

**Property
Industry Ireland**

ibec

Property Industry Ireland
Housing for All
Submission

May 2021

1. Introduction:

- The extraordinarily complex housing issue of affordability, supply and viability is a systemic issue. The debate is replete with mistaken perceptions, immersed in a fog of contradictions and a widespread desire to apportion blame that offers few real solutions.
- How is it possible to promote higher densities, that rely on apartment development, where the build-only cost of a 2-bed apartment is twice that of a 2-bed house, and not provide incentives to lower the cost of the desired apartment?
- Why load all the cost of development, including amenities not immediately available to them, on new home purchasers who can least afford it and, at the same time, continue to lower property tax on existing owners?
- Why is the Strategic Housing Development accelerated housing provision, that brought decisions times from an average of 48 weeks in 2016 for S.34 large Scale housing applications to 15.5 weeks for SHD applications, mischaracterised as allowing removal of requirements for social housing or imposing different density requirements that universally apply?

A 10-year housing for all plan is welcome as we require long term housing policies to ensure consistency in supply and investment to bring about that supply. Uncertainty due to changing policy too often leads investment and finance to be more cautious. Longer term policy planning will help continued and consistent investment to drive housing supply in all sectors.

The housing issue is resolvable only through a whole of Government/whole of society approach with full stakeholder participation. We must build housing of all types without delay, and we will succeed only by sacrificing some sacred cows that, when we examine how they really work, have not served us best.

The number of housing segments within the overall housing sector needs to increase from four (One-Off, Private Sale, Private Rented Sector, and Social) to at least 7 or 8 (affordable purchase on public land, shared equity loan, affordable rental, and cost rental). This will help meet the housing needs of the Locked-Out Generation of 443,000 households (Households Earnings between €42-€90k). Numerous supported housing policies are needed in parallel. If nothing is done to improve the ability for people to purchase entry-level homes, then supply will drop off. Supported housing policies for the Locked-Out Generation is vital to sustain the housing recovery.

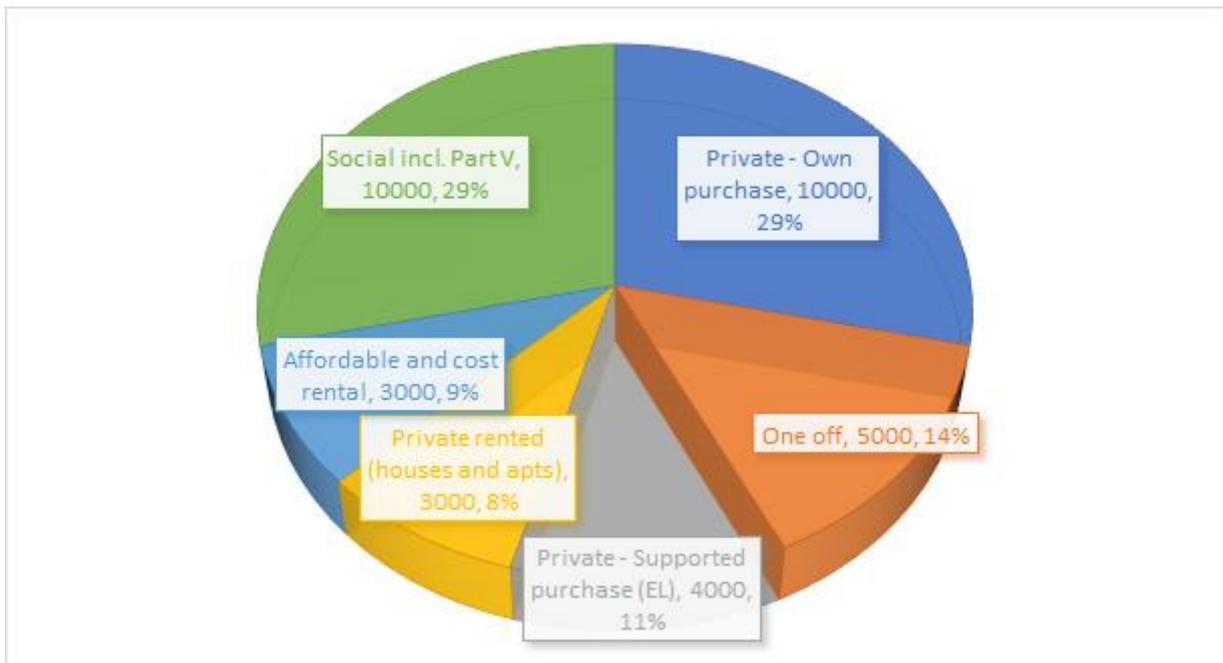
It is in the public interest that there is a greater emphasis on the futility and, indeed, the counterproductivity of demonising private homebuilders as an entity. In this connection, it is crucial to show vision and leadership in the creation of new models of collaboration for the public and private sectors. It is valid to reflect that the same tradesmen, designers, specialists will build housing, regardless of the means whereby they are commissioned. It would be futile to reject the experience and skill exercised, for example, in responding to fundamental shifts in regulatory systems on building standards when all efforts concentrated on securing affordable homes as of right is available through real collaboration.

2. Housing Need

Ireland has for some time been dealing with a housing crisis of an imbalance between supply and demand. The property sector has increased the delivery of new homes into the market in recent years. Data from the CSO show that completions rose from below 5,000 in 2014 to over 21,000 in 2019. In 2020, despite the impact of COVID-19, there were approximately 20,636 new dwellings completed in Ireland.

