	43
Crossmaglen	24	105	12	87				20	248
Villages	295	453	277	477		245		145	1,892
Small settlements	157	321	129	41				49	697
<b>Total</b>	<b>1,339</b>	<b>1,834</b>	<b>1,672</b>	<b>3,323</b>	<b>754</b>	<b>265</b>	<b>613</b>	<b>595</b>	<b>10,395</b>
Countryside	390	1,296							1,686
<b>Total</b>									<b>12,081</b>

Source: Lichfields analysis. Note that some differences might arise with Table 4.12 due to rounding

<sup>12</sup> Includes non-implementation allowance

## 5.0 Affordable housing

- 5.1 Policy HOU5 of the draft PS will set out the affordable housing requirement for NMD, as follows:

*“Within Newry City and the district’s towns, on sites of 0.5ha or comprising of 10 units or more, provision should be made for a minimum of 20% affordable housing.*

*“Within the district’s villages and small settlements on sites of 0.2ha or comprising of 5 residential units or more, provision should be made for a minimum 20% affordable housing.”*

- 5.2 This policy contributes towards the objective of the RDS to manage housing growth and “ensure an adequate and available supply of quality housing to meet the needs of everyone”. The RDS recognises that the housing needs of the community are varied and notes that this includes the availability of affordable and special needs housing.
- 5.3 The RDS states that, in preparing development plans, planning authorities should take account of the Housing Needs Assessment/Housing Market Analysis that is prepared by the Northern Ireland Housing Executive (NIHE)<sup>13</sup>. Such assessments include an assessment of the need for affordable and intermediate housing.
- 5.4 The SPPS underlines the importance of the evidence prepared by the NIHE to inform the affordable housing policies contained within emerging development plans.

## Housing market conditions

- 5.5 According to the Strategic Housing Market Analysis (2022) which was prepared by NIHE<sup>14</sup>, the large house price falls that followed the boom of 2005-2007 resulted in a marked improvement in affordability in NMD. House prices increased by an average of 3.8% per annum in NMD between 2016 and 2019; this was broadly in line with the Northern Ireland average of 3.4% per annum. Between the first quarter of 2020 and the fourth quarter of 2021, however, house prices in NMD increased by 9.8% per annum, a faster rate than that of the Northern Ireland (7.3% per annum).
- 5.6 The recent trends in the median and lower quartile house price to earnings ratios would suggest that affordability is holding reasonably steady with no pronounced deterioration. With house price rises expected to moderate, the outlook for house purchase affordability would appear broadly positive.

## Assessing the affordable housing need

- 5.7 Drawing on evidence prepared by the NIHE, the NMD POP noted that:

*“The NIHE Housing Investment Plan for the district states that the requirement for new social housing in the district has remained at a very high level since 2010. The five-year*

<sup>13</sup> The NIHE is the Statutory Housing Authority in Northern Ireland and a consultation body as defined in the Planning (Local Development Plan) Regulations (Northern Ireland) 2015.

<sup>14</sup> [https://www.nihe.gov.uk/getattachment/ba3955c7-646c-47cb-88ac-967c5b5d0296/South-Eastern-Report-\(PDF-7MB\).pdf](https://www.nihe.gov.uk/getattachment/ba3955c7-646c-47cb-88ac-967c5b5d0296/South-Eastern-Report-(PDF-7MB).pdf)

*assessment for 2016-2021 shows a need for 1,906 units with the greatest need in Newry City (698 units), Newcastle (218 units) and Downpatrick (148 units)”.*

- 5.8 As detailed in Section 3, the NIHE Strategic Housing Market Analysis provides evidence of the level of need for intermediate and social rented housing between 2020 and 2025. This analysis considered two alternative scenarios (with and without social housing backlog), as follows:

Table 5.1 New dwelling requirement in NMD by tenure (with and without backlog)

Scenario	Market	Intermediate	Social	Total
Without backlog	440	100	90	630
With backlog	440	100	170	710

