



Rialtas na hÉireann
Government of Ireland

Spending Review 2020

Analysis of Social Housing Build Programme

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OCTOBER 2020*

This paper has been prepared by IGEES staff in the Department of Public Expenditure and Reform. The views presented in this paper do not represent the official views of the Department or Minister for Public Expenditure and Reform.

IGEES

Irish Government Economic and Evaluation Service

Revision

* This Spending Review paper was updated in February 2021. Appendix 5 provides detail on the changes made to the paper and the revisions.

Executive Summary

Use of Build Delivery

- Local Authorities (LAs) have relied on the build delivery mechanism to different extents. Some LAs have delivered around 70% of additional stock through the build programme (such as Meath, Louth and South Dublin) while others have delivered less than 25% in this way (Westmeath, Offaly and Tipperary).
- The build programme consists of around one-third being directly built by LAs or AHBs and two-thirds being the acquisition of newly built units through Turnkey and Part V mechanisms. Some LAs have delivered >50% of their build units through direct LA build (e.g. Sligo, Limerick and Mayo), while others have delivered <10% directly (e.g. Galway City, Longford and Tipperary). Turnkeys made up the majority of new builds in Longford, Tipperary and Roscommon.

Type of Units, Cost and Speed of Delivery

- The majority of units delivered directly by LAs in the six case study areas* were houses, typically with 3 bedrooms. Conversely AHBs have delivered a much larger proportion of apartments, typically with 1 bedroom. This is within the context where almost half (47%) of those on the social housing waiting list in 2019 were single adults.
- While there is regional variance, the average cost of LA direct build units in 2019 in the six case study LAs was €233,000 and the average cost of a LA turnkey in the six areas was €270,000 (€327,000 across DCC, Fingal and Kildare). In the six areas the average cost for AHBs direct build was €251,000, and the average cost of a turnkey was €305,000.
- The length of time required from initial design to final completion is an important consideration. For those built directly by LAs in the six case study areas, 28% of units took <2.5 years, 50% took between 2.5 to 4 years and 22% of units took 4 years+.

Cost Efficiency and Market Interaction

- Based on high level cost efficiency analysis, the delivery of social housing units through turnkey delivery was less cost efficient than units directly built by LAs or AHBs in DCC and Fingal. However, in other LAs such as Kildare and Cork County it appears based on relatively low output that the cost efficiency of Turnkey delivery was similar or slightly better than Direct Build.
- Of all the units built in Ireland between 2016 and 2019, circa 20% of these have been built or bought for social housing purposes. There are particular LAs where a large proportion of new build units have been built or purchased for social housing such as Longford (45%). There are Eircode areas, especially in Dublin, where social housing accounts for the majority of all housing built; for example Dublin 10 (100%), Dublin 1 (62%), and Newbridge (54%).

Summary and Next Steps

- Work completed through the Spending Review process has significantly enhanced the evidence base for social housing delivery, particularly in terms of cost efficiency. It has been shown that cost efficiency differs by mechanism and location and this should continue to be monitored and assessed by DHLGH and LAs.
- To target value for money and appropriate support, the delivery of social housing has to be strategically planned at a national, regional and local level, and be informed by evidence.
- To further enable strategic planning there are a number of items that need to be progressed including the enhancement of data availability, the completion of planning initiatives such as Housing Need Demand Assessments (HNDAs), greater tracking of land availability, consideration of sectoral capacity to deliver, analysis of the market impact of delivery mechanisms and an assessment of how the significant current stock of supports is being managed and utilised.
- The delivery of housing support should be seen as part of the wider housing market and any underlying imbalance in terms of overall housing supply and demand will continue to present a significant challenge to the delivery of support.

* Cork County, DCC, Fingal, Galway City, Kildare and Mayo

1. Introduction and Context

The provision of housing assistance to those that are eligible is a key support provided by the State. There are a range of delivery mechanisms in place to provide these supports utilising both capital and current expenditure including the construction and acquisition of units, long term leasing and supporting households to access the private rented market. In recent years, under the Rebuilding Ireland plan, there has been a significant increase in social housing output and related expenditure which is now at peak levels. Given the level of increased expenditure and the demand for supports, there has been an increased level of analysis in this area in recent years. This paper builds on a suite of research papers completed by the Department of Public Expenditure and Reform¹. This paper has been completed as part of the 2020 Spending Review process. The paper focuses on the build delivery mechanism for social housing and has the following objectives:

Provide an overview of the existing build delivery mechanisms, including an analysis of the level of expenditure and social housing output.

Assess the cost efficiency of delivering social housing through build mechanisms, examine the composition of build costs and provide analysis at a disaggregated level, across six Local Authorities.

To assess related policy issues such as planning, sectoral capacity, implementation and land availability/cost.

Context for Analysis

The context for this analysis of the social housing build programme is well understood and it is useful to highlight the key elements at the outset. While the onset of the Covid-19 pandemic has led to increased uncertainty about future prospects for the housing market, the following is of note:

- There was significant renewed house price growth following the economic crash and the fall in house prices. House prices increased by 34.4% between 2015 and 2019, and have been relatively flat since mid-2019². As of August 2020 they remain 17.6% below the previous peak in 2007.
- Rental prices have increased significantly in recent years, with average rental prices in Q2 2020 at peak levels, 24% higher than 2007³ and 31% higher in Dublin.
- New build housing statistics, for both private and public housing, show that output nationally increased significantly in recent years. In 2019, 21,241 dwellings were completed; an 18.3% increase on 2018⁴. New build social housing has increased from 657 in 2016 to 5,771 in 2019; an increase of almost 800%.

¹ O'Callaghan, D (2017) 'Analysis of Current Expenditure on Housing Supports'. Spending Review 2017; O'Callaghan, D and Kilkenny, P (2018) 'Current and Capital Expenditure on Social Housing Delivery Mechanisms'. Spending Review 2018; O'Callaghan, D. Kilkenny, P. and Farrell, C. (2018) 'Social Impact Assessment: Social Housing Supports'. Budget 2019. Kilkenny, P. (2019) 'Rebuilding Ireland – Patterns of Social Housing Construction (2016-2018)'. Farrell, C. and O'Callaghan, D. (2019) 'Analysis of Social Housing Acquisitions'. Spending Review 2019. Kilkenny, P. (2019) 'Housing Assistance Payment (2014-2019)'.

² CSO (2020) Residential Property Price Index, August 2020

³ RTB (2020) Rent Index 2020, Quarter 2

⁴ CSO (2020) New Dwellings Completions Q4 2019

- In recent years there also has been a significant level of households in need of housing support. However, the number of households on social housing waiting lists has reduced from 91,600 in 2016 to 68,693 in 2019, which is a reduction of 25% or 22,907 households⁵.
- In response to this level of need there has been a significant increase in Government intervention. Total expenditure related to housing⁶ has increased significantly (128%); from €1.2 billion in 2016 to a peak level of €2.8 billion in 2020.
- Under Rebuilding Ireland, 50,000 additional social housing units were targeted for delivery by 2021 and significant funding has been allocated through the National Development Plan (NDP) to deliver this.

It is within this context that the analysis of the social housing build programme is being undertaken and it is necessary to be cognisant of these wider dynamics throughout.

2. Overview of the Social Housing Build Programme

Social housing is provided through a variety of delivery mechanisms which are funded through capital and current expenditure, and delivered by Local Authorities (LAs) and Approved Housing Bodies (AHBs). A 2018 Spending Review paper on housing provided detail on all of the delivery streams, namely; construction (build), acquisition, leasing, Rental Accommodation Scheme (RAS) and Housing Assistance Payment (HAP). Figure 1 displays a simplified overview of social housing delivery within five distinct strands. This paper focuses on the build (construction) programme and this section provides details on its various delivery mechanisms.

