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Memorandum of Understanding HPLG LDA 05/06/20 [GP]

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D/HPLG links to Articles on website 22/05/20 [GP]

Background Note on Recent Changes to Part B and Technical Guidance Document (TGD) B of the Building Regulations

https://www.housing.gov.ie/housing/building-standards/fire-safety/background-note-recent-changes-part-b-and-technical-guidance

European Commission Consultation - Review of the Construction Products Regulation

https://www.housing.gov.ie/housing/building-standards/construction-products-regulation/european-commission-consultation-review

1. Vacant property

https://www.gov.ie/en/publication/055675-vacant-property-tax-indecon-report/

https://www.housing.gov.ie/housing/home-ownership/vacant-homes/final-report-working-group-reuse-existing-buildings

2. Bringing back homes manual
https://www.housing.gov.ie/housing/home-ownership/vacant-homes/bringing-back-homes-manual-reuse-existing-buildings

3. Rebuilding Ireland land maps/Local authority land holdings – see note attached.

The Rebuilding Ireland Map is up to date. In addition to local authority and some state land holdings identified in 2017, the map includes data from the Dublin Housing Supply Task Force, provided by the Dublin local authorities on a quarterly basis, the latest of which presented is from Q3 2019. Link is at https://rebuildingireland.ie/news/rebuilding-ireland-land-map/

Presentation Water 22/05/20

Attached

Presentation Local Government Overview 17/05/20

Attached

Housing Agency Presentation 14/05/20 [GP]

Attached

Presentation on LDA 5/03/20 [FF]

Attached

Presentation on LDA 14/05/20 [GP]

Attached

Information on land holdings by local authorities and State Bodies. Follow up request 14/05/20 [GP]

Information on land holdings by local authorities and State Bodies.

Background

The Rebuilding Ireland Action Plan and the National Planning Framework place significant policy emphasis on the activation of publically owned lands for the delivery of new housing development. This bank of 'State Lands' is identified as a cornerstone of increasing supply of new homes, in particular social and affordable housing in key areas of high demand. Importantly, the utilisation of State lands in the five cities is identified as critical in achieving the strategic compact growth targets necessary for sustainable development objectives and building regional cities of sufficient scale to be economic drivers regionally.

In addition to the social housing programme, a number of programmes/initiatives have been put in place to support his objective. Of key importance are:

- Funding of enabling infrastructure for the development of public lands for housing generally (through the Local Infrastructure Housing Activation Programme (€200 million)) and for affordable housing (through the Serviced Sites Fund (€310 million);

- Establishing the Land Development Agency (LDA) as a commercial State body and national centre of expertise, working with and supporting local authorities, public bodies and other interests in delivering affordable housing on State owned sites and in taking a more active role in land management generally;

- A policy requirement that 30% of public lands coming forward for redevelopment and or disposal are to be reserved for affordable housing purposes, in addition to the statutory requirement for 10% social housing under Part V provisions. This 40% provision aimed at ensuring more housing supply at affordable prices and rents.

Information on the data available on these lands is set out below:-

Local authority lands

To date some 1,700 hectares of local authority and housing agency has been mapped. The interactive map is available on the Rebuilding Ireland website - https://rebuildingireland.ie/news/rebuilding-ireland-land-map/. Local authorities are responsible for updating their land data on a quarterly basis on this site. It is envisaged that the central maintenance of this data will move to the Housing Delivery Office established in the Local Government Management Agency to drive the delivery of local authority housing programmes.

While these lands are in the ownership of local authorities, they are not necessarily (for historic reasons) registered with the Property Registration Authority of Ireland (PRAI). The Local Government Auditor has noted on-going progress in addressing this issue in the latest available activity report.

All local authorities have been asked to bring all suitable sites forward for social and affordable housing as quickly as possible. At the end of [Q2 2019] there was a pipeline of [22,139] social homes which on an average density of 35 homes per hectare, would equate to 1,000 hectares of land committed under the current programme. In general terms, this leaves considerable land bank available for social and affordable housing.

The Department is also working with individual local authorities on a site by site basis in relation to outstanding debt issues. (Local authorities were carrying c. €411million in land debt at the end of 2019).

Land Aggregation Scheme (LAGS)

The LAGS was introduced in 2010 as part of revised arrangements for funding local authority housing programmes and was closed for new applications in 2013. Its primary purpose was to assist in the gradual rewinding of loans taken out by housing authorities for acquisition of sites for housing purposes, which in the context of the financial downturn, had no prospect of development in the near term. The Housing Agency's land portfolio consists mostly of sties transferred under the LAGS and covers a wide range of sites in 19 counties. The Agency published its LAGS Strategic Development and Management Plan in 2018.

(http://www.housingagency.ie/sites/default/files/LAND%20AGGREGATION%20SCHEME%20DOCUMENT%20Feb%202018.pdf)

Appendix 1 sets out the position on LAG sites, including the 17 sites being developed for social and affordable housing, 3 sites given approval in principle under the Serviced Sites Fund, 3 sites supported through the Local Infrastructure Housing Activation Fund and 3 sites which are to be progressed by the LDA.