Source: NIHE Strategic Housing Market Analysis, Tables 3.12 and 3.13

- 5.9 Section 3 considers the relationship between this evidence and the HGI-based housing requirement for NMD and concludes that the baseline housing requirement of 10,000 dwellings over the LDP period would be well placed within the range identified by NIHE. With the application of a 10% flexibility allowance, the requirement for 11,000 new homes over the LDP period (733dpa) would ensure that the identified need for affordable housing, (including the social housing backlog) could be accommodated. However, that does not have any regard to the fact that, in the NIHE figures, the affordable housing requirement equates to between 30% and 38% of total housing need – a level that significantly exceeds the Policy HOU5 requirement and that is unlikely to be achieved.
- 5.10 In considering the affordable housing policy, it is important also to have regard to other evidence including that relating to waiting lists, affordability, past delivery rates and the level of affordable housing that might be expected to come forward over the LDP period. This is a particularly important consideration given the high reliance on committed (and completed) sites to contribute to the LDP housing requirement. The fact that such sites tend to deliver lower levels of affordable housing than is sought going forward is a challenge that is common to all local government districts in Northern Ireland.

## Affordability

- 5.11 The NIME Strategic Market Analysis applies a series of affordability tests to determine the need for different housing tenures. This is based on the following:
- 1 **Market:** Estimated from the proportion of households that can afford to pay the median private rent, without spending more than 25% of household income;
  - 2 **Social sector:** Estimated from the proportion of households with an income such that they would spend more than 35% of their income (including Housing Benefit or the housing element of Universal Credit) at the 30<sup>th</sup> percentile of the private rent distribution; and,
  - 3 **Intermediate:** The estimated proportion of households that cannot afford the market rent but can afford the social rent level.
- 5.12 Based on a review of the application of these affordability tests, it is evident that:

- 1 NMD has the second highest proportion of households that can afford market housing (69%) after Derry City and Strabane (71%), and it exceeds the Northern Ireland average (63%);
- 2 As an implication of this, NMD has the joint second<sup>15</sup> lowest proportion of households in need of socially rented housing (15%) after Fermanagh (12%), and has a lower proportion of households in need of social rented homes than the Northern Ireland average (18%) and,
- 3 NMD also has the joint lowest<sup>16</sup> level of households in need of intermediate housing (17%) compared to all other LGDs and Northern Ireland (19%).

5.13 This is illustrated in Table 5.2 below.

Table 5.2 Affordability tests, LGDs

	Market	Intermediate	Social
Antrim and Newtownabbey	66%	18%	17%
Ards and North Down	63%	19%	18%
Armagh City, Banbridge and Craigavon	68%	17%	15%
Belfast	53%	22%	25%
Causeway Coast and Glens	66%	17%	17%
Derry City and Strabane	61%	20%	19%
Fermanagh and Omagh	71%	17%	12%
Lisburn and Castlereagh	64%	18%	18%
Mid and East Antrim	64%	18%	18%
Mid Ulster	67%	17%	16%
Newry, Mourne and Down	69%	17%	15%
<b>Northern Ireland</b>	<b>63%</b>	<b>19%</b>	<b>18%</b>

Source: NIME Strategic Market Analysis

5.14 This evidence, together with that of the housing market would suggest that NMD is comparatively affordable. However, as indicated below in respect of affordable housing waiting lists, it remains subject to a significant need for affordable housing which is not being met. This represents a fundamental challenge which the LDP should seek – so far as possible – to address..

### Affordable housing waiting list

5.15 A request made to NIHE under the Freedom of Information Act 2000 resulted in publication of the number of applicants on the affordable housing waiting list by local government district between 2019 and 2023. This is illustrated in Tables 5.3 (data for NMD) and 5.4 (data for Northern Ireland) below.

<sup>15</sup> Joint with Amargh City, Banbridge and Craigavon

<sup>16</sup> Joint with Amargh City, Banbridge and Craigavon; Causeway Coast and Glens; Fermanagh and Omagh; and Mid Ulster

Table 5.3 NMD Waiting list applicants

	Applicants	Housing stress applicants <sup>17</sup>	Stress applicants as % of total	Allocations	Allocations as % of applicants
2019	3,247	2,556	78.7%	493	15.2%
2020	3,720	2,947	79.2%	350	9.4%
2021	3,819	3,039	79.6%	418	10.9%
2022	3,845	3,107	80.8%	350	9.1%
2023	3,942	3,246	82.3%	368	9.3%

Source: NIHE <https://www.nihe.gov.uk/getattachment/ba96b878-0e06-4e37-8555-1949ef536a0e/Breakdown-by-council-2019-2023-social-housing-waiting-list.pdf>