Figure 1: Simplified Overview of Delivery Mechanisms



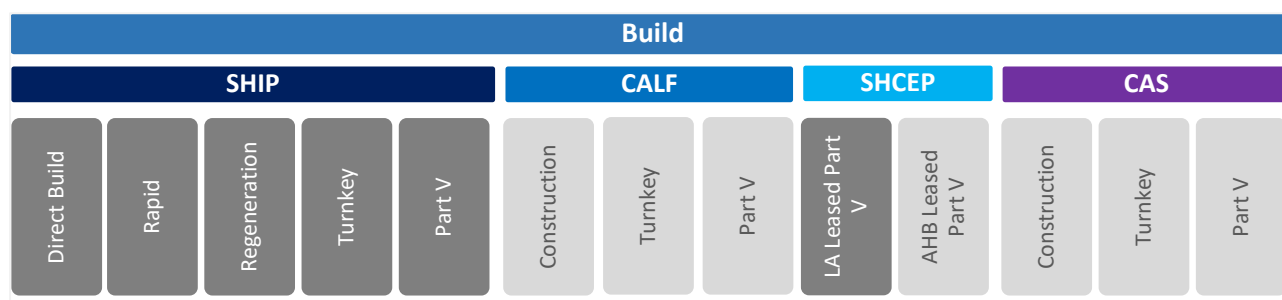
Overview of the Build Programme and Associated Funding Mechanisms

LAs and AHBs purchase or construct new residential dwellings for the purposes of social housing provision through the Build Programme. They also refurbish vacant and derelict social housing stock (known as voids). For the purposes of this Spending Review, voids are not analysed. Voids and new build units are not readily comparable. Therefore, this paper only considers new builds. The new Build Programme is funded through a number of schemes/structures. These schemes are the Social Housing Investment Programme (SHIP), the Capital Assistance Scheme (CAS), the Capital Advance Leasing Facility (CALF), and the Social Housing Current Expenditure Programme (SHCEP). Each of these mechanisms are described briefly below. Figure 2 shows the detailed breakdown of social housing build output reporting categories.

⁵ Housing Agency (2019) 'Summary of Social Housing Assessments 2019'

⁶ DHLGH expenditure (includes LPT expenditure) and Rent Supplement expenditure by DEASP. See Section 3.

Figure 2: Social Housing Build Output Reporting Categories (Dark Grey = LA, Light Grey = AHB)



Social Housing Investment Programme (SHIP) – New build social housing constructed or acquired by LAs is funded by the SHIP. LA new build figures include units delivered through traditional direct build, rapid build, regeneration, CPO, turnkeys and Part V. The SHIP programme funds construction of new build units directly managed by LAs, known as *Direct Builds*. Direct Builds are units contracted for construction by LAs on LA land. The *Rapid Build* Housing Programme is also funded through SHIP. Regeneration schemes are funded through a separate programme titled ‘Estate Regeneration/Remedial Works’. *Rapid Build* is a direct build mechanism for LAs that targets quicker delivery. *Regeneration* typically involves social housing and wider community renewal. As outlined in SR 2019, SHIP also funds second-hand unit acquisitions separately which is not part of the build programme. As well as contracting developers to construct social housing based on LA approved design, LAs also use funding through SHIP to deliver new build units from private developers based on existing design and planning permission. One mechanism for this is *Turnkey* arrangements which are newly built units on private land which are purchased for social housing purposes⁷. DHLGH describe two broad types of turnkeys. Firstly, there are those that are contracted “from the ground up” by the LA⁸. LAs seek expressions of interest from developers and select those proposals that best respond to the unit types required by the LA. The second type of turnkeys that LAs contract are “opportunistic”, where a developer may already be developing properties but has an interest in agreeing a contract with the LA to develop an amount of units within a larger estate for the LA. In addition, *Part V* is a further mechanism used under SHIP to provide social housing. To support sustainable communities and mixed tenure, this places an obligation for a proportion of land or units from a development to be provided for social housing. Section 94 of the Planning and Development Act (2000) as amended by Section 31 of the Urban Regeneration and Housing Act 2015 requires that up to 10 per cent of residential developments must be provided for social housing.

Capital Advance Leasing Facility (CALF) – CALF is a loan facility available to AHBs, to help finance the construction, purchase and refurbishment of units for use as social housing. The Departmental Approval process determines the level of CALF (up to a maximum of 30% of the upfront capital cost) and the level of

⁷ Kilkenny, P. (2019), ‘Rebuilding Ireland – Pattern of Social Housing Construction (2016 - 2018)’

⁸ While no data is available to further understand the nature of turnkey delivery, DHLGH has stated that the ‘from the ground up’ turnkeys are unlikely to have been built had the LA not contracted the developer to build them and that they represent the majority of turnkey agreements. Turnkeys described as ‘opportunistic’ are in addition to Part V requirements.

Payment and Availability (P&A) (up to a maximum of 92-95% of the current market rent). AHBs also pay interest on the CALF loan. The LA provides the approved level of CALF of the upfront capital cost of constructing or acquiring the unit to the AHB. The remainder of the finance is then sourced from either private lenders, for example pillar banks or the Housing Finance Agency (HFA). P&A agreements are entered into between the LAs and AHBs. The level of P&A is determined at assessment stage. The Social Housing Current Expenditure Programme (SHCEP) recoups to LAs the cost of leasing these dwellings sourced under CALF build and to be used for the purposes of providing social housing support. The CALF funding is used for AHBs to build houses directly on local authority or private land. AHBs can also acquire newly built units from private developers through turnkey and Part V mechanisms. Finally, CALF funding also supports the acquisition of second-hand units by AHBs, but this is not an element of the build programme.

Capital Assistance Scheme (CAS) – The CAS provides funding to AHBs to deliver housing for specific needs such as older people, homeless, people with a disability, or victims of domestic violence. Funding of up to 100% of the overall approved capital cost of eligible projects are available, subject to CAS scheme conditions. The CAS funding takes the form of a loan which is non-repayable provided the accommodation continues to be let to eligible categories of persons with a housing need, is adequately maintained and continues to meet scheme conditions. CAS units can also be delivered through turnkey and Part V arrangements where the AHB acquires newly built units from private developers. CAS funding is also used for second-hand acquisitions but this is not part of the overall build programme.

Summary of Delivery Mechanisms – The overall build programme consists of units built by LAs (LA direct build, LA rapid delivery and LA regeneration), newly built units acquired by LAs (turnkey and Part V), units built by AHBs for general social housing (CALF build) or specific needs (CAS build), and newly built units acquired by AHBs for general social housing (CALF turnkey and Part V) or specific needs (CAS turnkey and Part V). In addition, the void programme is included in the Department of Housing, Local Government and Heritage (DHLGH) categorisation of the build programme.