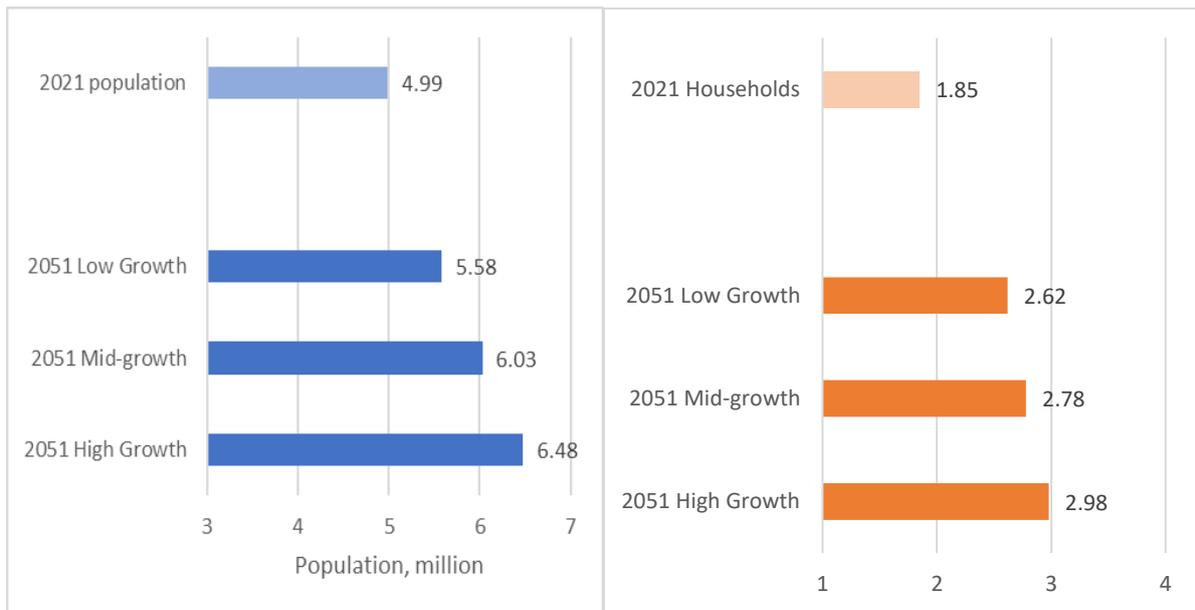
Estimates suggest that in the order of 35,000 new households will be formed each year (for example, Property Industry Ireland, Central Bank). This excludes any pent-up demand or replacement of obsolete housing stock. Thus, over the period of the Housing for All plan, there is a need for a minimum of 350,000 new homes, and arguably closer to 400,000.

Property Industry Ireland (PII) remains of the view that there is no single solution. Homes will need to be supplied across the full range of tenures to meet demand from across the full income distribution. In the graph below we set out how this housing need might be met – including demand supported by the Equity Loan scheme proposed by PII in June 2020 and announced as part of Budget 2021.



We must secure the means to increase the scale of homebuilding to an output of 35,000 p.a. as soon as is practicably possible. This includes a significant scaling up in the delivery of new build social homes of different types to 50,000 over the next 10 years.

Population projections for 2051 indicate we could need over 1 million more homes for this 30-year period.



590,000 to 1.5 million more people by 2051

770,000 to 1.13 million more homes by 2051

These targets cannot be met without new thinking. They will not be met by the public or the private sector alone. Public/private collaboration involving dialogue and mutual support are essential. We need to move away from the rhetoric of public *versus* private sector to public *and* private sector. To sustain our housing recovery and increase supply across all housing market segments will require leadership and getting the public and private sectors to work in collaboration.

In considering the composition of housing needs and tenure by ownership/occupancy type it is also worth framing this need in the context of the capital requirements – both from a development financing and owner/mortgage perspective. If we assume 50% are apartments and 50% are houses and applying the SCS1 current construction cost would equate to development financing/liquidity need in the order of €176bn.

The projected new homes output will likely require mortgages, state ownership and institutional participation to the tune of €225bn. Recent withdrawals from the Irish banking market mean the resulting lack of choice and competition is concerning. In addition to the investment required in the new homes market, for a functioning second-hand market to occur we likely require additional mortgage funding in the order of €14bn per annum, alongside institutional, state and cash participation. We need to ensure that residential development and housebuilding is a sustainable investment.

3. Housing Commission

- a. Trust needs to be rebuilt between the public and private sectors – the us and them approach and rhetoric must be shelved. This oversight body should be established forthwith, and its role will be to identify where policy implementation and programmes to secure a normally functioning housing sector can be made to work in the interest of all citizens. Solving

problems in the Irish housing market needs collaboration between the capacity and experience of public and private sectors. Both can and must contribute to the solution.

- b. The Housing Commission should comprise the three components of policy, expertise, and execution. This Commission should have a continuing mandate to search out and deal with all the impediments to the delivery of viable housing solutions as part of the civic duty of Government.
- c. The Housing Commission, under an executive chairperson, will comprise a focused group of experienced people drawn from the public and private sectors, with a consultative mandate central to the development of its programme, supported by a small core executive group to enable the continuing progress of the Housing for All programme.
- d. The Commission should be forward looking. It should:
 - i. look to take on best practice globally and how it fits in an Irish context.
 - ii. focus on long-term policy and not short-term fixes.
 - iii. use research to inform debate and not rule anything in or out from the outset.
 - iv. enable trust and coherent collaboration to be built between public and private sector institutions.
- e. The core function of the Housing Commission is to develop and oversee the implementation of reform with a focus of core priorities, identification of responsibilities, assembly of realistic targets, and timelines all based on a thoroughgoing understanding of the dynamics of project development and finance.