Table 5.4 Northern Ireland Waiting list applicants in

	Applicants	Housing stress applicants	Stress applicants as % of total	Allocations	Allocations as % of applicants
2019	38,308	27,319	71.3%	6,988	18.2%
2020	42,665	29,918	70.1%	5,746	13.5%
2021	44,405	31,222	70.3%	6,204	14.0%
2022	44,519	32,371	72.7%	5,888	13.2%
2023	46,461	34,651	74.6%	5,691	12.2%

Source: <https://www.nihe.gov.uk/getattachment/ba96b878-0e06-4e37-8555-1949ef536a0e/Breakdown-by-council-2019-2023-social-housing-waiting-list.pdf>

5.16

This data reveals a number of important points:

- 1 There has been an increase of c.20% in the number of applicants for affordable homes in NMD and Northern Ireland between 2019 and 2023;
- 2 There has also been a similar increase (c.26%) in the number of housing stress applicants in NMD and Northern Ireland over the same period;
- 3 The fact that there has been a greater rate of increase in housing stress applicants points towards an increasing pressure to accommodate those in greatest need;
- 4 An implication of the differential rates of increase in the number of stress and non-stress applicants in NMD and Northern Ireland has been that the proportion of stress applicants in relation to total applicants has risen;
- 5 Stress applicants account for a considerably higher proportion of applicants in NMD than in Northern Ireland generally;
- 6 There has been a reduction in affordable housing allocations in NMD and Northern Ireland over time, pointing to a greater level of unmet need for affordable housing; and,
- 7 The level of allocations has fallen more rapidly in absolute and relative terms in NMD than in Northern Ireland.

5.17

This evidence represents a major challenge in respect of the level of social housing need. It points toward the need for an increase in delivery in order to ensure that the needs of those seeking social housing – and particularly those in particularly acute need – can be met.

<sup>17</sup> Housing Stress refers to applicants who have been awarded 30 or more points under the Housing Selection Scheme

## Past trends in affordable housing delivery

- 5.18 Affordable housing delivery in NMD has historically been solely associated with NIHE provision. There was no requirement for the delivery of affordable housing by way of Section 76 provision prior to 2015. More recently, there has been a shift in approach in terms of the delivery of affordable housing and it is expected that emerging LDPs will include requirements for the delivery of affordable housing on eligible sites. This will help to boost the delivery of affordable housing in the future. Over time, as legacy sites are developed and planning permission is granted for new sites in accordance with the emerging LDP policy, it will be possible to increase affordable housing delivery. However, the ability to meet the affordable housing need that has been identified by NIHE might continue to be a challenge.
- 5.19 A review of NIHE Housing Investment Plans indicates that a total of 422 affordable homes were delivered in NMD between 2019 and 2024; this equates to just 84dpa – i.e. between 31% and 44% of the annual need identified by NIHE. Between 2019 and 2023, the number of affordable homes that were delivered equated to 13.4% of total delivery

Table 5.5 Affordable housing delivery in NMD, 2019-24

	2019-20	2020-21	2021-22	2022-23	Total 2019-23	2023-24
Affordable	52	117	105	51	325	97
Total	592	483	697	662	2434	
Affordable %	8.8%	24.2%	15.1%	7.7%	13.4%	

Source: NIHE Housing Investment Plans (HIPs) [https://www.nihe.gov.uk/working-with-us/partners/housing-investment-plans-\(hips\)](https://www.nihe.gov.uk/working-with-us/partners/housing-investment-plans-(hips))

## Social Housing Development Programme Strategic Guidelines

- 5.20 The Housing Executive took over responsibility for the management of the Social Housing Development Programme (SHDP) from the (former) Department for Social Development in 2007/08. Strategic Guidelines targets for 2023/24 were issued in July 2022, based on an anticipated SHDP budget to provide for the commencement of construction of 1,500 dwellings across Northern Ireland. This target was exceeded with 1,508 units started, comprising of 1,386 urban starts (against target of 1,303) and 117 rural starts (against a target of 192).
- 5.21 Seven of the 11 local government districts achieved or exceeded the overall targets set by the Strategic Guidelines. NMD was one of four authorities that did not meet their requirement. The Strategic Guidelines report notes that just one social rented dwelling was started in NMD in 2023/24, against a target of 153. This significant shortfall was “*attributed to ongoing difficulty in identifying and securing sites in areas of acute housing need across the Council area.*”
- 5.22 The report noted that the majority of recent housing association delivery has been focused in Newry City, with limited activity in other urban areas – including Newcastle and Warrenpoint – where there is also high demand for private housing, seasonal accommodation and second homes on remaining development sites. Although NMD is reported to experience the highest proportion of rural housing need across Northern

Ireland, no social rented dwellings were started in 2023/24. However, the SHDP Strategic Guidelines anticipate that further new build opportunities may come forward in future programme years.