2.2 Rationale and Objectives for Build Programme

The overall rationale for the build programme is to add to the social housing stock in an efficient manner. SR 2018 included a detailed analysis of the rationale and objectives across the social housing delivery mechanisms. This included considerations of value for money, speed and capacity, flexibility, appropriateness of accommodation, sustainable communities, use of funding mechanisms and the development of social housing stock. As with any of the mechanisms, the overall objective is to provide additional support which can appropriately meet the needs of those who require it. The relative rationale for the build programme vis-à-vis the other mechanisms is that it adds to the overall stock of housing and ensures that there is control over housing design and standards. There are different merits for using different mechanisms. For example, while

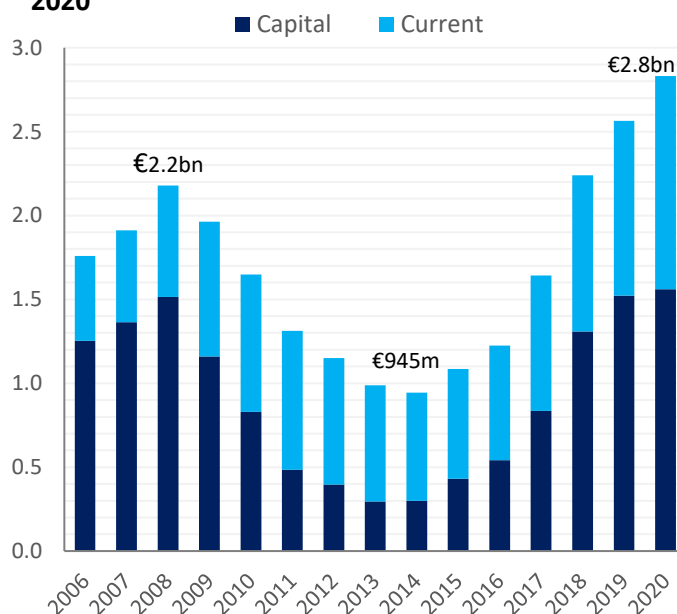
building social housing may add to the overall stock it may take longer to deliver support compared to other mechanisms. The objectives of, and rationale for, individual build delivery mechanisms differ and at a high level it is worth noting the following. LA direct build provides LAs the opportunity to design and procure units directly on public land with greater control and input to housing design and standards. Turnkeys may provide a more expedient delivery of units on private land with the administrative burden and risk taken on by the private developer. CALF supported units, provided by AHBs, result in additional units with lower upfront capital outlays (maximum 30%), but with ongoing payment and availability costs. As such, across the mechanisms there may be relative merits and reasons for using the mechanism in specific ways in certain locations. However, across all mechanisms the issue of cost efficiency is critical to ensure that an appropriate support is provided given the level of available funding. The focus of this paper is on this issue of cost efficiency given its central importance, however, it is necessary to see the analysis within the context of wider objectives and rationale.

3. Expenditure and Output

The following section presents an overview of expenditure and output related to housing. It first presents the total level of expenditure and output before setting out analysis related specifically to new builds. At the outset, it is important to acknowledge that home delivery does not always arise in the same year as expenditure being incurred, and schemes delivered under phased programmes may cross a number of payment periods. Total Exchequer expenditure related to housing stands at €2.8 billion in 2020. This is comprised of funding through the DHLGH on capital programmes (such as construction and acquisition programmes) and current programmes (such as HAP, RAS and

Leasing). Funding is also provided by the Department of Employment Affairs and Social Protection for Rent Supplement. In addition, some LAs utilise additional funding through retained Local Property Tax (€91m in 2020) receipts to fund housing programmes. Total expenditure has more than doubled since 2016 and is 28% above the previous peak level in 2008. Capital expenditure accounted for 70% of expenditure in 2008. This fell to 30% in 2013. In 2020, capital expenditure accounts for 55% of projected spend. Budget 2020 provides over

Figure 3: Total Expenditure Related to Housing, 2006-2020



Source: DPER Databank and DHLGH. Note: Current and capital expenditure between 2015 and 2020 include LPT own funding. Current expenditure includes Rent Supplement and Mortgage Supplement through DEASP.

€865 million for SHIP⁹, €114 million for CALF, €95 million for the CAS programme, significant portions of which will fund the build programme. Table 1 shows a breakdown of housing programme expenditure from 2016 to 2019. It shows that across the four years of Rebuilding Ireland, expenditure has increased significantly. Over the four years (2016-2019), expenditure on the build programme has exceeded €2.09 billion which is 31% of total DHLGH housing expenditure. This is the largest share of expenditure, followed by acquisitions (€1.52 billion or 22%), HAP (€869 million or 13%) and RAS (€551 million or 8%). The share of expenditure directed towards the build programme has approximately doubled from 18% in 2016 to 34% in 2019. Table 2 provides a breakdown of build programme expenditure in 2018 and 2019. There was an 18% increase in total expenditure between 2018 and 2019, with a significant increase of 89% in expenditure on Part Vs of €43.8m, reflecting the increased output of private housing.

Table 1: Breakdown of Housing Programme Expenditure (€m), 2016-2019

Mechanism	2016	2017	2018	2019	Total 16-19	Share 16-19
Build	172.9	337.2	744.9	836.0	2,091.0	31%
Acquisition	233.4	377.5	417.5	496.0	1,524.4	22%
Lease	55.8	87.3	106.4	149.9	399.4	6%
Sub-total	462	802	1,269	1,482	4,015	59%
RAS	131.0	142.8	143.3	134.3	551.4	8%
HAP	57.7	152.7	276.6	382.4	869.4	13%
Sub-total	189	296	420	517	1,421	21%
Homelessness	88.7	109.2	139.0	165	501.9	7%
Other Capital	133.8	118.3	140.6	180.2	572.9	8%
Other Current	69.7	83.4	92.5	95.8	341.4	5%
Total	943	1,409	2,061	2,440	6,852	100%

Source: DHLGH, 2020. Note: rounding may affect totals. These figures do not include rent supplement or mortgage supplements.

Table 2: Breakdown of Build Programme Expenditure (€m), 2018-2019

LA Build	2018	2019
LA Construction	225.4	243.9
Turnkey	187.5	190.8
Rapid	29.9	30.4
Part V	49.3	93
PPP (Bundles One and Two)	1.5	27.8
Voids	26.3	26.7
Regeneration	68.1	54.5
LA Sub-total	588	667
AHB Build		
CAS Build	22.5	21.1
CAS Turnkey	0	3.6
CALF Build	18.9	35.2
CALF Turnkey	73.5	99.8
AHB Sub-total	115	160
Homeless Capital		
Hubs	42	9.3
TOTAL BUILD	745	836

Source: DHLGH, 2020. Note: rounding may affect totals.

⁹ Includes Local Property Tax (LPT). It should be noted Regeneration projects (€71.75m in 2020) and the Voids Programme (€58 million in 2020) are funded by separate budgets.

Targets and output related to Rebuilding Ireland over the six years of the plan (2016-2021) are shown in Appendix 4. In 2019, 10,007 units were brought into the active social housing stock, of which 6,074 were build units (5,771 new builds and 303 refurbished voids). Table 16 shows the delivery of social housing from 2016-2019. The dwellings were delivered through; 17,881 Build units, 5% or 907 units above target; 9,553 Acquisitions, 83% or 4,323 units over target; and 3,781 Lease units, 24% or 1,174 units below target.

The delivery of social housing between 2004 and 2019 under the categories of build and voids is shown in Figure 4. Over the sixteen year period shown, the average number of new build units between 2004 and 2009 was 5,793 compared to an average of 3,240 between 2016 and 2019. New build delivery decreased significantly between 2010 and 2015, however, it has increased from 2,297 units in 2017 to 5,771 units in 2019; an increase of 151%. Although, as can be seen from the data, the majority of this increase can be accounted for by delivery through turnkeys, with 1,851 units in 2018 and 2,958 units in 2019.