4. Viability of home delivery

- a. A key to solving much of Ireland's housing crisis lies in solving the mismatch between viability and affordability. Reports by the SCSi (2016, 2020 and 2021) show the actual build costs typically account for approximately 50% of the delivery cost. The other costs consist of development levies, VAT, land costs, professional fees, utilities, financing costs and margins.
- b. Overall development costs are often avoided in public discussion. Many do not understand, or do not want to acknowledge the risk and the associated margin and financing requirements to deliver in an inherently risky development environment. Open and transparent data on housing construction costs must be agreed as a standard to base policy from. Without this, debate on any policy gets mired in disagreement on fundamental costs.
- c. Every stakeholder, public and private, must contribute to lowering the cost of housing delivery. For example, the German government established the Construction Cost Reduction Commission consisting of public and private sector members coming together to work collaboratively in reducing construction costs. This collaborative approach resulted in 71 recommendations for the federal, regional (*Länder*) and municipal governments, as well as the housing and construction industries, planners, researchers and others, in a country-wide effort to drive down construction costs.
- d. Comparisons of the cost of delivery between the public and private sector must be on a like-for-like basis having regard to all overheads including those in administration, cost of credit, cost of tender processes etc.
- e. Studies have found that build and labour costs in Ireland are in line with similar EU economies (see Housing Agency Study, 2018). It is the other non-construction costs which drive the overall delivery cost higher. A reduction in the following would help drive supply and reduce overall home prices and could be combined with a system of Certificates of Reasonable Value to make sure land values do not inflate:

- i. A reduction in VAT or at least a holiday from it would drive supply and reduce overall development costs and in-turn the price of homes.
- ii. 10% Part V is a cost on developers who must provide 10% of homes at cost minus a planning gain on land value. Bringing this up to 20% of homes could reduce supply on land that has traded in recent years as some schemes will be less viable and some will be non-viable and unable to raise finance.
- iii. Irish Water and Local Authority levies need to be reviewed.
- iv. Reduce the price of land through an overhaul of the existing land use zoning system by outlining the identification of land from strategic land reserves to be selected by Local Authorities, on foot of submissions made by landowners who must meet pre-defined criteria including a plan, development partner and timelines for delivery of both affordable and social homes.
- v. Reduce construction costs through innovation in design/ construction techniques, particularly around the promotion of carbon-neutral solutions and increased efficiencies.
- vi. The inequity inherent in loading all new infrastructure costs, that benefit the entire community, on first-time buyers through Development Contributions, must be reformed or removed for this cohort.
- vii. Prioritise infrastructural investment in key target growth areas and amend legislation relating to compensation for compulsory purchase so that infrastructure delivered from public investment is disregarded for a specified period.
- viii. Ensure viability for both private & institutional landlords so they can provide affordable and viable accommodation for social, student & private housing.

Funding and financing costs are directly proportional to risk. Where risk is reduced / mitigated, reduced funding costs and available equity will follow.

5. Design and Density

- a. Apartment building in our cities remain an objective, but there needs to be a recognition of the cost of providing same. Many Medium Density Housing permissions that have been granted to date include a quantum of Apartments that, due to the high difference in development costs from those of Housing, are not viable to develop at market-affordable prices.
- b. Fiscal measures, in recognition of the lesser environmental impact of city centre consolidation/Brown-field site development, are appropriate to be considered to drive the aspirations of the National Planning Framework that drive these policies. The alternative is for the provision of measures for new, infill, own-door housing, that match and exceed the densities of existing houses in established areas of our cities.
- c. The standardisation of dwelling design will be essential to improving efficiency. Currently design diversity increases time spent in the design phase and slows down the delivery of housing units. Minimising the number of typologies per site (i.e. max of 5 per site, from a suite of 12 typologies specified by the government) will help to increase the delivery of homes.
- d. Dwelling typologies should be tenure agnostic. We welcome the standardised set of typologies that SDCC currently offer and suggest that this be extended nationally towards increasing speed of delivery. We recognise that end-users seek individuality in their homes, but we know that beyond standardised layout designs, architects can create a pallet of facades that can individualise units (colours, brick treatments etc creating individuality).

- e. The suite of standardised housing units must capture the “lifelong living” concept – the homes we build must offer ability to adapt to change to facilitate the various stages of life and degrees of occupancy each home will need to accommodate.
- f. House design must use land more efficiently and the emphasis on higher density is justified, but more ingenuity is required. Traditional suburban own-door Row Housing is the least expensive form of housing to build, and therefore the most affordable. However, it is neither efficient nor sustainable on its own in land-use terms. As currently configured – and constrained by Standards – this model, on its own, cannot deliver sustainable densities. Therefore, to achieve Medium Densities (35+/Ha) schemes using Row Housing must add duplex or duplex/apartments mixes – each of which are more expensive to build than any type of own-door housing.