- 5.23 A summary of the number of social housing starts in NMD between 2021 and 2024 under the SHDP is set out in Table 5.6. With the exception of urban starts in 2022/23, which were considerably higher than the target, the number of starts in NMD has been very low, and there has been a consistent under-performance against the identified target.

Table 5.6 Affordable housing delivery in NMD against SHDP targets

	Urban		Rural		Total			
Year	Target	Starts	Target	Starts	Target	Starts	Shortfall	% shortfall
2021/22	150	32	111	0	261	32	-229	-88%
2022/23	107	179	94	9	201	188	-13	-6.5%
2023/24	83	1	70	0	153	1	-152	-99.3%

Source: <https://www.nihe.gov.uk/getattachment/943d85d9-1296-4b4b-9bfe-bb587277743d/Social-Housing-Development-Programme-delivery.pdf#:~:text=Newry%2C%20Mourne%20and%20Down%2C%20152,need%20across%20the%20Council%20area>

- 5.24 In comparing the figures set out above with those in Table 5.5 it is important to note that Table 5.5 details completions of all affordable housing (social and intermediate) whilst Table 5.6. sets out the number of starts of social houses only.
- 5.25 There is a clear difference between the SHDP targets for social housing between 2021 to 2024 and the NIHE estimate of social and intermediate housing need between 2020 and 2025. This is likely to be a function of the time period covered by each source and – more importantly – the methodology that has been applied. The NIHE estimate is based on the application of affordability assumptions to estimates of new dwelling requirements arising from housing projections, using a net stock model that is not dissimilar to the HGI approach. By contrast, the SHDP relies on the disaggregation of the number of housing starts for which there has been a budgetary allocation.
- 5.26 In order to provide justification for the identified affordable housing requirement, it will be important for NMDDC to provide clarity in respect of the affordable housing targets to which it is working. If it is possible to obtain evidence relating to the need for affordable housing beyond 2025 then that would be beneficial to the justification of the approach set out in the PS.

## Supply coming forward

- 5.27 The NIHE Housing Investment Plan indicates that 528 homes were under construction in April 2024 and 388 new build homes were programmed for the period between 2024 and 2027 – an average of 129dpa. If achieved, this would represent an increase on the level of affordable housing completions achieved between 2019 and 2024.
- 5.28 In addition, it is expected that additional affordable housing will come forward on other sites through the implementation of Policy HOU5. We have sought to quantify the number of affordable homes that might be expected to be delivered within the LDP period, based on the following:

- 1 Assumption that all zoned sites will be over the site size threshold set out in Policy HOU5 and application of 20% requirement; and,
- 2 Review of the size of all UCS sites and application of 20% requirement to all eligible sites.

5.29 It is not possible to determine the expected size of windfall or countryside sites so we have not sought to assess the expected level of affordable housing delivery from these sources. As such, the figure set out in Table 5.7 represents a minimum expected supply.

Table 5.7 Non-implementation allowance and expected delivery by source

		Expected delivery	Expected affordable housing
Zoned sites	Phase 1	3,323	665
	Phase 2	754	151
Mixed use sites		265	53
Urban Capacity Study		613	94 <sup>18</sup>
<b>Total including Phase 2</b>		<b>4,955</b>	<b>963</b>
<b>Total excluding Phase 2</b>		<b>4,201</b>	<b>812</b>

Source: Lichfields analysis

5.30 This expected supply of up to 812-963 dwellings should be added to the 97 dwellings that were completed in 2023/24<sup>19</sup> and the anticipated NIHE delivery of 916 dwellings<sup>20</sup>. This indicates a potential supply of at least 1,825-1,976 affordable homes over the remainder of the LDP period from 2023<sup>21</sup>. Based on the NIHE target, this would result in a shortfall of between 304 and 1,415 dwellings against the identified need for between 2,280 and 3,240<sup>22</sup> affordable homes between 2023 and 2035 (13.3% to 43.7%). However, it should be noted that the affordable housing targets set out in the NIHE Strategic Housing Market Analysis only cover the period to 2025 and do not align with the social housing requirement figures contained in the Strategic Guidelines Report (which cover the period to 2023/24). As a result, it is possible that the future affordable housing requirements could rise in the future.