Figures 4 and 5: Social Housing Output, 2004-2019 and Composition of Build Output, 2016-2019

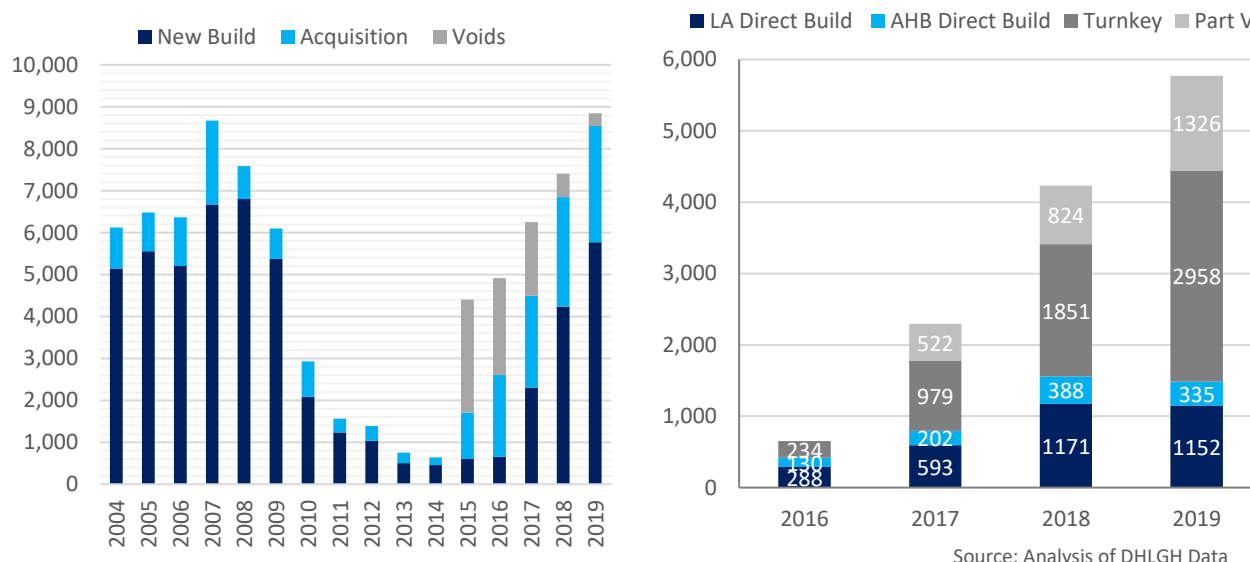


Table 17 in the Appendix shows the number of units delivered through build nationally over the first four years of Rebuilding Ireland and the annual targets for build over the full period of the plan from 2016 to 2021. The 2016-2021 target for build under Rebuilding Ireland was 33,617. Over the first four years of the plan, 17,881 build units were delivered (105% of the target for the period). The composition of the build output has changed significantly in recent years. In 2016, 78% of the build output was comprised of voids, as local authorities worked through 2,308 units in need of refurbishment, with just 22% of output attributable to 652 new build units. In 2019, just 5% of build output was associated with 303 voids¹⁰, with 5,771 new build units.

Rebuilding Ireland targeted the delivery of 1,500 rapid build units by the end of 2018; however, just 39% of this target or 586 units was achieved as of end 2019, as shown in table 16. There were 929 rapid units in the

¹⁰ An additional 1,200 voids were refurbished in 2019 but these are not included in the figures and are in addition to the 303 reported under Rebuilding Ireland.

pipeline for construction across eight LAs as of Q2 2020. Of the 5,627 local authority new builds completed between 2016 and 2019, 566 were regeneration units (10% of total). The National Regeneration Programme aims to target the State's most disadvantaged communities, including those defined by the most extreme social exclusion, unemployment and antisocial behaviour, through the provision of physical, social and economic regeneration. In 2019, €54.5 million in funding was provided under this programme which delivered 59 units. LAs have delegated sanction of up to €600,000 to acquire units under the SHIP. The SHIP funded the construction of 6,311 units over the period 2016 to 2019. The table below shows the number of units built under the various funding programmes between 2016 and 2019.

Table 3: Composition of Build Programme Output, 2016-2019

	2016	2017	2018	2019	Total
SHIP Construction, Rapid and Regen	288	593	1,171	1,152	3,204
SHIP Construction Turnkey and Part V	28	626	1,318	1,697	3,669
CALF Construction	76	132	209	260	677
CALF Turnkey and Part V	206	721	1,331	2,491	4,749
CAS Construction	54	70	179	75	378
CAS Turnkey and Part V		12	9	71	92
SHCEP Part V		142	9	14	165
LA Delivered Part V			8	11	19
New Build Total	652	2,296	4,234	5,771	12,953
Voids	2,308	1,757	560	303	4,928
Total Build (New Build and Voids)	2,960	4,053	4,794	6,074	17,881

*Note: Based on CSR Data. Other DHLGH stats refer to 657 new build units in 2016 and 2,297 units in 2017. Source: DHLGH, 2020

4. Analysis

The following section sets out some detailed analysis related to the build delivery mechanism for social housing in six local authorities (LAs). The six LAs are Cork County, Dublin City Council, Fingal, Galway City, Kildare and Mayo. LAs are provided with Unit Cost Ceilings (UCCs) by DHLGH. The paper will set out to look at a number of analytical questions. These are set out below.

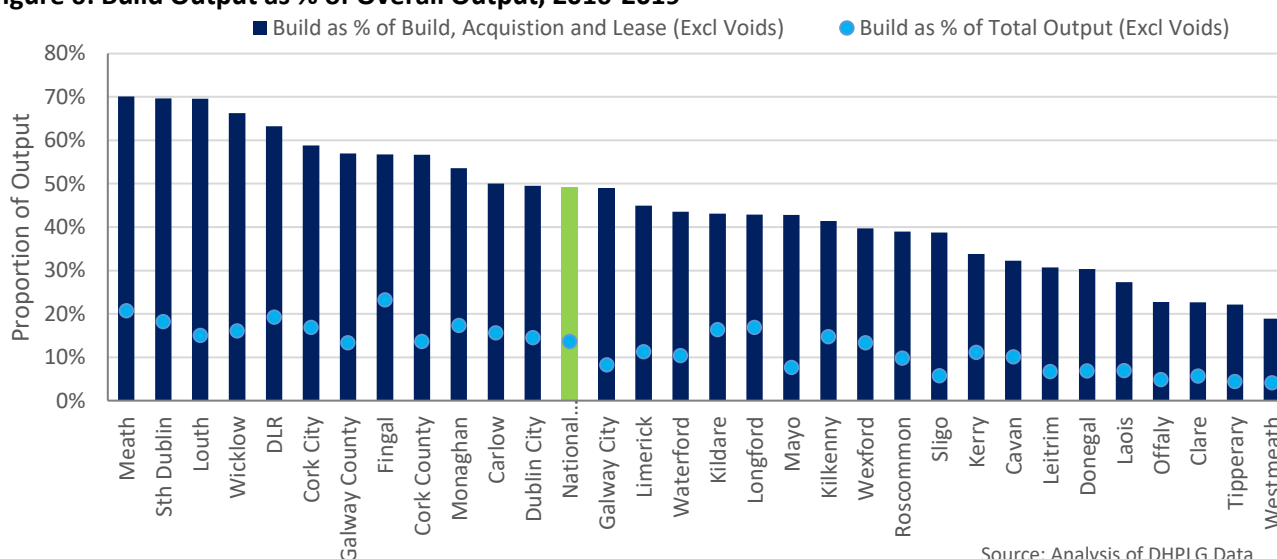
Use of Delivery Mechanism	To what extent do LAs use the build delivery mechanism?
Type of Units Delivered	What type of units are delivered through build mechanisms?
Location of Units	What is the geographic distribution of units delivered through the build programme?
Timing of Delivery	How long does it take to deliver build units and when are they delivered?
Cost of Delivery	What cost is involved in delivering through this delivery mechanism?
Cost Efficiency	How do costs compare to guidelines and between build delivery mechanisms?
Interaction with Market	How does the delivery mechanism interact with the wider market?

Use of Delivery Mechanism

LAs have relied on the build delivery mechanism to different extents. Some LAs, such as Meath, Louth and South Dublin are significantly above the national average (49%) between 2016 and 2019 while others, such as Westmeath, Offaly and Tipperary are significantly below.

Across Local Authority areas, the build programme is utilised to differing extents. Figure 6 sets out the level of output through the build programme as a proportion of overall output. The overall average of 49% implies that around half of the additions to the social housing stock in these years were through the social housing build programme. There are a number of LAs where the build programme accounts for the majority of additional stock such as Meath, Louth and South Dublin which all have around 70% of their additional stock through the build mechanism. The four Dublin LAs all have an average or above level of build output ranging from 49% in Dublin City Council to 70% in South Dublin. Conversely there are a number of LA areas where the build programme does not account for a significant proportion of additions to the stock. Clare, Tipperary, Offaly and Westmeath all had less than one quarter of their output through the build programme.