Housing Mix	Row Housing	Row Housing and Duplex	Row Housing and Duplex & Apartments
Density	30/ha	35/ha	40/ha
Own Door	100%	70%	52%
Duplex		30%	20%
Apartment			28%

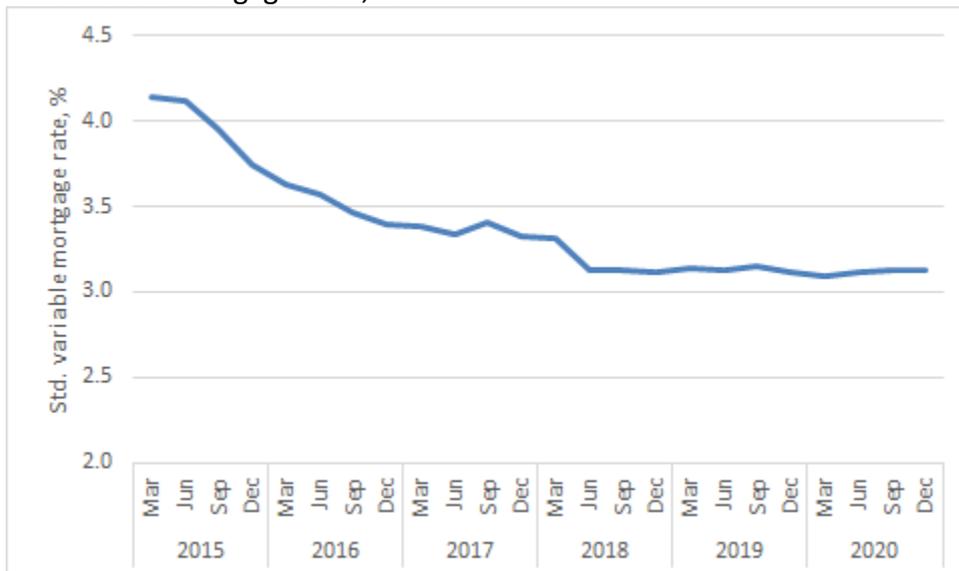
The principles set out in three documents – the Urban Design Manual (UD), Design Manual for Urban Streets and Roads (DMURS) and the original Quality Housing for Sustainable Communities (QHSC) - are key in addressing the current most significant challenge in Housing Design and Housing Layout design. Adherence to and increased emphasis on guidelines are now a must to avoid any lowering of standards in the rush to establish a normally functioning housing sector.

- g. In that regard, it would be a step-up if the following measures were taken to help raise the quality of higher density proposals:
 - i. Review and revise development plans to allow for alternatives to minimum distance requirements for compliance with private open space standards.
 - ii. Revise development plans to include explicit extracts from the UD, DMURS and QHSC that reinforce the principles of each.
 - iii. Promote qualitative assessment over quantitative of housing layout design by:
 - Reward measures that promote / ensure privacy in private open space, e.g. by say 20% less total area requirement for non-overlooked private gardens, terraces, and balconies.
 - Promote housing layouts without car dominance of public areas, e.g. with on-plot / in-line parking behind-facades; and
 - Require measures that reinforce a hierarchy of streets and shared common spaces, that promote a real Sense of Place.

6. Affordability

- a. Affordability of accommodation is key challenge for many Irish households, both owners and renters. In our cities, many households with annual incomes over €42,000 (thereby failing to qualify for social housing) or under €90,000 cannot afford to purchase a home due to:
 - macro prudential rules limiting mortgages to 3.5 times income for first time buyers or the Loan to Value and deposit percentage requirements for second steppers; and
 - the current average market cost of a quality A-rated (and now Near Zero Energy Buildings) e.g. standard home in the Greater Dublin Area is €360,000 - €380,000.
- b. This results in high demand for rental properties driving rental levels to historic highs, combined with a resumption of long-commute travel from peripheral areas. There is a need for post-Covid investment in infrastructure including rapid transport to link suburbs and key towns to cities and employment centres. This will support sustainable living and hybrid working.
- c. The delivery of affordable new homes will be aided by extending the 'Help to Buy' scheme to 2025. In addition, the planned Shared Equity Ownership Scheme under which the Government acquires an equity stake in the home secured by a second charge to bridge affordability will also encourage supply. This initiative will assist the 'Locked-Out-Generation' who do not qualify for social housing supports but are priced out of the housing market to purchase a home.
- d. There is a need to increase resources for investment in essential infrastructure. As already stated, there is an unfairness in new infrastructure costs, that benefit the entire community, being borne by first-time buyers through Development Contributions. This should be reformed or removed for this cohort.
- e. The macroprudential rules have enhanced the robustness of the banking sector and individual borrowers in the face of economic shocks. However, they are currently an inflexible policy instrument that do not reflect changing conditions, for example the significant lowering in mortgage rates in the time since these rules were introduced in 2015.

Standard Variable Mortgage Rate, %



- f. PII will work with Government, the Central Bank and lenders to assess and understand the impact of the macro-prudential rules on the wider housing system and explore reforms to the rules. We note from a recent BPFi document on Risk Weighted Mortgage Assets (RWA) that there are some key factors which appear to be driving the central bank's prudence and conservative approach to LTIs and LTVs. Even with much more conservative LTIs and LTVs than our European counterparts, we have and will continue to have higher RWAs. This is due to the inclusion of the worst-case scenario of the last crisis in the calculation [even though recently issued mortgages are unaffected by this] and the difficulty in taking forbearance to recover loans through the Irish system [11% in Ireland vs 90% in the Netherlands]. These need to be looked at with the CBI as the analysis of RWAs means we have an overly conservative LTI and LTV structure in Ireland, particularly for new mortgage loan issues. We strongly believe that the LTI levels particularly for FTBs are too low and need to be reviewed in line with European peers, even if the RWA calculation needs to be reviewed in parallel including how it is assessed and the gap in loan recovery ability.