State lands

It is envisaged that the LDA would have a role in advising the Minister for Housing, Planning and Local Government on the potential redevelopment of lands in wider public ownership for strategic urban redevelopment purposes. While the OPW maintains a State property, including lands, this does not include details of plot size or servicing.

The register being prepared by the LDA is a significant exercise to give a coherent picture of In this regard, the LDA is empowered under its current legal framework to create a database of public lands. It will complement the OPW's State property register and the LDA have been facilitated in its development, through access to information from the PRAI, Irish Water and other utilities.

The prototype is now available for Galway (see: https://lda.ie/state-asset-database/), and the LDA is currently processing information on some 40,000 folios, and would expect to have a fully useable database in place by Summer 2020.

Zoned land

The Department an online spatial mapping system, with zoning data from Development Plans and Local Area Plans in a consistent scheme for all local authorities. This site www.myplan.ie is widely used by industry, practitioners and the public to access a range of spatial data.

Appendix1

Table 1: LAGS Sites Currently Under Development

Site.	County	Site Accepted into LAGS	Portion of site being developed	Programme	No of Units	Status
1	Carlow	Royal Oak, Bagnelstown (0.11ha)	0.11 ha	Capital Assistance Programme	6	Stage 3 approved Q4 2017 the scheme is now approved to proceed to tender . Respond developing site.
2	Cork County	The Miles, Clonakilty (2.46ha)	2.46 ha	PPP Bundle 2	52	Stage 3 –Q1 2018.
3	Cork County	Oakwood, Macroom (2.26 ha)	2.26 ha	PPP Bundle 2	50	Stage 3 – Q1 2018
4	Cork County	Duntahane Road, Fermoy (3.98 ha)	2 ha	Capital Advance Loan Facility	46	On site Q4 2018.
5	Cork County	Townsend Street, Skibbereen (0.13ha)	0.13ha	Social Housing Capital Investment Programme	6	Stage 2 approved; Full design/tender being prepared
6	Dun Laoghaire - Rathdown	Enniskerry Road (2.8ha)	2.8 ha	Capital Advance Loan Facility/Cost rental	155	On site. Respond and Tuath AHB are developing sites - 105 social/50 cost rental.
7	Fingal	Hampton (Pinewood) Balbriggan (24.2 ha)	1.4 ha	Social Housing Capital Investment Programme - Rapid	20	Completed Q2 2018
8	Galway City	Ballymoneen Road (2.5ha)	0.49 ha	Social Housing Capital Investment Prog	14	Completed Q2 2018
	Galway City	Ballymoneen Road (2.5ha)	2.01ha	Social Housing Capital Investment Programme	78	On site Q2 2019.
9	Kildare	Craddockstown (7.93 ha)	4.5 ha	PPP Bundle 1	74	On site Q1 2019
	Kildare	Craddockstown (7.93 ha)	0.81 ha	Capital Assistance Scheme	3	Stage 2 approved Q2 - 2018; full design tender being prepared. KARE (AHB) developingproject.
10	Kildare	Butterstream,(Nancy's Lane) Clane, (8.49 ha)	5 ha	PPP Bundle 2	77	Stage 3. – Q1 2018
11	Laois	Old Knockmay Road (1.031ha)	1.031 ha	Social Housing Capital Investment Programme	33	Completed Q2 2018
12	Limerick	Knocklong	10 ha	Social Housing Capital	12	Stage 1 approved Q4 2017

Site.	County	Site Accepted into LAGS	Portion of site being developed	Programme	No of Units	Status
				Investment Programme		
13	Louth	Mount Avenue Dundalk (3.09ha)	3.09 ha	Social Housing Capital Investment Programme	93	Stage 1 approved Q4 2017; outline design and costs are now being prepared.
14	Meath	Kells (Riverside) 4.38ha	1.5 ha	Social Housing Capital Investment Programme	40	On site Q1 2019
15	Wexford	Ballyowen (Baile Eoghain - Ramsfort) (0.95ha)	0.95 ha	Social Housing Capital Investment Programme	9	Completed Q4 2018
16	Wexford	Carrick on Bannow (Danes Castle) (0.52ha)	0.52 ha	Social Housing Capital Investment Programme	10	Completed Q1 2019
17	Wexford	Creagh, Gorey (0.73ha)	0.73 ha	Social Housing Capital Investment Programme	10	Complete Q1 2019
	Total	**17 sites** **19 Projects**		**788 units in total** on LAGS lands either completed or progressing through system		

Table 2 – LAGS Sites Given 'Approval In Principle' Under SSF

Site.	County	Site Accepted into LAGS	Portion of site being developed	No of affordable Units	Status
1	Dun Laoghaire - Rathdown	Enniskerry Road (2.8ha)	2.8 ha	50 Cost rental units	On site. Respond and Tuath AHB are developing sites - 105 social/50 cost rental.
2	Cork County Council	St. Josephs Road Mallow	2.5 ha of 5.26ha	50	Approval in principle issued August 2019
3	Fingal County Council	Hackettstown	7.3ha	49	Approval in principle issued Dec 2018. Total 98 units proposed for site – 49 affordable
	Total	**3 sites**		**149 affordable units**	

Table 3 – LAGS Sites To Be Transferred To The LDA For Development.

