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Pathway to Increasing New Housing Supply



Figure 12:
Pathway to Increasing New Housing Supply

3 Pathway to Increasing New Housing Supply

- Over 300,000 new homes by 2030 to address pressure on the housing market.
- 33,000 new homes per annum on average to 2030, including over 9,500 new-build social and 6,000 affordable homes per annum.
- An annual average in excess of €4bn annual funding for housing, through an overall combination of €12bn in direct Exchequer funding, €3.5bn in funding through the Land Development Agency (LDA) and €5bn funding through the Housing Finance Agency.
- Updated, *Kenny Report* style, active land management powers with fairer sharing of the increase in land values resulting from zoning decisions and more gain for the community.
- Overhaul and simplification of planning legislation to ensure certainty and stability.
- Judicial Review process reforms, and introduction of new division of High Court for Planning and Environmental cases to reduce planning delays.
- State land bank to provide up to 15,000 homes and State to fund Local Authorities for land acquisition.
- Introduction of a new tax to activate Vacant Lands for Residential Purposes, to replace the Vacant Site Levy.
- New Fund *Croí Cónaithe* (Cities) to address Acute Viability Challenges in Urban areas that are curtailing homeownership.
- Focus on providing an adequate supply of available serviced zoned land, within required densities.
- Increased skills and capacity requirement, including additional employment requirement of 27,500 new construction jobs to meet annual required output levels.



Housing supply is a key focus for the Government. While many housing issues are complex to tackle, a simple lack of supply to meet demand is a significant part of the problem. Research has shown that the State needs an average of 33,000 houses to be built every year to 2030. Therefore, this Pathway is focused on how to move from building approximately 20,000 homes a year to an average of 33,000 homes per annum between now and 2030.

Increased supply will need to come from all quarters, both in terms of significantly increased Government investment in social and affordable housing and from private housing supply. The State will mobilise its own land and will activate as much supply as possible from those lands.

The State will also support private supply by direct activation measures and new active land management powers detailed in this Pathway and through the broader enabling measures detailed in Chapter five, by tackling viability issues and cost reductions, as well as fostering innovation in the construction sector. In tandem, broad reforms of planning and regulatory frameworks, as well as strengthening the capacity of delivery partners, will enable supply to reach the levels required.

The first building block of supply is land. Each Local Authority has been given targets to inform the amount of zoned land required based on the need for an annual average of 33,000 homes. The Government will ensure adequate supply of available and serviced zoned land, including provision of additional State lands to the LDA, capable of accommodating up to 15,000 homes.

The Government will change the system of urban development and will obtain an increased share of value uplift that occurs when land is zoned for housing, or designated for development including housing, with a significant proportion of the increase in value going to public bodies through a combination of new land value sharing measures and Part V. Where current suitable residential development zoning has not been acted on, a new tax to activate vacant lands for residential purposes will apply to encourage landowners to bring forward proposals with enhanced complementary measures to secure an appropriate amount of contributions when planning permission is granted.

Regeneration and development will be integrated into the planning process through the introduction of new Urban Development Zones. This will enable public authority-led master-planning of an area that has been identified as having significant capacity for growth well in advance of individual site planning applications. This will ensure that the scale of development and level of investment required is clearly understood and provided for at the outset, while also ensuring more effective public participation in housing proposals at the earliest possible stage.

There are enough existing planning permissions already in the system to produce the required level of supply required in the next few years. However, due to problems with viability and costs, particularly in urban areas, developers are not building. A new Fund, *Croí Cónaithe (Cities)*, will be focused on activating housing supply through enhanced viability measures targeted at developing properties for individual household purchasers, including first-time buyers and right-sizers. It is intended to complement

other measures that focus on affordability and homeownership. The measure will stimulate activation of existing planning permissions for build-to-sell apartment developments of four floors or more, above a certain density threshold, and this will be complemented by the sanction of a tax to activate vacant lands for residential purposes.

The labour requirements to deliver 33,000 homes, on average, per annum will be set out clearly and any gaps will be addressed through training and development and also through international labour markets where necessary. Capital requirements for public housing will be provided through NDP funding. Private sector housing will be funded through the domestic banking sector and State financial agencies. Recourse to international capital investment will be supported through proactive engagement with international institutional investors and others.

An annual average of 9,500 new-build social housing homes, together with an average of 6,000 affordable and Cost Rental homes, will be provided over the lifetime of **Housing for All**, enabled by multi-annual planning by Local Authorities, an expansion in the capacity of Local Authorities and streamlining social housing approval processes.

3.1 Increase Land Availability for Residential Development

By 2040, an additional one million people will be living in Ireland. The State is acting decisively to activate supply across both public and private lands. This is critical to ensuring that the new homes to be built over the next decade are located where housing demand is greatest and where there is good accessibility to employment, education, public transport, and other services and amenities.

The Government is informed in its approach to land availability by the NESC reports on housing in 2018⁹, 2020¹⁰ and 2021¹¹. Recognising that aspects of the housing system are dysfunctional, the NESC reports have emphasised the need to change the system of urban development, land management and housing provision. The Government is therefore bringing forward a suite of measures to address the changes required, including the introduction of a significant new measure to achieve Land Value Sharing and a strong Land Development Agency.

The Government will make public land available for residential housing purposes. It will increase the sites available to the LDA to build housing and continue to fund Local Authorities to purchase land for social housing. It will make the necessary reforms to the planning system to make the development process as streamlined as possible.

⁹ *National Economic and Social Council Report 145: Urban Development Land, Housing and Infrastructure: Fixing Ireland's Broken System, April 2018*

¹⁰ *National Economic & Social Council Report 150: Housing Policy: Actions to Deliver Change, November 2020*

¹¹ *National Economic & Social Council Secretariat Paper No 24.: Housing and Urban Development Policy Priorities, April 2021*

A steady supply of suitable and serviced zoned land is needed, while also considering and factoring in a proportion of projected housing need to be met on unzoned land in rural areas. The NPF and the NDP align national spatial and investment plans. Both the NPF and NDP reflect a balanced approach to regional development, including the growth of regional cities and policies intended to secure the sustainable growth of more compact urban and rural settlements. As part of the 'Review to Renew', the review of the NDP, a particular emphasis is placed on the alignment between NDP investment and the NPF.