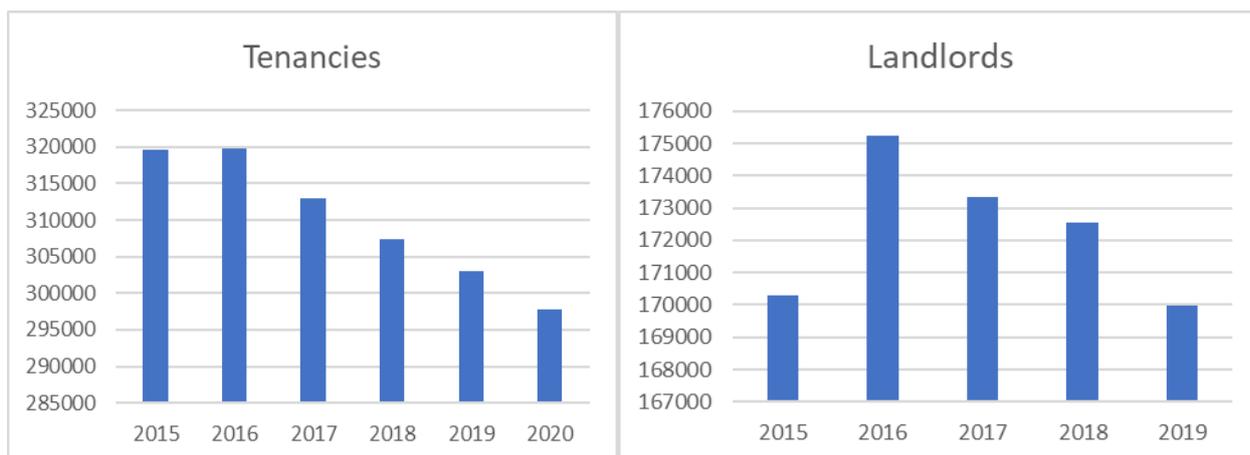
7. Increase the use of Offsite Construction

- a. PII believe that offsite construction can play an increasing significant role in meeting Ireland's housing need, but support is required to underpin an increase in scale and capacity. While many express a willingness to embrace MMC, the use of offsite construction is often only considered on a project-by-project basis.
- b. Offsite construction will drive housing output and can do so with less labour requirements, and greater site safety. One of the main benefits from modern methods of construction (timber frame and modular/volumetric construction) is the speed and scale at which housing units can be constructed. Offsite building solutions create local jobs – feeding into the national balanced rural development agenda. Using offsite construction approaches to house building has been demonstrated to reduce delivery time by up to 70%.
- c. MMC creates improved whole lifecycle costs – some cost savings will be upfront, but the lifecycle costs will include energy cost savings to the home dweller(s)/housing body and recyclability of the building matter.
- d. Offsite construction is increasingly recognised as having huge environmental benefits such as increased energy efficiency, reduction in waste produced during construction and reduced construction times.
- e. Offsite construction represents a contribution to solving the issues facing housing delivery in Ireland. This will require work and engagement by all stakeholders, including the offsite construction sector itself. There are challenges, discussed below, but these can be overcome through cooperation and consultation. To help realise the benefits from offsite construction PII make the following recommendations:
 - i. Government to provide a continuous and stable order pipeline for offsite homes. Pipeline and investment will lead to inward investment and subsequent expansion of the sector.
 - ii. Offsite Construction companies to examine ways to collaborate with third level institutions. Both the private and public sector to invest in specialist further education training within the sector.
 - iii. Government and Industry to establish a MMC Forum to share best practice relating to manufacturing and commonality at design stage. This group should include all stakeholders including certifiers and regulators.

- iv. Public procurement to engage with the MMC Forum and companies at the pre-tender phase. Pre-tender engagement with the sector will define projects using building specifications that will allow the use of off-site construction in the delivery of units.
 - v. Standardising housing design will allow offsite construction to play a greater role in the delivery of new housing.
 - vi. Government to undertake a review of legislation restricting height of timber frame buildings. PII's recommendation is to increase the height restrictions from < 10m (3-4) stories to 6 stories in line with International best practice.
- f. We are aware that there is existing capacity in the Irish market which awaits the opportunity to deliver residential units from offsite facilities all over the country.