Figure 6: Build Output as % of Overall Output, 2016-2019

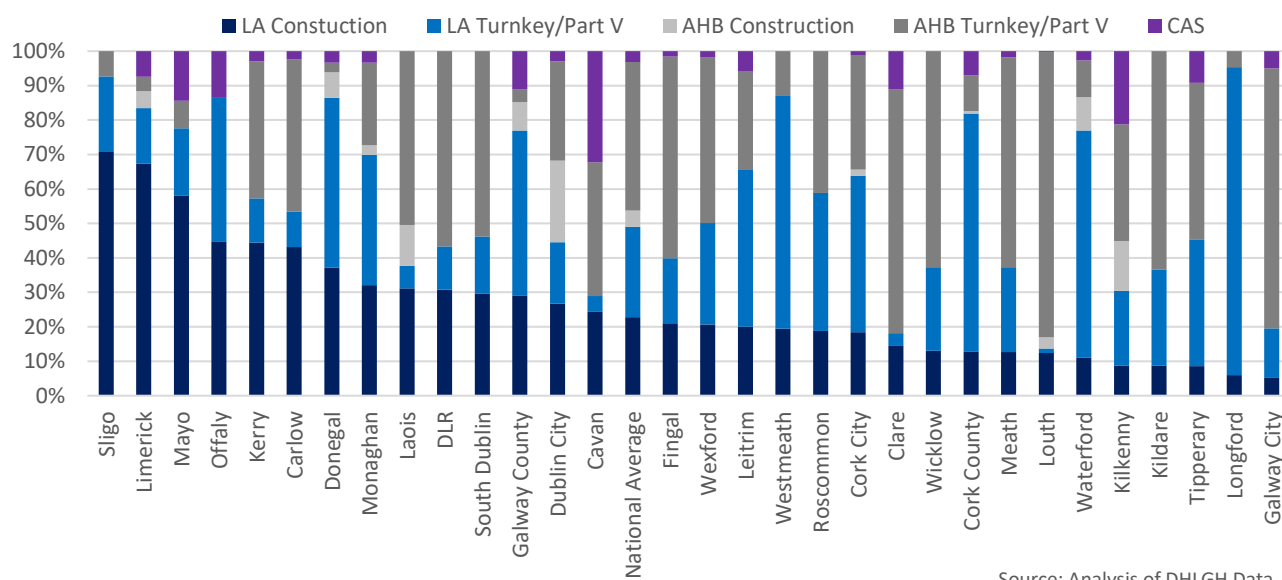


There is significant variation in the type of build units being delivered. Some LAs have delivered more than half of their build units through direct LA build while others have delivered less than 10% directly. There is a significant reliance on the acquisition of newly built units in certain areas through Turnkey and Part V.

The following section details the composition of the build programme across LAs. The objective here is to understand the extent to which different LAs rely on different types of build mechanisms from direct build by LAs, to AHB construction and turnkey mechanisms. It is the case that the composition of the build programme differs by area with some having a greater proportion of build units being direct build and others having a higher proportion of Turnkeys. There are a number of LAs who have delivered a greater proportion of their build units through direct build by Local Authorities. Sligo, Limerick and Mayo have delivered more than half

of their build units through direct LA build. The opposite is true for a number of other LAs with Galway City, Longford, Tipperary, Kildare and Kilkenny delivering less than 10% of their Build output through LA direct build. Across LAs there is varying reliance on the acquisition of new build units as part of the overall build programme. There are a number of LAs where over 85% of their build output is delivered through Turnkey or Part V arrangements including Longford, Galway City, Kildare, Meath and Wicklow.

Figure 7: Composition of Build Output by LA, 2016-2019



Unit Type

59% of units built are houses in the six LAs under examination, with 78% of these having 3≥ bedrooms. Half of the apartments built are two-beds.

The type of unit delivered by the social housing build programme is one of the key variables that has been examined. The analysis has looked at the type of units delivered in the six LAs under review in the years 2016 to 2019. Data on the number of houses and apartments built, and the number of bedrooms within each unit is examined. Aggregating all build programme units across the six LAs, one finds that the largest share of units were 3-beds (44%), followed by 2-beds (32%) and 1-beds (18%). Less than 7% of units were four beds or larger.

Considering the units built or bought by the six LAs (SHIP, Regen, LA Part Vs), the majority of units were houses (69%), with apartments making up just under one-third (31%). In contrast, AHBs built or bought almost an even split of houses and apartments (48% and 52% respectively). It is noteworthy that the proportion of 1-bed units built by AHBs is three times more than the LAs (27% of AHB delivery relative to 9% of LA delivery). A similar observation was made in the SR2019 on the second-hand acquisitions, whereby AHBs were targeting units which met the needs of clients with specific needs, especially single individuals. It is of note that the majority of applicants on the social housing waiting list in all 31 LAs are single or single with dependents. Table

4 below provides a breakdown of unit types delivered over the years 2016-2019 across various funding programmes. The figures show the six LAs built or bought new 3-bed houses in the majority of cases over the last four years, with half of the units bought from private developers through turnkeys and Part V being 3-bed houses. In contrast, the majority of the units built directly by AHBs were 1-bed apartments (53-54%), with only CALF turnkeys being similar to LA delivery with almost half (46%) being 3-bed houses.

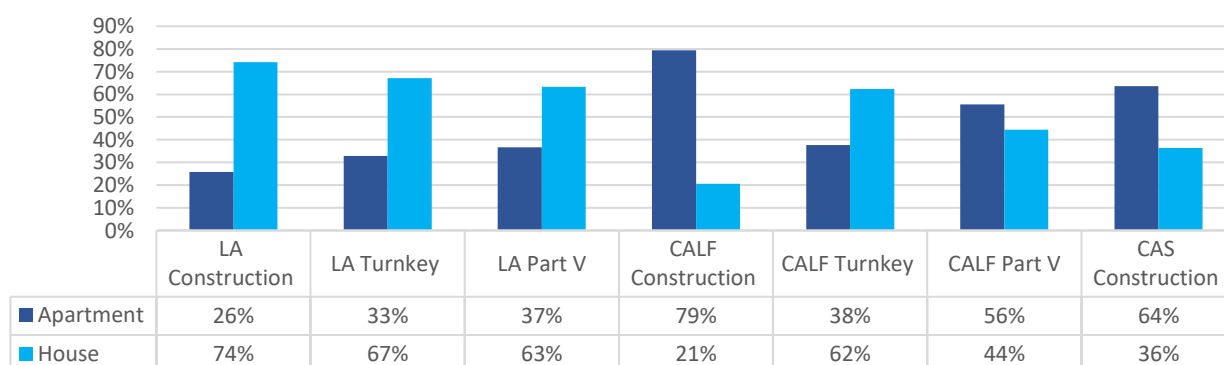
Table 4: Unit Type as % of Total Delivery across Build Programme in Case Study LAs, 2016-2019

		Unit Type	1 Bed	2 Bed	3 Bed	4 Bed +
LA	Construction*	Apartment	9%	13%	3%	0%
		House	2%	30%	37%	5%
	Turnkey	Apartment	3%	23%	6%	0%
		House	0%	5%	51%	11%
	Part V	Apartment	11%	22%	3%	0%
		House	0%	9%	51%	3%
AHB	CALF Construction	Apartment	53%	21%	5%	1%
		House	4%	2%	15%	0%
	CALF Turnkey	Apartment	15%	19%	4%	0%
		House	0%	5%	46%	11%
	CALF Part V	Apartment	11%	35%	10%	0%
		House	0%	9%	29%	6%
	CAS Construction	Apartment	54%	9%	1%	1%
		House	23%	13%	0%	0%
Total			18%	32%	44%	7%

Source: Analysis of DHLGH Data. *Note: LA Construction includes SHIP Construction, SHIP Single Stage, Rapid and Regeneration.