Local Authorities and elected members play a key role in zoning enough land to meet residential housing requirements, while also respecting the requirements for balanced regional development and the need to prevent urban sprawl. Housing Supply Targets (HSTs) have been issued to each Local Authority to inform their contribution to the average of 33,000 new homes required per annum. These targets also enable more detailed local analysis of housing need and demand through the new HNDA¹²

Framework which will inform each Local Authority Housing Strategy and Development Plan.

It may be necessary for a Local Authority to zone more serviced land in a development plan than would equate to meeting precisely the projected housing demand for that settlement, to provide choice in sites locally and to avoid restricting the supply of new housing development through inactivity on a particular landholding. These additional provisions are detailed in updated Development Plan Guidelines (DPGs) for Planning Authorities, which issued for public consultation under Section 28 of the Planning and Development Act. Updated guidance will also issue on sustainable urban development, including density and rural housing. To improve residential quality and support the objectives of the National Planning Framework, namely promoting compact, sustainable and liveable settlements, the DHLGH will develop Section 28 guidelines for Planning Authorities on Sustainable and Compact Settlement Guidance (SCSG), which will consolidate existing guidance in this area.

Housing Policy Objective 11:

Provide Planning Guidance for delivery of housing on zoned lands

No.		Timeline	Lead
11.1	Finalise section 28 Guidelines on the making of Development Plans	Q4 2021	DHLGH
11.2	Develop section 28 Guidelines for Planning Authorities on Sustainable and Compact Settlement Guidance (SCSG), including guidance on housing typologies to facilitate innovative approaches to medium and higher densities	Q4 2021	DHLGH

¹²<https://www.gov.ie/en/publication/eea99-housing-need-and-demand-assessment-hnda/>

3.2 Update Urban Development powers to address the *Kenny Report*

Land zoning and investment in services and infrastructure add significant value to land and sites. NESC is of the view that *“Ireland must bring about a fundamental change in its system of urban development, land management and housing provision”*. This must include *“bridging the supply gap by actively managing land and locational value for public good”*. NESC strongly advocate a ‘whole of system’ approach, which can address housing and planning, land and infrastructure.

Taking into account the *Kenny Report*¹³ and more recent publications by NESC and others, the State needs an up-to-date mechanism that can be applied in a fair, equitable and proportionate manner to achieve national housing and urban development objectives. This includes securing a share of land value gain arising from public policy decisions and investment, for wider public benefit and community gain.

It is difficult for Local Authorities to secure direct community gain from zoning, investment or granting planning permission for development, even though the State is responsible for facilitating zoning and the provision of services and infrastructure. Benefits are currently restricted to ‘Part V’¹⁴ social and affordable housing requirements and ‘Section 48’ / ‘Section 49’ development contributions, which may be applied at the latter stages of the planning process.

Such requirements generally take effect after the majority of the uplift in value arising from zoning or investment has accrued, often to those other than the site developer.

Part V obligations and development contributions do not generate sufficient revenue to address the cost of providing land, infrastructure and housing to meet the needs of sustainable communities, particularly for development at scale on an area-wide basis. Given continued population growth, changing demographics and an urgent need for climate action, enhanced measures that obtain a greater share of the uplift in the value of land or sites arising from public policy decisions in respect of zoning and investment, will be put in place.

3.2.1 Introduce Land Value Sharing

A new system of Land Value Sharing (LVS) is being developed on the basis of current/existing land-use value. The concept involves securing a proportion of the value uplift of a development site, tracked from a point of zoning or designation, to a point of planning permission. These proposals reflect the very significant increase in market value derived from re-zoning and State investment and will ensure that the community benefits as a result.

There are a number of inter-connected areas which LVS measures can operate to deliver these benefits. In the first instance, an LVS measure is intended to apply to all new residential (or mixed-use

¹³ *The ‘Kenny Report’ refers to the Report of the Committee on the Price of Building Land (1973)*

¹⁴ *Part V of the Planning & Development Act 2000 as amended, currently provides for a share in the uplift to be provided to the State to be used for social housing. An additional obligation to provide for affordable & cost rental homes was introduced under the Affordable Housing Act 2021*

development that includes residential) zoning. This will be accompanied by a new register of zoned residential development land, which will be developed with appropriate regard to the provisions of the General Data Protection Regulation and the Data Protection Act 2018.

In addition, where land or areas are designated for development,

in particular areas which have been identified as having significant potential for development including housing such as Urban Development Zones (as set out at Section 3.2.2 below), LVS measures will apply and may include specific mechanisms to facilitate land assembly for the provision of communal infrastructure.