Site.	County	Site Accepted into LAGS	Portion of site being developed
1	Fingal County Council	Hackettstown, Skerries (7.3ha)	7.3 ha
2	Fingal County Council	Hampton Balbriggan (Castlelands) 24.21ha	22.74 ha of 24.21 ha

3	Kildare County Council	Devoy Barracks, Naas 5.66ha	5.11 ha of 5.66ha

Table 4 – LAGS Sites To Benefit From LIHAF Funding

Site.	County	Site Accepted into LAGS
1	Louth County Council	Mount Avenue, Dundalk
2	Waterford County Council	Gibbet Hill, Gracedieu
3	Westmeath County Council	Lissywoollen

Table 5 – LAGS Sites Deemed '*Suitable For Immediate Development*' Awarded To AHB's Following Housing Agency's Call For Expression Of Interest.

	Site Location	Clúid	Respond	Tuath	Co-op Housing	Tinteán	Award
1	Carrigtwohill	x	x	x			Clúid
2	Collins Lane, Tullamore	x	x				Clúid
3	Hewittsland, New Ross	x	x	x			Clúid
4	Tubbercurry, Co.Sligo				x		Co-Op Housing
5	Paupish, Carlow		x	x	x		Tuath
6	Tinryland, Co.Carlow		x			x	Respond
7	Cappamore, Co.Limerick	x	x				Clúid
8	Taghmon, Co.Wexford		x	x			Respond
9	Adelaide St., Sligo*	x		x			Tuath

***NBA site**

Table 6 – LAGS Sites Deemed '*As Secondary Sites*' Awarded To AHB's Following Housing Agency's Call For Expression Of Interest.

	Site Location	Respond	Tuath	Award
1	Parish field, Bunclody		x	Tuath
2	Campile, Co.Wexford		x	Tuath
3	Cloughmacsimon, Bandon	x	x	Tuath
4	Hacketstown, Co.Carlow	x		Respond
5	Castlemoyle, New Ross	x	x	Tuath
6	Nurney, Co.Kildare	x		Respond
7	Ballyard, Tralee	x		Respond
8	Derry Rd, Durrow		x	Tuath
9	Hillview, Wicklow		x	Tuath
10	Tullow Rd, Carlow	x		Respond

Briefing Note on Affordability Measures FF query 16/03/20 [FF]

Affordability Measures.

This note sets out details of progress on affordability measures, comprehending both affordable purchase and cost rental. Both components are currently seen as important blended policy responses to increasing the availability of homes to purchase or rent at affordable prices. The distinctions are as follows:-

- **Affordable purchase schemes** (within the definition of the Housing Acts) is intended to provide homes to households who do not qualify for social housing whilst the costs of purchasing suitable accommodation in the private sector are considered not financially excessive for their circumstances. The price of the home is made more affordable through a combination of the use of public lands and investment by the local authority in the infrastructure costs (up to €50,000 per unit under the Serviced Site Fund). The value of any cost subvention provided is converted into a local authority equity stake in the home, which the purchaser can buy out in time.

- **Cost Rental** is housing for rent where the rents charged cover the cost of delivering, managing, and maintaining the homes. Minimising land and other costs and securing the most competitive financing means that more affordable rental housing can be delivered on publicly owned lands. A number of pilot Cost Rental models being advanced by local authorities also reflect a level of subsidisation which may include Serviced Site Funding. In the case of the LDA, it is envisaged that it will be the value of the State land transferred to the LDA which will make the cost rental options on such sites more viable. Unlike affordable purchase schemes, in the initial iteration of Cost Rental, the State (LDA/local authority) retains ownership of the asset.

  In the case of making housing available for purchase, where there is complex infrastructure and high construction costs (particularly brownfield sites), a considerable level of capital subsidy would be required to develop units at what might be considered affordable prices (and a consequently high level of equity stake in the unit for the State would arise). In the case of Cost Rental, the use of a long term and competitive financing model may require less/no subsidisation (other than land) in order to achieve less than market level rents.

These measures are complemented by other measures to support housing delivery and address affordability challenges – for example the Local Infrastructure Housing Activation Fund (LIHAF), the Help to Buy Scheme and the Rebuilding Ireland Loan. Information is set out below on eligibility for affordable housing options and the anticipated supply over the coming years.

Eligibility for Affordable Housing options

(a) Housing Affordability Measures – Housing (Miscellaneous Provisions) Act, 2009

The new Affordable Purchase Scheme is based on the relevant provisions of the Housing (Miscellaneous Provisions) Act 2009, developed following a comprehensive review of affordable housing schemes in 2007. These provisions were commenced in June 2018.

Although legislation has been enacted, the Affordable Purchase Scheme is not yet fully in place. The broad parameters of the Scheme will be as follows:

- aimed primarily at first-time buyers who are low to middle income households;
- homes purchased under the scheme will be subject to a maximum statutory discount of 40% (relative to the market price), with the final price of the affordable homes to be linked to the cost of provision, on a site by site basis;
- the income of the household is adequate to meet the repayments on the mortgage, which in legislation is detailed as 35% of income net of tax/PRSI;
- the local authority maintains a fully repayable equity share in the properties equivalent to the % discount given.

