

## **Statement by Cormac O'Rourke, Chairperson Designate of the Land Development Agency**

### **Introduction**

I am honoured to have been nominated as chair of the Land Development Agency by the Minister for Housing, Planning and Local Government, Darragh O'Brien TD. I thank the Chairman and Committee Members for your time this afternoon. As requested, I will make a short initial presentation outlining my background and the LDA's future plans. I am joined today by the LDA's chief executive, John Coleman. We are happy to answer the Committee's questions to the best of our ability.

### **Background**

I grew up in Dublin and was educated in Scoil Lorcáin and Coláiste Eoin. Both of my parents were civil servants. I studied engineering and business in UCD, graduating with a BE in 1980 and a Masters in Industrial Engineering / Business in 1985.

I joined the ESB from college and worked for 5 years as a steam and gas turbine engineer and received training in Switzerland and the UK. I then ran a section which performed economic analysis, efficiency and repair / replace studies on ESB power stations.

In late 1987 I moved to KBC Bank NV's Irish subsidiary. I worked initially in corporate banking and international aircraft finance. In the early 1990's I was appointed Head of KBC's project finance operations in Europe, Middle East, Africa, with teams in Dublin and Brussels. The team specialised in lending for infrastructure, energy and telecommunications.

In 2000, I returned to ESB International as Investment Director and worked on major electricity projects in Northern Ireland, Spain and Poland, where ESB was the Investor. I am fortunate to have worked for a major semi-state which has a highly sophisticated approach to developing major infrastructure projects both in Ireland and abroad on behalf of its shareholder, the Irish Government.

In 2003, I moved to Goodbody Corporate Finance. Since then, I have spent the majority of my time advising semi-state companies in the infrastructure and energy sectors. I have also been involved in raising finance for those clients – for example a 30-year bond for Dublin Port to fund its long-term development plans. I have also provided advice to a number of Approved Housing Bodies and other interested parties on social housing.

## **TII**

I had the privilege of being Chair of Transport Infrastructure Ireland (TII) and its precursor organisations for 9 years. My term finished in November last year.

TII has been a success because it has:

- A strong and capable management team
- An impressive work ethic
- Above all a strong commitment to Public Service

I hope that some of TII's approach can be of benefit to the LDA over the coming years. In particular, I see TII's very strong partnerships with the Local Authorities as a model to be followed. I am encouraged by the relationships which have developed between the LDA and Local Authorities to date. The LDA needs to work in partnership with Local Authorities on larger sites that can yield significant numbers of social, affordable and cost rental homes in the coming years. The LDA Act supports this relationship building by seeing the LDA as a service provider to Local Authorities.

## **Public Policy**

As the committee is aware, it has been the practice of Chairs of State bodies for many years not to comment on Government policy. The Committee will understand that I am constrained accordingly in what I can say where this might impinge on Government policy.

## **LDA**

The LDA will take a central role in creating a large-scale public housing – both cost-rental and affordable purchase to qualifying families and individuals. This is clearly laid out in the LDA Act and in the Government's "Housing For All" strategy. The LDA working assumption is that Cost Rental will account for approximately 75% of homes built – but this is subject to future discussions with the Local Authorities and Government on the housing needs in different areas.

## **Short Term Plans**

The main focus for the LDA in the coming year will be on delivery. Two key sites, Shanganagh Co. Dublin and St. Kevin's in Cork will start construction this year but will take some time to complete.

While these and other projects progress, the LDA is progressing with Project Tosaigh – an initiative to activate land with planning permission that is not currently going to construction or is not being delivered quickly enough. The proposal is to accelerate the provision of public housing (both cost rental and affordable purchase) on this private land. The LDA has had strong expressions of interest with respect to a significant number of affordable houses from the industry – right across the country. As initial proposals in this project are currently being assessed, it would not be appropriate to comment further on this.

Overall, our ambition is to deliver 5,000 affordable homes through Project Tosaigh over the next four years.

### **Medium Term Plans**

Our medium-term plans are to develop 10 State-owned sites, which are listed in Appendix 1. These sites should deliver approximately 5,200 homes – subject to planning and Government approval. The expected mix of housing to be delivered on these sites, is approximately 80% apartments and 20% housing. The LDA / Housing for All has also identified a number of sites which will follow those initial 10 sites – which are also listed.