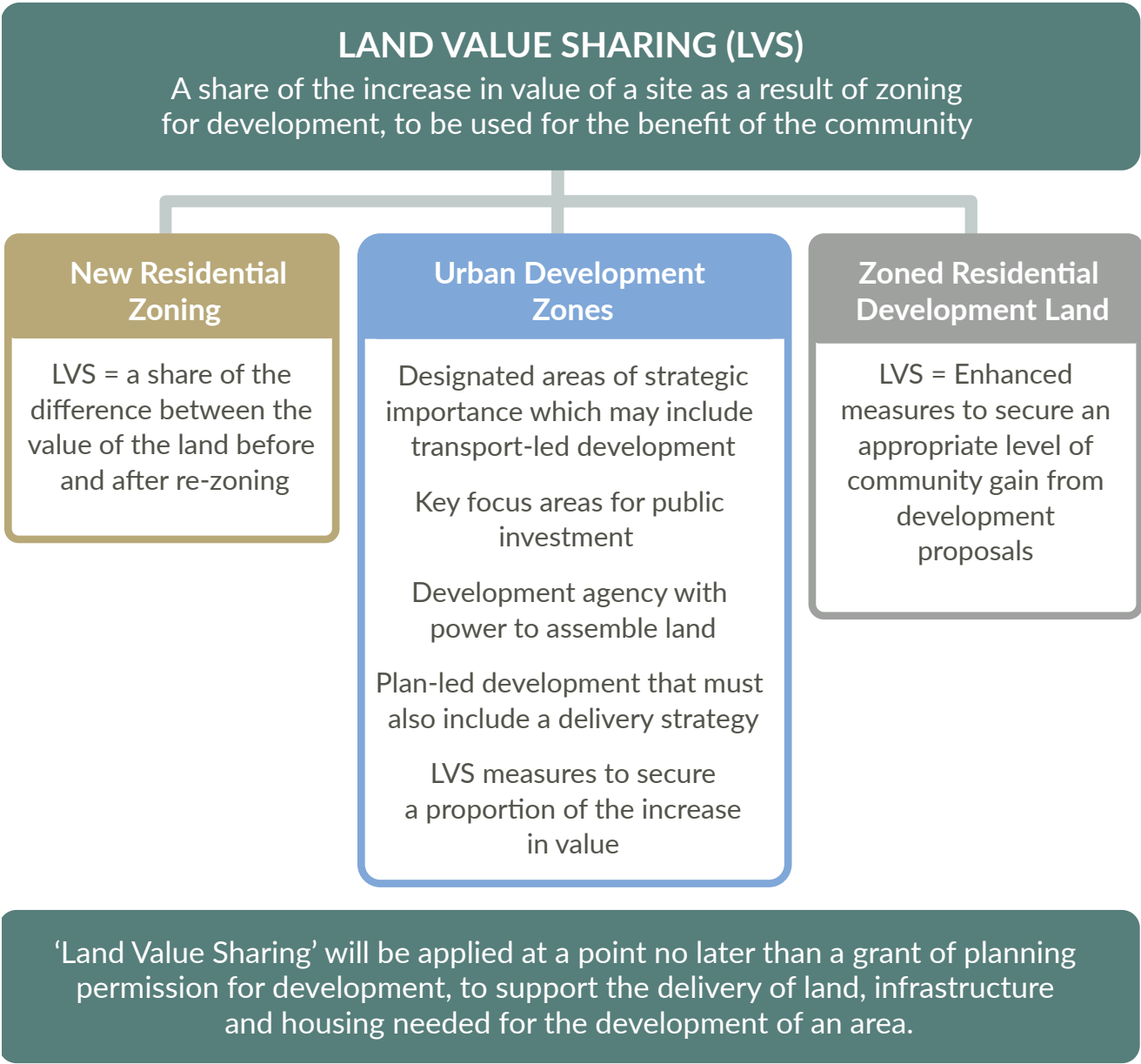


Figure 13:
Land Value Sharing (LVS)

There is also a need to encourage activity on land which is currently zoned and is suitable for residential development by means of a tax to activate vacant lands for residential purposes (as set out at Section 3.4.2 below).

Finally, there will ultimately be enhanced complementary measures to secure the appropriate level of contributions from development on zoned land as it comes forward, beyond the levels currently provided for by Section 48/49 development contributions. This will be after a period of at least six years and is to ensure an equitable approach that provides both market signalling and sufficient scope for the timely development of currently zoned lands. This is in effect, a 'use it or lose it' type mechanism for zoned development land.

The Land Value Sharing (LVS) measure will operate in addition to any Part V obligations and will secure financial contributions and/or land for the provision of public infrastructure and facilities and subject to need, may also be used to provide further social and/or affordable housing. The current system of Section 48 and 49 development contributions will remain in place to be gradually replaced by the Land Value Sharing (LVS) measures, as and where

they become applicable. These proposals will provide a more comprehensive and effective means of ensuring that an appropriate share of the increase in value of a development site is secured which will benefit the community.

The introduction of these measures will act as a clear signal to landowners and purchasers of development land as to the obligations that will result from public decisions relating to the zoning and designation of land for residential development.

These measures will thereby address fundamental and systemic issues in the land market by providing more certainty and stability from the outset. This will work to reduce the 'hope value' which currently leads to speculation in the land market at too early a stage in the development process, which affects the viability of development and inflates the cost of housing. As a result, these measures will also provide a wider benefit through increasing the supply and reducing the cost of housing over the longer term. Legislative proposals are being developed to give effect to this concept, which will contain appropriate measures to reflect a fair and proportionate approach, with a focus on ensuring that measures improve the viability of housing delivery.

3.2.2 Introduce new Urban Development Zones

The Urban Development Zone (UDZ) mechanism takes the planning focused Strategic Development Zone (SDZ) concept and expands it to address development and regeneration of urban areas with significant potential for housing. UDZ designation will be applicable to large-scale areas in single or multiple land ownerships that could include public and/or private lands and sites and transport-led development areas.

The introduction of UDZ's will address situations where speculation by early mover landowners in the planning process leads to an increased price expectation on the part of neighbouring landowners. This makes site assembly and the provision of necessary community infrastructure difficult and costly. A combination of elevated land prices and infrastructure hurdles can ultimately render development unviable.

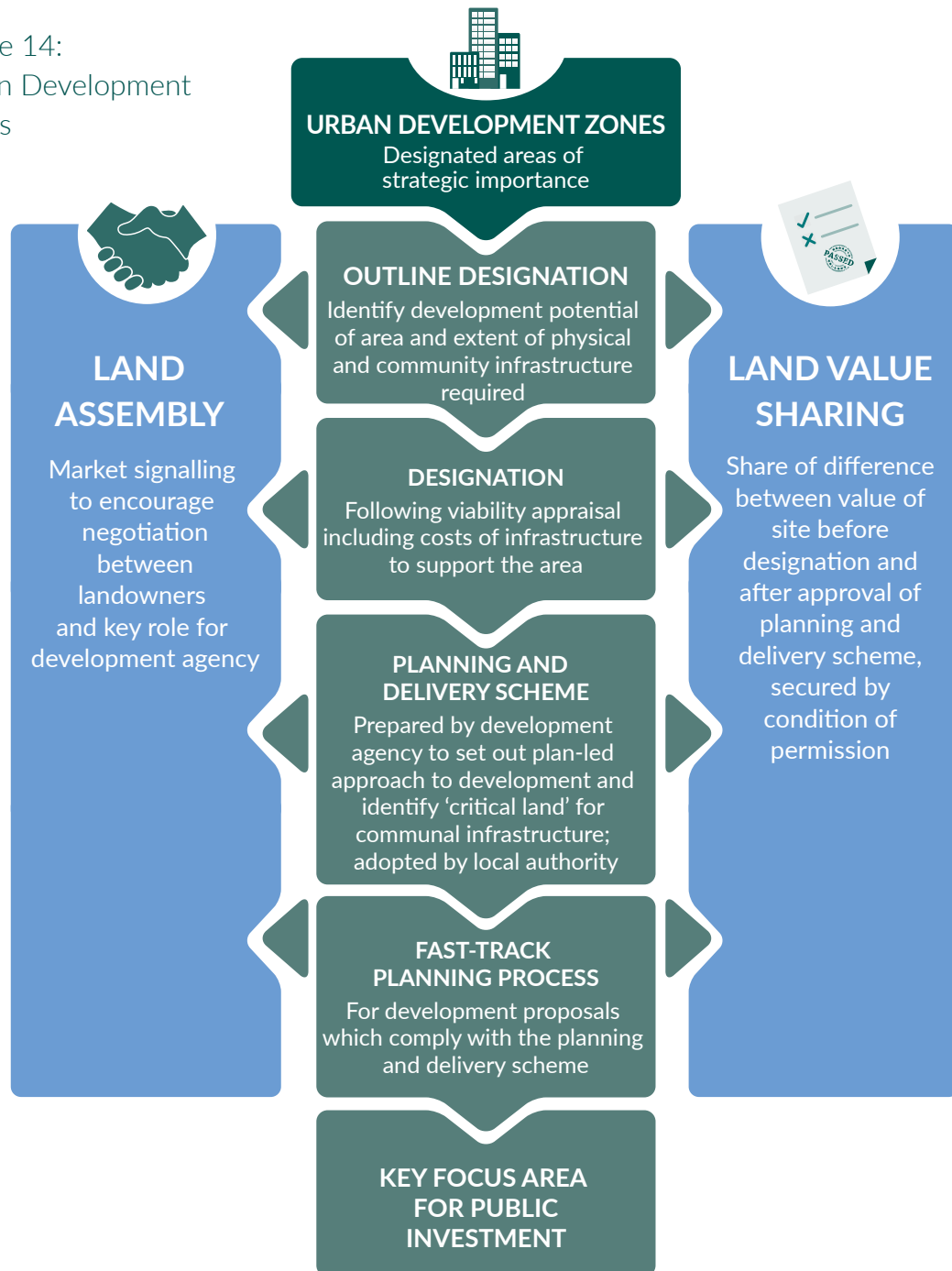
The UDZ concept will include:

- A development agency role for Local Authorities and/or the LDA;
- An appraisal stage, prior to designation to identify the broad development potential of the relevant area and the extent of physical and community infrastructure likely to be required to support development, including public transport infrastructure;

- Oversight of the LVS mechanism applicable to the area, backed up with CPO powers;
- A plan-led process that includes a key decision making role for the local planning authority and provides up-front certainty for both communities and the development sector;
- Post-designation fast-track planning arrangements where development proposals are submitted in accordance with an approved scheme; and
- Prioritisation of UDZs for complementary State investment to ensure housing delivery at scale, including up-front enabling of strategic infrastructure and services, including public transport.



Figure 14:
Urban Development
Zones



The UDZ mechanism facilitates a development agency co-ordinating role for viability appraised masterplanning. It will be supported by land value sharing, an equalisation mechanism and State investment in strategic infrastructure, to achieve sustainable housing delivery at scale. Where the LDA is the development agency, they will have capacity to enable the strategic assembly

of land and/or the provision of necessary infrastructure.

In support of this, future calls for funding under the Urban Regeneration Development Fund, which is funding major urban regeneration in cities and larger towns, will have the acceleration of residential development as one of its key criteria.

3.2.3 Introduce New Planning Arrangements for Large-Scale Residential Developments

New arrangements will be introduced for Large-Scale Residential Developments (LSRD). Following stakeholder engagement, and aligned with commitments in the programme for Government, these new arrangements will replace the current Strategic Housing Development (SHD) arrangements and will comprise three stages:

- **Pre-application consultation stage –** planning authorities will be required to complete the final consultation meeting aspect of the pre-application consultation stage - including the provision of an opinion as to whether the proposals constitute a reasonable basis for moving to the next phase and submitting a planning application - within 8 weeks of receipt of such meeting request from the developer/project promoter.
- **Planning application stage–** planning authorities to determine LSRD planning applications within eight weeks of receipt, with limited scope for ‘further information requests’ in the light of the pre-application consultation phase.
- **Appeal stage –** An Bord Pleanála will be required to determine LSRD appeals within a certain timeframe (which may be generally 16 weeks from receipt), again with similar limited scope for ‘further information requests’.

These streamlined LSRD arrangements, involving mandatory timelines, have the potential to be almost as time-efficient as the SHD arrangements they are replacing, while also returning the primary decision-making function to the local level, with the associated gains in terms of public participation. These arrangements will apply to applications for 100 homes or more, or student accommodation bed spaces of 200 bed spaces or more. Up to 30% of the gross floor space of the proposed development will be allowed for commercial use, acknowledging that these developments are most prevalent in brownfield urban areas.



Housing Policy Objective 12:**Deliver a new approach to active land management**

No.		Timeline	Lead
12.1	Develop land value sharing mechanisms to replace current development levy arrangements with arrangements, which reflect the uplift in value arising from the zoning of lands	Q4 2021	DHLGH
12.2	Develop proposals for new Urban Development Zones, to deliver a coordinated and transparent approach to the delivery of residential and urban development, particularly on brownfield sites, meeting the compact growth objectives of the National Planning Framework	Q4 2021	DHLGH
12.3	Introduce a new planning process for Large Scale Residential Developments to replace the Strategic Housing Development (SHD) process	Q4 2021	DHLGH
12.4	Incorporate acceleration of residential development as key criteria for the Urban Regeneration and Development Fund (URDF)	Ongoing	DHLGH

3.2.4 Improve the Functioning of the Planning Process

New arrangements will be introduced for An effectively performing planning system is a critical foundation of a sustainable housing sector. The key objective over the coming years is to ensure that the planning system is well resourced and is plan led, with greater public acceptance for more predictable planning outcomes reflecting needs of both the existing and new populations, and a system which reflects the transformational changes in land use and activation measures outlined above.

Ireland is fortunate to have a planning system that enables considerable public participation. We need to build on this

for the modern era by streamlining, reforming and reviewing our planning legislation. To this end, a review of the planning code will be conducted with the Office of the Attorney General which will be completed by December 2022. It will not impinge on the advancement of legislative proposals already being progressed in relation to large scale residential development or the land use and activation measures set out in this Plan.

In addition, work is advancing on the reform of the judicial review process pertaining to the planning system, primarily to ensure that appellants access the administrative system fully in advance of court processes, and that matters of substance are referred

to the courts. The new processes, which will be fully compliant with the State's obligations under the Aarhus Convention, will come into effect on the establishment of a new Division of the High Court to deal with planning and environmental matters.