In addition, each local authority is required to have in place a Scheme of Priority, agreed by the elected members, that outlines the manner in which affordable homes will be made available. The Scheme must be in accordance with the principles and qualifying parameters set out in the regulations.

Homes facilitated through the provision of Serviced Site Funding (see below) will be sold under the provisions of the Affordable Purchase Scheme. Unlike previous affordable schemes, which were subject to a 'clawback' mechanism of up to 20 years, the percentage discount provided will remain an LA equity charge, until repaid. As matters stand, homes that will be made available under the Affordable Dwelling Scheme will be 'made affordable' via the subvention provided through the Serviced Site Fund and the local authority land value. No direct financial assistance will be provided to the Householder.

In line with the legal requirements of the Affordable Purchase Scheme, further regulations will be put in place over the coming months regarding eligibility and other matters in order to allow the sale of the first homes that are intended to come on stream in Boherboy Cork, in Q4 of this year. However, given the legislation was developed in 2009 and was not commenced until 2018, in parallel, it is likely that a number of changes will be proposed to the primary legislation in the near term to ensure the Affordable Purchase Scheme more definitively reflects the needs of the programme and the housing market given the significant changes it has undergone since 2009. When the operational procedures for the scheme are finalised, and before dwellings are made available for purchase under the scheme, a programme of communication will be undertaken by my Department and local authorities.

(b) Housing Affordability Measures – Cost Rental

While all previous and current schemes referenced above relate to affordable home ownership, under a Cost Rental model, rents cover the cost of delivering, managing, and maintaining the homes only, less both the profit margin seen in the private rental sector and any financial supports provided by the State/local authorities.

As rents are based on the cost of provision, over time Cost Rental, if delivered at scale, has the potential to have a stabilising effect on the broader private rental market. Such an approach will require commensurately high levels of expenditure, either through private financing or the deployment of significant State resources, involving both direct expenditure and borrowing. In addition, the financial sustainability of the model is based on the rents charged being sufficient to cover the costs of all aspects of provision.

Initially, the Department is supporting two 'pathfinder' pilot projects for Cost Rental, at Enniskerry Road in Stepaside, Co. Dublin and a site at St. Michael's Estate in Inchicore in Dublin City. The Enniskerry Road development is currently under construction and comprises 105 social and 50 cost rental homes. It is anticipated that the development will be completed in Q3 2021 and at €1,200 a month, rents for these Cost Rental units will be significantly below the market rates for the area (c, €2,000). The second Cost Rental pilot project will be delivered on a Dublin City Council-owned site at St. Michael's Estate, Emmet Road, Inchicore. It is estimated that this site can accommodate *c*.484 homes, of which some 375 will be Cost Rental. Dublin City Council's estimated timeframe for delivery of this project in 2024.

The Land Development Agency (LDA) has a mandate to provide up to 30% affordable housing from its's current Land portfolio and on surplus state land with which it is charged in the future. The Department is engaging with the LDA, which is examining the potential to deliver Cost Rental homes at scale from its land portfolio and the broader State land bank, at sites including the former Central Mental Hospital in Dundrum and at Shanganagh, Co. Dublin. At the latter, the LDA are currently working with DLRCC to develop almost 600 units at this location, of which over 300 will be Cost Rental.

It should be noted that, using the model of Cost Rental on the current pilot programmes, where the costs of development are largely met or underpinned by the State, results in the expenditure being on the Government's balance sheet. The Department with the LDA have been working to develop the conditions for the Cost Rental model to be delivered at scale. Over the longer term, we anticipate that by harnessing significant financial investment from the private sector, there may be potential to deliver Cost Rental developments in of 'off balance sheet' manner, which would be a very important counter cyclical intervention in the housing market. However, it is not possible to be definitive on the potential classification of the model, there are risks involved which would have to be taken into account in scaling up model in the near term.

Supply of affordable housing

The table below indicates the total anticipated pipeline of affordable housing within the current project pipeline.

	Estimated units of affordable housing	
	2019	Further years
LIHAF	785 reduced cost	c 5,000 (with modest cost reductions)
Serviced Sites Fund		6,200 (with more significant reductions - 3,200 units in projects identified to-date)
LDA		1,600 on current sites (with potential from potential pipeline and with additional financing to increase this to some 10,000 cost rental units over the next 5-7 years.

Further details of these measures are set out below. Affordability of housing is also supported through the Help to Buy Scheme and the Rebuilding Ireland Home Loan.

Housing Affordability Measures - Local Infrastructure Housing Activation Fund

This is a €150m exchequer fund to support the cost of infrastructure to enable the delivery of housing development. In return, in many cases local authorities have used the grant funding to leverage the delivery of a proportion of housing at below market cost. Thirty projects received final approval for €200m of LIHAF funding in 2017/18, €50m of which is matched by the 14 relevant local authorities.

The approved LIHAF projects will facilitate infrastructure to support the delivery of up to 20,000 housing units. Over 50% of homes associated with LIHAF projects will be social homes or homes for sale with a reduction on open market prices to make them more affordable. The remainder will be sold at open market prices.