The chart below shows the proportion of unit delivery of houses and apartments across the various build delivery mechanisms in the six LAs. Considering the direct build delivery of the LAs, three in every four units were houses. The LA units delivered through turnkeys and Part Vs are broadly similar with circa two-thirds of units being houses and one-third apartments. In contrast, the AHB direct build has in the majority been apartments through CALF Construction (79%) and CAS Construction (64%). Similar proportions of houses and apartments were acquired through turnkeys. However, in the case of Part Vs, AHBs delivered 56% apartments relative to 37% by the LAs. It should be noted that LAs and AHBs are likely to have more control over unit type and size directly delivered by them, in comparison to other mechanisms such as turnkeys and Part Vs.

Figure 8: Unit Type delivered by Delivery Mechanism, 2016-2019



Considering the delivery by LA across the delivery mechanisms, as shown in the table below, one finds a similar pattern to that discussed above. Table 5 shows that 59% of all dwellings built and bought for social housing purposes were houses, with 41% apartments. As one would expect, 68% of build units in DCC were apartments, while 89% and 88% were houses in Mayo and Kildare, respectively. Galway City had an almost equal share of houses (47%) and apartments (53%).

Table 5: Unit Type delivered by LA, 2016-2019

Delivery Mechanism	Unit Type	1 Bed	2 Bed	3 Bed	4 Bed +
Cork County	Apartment	8%	8%	2%	0%
	House	2%	13%	64%	4%
Dublin City	Apartment	33%	27%	7%	0%
	House	1%	8%	19%	4%
Fingal	Apartment	6%	26%	3%	0%
	House	2%	15%	42%	6%
Galway City	Apartment	9%	32%	12%	0%
	House	0%	6%	24%	17%
Kildare	Apartment	3%	8%	1%	0%
	House	2%	10%	61%	15%
Mayo	Apartment	0%	10%	1%	0%
	House	8%	31%	45%	5%
Total	Apartment	16%	21%	4%	0%
	House	2%	11%	39%	7%

Source: Analysis of DHLGH Data

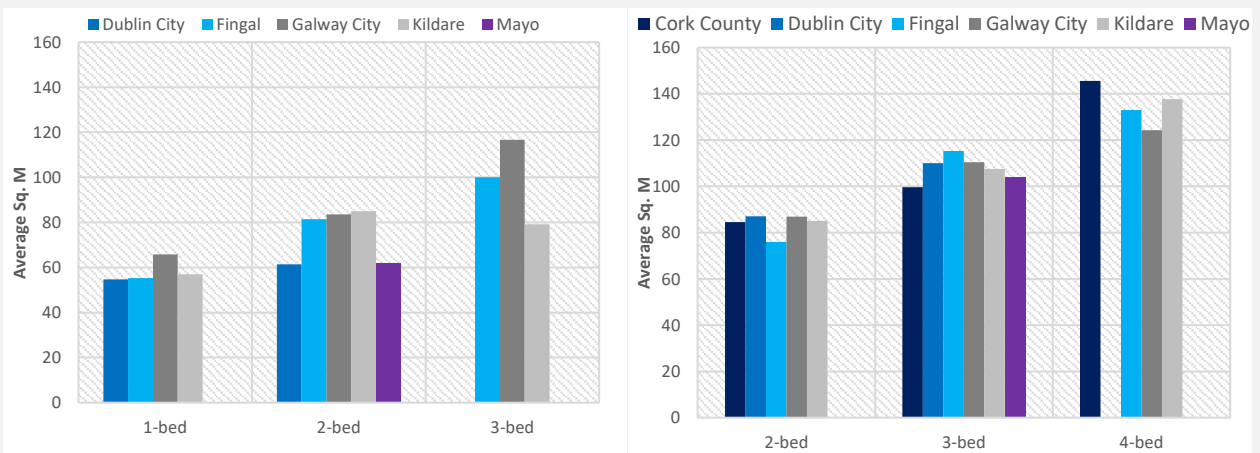
Table 5 shows that 3-bed or larger houses were the most common unit type delivered in Kildare (77%), Cork County (68%) and Mayo (50%). This is within a context where according to the social housing waiting lists from 2016 to 2019 the majority of those in need of social housing were single or single with dependents. The proportion of applicants on the waiting list with this household composition has been at or above 70% since 2016. In the case of Kildare, 66% of those on the waiting list are a single adult (46%) or a single adult with 1-2 children (19%) in 2019. The equivalent proportions of singles or single persons with 1-2 dependents in Cork County and Mayo were 69% and 70% respectively. Indeed, 76% of DCC's waiting list consists of these household sizes, followed by Galway City at 73%. The Q4 2019 report for active HAP tenancies shows that 46% of HAP recipients are single or single plus 1 households nationally, which again reinforces the demand for 1-2 bed homes.

The demographics of applicants for social housing in Fingal vary slightly when compared to the other five LAs. In Fingal a lower share of applicants (54%) are single or single with 1-2 children relative to the national share (70%). Among the six LAs under review, Fingal has the highest share of couples or two adults with a child or children (25%), followed by Kildare (20%) and Cork County (17%). Half of the units built for social housing in Fingal over the last four years are 3 beds or larger. In Kildare, three-quarters of build units were 3 beds or larger (77%).

Box 1 – Type of Unit Delivered

In assessing the build programme it is important to consider the type of output and units being delivered. One metric to assess this is the size of a unit. Data on this variable is not available across delivery mechanisms currently. Since 2019 data has started to be collected for the CALF programme. The following sets out some initial findings for units delivered through CALF Turnkey in 2019. Figures 9 and 10 show AHB turnkey units delivered via CALF funding between 2016 and 2019 where the gross floor area (M²) has been provided (628 units). The data suggests that the average 1-bed apartment was 55 sq.m, with Galway City's 1-beds being circa 11 sq.m larger at 66 sq.m. Two-bed apartments were 80 sq.m on average, although the average was 61 sq.m in Dublin City and 62 sq.m in Mayo. These smaller two-beds were approved and completed when the design standards for 2-bed apartments set the minimum gross floor area at 73 sq.m for 2-bed apartments. Figure 10 also shows the average sq.m for two, three and four bed houses delivered through AHB turnkeys. The average 3-bed house is 109 sq.m, ranging from 100 sq.m in Cork County to 115 sq.m in Fingal. Unit size is linked to the overall quality of the units under construction and cost per sq.m considerations.

Figures 9 and 10: CALF Turnkey Apartments (LHS), Houses (RHS), Average M² by Unit Type and LA, 2016-2019



Source: Author Analysis of DHLGH Data

Timing and Speed of Delivery

Just over half of units built by LAs were delivered in Q4 in the six LAs under review in recent years. A higher share of SHIP turnkeys and Part Vs (69%) have been completed predominantly in the fourth quarter of the year. Indeed, DCC completed the purchase of all of their SHIP turnkeys in December 2017, 2018 and 2019.

The time of year in which new build units are delivered varies by funding mechanism. According to the Social Housing Construction Projects quarterly reports published by DHLGH, projects marked as complete in the Construction Status Report (CSR) have been returned by LAs to DHLGH as having reached substantial completion during the relevant time period. The report also states that grounds completions, landscaping and other ancillary works in addition to the allocations process and subsequent tenanting are a matter for individual LAs. As noted below in relation to the speed of delivery of units from final approval to completion date, the majority of units directly built by LAs or AHBs take between 1-2 years to complete. Therefore, the month and year in which the unit is completed varies from project to project. However, turnkeys and Part V units, given the more transactional nature of the units, as they are delivered by developers on private land, appear to be largely completed in the final quarter of the year.