8. The Private Rented Sector

- a. The Rental Market is an important tenure option in the overall property market and in the economy. Ireland is a small open international economy. One of the most successful economic stories in Ireland has been the ability to attract foreign direct investment (FDI). This investment has delivered economic growth and jobs. Much of this new employment draws a young and international workforce to our urban centres, for whom renting, in purpose built rental accommodation, is the preferred form of housing tenure.
- b. There has been a recognised shortage of rental units since late 2013. In response to the scarcity and consequent increase in rents, legislative rent control measures have been introduced since 2014 all of which were legislated as "emergency measures" and which are due to be revisited by Government this year both arising from their legislative "expiry" and from "Plan for Government" commitments.
- c. Pressure on supply eased somewhat with the arrival of Covid-19 and the resulting displacement of supply from Airbnb, exodus of office workers (either to their country of origin for non-nationals or to their parental or holidays homes for nationals), increased supply of Social Housing and from newly constructed supply mainly driven by Private Rented Sector (PRS) investors and to a lesser extent one off "mom and pop" landlords.
- d. However, the benefits outlined in point (c) are offset by the exodus by way of purchase of new purpose built or second-hand stock. In addition, increased supply of newly constructed PRS units, outside of the Greater Dublin Area seems very limited and is dependent on the "mom and pop" landlord buying single units in new housing schemes. The proposed new "cost rental" solution will certainly initially be filled, in the main, from large scale purchases within new housing estate units currently under construction and originally destined for sale to the private market. However, the initial immediate scale of this will be modest - probably no more than 300 units.
- e. At the end of 2019 there were some 297,837 private residential tenancies registered with the Residential Tenancies Board, a decline of nearly 22,000 units since 2016 notwithstanding that the larger PRS operators probably added some 2000 – 3000 new to the market rental units over the period. During the same 2016 – 2020 period the decline in the number of Landlords (as distinct from Tenancies) registered has reduced by over 9,500. Failure to address this shortfall may result in reduced foreign direct investment due to the inability of companies to house their workforce in an affordable manner.



- f. Notwithstanding the increase in PRS units stemming from the Institutional Investors, the retention and expansion of private investor remains a key necessity in terms of supply in this market for the next decade at least. When the rental stock in Ireland is examined as a whole, the majority of landlords (96%) associated with RTB registered tenancies at the end of 2019 were individuals, and the remaining minority (4%) were companies.
- g. Many of the matters which require improvement and change are common to both the institutional and private landlords. There has been a general assumption that the exit of the private investor is tax driven and unquestionably that is a factor. But many other factors play a role. Amongst those are the regulatory obligations which can be highly problematic for the landlord owning one or two units, especially where there are other OMC complexities as well. There are the rent control regulations and the bureaucracy attached to those in terms of notice, calculations etc.
- h. There are the extremely unfair rent control regulations which froze increases to historic rents and severely punished the landlords who had taken a very benign approach to their rent and not increased it for years. There are the costs and enforcement challenges of the legal system when it comes to recovery of arrears and or possession.
- i. Government should establish a new category of rental in the private market through structured incentives. Landlords would qualify by renting units at a fixed discount to market rent with tenant household income below a specific threshold to qualify. In return, landlord pays a much lower effective rate of tax. This will incentivise small landlords to enter, and re-enter, the market to achieve higher, yet modest, returns. In turn this provides more rental accommodation at discounted market rents that align better with income.
- j. It is important that local authorities are required to reflect government planning policy on 'Build to Rent' housing developments, as set out in the Apartment Guidelines 2020. We have recently seen some local authorities seeking to classify BTR as a separate land use class from residential and put in place restrictive policies on BTR development in their new draft development plans, directly contrary to national policy. Such restriction could undermine the achievement of critical government initiatives to increase the supply of rental accommodation.

9. Planning System Reforms

General

- a. The application of Planning policy must avoid a “one size fits all” philosophy. We are a diverse country with diverse communities, and this must be embraced, not eliminated. The recent Circular issued by the Department of Housing on Residential Densities in Town and Villages (NRUP 02/2021) is a very welcome step in this regard. In addition, notwithstanding the requests for reform that we make here, it is critical to emphasise that the certainty – in terms of policy, interpretation, guidance – is the single greatest asset that the actions of government can contribute in the context of Planning. We wish it to be a centrally understood tenet of our submission herewith.
- b. PII supports the central proposition of the National Planning Framework in support of the Climate Change Agenda. Driving this necessary agenda in a context of a significant housing shortage is wrought with difficulties. In particular, the mechanisms whereby housing is provided must be understood.
- c. Housing is not a production line commodity and the achievement of permits to build is no guarantee of outcomes. Even the time taken from concept to completion can exceed a Development Plan 6-year span before realisation. Housing need is the opposite. It needs an immediate resolution for individuals and families. Restrictions on quantum, without reference to this core complex difference between supply and demand, can have significant unintended consequences if a holistic view is not taken of housing need.
- d. Issues around planning (the proposed discontinuance of the SHD legislation, the increased prevalence of judicial reviews, the down zoning or phasing out of residential zoned land etc.) are having a significant impact on the delivery of housing and remains a significant deterrent to international capital.
- e. PII has a key concern regards the interpretation – now being required to be applied by local authorities on foot of instructions from the OPR – of the appropriate quantum of available residentially zoned lands to be confined to the capacity of land that matches the “housing needs” of the area in a Development Plan. Based on the entirely unrealistic assumption that all zoned land will be built out, including the completion of all the housing, during the course of a 6-year Development Plan period. This has never been realised in practice. The experience is that typically less than 50% of zoned land (often much less) is built out in any Development Plan period. Planning Authorities, from their experience of this outcome previously applied the concept of ‘headroom’ on the extent of zoned housing land to, inter alia, avoid driving higher land prices through reduction of the quantum of the essential commodity that is zoned land. There is a very significant danger that there will be a combined under-provision of housing and a scarcity of zoned available land over the next 6 years, if this action is continued that can only further exacerbate the housing supply shortfall.
- f. PII urges an urgent and full review of the means whereby need is assessed so as to avoid exacerbating housing supply problems. Indeed, amongst the unintended consequences for de-zoning and restrictions on zoning is the restriction in the supply of the core commodity for housing – land – that could just simply drive land values and housing cost still higher.
- g. The operation of Part V and its inconsistency of application is unhelpful. The requirement to have 10% of a development allocated to social works but where the local authority decides to acquire these rather than lease them is unhelpful. Two owners with a management company adds cost and complexity and can deter investment in the PRS. A further complication is that the decision to lease or buy tends to be made very late in the day which leaves a considerable

uncertainty for prospective investors. You need to know the long-term ownership structure well advance of completing an investment decision.