Local authorities confirmed that approximately 1,800 LIHAF units had been delivered in 2019, of which, 70 were social houses and 785 were cost reduced. The level of the cost reduction is agreed on a project-by-project basis and may range from the low thousands to somewhere in the region of €50,000. A further 4,000 units are expected to be delivered in 2020, 40% (1,600) with affordability measures. Details of LIHAF projects can be found here https://rebuildingireland.ie/lihaf/

Housing Affordability Measures - Serviced Sites Fund (SSF)

The Serviced Sites Fund (SSF) was announced as part of Budget 2019 and commits €310 million over the three years to 2021. This is to facilitate infrastructure, on public lands, to support the provision thereafter of more affordable homes to buy or rent. A maximum amount of SSF funding of €50,000 is available per affordable home for eligible persons. On this basis, at least 6,200 affordable homes can be facilitated. To date, €127 million has been approved to provide infrastructural work that will support 35 projects in 14 local authorities, delivering 3,200 homes. (See: https://rebuildingireland.ie/news/minister-murphy-gives-the-go-ahead-for-ten-local-authority-sites-for-affordable-housing-under-the-serviced-sites-fund/
https://rebuildingireland.ie/news/minister-murphy-approves-funding-of-e84m-to-support-delivery-of-1770-affordable-homes-under-the-ssf/

Land Development Agency

The LDA has an immediate focus on managing the State's own lands to develop new homes, and regenerate under-utilised sites and has access to an initial tranche of 10 sites across the country that have near term delivery potential for over 4,000 new homes. In addition to obligations for social housing provision under Part V of the Planning and Development Acts, the LDA is required to deliver a minimum of 30% affordable housing units on these sites, with higher levels agreed as part of the site being advanced at Shanganagh, Co Dublin on behalf of Dun Laoghaire County Council. This equates to some 1,600 units. The LDA have identified a further list of attainable State lands and have calculated that if the level of cost rental on all sites was maximised (which would have financial implications), then over the next 5-7 years, some 10,000 units could be delivered.

Department of Housing, Planning & Local Government
16 March, 2020.

DHPLG Responses to Green Party 04/03/20 [GP]

An analysis of public land around Dublin, Cork, Limerick, Galway and Waterford on which large, sustainable communities could be built.

Background

The Rebuilding Ireland Action Plan and the National Planning Framework place significant policy emphasis on the activation of publically owned lands for the delivery of new housing development. This bank of 'State Lands' is identified as a cornerstone of increasing supply of new homes, in particular social and affordable housing in key areas of high demand. Importantly, the utilisation of State lands in the five cities is identified as critical in achieving the strategic compact growth targets necessary for sustainable development objectives and building regional cities of sufficient scale to be economic drivers regionally.

Supports

A number of programmes/initiatives have been put in place to support his objective. Of key importance are:

- Funding of enabling infrastructure for the development of public lands for housing generally (through the Local Infrastructure Housing Activation Programme (€200 million)) and for affordable housing (through the Serviced Sites Fund (€310 million);

- Establishing the Land Development Agency (LDA) as a commercial State body and national centre of expertise, working with and supporting local authorities, public bodies and other interests in delivering affordable housing on State owned sites and in taking a more active role in land management generally;

- A policy requirement that 30% of public lands coming forward for redevelopment and or disposal are to be reserved for affordable housing purposes, in addition to the statutory requirement for 10% social housing under Part V provisions. This 40% provision aimed at ensuring more housing supply at affordable prices and rents.

Work by the local authorities, the Housing Agency, the LDA, DHPLG and others has mobilised a significant number of State site for residential development. They are being brought through the planning, procurement and construction processes by a combination of local authority own initiatives and in collaboration with the technical assistance and supports offered by the LDA.

The following are some of the more significant of the sites programmed for new housing development:

Dublin

O'Devaney Gardens (Infirmary Road)	820	Local Authority
Central Mental Hospital, Dundrum	1200	HSE
Shanganagh Castle, Shankill	600	Local Authority
Cherry Orchard	1000	Local Authority
St. Michaels Estate, Inchicore	470	Local Authority
Oscar Traynor Road	1000	Local Authority
Ballymastone, Donabate	1000	Local Authority

Kilcarbery, Clondalkin	1034	Local Authority

Cork

Old White Church Road	600	Local Authority
Tivoli Docks	3500	State Agency
St. Kevin's Hospital	270	HSE
CIE Kent Station Lands	350	State Agency

Limerick

Clonmacken	75	Local Authority
Mungret	1500	Local Authority

Galway

Merlin Park	120	Local Authority
Galway Port	350	State Agency

Waterford

Gracedieu	200	State Agency
Ballybeg	300	Local Authority

How many units can the State build over the next 5 years?

In terms of social housing, across the 5 years 2020 to 2024, current projections are for the delivery of over 40,000 new build homes for social housing (through local authority build, Approved Housing Body build, and Part V).

Year	State provision of homes for social housing
2020	7,700
2021	8,900
2022	7,900
2023	7,900
2024	7,900
Total	**40,300**

In addition to direct commissioning of build activity under the various build programme, as described above, delivery under the Enhanced Lease Scheme will also be achieved primarily from new build activity. At present, some 15,700 homes are profiled to be leased during the period 2020 - 2024.