## Justification of thresholds

- 5.31 NMDDC recognises that it is critically important to make provision for the delivery of affordable housing through the emerging LDP. However, it appreciates that the quantum of affordable housing that can be delivered is constrained by the fact that existing commitments are not expected to make any contribution.
- 5.32 The evidence set out above demonstrates that Policy HOU5 has the potential to make a discernible contribution to the addressing the identified need for affordable housing in NMD. However, it will only achieve its policy objectives if it can be demonstrated that the requirements for affordable housing delivery would not undermine the viability of the housing upon which the delivery of affordable housing is reliant. A viability review should be undertaken as part of the evidence base to inform the PS.

<sup>18</sup> As 20% of eligible capacity of 472

<sup>19</sup> See Table 5.5

<sup>20</sup> Comparison of those under construction (528) plus programmed delivery between 2024 and 2027 (388) – see paragraph 5.27

<sup>21</sup> The period from 2023 has been applied to align with that of the NIHE affordable housing targets

<sup>22</sup> i.e. between 190 and 270dpa – see Table 5.1

5.33 It is recognised by NMDCC that the implementation of Policy HOU5 is dependent on the viability of individual development sites and that there may be circumstances in which the level of affordable housing provision that is anticipated by Policy HOU5 will not be deliverable. In such cases, it will be incumbent on the applicant to provide evidence to demonstrate why a policy-compliant level of affordable housing provision cannot be achieved and NMDCC will need to determine the application in the light of this evidence.

5.34 NMDCC has followed the approach set out in the RDS and SPPS in respect of its affordable housing policy. Whilst recognising that the affordable housing target set out in Policy HOU5 will not meet the identified need in full, it is considered that, subject to a viability assessment, it represents a sound basis by which this important component of future housing supply can be delivered.

## 6.0 Conclusion and recommendations

- 6.1 In accordance with the Planning Act (Northern Ireland) 2011 and the Planning (Local Development Plan) Regulations (Northern Ireland) 2015, NMDDC is preparing its LDP. It is currently progressing towards publication of a draft PS for consultation.
- 6.2 In order to assist the Council in respect of the on-going plan-making process, Lichfields has been appointed to review the background work undertaken to date and provide advice in relation to the emerging housing elements of the PS.
- 6.3 In reviewing the evidence that has been prepared to date, we have sought to assess its constancy with the SPPS and RDS, identify any gaps or shortcomings in the evidence base, and make recommendations on any additional work that might be required to ensure that the PS accords with the tests of soundness.
- 6.4 We provide a summary of our recommendations below.

### Housing requirement

- 1 A baseline housing requirement of 10,000 dwellings should be applied for the NMD Plan Strategy period of 2020 to 2035.
- 2 A 10% flexibility allowance should be applied to the identified requirement, resulting in a requirement of 11,000 dwellings for the Plan period. This would result in an annualised requirement of 733dpa which is 17% higher than the previous delivery published by the DoF and 7.8% above the past trend data recorded by NMDDC. This level of uplift is considered to be both realistic and deliverable, and would be important in ensuring that the identified needs of the local area can be met throughout LDP period, even in the event that changing circumstances arise.
- 3 Recognising the differences between the past trend figures provided by DoF and NMDDC, further investigation should be undertaken in respect of the differences between these two sources of past trend data.
- 4 Consideration should be given to ensuring alignment between the housing and economic growth elements of the PS and demonstrate the ability of the current and future population of NMD to fill the new jobs.

### Housing supply

- 5 A review of each zoned site should be undertaken to ensure that it is suitable, available and deliverable within the LDP period, and to identify the number of dwellings that can be expected to come forward by 2035. Particular consideration should be given to the major zonings in Downpatrick and Ballynahinch.
- 6 The major zoning at Ballynahinch should be recategorized as a Phase Two site.
- 7 Table A6 of the Housing Strategy should be updated to reflect the figures set out in Table 4.12 of this report.
- 8 A non-implementation allowance to all known sites and sources that have not yet commenced, resulting in the estimated supply in Table 4.12. It should not be applied to windfalls or supply from countryside sites.

- 9 Consideration should be given to whether any additional zonings are required at LPP stage.

## **Affordable housing**

- 10 If available, updated NIHE evidence on the need for affordable housing should be obtained.
- 11 A viability review should be undertaken to determine the deliverability of the affordable housing target.



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