Table 6 shows the quarters of the year in which LA direct build, LA turnkeys and Part Vs, AHB direct build and AHB turnkey and Part V units were delivered in the six LAs. Overall, 73% of LA units were delivered in the second half of the year. Fingal diverges from this common trend of delivery towards the end of the year in the other LAs, with 56% of its 269 units completed in Q2 over the last four years. In contrast to 54% of LA direct build units being delivered in Q4, 69% of LA turnkeys and Part Vs were delivered in Q4. Dublin City (96%), Galway City (84%) and Mayo (76%) delivered the majority of their LA turnkeys and Part Vs in Q4 between 2016 and 2019. DCC delivered 100% of their LA Turnkeys in December. Similarly, high shares of turnkey completions in December are evident in Mayo (91%) and Galway City (79%).

Table 6: Timing of Delivery of LA and AHB Units, 2016-2019

	Q1	Q2	Q3	Q4
LA – Direct Build*	12%	15%	19%	54%
LA – Turnkeys and Part Vs	8%	12%	11%	69%
AHB – Direct Build	6%	19%	8%	67%
AHB – Turnkeys and Part Vs	10%	16%	12%	62%

Source: Analysis of DHLGH Data. *LA Direct Build covers SHIP Construction, SHIP Single Stage, SHIP Rapid and Regeneration units.

Two-thirds of AHB direct build units (CALF and CAS Construction) were delivered or recorded as substantially completed in Q4 in the six LAs under review. AHBs and LAs deliver a similar proportion of units in the second half of the year at 75% and 73% respectively. Table 6 shows the distribution of AHB direct build units, however, it should be noted that the analyses is based on 25 units or less in four of the LAs. AHB direct build units in Cork County were delivered in the first six months of the year in the majority of cases (79%). This contrasts with 76% and 69% of DCC and Galway City AHB direct build units being delivered in Q4, respectively. Similar to the AHB direct builds, AHB turnkeys and Part Vs are delivered in Q4 in the majority of cases (62%), with the highest share observed in Cork County (74%). CALF Turnkey and Part Vs units (1,775 units) were largely delivered in the final quarter of the year. However, the AHBs in Galway City, Kildare and DCC did see AHBs complete purchases of turnkeys and Part Vs across a number of different quarters over the period 2016-2019.

Across the six LAs analysed, the majority of LA direct build units (on public land) take two years or more to complete from Stage 1 approval to project completion.

An important consideration in relation to the build programme is the length of time it takes to deliver social housing output. Under delivery mechanisms such as acquisitions or Housing Assistance Payment (HAP) the time to deliver output can be relatively short. Under the build programme there is a planning and delivery process involved which takes time. The followings section seeks to provide detail in relation to this question.

In terms of the build programme the overall focus here is on units delivered through SHIP, CALF and CAS construction where projects are managed from start to finish by an LA or AHB. Turnkey and Part V delivery involves the acquisition of new build units and as such are a more direct form of delivery dependent on

availability and output across the housing market. In considering the length of time for delivery we focus here on three elements:

- The length of time from Stage 1 Approval to Stage 4 Approval (Pre-contract Programme)
- The length of time from Stage 1 Approval to Project Completion (Total Project Time)
- The length of time from Stage 4 Approval to Project Completion (Final Approval to Project Completion)

Pre-contract Programme

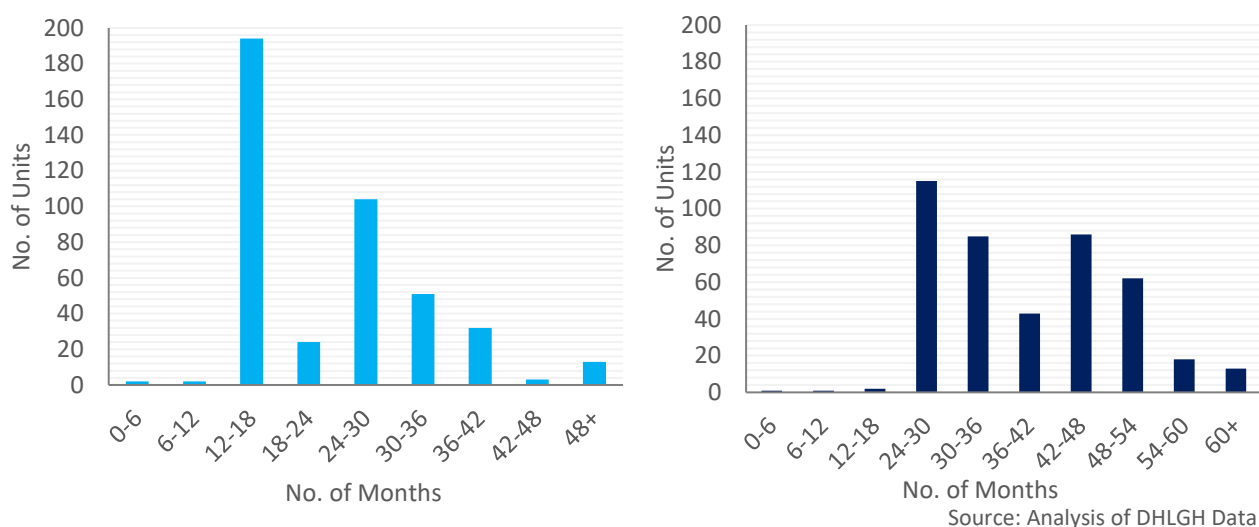
The pre-contract programme comprises the normal activities of design, planning approval, construction and tender documentation, tender period and assessment of tenders, as well as the DHLGH's approval process. There is a 4-stage approval process for social housing, which is administered by DHLGH. It is applicable to all projects seeking DHLGH funding under the Social Housing Investment Programme (SHIP). The approval process comprises a check on the business case for the project at capital appraisal stage (Stage 1) prior to approval in principle of funding, a pre planning check on procurement, the consistency of the design with design guidelines, cost and value for money (Stage 2), and two final assessments on cost pre tender (Stage 3) and on cost and procurement prior to award of tender (Stage 4). A single stage approval process for social housing of a maximum of 25 units and total costs of €6m is also available to LAs. In September 2020, an increase to the single stage approval process for capital expenditure on social housing construction projects from €2m to €6m became operational.

In 2017, a new Target Pre-Contract Programme was introduced for social housing, whereby a target of 59 weeks from stage 1 submission to DHLGH to the contract award was sought. The data provided for this Spending Review does not contain the date of contract award. However, Stage 1 to Stage 4 dates of the 4-stage approval process are provided in the majority of cases for SHIP Construction dwellings. Figure 11 below shows that of the SHIP Construction units (excluding SHIP Single Stage and SHIP Rapids) completed in the 6 LAs over the period 2016 to 2019, almost half (47%) achieved a pre-contract programme (i.e. processed and approved through the 4-stage approval process) of less than 18 months for design, planning and procurement. A further 42% took between 1.5-3 years (18-36 months) to complete the pre-contract programme. Circa 11% took more than 3 years (+36 months) to complete the pre-contract programme. Of the 344 SHIP Rapid units delivered in DCC and Fingal over the period 2016-2019, 94% of units saw a pre-contract programme of less than 12 months. The remaining six per cent of units took 12-18 months.

Total Project Time

The total project time for SHIP units constructed can be estimated by looking at the difference between the Stage 1 approval date and the project completion date. Of the SHIP Construction units completed (excluding SHIP Single Stage and SHIP Rapids) in the 6 LAs between 2016 and 2019, 28% of units took less than 2.5 years, 50% took between 2.5 to 4 years, and 22% of units took 4 years or longer.