Under the Serviced Sites Fund (SSF), €310m is available to provide enabling infrastructure that will help unlock publicly-owned lands specifically for affordable homes to buy or rent. A maximum amount of SSF funding of €50,000 is available per affordable home. On this basis, at least 6,200 affordable homes can be facilitated. To date, funding of €127 million has been approved to fund infrastructural work that will support 35 projects in 14 local authorities, delivering 3,200 homes.

The Land Development Agency (LDA) has an immediate focus on managing the State's own lands to develop new homes, and regenerate under-utilised sites. It currently has access to an initial tranche of 9 sites across the country that have near term delivery potential for 3,600 new homes. Of these, at least 40% (or 1,440 homes) are intended for delivery as additional social and affordable homes and the balance as additional new supply to meet the high levels of demands in the wider housing market. The requirement to provide 30% affordable housing, in addition to 10% social housing under Part V, is only a minimum level and in some sites the LDA will provide a higher proportion of affordable housing. The exact level of affordable housing will be finalised as the sites are master planned and final plans are put in place.

Significant preparatory work is underway in relation to the sites, with feasibility, planning and other preparatory works already initiated. It is intended that construction will commence once planning permissions have been received and procurement is completed. The LDA is also examining a pipeline of additional sites.

Would it be possible to set up a special purpose vehicle so that public housing could be financed off-books? If so, would meeting Eurostat's market test defeat the purpose of providing public housing?

Credit Union Investment & Special Purpose Vehicles

- Following engagement with the Credit Union sector on proposals for credit unions to provide funding for the provision of social housing, the Central Bank undertook a review of the relevant investment framework in 2017.

- On foot of this review, revised Regulations commenced on 1 March 2018. The revised Regulations included the addition of investments in Tier 3 Approved Housing Bodies (i.e. the larger AHBs), as a permitted investment class for credit unions. As such, since 1 March 2018, credit unions are permitted to provide funding, through a regulated investment vehicle, to Tier 3 AHBs for the provision of social housing.

- Department of Housing, Planning and Local Government (DHPLG) and Department of Finance (DFIN) officials, along with Ministers, have met with the Irish League of Credit Unions (ILCU) and the Credit Union Development Association (CUDA) to examine how their sector can assist in the area of financing social housing delivery.

- While it is a matter for the credit unions themselves to develop specific Special Purpose Vehicles (SPVs) to facilitate this, DHPLG did inform the Credit Unions' representative bodies that it was funding a project being undertaken by the Irish Council for Social Housing (ICSH) to examine the establishment of SPVs to facilitate investment in the sector. The Department put the bodies in contact with the ICSH with a view to both sides examining further, how they could invest in the sector.

- The ICSH, along with 6 Tier 3 AHBs, have worked with specialist financial advisors to establish a funding mechanism or vehicle which would source non-state finance to fund the delivery of social housing by AHBs, based on best value for money. Market testing undertaken revealed good interest in lending to the AHB sector from various lenders including banks, institutional investors and the Credit Union sector. So far, one AHB has set up an SPV, 2 AHBs have sourced private finance from a private institution and there are 2 AHBs looking at the next phase of establishing a structure to work collectively in securing private finance. As such, the work in this area is ongoing and has led to individual AHBs establishing SPVs for financing social housing.

- The Credit Union sector is one potential funder whose terms are assessed as part of the process of market testing to establish best value for money and optimum terms and conditions from lenders. It falls to the relevant parties, i.e. the AHBs, on the one hand, and potential investors on the other, to agree a workable and mutually acceptable approach in order to bring potential investment possibilities to a successful conclusion.

- Throughout the discussions with the Credit Unions' representative bodies, DHPLG has emphasised that while it can provide technical assistance regarding the mechanisms for funding social housing, which it has provided, it is a matter for the Credit Unions themselves to set up SPVs to enable them to invest in the sector.

Funding of Social Housing

The main sources of financing for social housing programmes are either directly from the Exchequer (Current/Capital) or through low-cost borrowing from the Housing Finance Agency.

Where funding from the HFA is provided to AHBs, DHPLG generally provides some assurances on future income streams to the AHBs, which allows them to repay the loans over time.

This has the following effects:

- Public investment (Current/Capital) in housing (except Enhanced Leasing and PPPs) is on the Government Balance Sheet and thus subject to EU fiscal rules;
- HFA funding is at very low cost, reflecting sovereign borrowing costs; and

In summary, DHPLG funds almost all the cost of social housing in one way or another (either up front or over time), reflecting the low revenues received from social housing (i.e. from differential rent), which are not sufficient on their own to entice significant private funding into housing – the State, in effect, has to virtually guarantee revenues, if private finance is to be viable.

Classification & Balance Sheet Implications

Off-balance sheet investment in housing (most likely through the AHB sector but also possibly by private investment) would allow greater investment than currently possible. However, there are other considerations that would need to be addressed before pursuing this objective:

- Eurostat has ruled that AHBs are on balance sheet due to the extent of public control. Seeking to address this would have implications for the AHB sector's role in delivering social housing policy;
- Private sector financing is likely to be more expensive than Government financing. There may also be a question as to the level of market interest in investment in Irish social housing; and

- Under Current funded programmes, the repayment of loan financing is dependent on DHPLG committing to long-term payments to the borrowing/investing parties (given that the social housing rents received do not cover the financing costs). Private investment could be better suited to housing projects where the rents received are projected to cover the financing costs (such as cost rental).