In this context, the purpose of the review of the planning legislative code will be to ensure that, from a policy perspective:

- The major debate, particularly on scale of housing requirements to meet needs, in line with objectives of compact urban growth and environmental sustainability, is focused on the plan-making rather than the application stage, to facilitate greater clarity and long-term visibility in planning outcomes;
- Adequate account is taken of the needs of the future population of new and expanded communities, as well as the needs of existing communities; and
- Appropriate account is taken of the nature of planning decisions, which require careful balancing of public policy, public participation and environmental issues.

The review will also include a fitness check and upgrade of relevant provisions of planning law to ensure that it is more accessible and streamlined from a legal perspective.

There are a range of areas where updated planning guidance is required to support the operation of the system. It is intended to publish updated guidelines for planning authorities on strategic environmental assessment, updated

rural housing guidelines to address the role of rural housing in a broader rural development and settlement context, and updated guidelines on the development management process. From a housing perspective, it is important to ensure that there is stability and certainty in the development sector and therefore, it is not proposed to review planning guidance on apartment development and building heights until 2025.

In tandem, work is advancing to introduce e-planning (see also section 5.4.3) in all Local Authorities by mid-2022 and the Office of the Planning Regulator (OPR) is also rolling out a programme of learning and development for the planning service.

As part of this extensive reform agenda, a Planning Advisory Forum will be established, with wide stakeholder membership, to input to the evolving policy and legal agenda.

Housing Policy Objective 13: Improve the functioning of the planning system

No.		Timeline	Lead
13.1	Introduce new legislation to reform the judicial review process, in compliance with EU legal requirements, so that reforms come into effect on the establishment of a new Division of the High Court dealing with planning and environmental issues	Q2 2022	DHLGH
13.2	Establish a new Division of the High Court dealing with planning and environmental issues	2022	DoJ
13.3	Carry out a comprehensive review and consolidation of planning legislation	Q1 2022 and ongoing	DHLGH, AGO
13.4	Issue updated guidance on Strategic Environmental Assessment	Q4 2021	DHLGH
13.5	Issue updated guidance on rural housing	Q4 2021	DHLGH
13.6	Issue updated guidance on the development management process	2022	DHLGH
13.7	Establish a Planning Advisory Forum, with wide stakeholder membership, to input to the evolving policy and legal agenda	Q4 2021	DHLGH
13.8	Introduce e-planning in all Local Authorities (see also Action 24.11)	Q2 2022	DHLGH, OPR
13.9	Roll out a programme of learning and development for the planning service with Local Authorities and An Bord Pleanála	Q2 2022	OPR



3.3 Increase Supply through the Land Development Agency

The enactment of the Land Development Agency Act, 2021, establishing the LDA as a commercial State Agency, marks an historic move to use all lands available to the State to provide for housing supply and affordability needs. The Land Development Agency is a step change in the Government's involvement in the housing market and represents a crucial lever in terms of reaching a sustainable housing market.

In broad terms, the LDA has two main functions:

- Coordinating appropriate State lands for regeneration and development, opening up key sites which are not being used effectively for housing delivery; and
- Driving strategic land assembly, working with both public and private sector landowners to smooth out peaks and troughs of land supply, stabilising land values and delivering increased affordability.

By assembling land packages ahead of the planning and infrastructure stages, the LDA can lower development land costs and tackle upward pressure on house prices. The LDA will enable Government to address traditional volatility in land prices as a result of land speculation, as well as delays in delivering housing and strategic urban redevelopment generally, as a result of delays in delivery due to disparate land ownership and cost allocation for infrastructure.

Establishing the LDA creates a powerful new driver of urban regeneration with the lands, skillsets and capital needed that will assure housing delivery, including the social, affordable and market housing so badly needed for our citizens.

The LDA will work with Local Authorities, State agencies and the private sector to deliver housing and to identify public and private land for development purposes. The DHLGH will ensure that the funding and resourcing required to enable the LDA to procure large scale supply is available.

3.3.1 Make more State land available to the LDA

The LDA already has access to an initial tranche of State lands and is actively developing these sites, but we will now provide access to a further tranche of lands, which are appropriate for housing, that have been drawn from across State bodies who all understand that we must prioritise housing. In the case of many of the lands, the relevant State bodies are already actively engaged with the LDA, including considering the wider urban development of areas, and the potential for synergies with the future development of public transport and ports services for example.

List of State lands planned for transfer to the Land Development Agency

Parent Department	Organisation	Lands
Department of Transport	CIE	<ul style="list-style-type: none"> • Inchicore Works, Dublin • Broadstone garage, Dublin • Conyngham Road garage, Dublin • Colbert Station environs, Limerick
	Ports	<ul style="list-style-type: none"> • Lands in Dublin Port • Lands in Cork Port • Lands in Limerick Docklands
Department of Environment, Climate and Communications	Digital Hub Development Agency (DHDA)	<ul style="list-style-type: none"> • All DHDA land and property assets, Dublin 8
	ESB	<ul style="list-style-type: none"> • Inchicore, Dublin • Cork Docklands • Wilton, Cork • Sean Mulvoy Road Galway
	Bord na Mona	<ul style="list-style-type: none"> • Cork Docklands
Department of Agriculture, Food and the Marine	Teagasc	<ul style="list-style-type: none"> • Lands at Kinsealy, Dublin
	Horse Racing Ireland	<ul style="list-style-type: none"> • Lands at Carrickmines, Dublin
Department of Defence	Defence Forces	<ul style="list-style-type: none"> • St Brigid's Hospital, Dublin
Department of Health	HSE	<ul style="list-style-type: none"> • Colbert Station area, Limerick
Department of Enterprise	IDA Ireland	<ul style="list-style-type: none"> • Kilbarry, Cork.
Department of Public Expenditure and Reform	OPW	<ul style="list-style-type: none"> • Inchicore, Dublin
Department of Housing, Local Government & Heritage	Eiría (Gas Networks Ireland)	<ul style="list-style-type: none"> • Limerick Docks

The process of due diligence on these lands, led by the LDA in consultation with the relevant department, will determine the appropriate residential yield and other issues arising such as relocation of services. In this context, and having regard to the provisions of the LDA Act, the lands will transfer to LDA ownership as soon as practicable. The LDA will advance projects through the normal planning process, which will include public participation in compliance with the Aarhus Convention.