- h. There is a need to accelerate the delivery of the long-awaited electronic planning system at local authority and ABP level. This will streamline and speed-up the planning process and provide for greater accessibility. A full digital planning system is required to make the system more efficient, faster, easier to search and gather data, easier to analyse and provide improved data to inform policy decision making.
- i. There is a need to ensure that new development plans and local area plans are fully consistent with government policy and national guidelines such as the Apartment Guidelines 2020 and the Urban Development and Building Height Guidelines 2018. We have recently seen instances of significant departures from government policy and guidelines in emerging draft development plans, (without comment from the OPR in some cases). This is a cause for concern.
- j. There is a particular difficulty in ensuring that Planning Schemes in SDZ area are in accordance with government policy, such as residential density and height. Legislative reform will be necessary to address the significant discrepancies between what are in some cases out of date SDZ Planning Schemes and national policy as a priority measure, to ensure that government policy objectives can be achieved in these areas of strategic and national importance.

Strategic Housing Developments

- (i) PII remain of the view that the SHD process is having a positive impact on the delivery of housing and should be retained. The SHD process is highly successful in providing a clear and time-shortened process for delivery of high-quality permissions. It has raised the bar in terms of the quality of pre-planning discussions between the LA, ABP and the developer which has made the process very efficient and clear for all involved.
- (ii) If the process is not to be retained, then it is important that the positive elements of the SHD process are incorporated into any new planning regime - e.g. hard timelines for delivery of planning decisions.
- (iii) All the higher quality elements of an SHD including all-party meetings, full early engagement, obligation for LA departments to attend and a statutory timeline for responses should be retained and be insisted on at an LA level to ensure the applications are fully assessed prior to the application being lodged with the LA. Thus, if a planning decision goes to appeal to ABP, all the information that ABP will require will be there.
- (iv) The process should be streamlined so that all information required should be highlighted at pre-application stage to avoid too many RFIs followed by CFIs and encourage smaller items to be addressed through condition.
- (v) From a participation and accountability perspective, if the Planning Application process is to go back to the Local Authorities, then there are administrative aspects of the operation of the SHD worthy of retention in the light of such an outcome. PII submits specific pointers in this regard as follows:
 - a. The practice of formal meetings be continued. An obligation can be introduced for Planning Authorities to facilitate the attendance at a formal Pre-application Meeting that obliges all relevant departments [to include Irish Water and all other core stakeholders] to attend, by staff at decision-making levels, to ensure that the concerns and responses/comments of the PA are available then or within a maximum timeframe thereafter. The recorded meeting notes of the pre-application meeting should be

available at the meeting or immediately thereafter and on the Planning File if an Application is submitted.

- b. However, PII does not advocate that a new formal pre-application 'Opinion' process at local authority level is introduced. The Planning Authority position is already available through its published policies in Development Plans, Local Area Plans etc. so no such process is required. Moreover, such a provision risks adding significantly to costs and timescales for pre-application engagement with Planning Authorities who can only arrive at their decision on foot of review of the detailed Application itself together with information and opinions provided by third parties through the open consultative processes. The current pre-application process is generally considered to work well, subject to some refinement as we have suggested.
 - c. The absence of a Further Information option for An Bord Pleanála in an SHD application has been a matter of concern for applicants and the property industry and has been identified by PII from the outset as being one of the most significant aspects of the SHD system requiring reform. PII submits that a provision for Further Information requests by the planning authority is an essential requirement of the process, particularly having regard to the scale and complexity of major Housing applications. In recognition that the absence of the RFI has helped significantly to reduce Application processing times through the undoubted improvement in the quality of Applications the basis for RFIs could be strictly confined so as to aid processing. PII is willing to help develop the narrowing of criteria towards those ends such as in instances where it is necessary to enable the planning authority grant permission and where the issue cannot be dealt with by means of condition attached to a grant of permission and the only other alternative is the refusal of permission.
 - d. It is respectfully submitted that the nature and scope of FI requests is best addressed through clearly drawn up, defined requirements set out in **Guidelines** issued to planning authorities in respect of SHD type applications, rather than seeking to define this in legislation.
 - e. Finally, the administrative practice of processing of Planning Applications is an increasingly complex and important core role of Local Government. The administration of this process is specialised and demanding and is carried out by competent people in support of the process. It is submitted that the designation of this post be recognised and the scope extended so that a single identified person is the core contact with responsibility for the oversight of all Application, Pre-application, Appeal and related processes is designated this defined role. The emergence of such a discipline holds the possibility of the development of optimum administration of processes without the need for technical involvement.
- (vi) The implementation of SHD and planning permissions generally, can take some time and can take up to 5 years or more in some cases. This can arise for reasons including viability issues, the need to await clearing certain infrastructure upgrades, funding issues and so on. In some cases, it arises because the applicant or developer is waiting for price rises and greater returns.
- (vii) It is likely that the "Use it or lose it" clause will result in a significant reduction in investor confidence and commitment to housing development in Ireland nationally and internationally and will reduce the number of applications and permissions granted and therefore, housing supply. It is also likely that it will result in significant increased risks for investors in housing in Ireland.