Work is ongoing to explore options around reclassifying AHBs as off-balance sheet. In reality, however, only a fundamental shift to AHBs becoming market providers of housing, charging a market rent with little control by Government in terms of allocations, etc. will lead to a reclassification. This would have significant implications for social housing policy.

Would replacing local property tax with a site value tax help to increase the supply of housing?

Local Property Tax (LPT) is an annually recurring tax applying on most residential properties in Ireland and came into effect in 2013. LPT is based on the **valuation of a property on 1 May 2013.** The legislative basis for LPT is the Finance (Local Property Tax) Act 2012 (as amended). It was introduced to provide an alternative, stable and sustainable funding base for the local authority sector, providing greater levels of connection between local revenue raising and associated expenditure decisions on important local services.

In overall national taxation terms, LPT broadens the tax base, reducing the level of central funding required by local government, while also ensuring that Government policy can be implemented by an adequately resourced local government sector. Local authorities have the power to increase or reduce the rate of LPT in their administrative area by up to 15% of the basic rate, meaning they can influence the income available to them.

The most recent review of LPT (March 2019) noted that the current model is both relatively simple and transparent for taxpayers, critical components to the success of implementation. The current allocation model is based broadly on an 80/20 split, with 80% of LPT retained in the area in which it is collected and 20% contributing to equalisation, which supports those local authorities with property tax bases that are too low to meet their funding baseline (minimum level of adequate general purpose funding). By contrast, a small number of urban local authorities have very strong property tax bases, meaning their LPT income considerably exceeds their funding baseline. Those local authorities are required to use that additional income to fund (or part-fund) certain housing and roads programmes that were previously funded exclusively by the Exchequer; this process is referred to as LPT self-funding.

The option of a Site Value Tax has been considered by several groupings, including the 2009 Commission for Taxation, the 2012 Thornhill Report on the Design of Local Property Tax, and the subsequent 2015 Thornhill Review of LPT and the 2018 Interdepartmental Review of LPT.

The consensus emerging clearly from the above reports is that while there may be an economic rationale for a site value tax, it would not be pragmatic in an Irish taxation context. Among the factors cited to support this position were the difficulty ensuring acceptance by taxpayers and the implementation of a site value tax. The difficulty arriving at values that are evidence based and the complexities and uncertainties in valuation that would arise to put a site value tax in place were highlighted. A site valuation tax separates the building from the site - this is not a simple concept and would struggle to gain taxpayer acceptance. Taxpayers would have difficulty accepting an outcome where two very different adjacent properties could end up with the same site valuation tax because the sites were comparable even though one property was larger and more valuable than the other. This in turn could lead to high volumes of contested valuations and appeals. It was also unclear who would undertake a site valuation.

A market based valuation, on the other hand, is a simple concept (and one the homeowner is interested in). The question "what is the value of my house" can be assessed by reference to recent sales in the area (a register of site values doesn't exist, whereas market values based on sales are readily available). Market value is related to characteristics of the building itself, including the location of site and nature of amenities in the area. In this respect, the site value is implicitly incorporated in the market value. Full market value is the tried and tested international approach, and compliance levels with Ireland's market based Local Property Tax are very high.

LPT was not introduced to increase the supply of housing. It is, nonetheless, recognised that taxation promotes efficient use, and in this context, LPT may contribute to stimulating more efficient use of existing housing stock. For new housing stock, it is noteworthy that properties built since 2013 are currently exempt from LPT, and that LPT revenues can, subject to local authority budgetary processes, be used to invest in housing and related infrastructure.

Concerns related to the efficient use of land and countering land hoarding, with a view to supporting increased housing supply, are addressed through the Vacant Site Levy.

Would reducing development levies help to increase housing supply?

National planning objectives established in the National Planning Framework target the regeneration and rejuvenation of Ireland's five cities and other large towns in order to achieve a more compact and sustainable format of urban development. Achieving effective residential density increases and more development consolidation in our urban areas has become a key element in competitive advantage and in driving economic investment and progress.

Increasing the delivery of residential development within these urban areas requires the delivery of a significant increase in the proportion of apartments in our national housing stock from the current 12%. While apartment completions have increased in recent years to more than 3,600 units (17% of supply) in 2019, there remains a significant shortfall in the rate of apartment construction needed to meet existing and projected demand. This shortfall has focused discussion on the economic viability of apartment construction in urban areas.

A number of recent studies have been completed focusing on the viability and affordability of residential delivery. All of these studies, together with more recent work undertaken by AIB Real Estate Finance (July 2019) and EY-DKM (September 2019), identify an undisputed 'viability gap' between the cost of delivery of urban apartment development and national policy objectives to achieve compact growth and sustainable development in Project Ireland 2040.

Notwithstanding considerable planning activity and increasing housing supply, the consequences of the cost of apartment delivery in excess of general market prices is that apartments are either being delivered *only* at locations where market prices exceed the cost of delivery, *or* as 'build-to-rent' schemes by institutional funds investors.

This means that at city and other urban locations where apartments are being delivered, there is an 'affordability gap' between what is available to buy *or* to rent and what most people can sustainably afford based on income. For purchasers, this gap is particularly acute in the context of first time buyers or those in all but the highest income cohort who do not have significant equity.