These lands have the potential to deliver up to 15,000 homes and in many cases form part of a major revitalisation of urban centres, with benefits to the wider community from the scale of associated social and community infrastructure which will be planned and delivered in tandem with the residential units. Government departments will work closely together to identify further appropriate lands that could be developed for housing.

In line with the provisions of the LDA Act 2021, the LDA will report regularly to Government on the use of State lands, and this will afford the opportunity to consider whether further lands are more appropriate for residential development and should be transferred to the LDA. There is also a requirement on all State

bodies to offer lands that they propose to sell to the LDA in the first instance. The LDA will also be required under the Act to publish a Register of Relevant Public Land and an embryonic prototype has been developed and is available on the LDA’s website.

Housing Policy Objective 14:
Bring forward additional State lands for activation

No.		Timeline	Lead
14.1	New tranche of State lands to be provided to the LDA with potential to deliver up to 15,000 homes	From 2021	All
14.2	LDA to develop a public lands database and regularly report to Government on the potential reuse of such lands for housing	Ongoing	LDA



3.4 Activate Planning Permissions

3.4.1 Provide a new *Croí Cónaithe* (Cities) Fund

Over the last three years to 2020, there has been an appreciable increase in planning permissions that have been

granted but have not commenced building, particularly for apartments. It is estimated that there are approximately 70,000 -80,000 residential units with planning permission granted nationwide, that have not yet commenced. The un-commenced figure is around 40,000 in Dublin, which is about four years of housing supply in the capital.

Figure 15:
Planning
Permissions
2020

Source:
CSO 2020



A key focus of this plan is to ensure that these permissions are activated as quickly as possible, and this requires tackling both affordability and viability barriers to development.

Lack of viability is constraining the development of apartments for the purpose of sale rather than rent in the built-up areas of cities that are more suited to higher-density residential development.

The twin NPF objectives of tackling climate change and delivering more compact growth require action to ensure that we see developments at scale in our cities, particularly close

to public transport nodes and existing infrastructure. There is therefore a strong public policy imperative to develop housing in our cities. In addition, there is a strong demand for urban living, with people wanting to live close to work and urban amenities but, despite the policy support and the evident demand, the supply of apartments for sale at a price people can afford is not forthcoming.

In order to ensure that new apartments will be developed for sale to individual households at a lower cost, a new fund is being established called the *Croí Cónaithe* (Cities) Fund. This Fund will

have the objective of addressing the viability challenge and activate housing supply at density, mainly in city areas.

It will apply to developments over a certain height/density threshold and, through a competitive bid process, will ensure that these developments can be built at lower cost for sale to owner occupiers.

The level of Exchequer investment per home will be a maximum of 20% of the total cost of the eligible unit of residential accommodation and there will be an overall limit on the level of support. Effectively, the home will be delivered to purchasers at a lower cost with the reduction broadly equivalent to the level of VAT and development levies. This achieves the aim of stimulating development and ensuring that apartments are made available for sale in our cities at lower prices.

The fund will be managed by The Housing Agency on behalf of the Department and open book accounting will be required, to ensure that the financial support provided feeds through in reduced costs to the home-buyers and the leveraging of homes which would not otherwise be provided.

This type of upfront stimulus will accelerate supply in the right places at a more affordable price in the immediate future and, coupled with the longer term measures addressed in this Pathway, will provide the right environment for housing supply to come forward more quickly than it would otherwise have done.

3.4.2 Implement a new Tax to Activate Vacant Land for Residential Purposes

The overarching objective of Government is to ensure that where land is zoned for residential purposes, and permissions granted, that these proposals come to fruition as quickly as possible to meet housing need. Therefore, in tandem with the reforms to incentivise the bringing forward of supply, there is a need to balance this with penalties for non-activation of sites. This will include a new tax to activate vacant land for residential purposes (to replace the current vacant site levy).

This measure forms an essential and effective part of the Government's commitment to the 'use it or lose it' principle in planning. Under this concept, the zoning for residential purposes or granting of permission, must be activated within a reasonable period, or the benefits accruing, will be diminished through this taxation measure, changes in land value sharing and if planning permission expires, any new grant of permission will be subject to the new and additional Part V obligations.

Housing Policy Objective 15: Activate existing planning permissions

No.		Timeline	Lead
15.1	Introduce the <i>Croí Cónaithe (Cities)</i> Fund to ensure that planning permissions for apartments in high density areas already secured by 2021 are activated by the end of 2025 for build to sell	Q4 2021	DHLGH
15.2	Introduce a new tax to activate vacant land for residential purposes (to replace the current Vacant Site Levy)	Q4 2021	DFIN

3.5 Increase Labour and Sectoral Capacity

Delivering on the ambition set out in *Housing for All* will require a vibrant and innovative construction sector that supports the development of its existing workforce, including through lifelong learning, and presents an attractive and sustainable career for those preparing to enter the labour force.

The *Building Innovation Report*¹⁵ undertaken by the Construction Sector Group identifies a series of high impact actions to be undertaken to increase innovation and output in the sector in order to deliver the economic and social infrastructure that this country needs. More than ever, Ireland needs a competitive, dynamic, and sustainable construction sector that can deliver high quality physical infrastructure for all our citizens.

Following the major reversals associated with the financial crisis, the industry experienced a steady and determined improvement between 2014 and 2019. Construction sector employment and investment picked up over this period, with employment growing from just

over 100,000 whole time equivalent workers in 2014, to almost 150,000 at the end of 2019. The Covid pandemic has since intervened and caused major disruption to the sector. A critical issue for the sector is to seek to re-establish the workforce gains made pre-pandemic to the greatest extent possible, as there are significant time-lags in providing the necessary skills to prospective employees new to the sector. For example, training of a craft apprentice can take up to four years, while architecture courses are five years' duration, followed by two years in professional practice to achieve professional registration.

To deliver an average of 33,000 houses and apartments (and beyond) will require an expansion of the current workforce. This will happen through the attraction and retention of those with the necessary pre-existing skills and the provision of new training opportunities for those interested in a career in the construction sector. This will require a plan to support the industry in returning existing workers to full

¹⁵<https://www.gov.ie/en/publication/827c7-construction-sector-group-building-innovation/>

employment and proactive engagement with international labour where supply is unavailable locally. It will also require further ramp-up in education and training opportunities, including commitment regarding programmes and apprenticeships and delivery of new courses.