### **Longer Term Plans**

One of the key roles of the LDA is to act as an active land manager, assembling large-scale strategic areas that can be serviced and delivered coherently over the longer-term. This approach has been adopted successfully in a number of other European countries, particularly in Sweden and Denmark. Again, I have listed the proposed sites for strategic area treatment.

The LDA approach to this activity is to get the agreement of landowners (be they state bodies or private sector) to create masterplans for public housing and community services in these areas. The LDA has recently published a masterplan for the Colbert Train Station area of Limerick for example and intends to do the same for other areas, including lands earmarked for transfer to the LDA in the Government's Housing for All strategy.

### **Affordability / Construction Costs**

The LDA is currently engaging with Government on some of the policy drivers of affordability, which include land purchase, taxation and levies. The items which are within the LDA's control include construction margins, financing costs and fees, which are also being addressed.

As the committee is aware, construction costs account for roughly 50% of the total cost of a house / apartment. This in turn is split roughly half and half between labour and materials. Mc Kinsey in a study published in 2017 showed that construction productivity in the OECD had only increased by 1% p.a. over the previous 20 years. This is out of line with other sectors of the economy.

The issue of poor productivity arises in the construction of housing from the fact that builders continue to execute a traditional site-based approach. In the medium term the LDA will look to encourage standardisation and modular construction – to speed up construction, improve quality, provide better working conditions for workers, and generate houses that are more sustainable at lower cost.

Construction cost inflation has been a very real phenomenon in recent years. The State, including the LDA, will need strategies to mitigate these risks over the medium term.

### **Planning**

It is a matter for the Oireachtas to determine how planning is organised and regulated. From my work at TII I am only too aware of the long delays that public infrastructure has suffered in the planning system for many years. Delays to the granting of planning whether due to system delays or on foot of judicial review are not without cost. For example these delays can deny housing to those who sorely need it. I welcome the Government's review of planning legislation which is being carried out by the Attorney General.

### **Board of the LDA**

The LDA Legislation has been recently been partially commenced. The LDA DAC has been set up. Transferring the work of the LDA Agency to the new legal entity is underway. I have commenced discussions with the Department about using the Public Appointment Service to seek additional directors for the Agency.

Go raibh maith agaibh as ucht an cuireadh seo a thabhairt dúinn. Deanfaidh mé féin agus an t-ard fheidhmeanach ár nditheall bhúr gceisteanna a fhreagairt go cuimseathach agus is féidir linn.

# Appendix 1

	<u>ACTIVE SITES</u>
1	Shanganagh, Shankill, Co. Dublin
2	St. Kevin's Cork
3	Balbriggan, Co. Dublin
4	Central Mental Hospital, Dundrum, Dublin 14
5	Skerries, Co. Dublin
6	Naas, Co. Kildare
7	St. Teresa's Gardens, Dublin 8
8	Cromcastle, Coolock, Dublin 17
9	Cherry Orchard, Dublin 10
10	Dyke Road, Galway
	<u>PIPELINE SITES</u>
11	Kilbarry, Cork City (IDA)
12	East Wall Road, Dublin 2 (Dublin Port)
13	Kinsealy, Co. Dublin (Teagasc)
14	Wilton, Cork (ESB)
15	Cork Docklands (BNM)
16	Cork Docklands (ESB)
17	Bluebell Dublin (DCC)
18	Arbor Hill / St. Bricin's, Dublin 7 (DoJ)
19	Galway Port
	<u>STRATEGIC AREAS (LONG TERM)</u>
20	Limerick Colbert (CIE/HSE/LCCC)
21	Sandy Road, Galway (GCC)
22	Digital Hub, Dublin 8
	<u>HOUSING FOR ALL (LAND COMMITMENTS)*</u>
23	Inchicore, Dublin (CIE, ESB, OPW)
24	Broadstone Garage, Dublin (CIE)
25	Conyngham Road Garage, Dublin (CIE)
26	Lands in Cork Port
27	Lands in Limerick Docklands
28	Carrickmines, Dublin (HRI)
	<i>*Additional to pipeline / strategic areas sections</i>