Local Authority Development Contributions
Under sections 48 and 49 of the Planning and Development Act 2000, as amended, planning authorities may attach conditions to planning permissions charging development contributions in respect of public infrastructure and facilities provided by, or on behalf of, the local authority that benefit development in the area. Development contributions are levied by planning authorities on the basis of a development contribution scheme, approved by the elected members, which sets out how contributions are to be applied in their respective functional area. These have been reduced substantially in recent years, including the removal of the water services element (25%) of the contribution in 2014 reflecting the transfer of that function to Irish Water.

Development contributions are generally levied on a per m^2 basis - for example, in the Dublin City Council area, development contributions are set at €92.10 per m^2 of residential floorspace. An average apartment of $82m^2$ would therefore attract a development contribution of c. €7,500, representing a modest <2% of the modelled cost of delivering a 2-bedroom urban apartment.

Although location and other factors will impact on this % , local authority development contributions would appear to constitute a relatively small proportion of overall residential construction costs, which also include cost components such as land, construction costs, professional fees, finance costs and VAT. Reductions in local authority development contributions would, therefore, be unlikely, in isolation from other measures and instruments supporting urban housing construction, to be significant in improving the viability and affordability of housing in urban areas and increasing overall housing supply nationally.

In addition, a significant income is derived by local authorities from their development contributions schemes, which funds the construction of supporting infrastructure. Any reduction in development contributions would need to be offset by a compensatory funding arrangement for local authorities to deliver their agreed infrastructural programmes.

Is it possible to empower the Land Development Agency to CPO substantial land banks for public housing?

While there is precedent for granting CPO powers to a land development and regeneration authority e.g. the Dublin Docklands Development Authority (DDDA), preliminary legal advice indicates [redacted]

[redacted]

[redacted]

What are the risks regarding the introduction of a temporary rent-freeze in the private rental market?

The concept of a temporary rent freeze is assumed to refer to an absolute prohibition on any increases or decreases in rent payable by residential tenants in all 31 Local Authority Areas for a fixed period. Such a measure would introduce absolute rent certainty for tenants currently accommodated in the private rental market for the duration.

A constitutional challenge to a rent freeze as an unjust attack on property rights would be a key risk. For a measure not to constitute an unjust attack on property rights, it must

- Be rationally connected to the objective and not be arbitrary, unfair or based on irrational considerations;
- Impair the right as little as possible; and
- Be such that the effects on the rights are proportional to the objective.

The current rent control policy, which is given effect through the designation of Rent Pressure Zones, is considered not to constitute an unjust attack on property rights. Decisions on the designation of specific zones are made on a rational basis and can be justified by empirical evidence which renders the designation a proportionate, objectively justifiable measure. However, a national rent freeze could be challenged on the basis that affordability pressures vary very significantly throughout the country, and freezing all rents could be considered disproportionate. Currently RPZs apply to 67% of all registered tenancies. Annual registration of tenancies will be introduced later this year and will provide a more robust evidence base to inform any escalation of rent control measures.

Rent Pressure Zone provisions restrict the annual rent increase to 4%. The rights of the property owner are somewhat impaired but this impairment is considered to be proportionate to the objective. Increased costs for maintenance of properties to the required standard is one factor justifying the need for some level of annual rent increase. A rent freeze would represent a greater level of impairment and could result in property maintenance by landlords declining, with adverse implications for the quality of accommodation. Taken together with an emerging picture of a slowdown in increases in rent levels (a recent RTB/ESRI report concluded that rent increases were lower by 2-3% in RPZs than outside RPZs), particularly in many of our major cities, a rent freeze could in this context be considered disproportionate to the objective. The length of time for which the rent freeze would be applied would also be a relevant factor – the longer the period of rent freeze, taken together with other factors set out above, the more likely it would be that a successful challenge could be taken.

A negative impact on supply of rental property would also be a key risk associated with a rent freeze. For new supply, developer financial projections are currently informed by existing RPZ restrictions and business cases and funding would be secured accordingly – a rent freeze would negatively impact on these projections, and as a consequence, on the viability of some projects.

Currently, new supply rental properties are let at market rates for the first letting, with RPZ restrictions, where applicable, applying for subsequent rent reviews. It is unclear whether new supply would be subject to the proposed rent freeze at first letting and, if so, how the rental value would be arrived at. Comparison with nearby properties of a similar character might not be valid given that all new supply in development has to meet far higher Nearly Zero Emission Building (NZEB) standards and will consequently have cost more to construct. Any rent setting for such new lettings at anything other than market rates would present significant difficulties and the rents arrived at could be subject to legal challenge.

For the existing supply of rental properties, small-scale landlords charging lower rents may be relying on the 4% annual increase permissible in RPZs to get closer to market rates. Such landlords would be more likely to consider leaving the market in the event of a rent freeze

From an operational perspective, the transition from the current system to a full rent freeze could lead to sharp increases in rent for tenancies not currently protected by RPZ protections, and whose review arises during the period in which the legislation involved was being enacted. Effective measures to enforce the rent freeze would also need to be considered to ensure the integrity of the system and the risk of the emergence of a black market of unregistered tenancies could not be discounted.