The Action Plan on Apprenticeship 2021-25 contains an ambitious commitment to increase apprenticeship registrations to 10,000 per annum, almost double the 2020 intake. There are now 60 different apprenticeship types (with a further 18 in development) and they extend well beyond the construction sector or traditional craft trades. Working with employers in the construction sector to expand their employment of apprentices will be critical to a medium term, sustainable approach to the future availability of necessary skills.

The 2020 *Building Future Skills* Report¹⁶ sets out Ireland's built environment skills demand until 2030; 50 percent of the key roles are mapped to apprentice trades. However, it is intended that the forecasts in this report will be revised to take account of two forthcoming studies commissioned by the *Expert Group on Future Skills Needs*;

- Labour Demand Estimates for Ireland's National Housing Targets, 2021-2030, and
- Skills to Enable the Low Carbon Economy to 2030.

The forthcoming *Labour Demand Estimates for Ireland's National Housing Targets, 2021-2030* Report estimates that total labour demand from housing construction will need to rise from approximately 40,000 full-time equivalent workers at present, to 67,500 workers by the middle of the decade, to achieve an annual average of 33,000 homes over the decade. As the backlog of housing output has built up, a further increase, possibly up to 80,000 workers may be necessary. The Report also estimates the labour demand across the key occupations for the Built Environment, from architects to construction operatives. For example, it is suggested that approximately 2,500 additional carpenters will need to be recruited or trained in total in order to reach the target of 33,000 homes per annum.

The forthcoming report on the *Skills to Enable the Low Carbon Economy to 2030* will also identify further workforce requirements in relation to the Climate Action Plan's retrofit targets and the construction of renewable energy projects.

Building Future Skills forecasts will be revised to take account of the subsequent forecasts to achieve housing targets and the transition to a low carbon economy. Meanwhile education and training output will be aligned with these requirements.

¹⁶<https://enterprise.gov.ie/en/Publications/Building-Future-Skills.html>

The DFHERIS and its agency, Solas, will deliver an integrated education and training sector response to these skills forecasts, in particular through the forthcoming Solas 'Strategy for Construction Services'. The DETE will also make any necessary changes in the employment permit system in order to increase the number of construction skilled workers required to expand the supply of housing.

In addition to the scale of labour across the range of activities associated with delivering housing, support services for professionals including insurance, etc., will need to be considered to ensure adequate capacity.

All of the above initiatives to address the supply of skills are predicated on employers and the construction industry generally continuing to review the attractiveness of its career offering to current and prospective employees, promoting careers in the construction sector and partnering with education and training providers to provide upskilling and reskilling through professional bodies, Skillnet Ireland, apprenticeships and further and higher education and training providers.

The above will be complemented by the actions to be delivered to drive economic sustainability and reduce construction costs over the longer term, detailed in Chapter Five, section 5.3.1.

Housing Policy Objective 16:

Improve Sector Innovation and Attractiveness

No.		Timeline	Lead
16.1	Implement the actions set out in the Building Innovation Report to increase innovation and output in the sector	2021	Construction Sector Group
16.2	Industry to review and promote the attractiveness of careers in the construction sector through a coordinated marketing campaign targeted at school leavers and career changers as recommended in the Building Innovation Report	Ongoing	Industry Representative Organisations, Construction Sector Group
16.3	Support quality of construction and enhance safety within the construction sector through a licensing system for certain specified construction activities to replace the existing qualification system	Q4 2022	DFHERIS
16.4	Ensure that the construction sector is supported to innovate in terms of construction methodology and technology through the establishment of the Construction Technology Centre by Enterprise Ireland with a priority focus on residential construction	Q4 2022	DETE, Enterprise Ireland

Housing Policy Objective 17:

Deliver the labour force required to build an average of 33,000 homes per year

No.		Timeline	Lead
17.1	Formulate an up-to-date overall skills forecast for the construction sector taking account of the forthcoming 'Labour Demand Estimates for Ireland's National Housing Targets' and 'Skills to Enable the Low Carbon Economy to 2030' and prioritised policy objectives for the sector	Q4 2021	DETE
17.2	Deliver an integrated education and training sector response to align education and training provision for new and existing workers with the <i>Labour Demand Estimates for Ireland's National Housing Targets, 2021-2030</i> and forthcoming Expert Group on Future Skills Needs (EGFSN) forecasts	Ongoing	DFHERIS
17.3	Implement recommendations from the Expert Group on Future Skills Needs (EGFSN) 'Building Future Skills' report and construction related recommendations from forthcoming EGFSN 'Skills to Enable the Low Carbon Economy to 2030' report	Q4 2021	DFHERIS, All
17.4	Reduce COVID-19 related backlogs on practical education and training programmes, including apprenticeships	Q4 2022	DFHERIS
17.5	Implement the Action Plan on Apprenticeship 2021-25	Q4 2025	DFHERIS
17.6	Modify employment permit schemes as necessary to attract the required numbers of construction employees, participate in recruitment fairs internationally to attract workers to Ireland	Ongoing	DETE

3.6 Make Capital available for Housing

The capital requirement to provide an average of 33,000 new homes per annum to 2030 is estimated to be at least €12bn every year, through a mix of public and private investment. Ensuring a sustainable source of financing across the four tenure types requires an unprecedented mobilisation and a coordinated effort across all forms of financing. Non-State sources of funding will be crucial to the long term success of *Housing for All*. International capital markets and private investment, both domestic and international, will play a key role.

The interaction of the various funding streams, and the specific actions as set out below, will ensure the financing will be in place to deliver an average of 33,000 homes a year over the lifetime of this plan. The DFIN will assess, on a biannual basis, the adequacy of funding available from sources, including the domestic and international banking sector, capital markets and international capital, to complement public investment to meet the demand for 33,000 homes across the various tenures. In addition, the funding expertise of the National Treasury Management Agency can be drawn upon when considering financing options.

3.6.1 Expand Exchequer Funding for Social and Affordable Housing Delivery

Ireland's social housing sector has traditionally been financed by Exchequer funding and this will continue under *Housing for All*. Significant additional Capital investment for social and affordable housing has been secured under the NDP. Within the 'Compact Growth' Strategic Investment Priority, the NDP will provide up to €12bn between 2021 and 2025 for the broad range of social and affordable measures contained in this plan. State capital investment in housing will grow from over €1bn in 2018 to historic levels and continue to increase year-on-year as social and affordable pipelines grow. Coupled with this, the necessary investment in Infrastructure will be provided, including for URDF and Water services. This level of funding is unparalleled and demonstrates the commitment on behalf of Government to delivering on the policies in *Housing for All*.