- (viii) Given the very significant costs of a large-scale housing planning application which can be €500,000, €1m, or greater, it is important that a reasonable timescale is given to implement such a permission. The “Use it or lose it” clause is likely to result in a reduction in housing supply, rather than any increase in both the short and medium term.
- (ix) Instead of a “Use it or Lose it” clause the focus should be on providing incentives for applicants to commence development and overcoming other barriers to commence, in particular in relation to the compliance system.

Judicial Reviews

- a. There is an urgent need to review the existing system for Judicial Review (JR) of planning decisions. There has been an exponential growth in Judicial Review challenges to planning permission, and it is no exaggeration to observe that there are now almost weekly precedent judicial decisions about Strategic Housing Development (SHD) and Strategic Infrastructure (SID) decisions by An Bord Pleanála (ABP), combining to undermine the very basis upon which the operation of planning is based, with significant impact on planning permissions for housing development. With 26 SHD and SID cases already listed for hearing between March and October 2021, that pace shows no sign of abating and indeed is still accelerating. This has prevented the delivery of more than 5,300 much-needed residential units and bedspaces; it has frustrated the delivery of more than 530 necessary social and affordable units. The majority of challenges to An Bord Pleanála decisions have been successful based on judicial assessments of planning/technical matters.
- b. ABP needs to be sufficiently resourced to have every aspect of its assessment procedures for strategic housing and infrastructure peer-reviewed from a legal risk perspective, at a minimum.
- c. There is a strong correlation between the increasing numbers of JR challenges and the changes to rules relating to the protection from costs for those bringing challenges. The proposed introduction of a proportionate cost cap would force objectors to carefully consider any potential challenge to the validity of the work done by ABP.
- d. Property Industry Ireland requests the urgent completion of the General Scheme of the *Housing and Planning and Development Bill* with urgent attention given to the operation of JR procedures as a high priority of that review.
- e. There is urgent, perhaps temporary, need for additional resource to support the heavy workload of the Courts list.

10. Infrastructure and Warranties

- i. Increased investment by Irish Water (IW) and increasing the provision of capacity of Irish Water networks serving development land is key. Many sites which have received planning permission [both SHD and normal] are held up by constraints in the water network. The capacity of IW infrastructure is of real concern. Many sites now have capacity or upgrade issues. This is a real concern going forward. IW needs funding and adequate resources as housebuilders cannot always bear this cost and are often not in a position to resolve the issues.
- ii. The legislation around compulsory purchase orders also requires review. The process is slow and does not assist in bringing forward solutions in a timely fashion. A change to the legislation would assist Irish Water.

- iii. Insurance provisions and collateral warranties required by the HFA and AHB sector which are disproportional to the scope of work of individual consultants and contractors are driving up costs unnecessarily and many cannot secure the requisite insurances in the market.

11. Land Development Agency

- a. The remit of the Land Development Agency (LDA) must be to build homes on public land for affordable purchase, social housing and cost rental.
- b. The LDA needs to be a vehicle for enablement, civic influence, and delivery. Its whole philosophy should be one of partnership in the public interest.
- c. The LDA needs to work alongside house builders/developers to jointly develop homes to meet the target numbers.
- d. On Public Land and LDA owned land the LDA should focus on delivering a much higher proportion of affordable units with a lower proportion of open-market units. This could be done through direct development where there is a very low proportion of open-market units. However, where there is more than 20% open-market units on a given site, the LDA should implement JV/partnership structures with housebuilders to deliver the schemes.
- e. On other land, non-public land, the LDA would not be involved in development but rather would play a significant role of unlocking, unblocking, master planning and facilitating the delivery of housing on large strategic 'other land' banks in Census towns where there is demonstrable need for the LDA to intervene as master developer to bring landowners together to unlock housing and then procure the delivery of housing through housebuilders.
- f. An audit of the cost of housing delivery by all public agencies, including the LDA, is essential to deliver production and value for money, so that public expenditure benefits the many, not the few. While national land strategy should have the key objective of reducing the cost of building land, public land nonetheless still has a value and therefore public land strategy needs to be kept under review.

12. Skills and Staffing

- i. Government and the Property Sector need to demonstrate as an industry to those students coming through the education system that skilled labour offers real and long-term career potential. If those steps are not being taken now the skilled labour shortage will be a much bigger problem in the medium term.
- ii. A revised and more attractive apprenticeship programme tailored to the modern, tech-focused generation of students should be looked at in detail.

13. Procurement

An absolute priority for the Government should be the reform of the State Procurement process, which, through its excessive focus on process is neglecting necessary emphasis on outcomes.

- a. The use of frameworks for the procurement of social housing will greatly accelerate the procurement process which is currently a significant system bottleneck. It has been calculated that the use of framework led procurement can reduce procurement timeframes by at least 60% versus conventional public procurement approaches (Lalor et. al, 2020).
- b. Framework use will facilitate early contractor involvement (ECI) which prevents downstream delays in terms of logistics and design related challenges.

- c. The successful consortium can take responsibility for planning applications – freeing up local authority resources for other complimentary tasks such as further site identification and development.
- iii. Procurement competition should evaluate bidders based on Key Result Areas (KRA) which not only include standard cost and technical parameters but also increasingly important considerations such contractor sustainability and building whole life cycle costs.
- iv. By rewarding high performance business practices in house building, the government can incentivise quality. This has the potential to motivate quality building practices, instead of motivating a “cost minimisation” approach which is often seen in the industry.