On a per capita basis, Ireland is one of the largest providers of social housing in the OECD and we intend to expand our social housing footprint further to play our part in increasing social housing supply.

We will provide the appropriate mix of funding and delivery streams to ensure that our housing delivery programme delivers the maximum number of homes, while maximising value for money for the Exchequer.

3.6.2 Provide additional funding for the Land Development Agency

Following from the enactment of the Land Development Agency Act 2021, the LDA will be capitalised with €1.25bn in equity from ISIF (Ireland Strategic Investment Fund), and will have the capacity to borrow a further €1.25bn, thereby giving it total funding capacity of €2.5 bn. The Government recognises that a further increase in LDA funding will be required in future years in light of increased levels of activity envisaged under this Plan for the LDA. This is likely to be in the form of an increased borrowing capacity of approximately €1bn in 2024 and the Government is committed to working with the LDA to assist it obtain this funding. This additional funding will allow the LDA to:

- Deliver on its pipeline of housing, including on additional State lands;
- Deliver accelerated affordable housing through *Project Tosaigh*, as detailed in Pathway 1; and
- Assume responsibility for the National Asset Residential Property Services D.A.C (NARPS) from NAMA. This will provide a certain and secure base for the associated social housing that is leased to Local Authorities.

3.6.3 Facilitate lending for Social and Affordable housing

Indirect financing for the purposes of constructing or acquiring social and affordable housing is a key enabler, with the Housing Finance Agency (HFA) being the primary lender. The HFA with its long

experience in the sector, is well placed to play a lead role in continuing to finance Local Authorities, AHBs and the education sector to deliver housing. We will provide the HFA with the necessary resources to match the demand for financing over the lifetime of **Housing for All**. This will support local government sector delivery, by facilitating further land acquisition and utilising new delivery mechanisms.

The Government will bring forward legislation to increase the HFA borrowing capacity from €10bn to €12bn, with a review in two years, to support the local government sector in land acquisition and delivery of social and affordable homes. The HFA will strengthen relationships with international funding partners (such as the European Investment Bank/Council of Europe Development Bank) to access targeted funding.

The HFA can play a further role to enhance supply of student accommodation. Borrowing for student accommodation by traditional universities is off-balance sheet, but such borrowing by Technological Universities and Institutes of Technology is on-balance sheet and subject to Government approval. Section 21 of the Technological Universities Act 2018 provides for borrowing by Technological Universities. The Government will legislate to allow for Technological Universities to borrow from the Housing Finance Agency.

3.6.4 Expand State-facilitated Development Finance

Home Building Finance Ireland (HBFI) was established in order to increase the availability of senior debt funding for residential development in response to an acute shortage of housing supply. HBFI has received extensive interest from the residential development sector and has approved over €500m in funding since its launch in January 2019, supporting the potential delivery of over 2,400 new homes across a range of development sizes. HBFI has €730m of funding available for residential development, with an ability to raise a further €750m if required. HBFI will continue to remain agile and will respond to on-going disruption in the market, as it did in response to the initial shock triggered by Covid-19 through its introduction of their Momentum Fund product. HBFI will continue to closely monitor developments across the wider market to respond where possible to ensure that the supply of new homes is not disrupted due to a lack of funding.

3.6.5 Secure Non-State Financing

External sources of finance will be needed to bridge the gap between the overall funding requirement to build an average of 33,000 homes each year, and that provided via direct Exchequer funding, State borrowing, HBFI and the domestic banking sector. Institutional investment in the residential sector will reduce reliance on bank funding for development; this is important in building broader capital markets for housing development. There is an increasing recognition of the importance attributed by investors to achieving positive environmental and social impacts on a sustainable basis; housing is well placed to attract sustainable and ethical financing from investors with strong environmental, social and governance standards. The Department of Finance will lead communication and engagement with institutional investors, including through tradeshow events, to communicate policies and encourage appropriate investment in residential accommodation in Ireland.

Approved Housing Bodies will also have a key role to play as agents for attracting sustainable investment into social and affordable housing. This avenue will continue to be explored, including the potential accounting classification of AHB proposals. The Department of Finance's Statistical Unit will assist the DHLGH in assessing investment proposals, in particular from the AHB sector, to assess the likelihood of attaining an off balance sheet statistical classification.

Housing Policy Objective 18:

Ensure sufficient capital is available to provide for an average of 33,000 homes per year

No.		Timeline	Lead
18.1	Quantify the adequacy of funding available to meet the demand for 33,000 homes across the various tenures	Q4 2021	DFIN
18.2	Allocate €12bn in direct Exchequer funding for social and affordable housing between 2022 and 2025	Q3 2021	DPER
18.3	Agree the process which will allow for the transfer of 'NARPS' from NAMA to the LDA	Q4 2021	DHLGH, DFIN
18.4	Legislate for increased borrowing for the LDA to facilitate expanded early delivery	Q1 2024	DHLGH
18.5	Legislate to increase the borrowing capacity of the Housing Finance Agency (HFA) to €12bn, with a review in 2 years, to support the local government sector in land acquisition and delivery of social and affordable homes	Q2 2022	DHLGH
18.6	Strengthen relationships with international funding partners (such as the European Investment Bank/Council of Europe Development Bank) to access targeted funding	Ongoing	DFIN, Housing Finance Agency
18.7	HBFI will continue to deploy capital in line with demand to fund the delivery of new homes, including through accessing its additional borrowing capacity of €750m as required. HBFI will also continue to review product offerings in line with demand to ensure that the supply of new homes is not disrupted due to a lack of funding	Ongoing	DFIN, HBFI
18.8	Lead communication and engagement with institutional investors, including tradeshow events, to communicate policies and encourage sustainable investment in residential accommodation	Ongoing	DFIN
18.9	Assess investment proposals, in particular from the AHB sector, as to the likelihood in attaining an off balance sheet statistical classification	Ongoing	DFIN, DHLGH
18.10	Bring forward legislation to allow Technological Universities to borrow from the Housing Finance Agency	Q2 2022	DHLGH, DFIN