Figure 11 and 12: SHIP Units Delivered in Case Study LAs by Months from Stage 1 to Stage 4 Approval (Pre-contract Programme) (LHS) and Stage 1 to Completion (Total Project Time) (RHS), 2016-2019



Time from Final Approval to Project Completion

The analysis considers the numbers of months from Stage 4 approval (the final stage of the four stage approval process for social housing) to the completion date of the unit. Table 7 shows the shares of SHIP units (SHIP construction, rapid and single stage) built directly by the LAs over the last four years. On average 65% of units take between 13-24 months for LAs to complete from stage 4 approval to completion date. It should be noted that of the 848 units which Table 7 presents, there are some LAs in which a small number of units are involved such as Galway City with just 14 SHIP Construction units in one scheme delivered in 2018. While 41% of units in Dublin City were completed in 12 months or less, 86% of SHIP direct build units were Rapid builds (240) across six projects. Of these 240 rapid build units, 63% were completed in less than 13 months, with one project taking 17 months and one taking 30 months. The date of funding approval for LA turnkeys under review (917 units) was provided for 94% of units. However, given that 53% of units were approved six months or less prior to completion it is not advisable to equate the time period between funding approval and unit completion for the LA turnkey units with speed of delivery. Of the AHB turnkey units under review (1,232), 53% took six months or less to deliver from funding approval date to completion, with a further 15% between 7-12 months. The remaining 32% took 13-24 months.

Table 7: Speed of Delivery of Local Authority SHIP units (Final Approval to Project Completion), 2016-2019

	Cork County	Dublin City	Fingal	Galway City	Kildare	Mayo	Grand Total
0-3 Months	25%		11%				6%
4-6 Months		8%				2%	3%
7-12 Months	2%	33%	10%			13%	16%
13-24 Months	74%	40%	69%	100%	100%	84%	65%
24 Months +		8%	11%				6%
Unknown		12%				1%	4%

Source: Analysis of DHLGH Data

Location of Build Units

From 2016-2019, the largest number of new build social houses have been delivered in the four Dublin LAs and the Greater Dublin Area (GDA).

The total number of new build units delivered by the LAs, AHBs and Part V agreements amounts to 12,976 units over the period under review (2016-2019). The largest number of new build units have been delivered in DCC (1,881), Fingal (1,205), South Dublin County Council (1,043) and Meath (853). The smallest number of new build social housing units have been delivered in Leitrim (35), Offaly (74), Sligo (76) and Westmeath (77). Figure 13 below shows the total number of newly built social housing units delivered between 2016 and 2019.

A more detailed insight into where new build units have been built can be garnered by examining the Eircode of the individual units. The Eircode is unique to the individual unit, with the first three characters of the Eircode denoting the Eircode Routing Key (ERK or Eircode area). There are 139 ERKs throughout the State. Although some ERKs traverse local authority boundaries, they can indicate particular areas with relatively high shares of new build social houses. For the purposes of this SR, the social housing units which have been built over the last four years in the six LAs under review have been mapped by ERK/Eircode area by Ordnance Survey Ireland (OSi).

Figure 13: New Build Social Housing by LA, 2016-2019

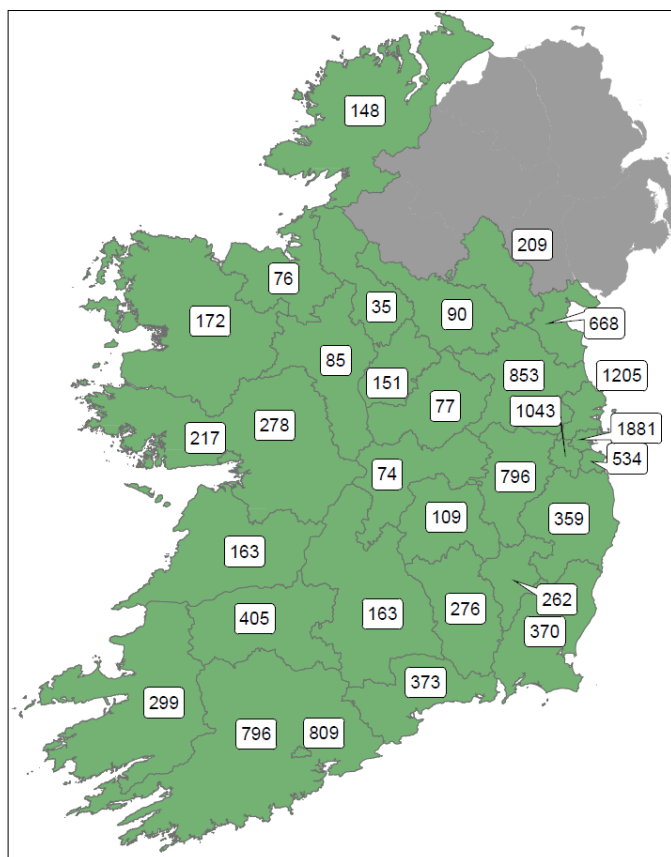


Figure 14 shows the number of new build social housing units delivered by Eircode Routing Key (ERK) in DCC over the last four years. The largest share of new build social units were delivered in Dublin 11, 8, 10, 12 and 1 (accounting for 55% of total DCC delivery). The map also shows the smallest number of new build units were constructed in Dublin 6, D6W and D07 (7% combined). Dublin 9 delivered 252 dwellings across DCC (126) and Fingal County Council (126). Figure 15 below maps the location of Fingal County Council's new build social housing by Eircode area. The largest shares of Fingal's new social houses have been constructed in Dublin 15 (31%), K67/Swords (14%), K32/Balbriggan (12%) and Dublin 9 (10%). There are Eircode areas where no new build social housing has been delivered over the last four years, such as K34 (Skerries), A42

(Garristown), and A45 (Oldtown). The maps highlight the Eircode areas where new build social housing units have been constructed over the last four years. However, information which may influence location, such as areas of highest demand or information on the land banks of the six LAs under review, or the quantum of residentially zoned land, has not been possible to find or retrieve for the purposes of this Spending Review. Therefore, these maps are indicative and act as a guide as to the areas where new social housing has been delivered. ERK maps for the other LAs under review are provided in the Appendix. As there is only one ERK in Galway City Council, it is not possible to examine Galway City Council's social housing at the ERK level.

Figure 14: New Build Social Housing Units by Eircode Routing Key in Dublin City Council, 2016-2019

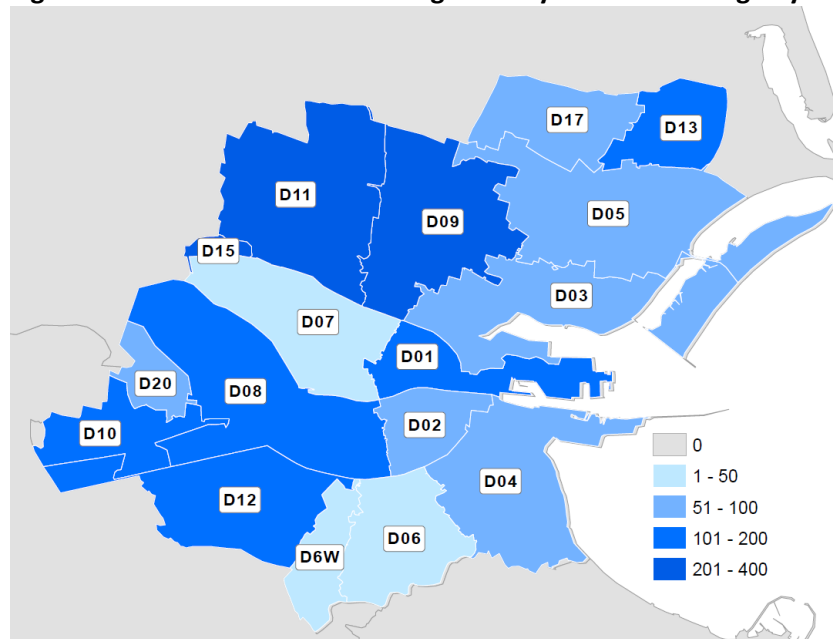
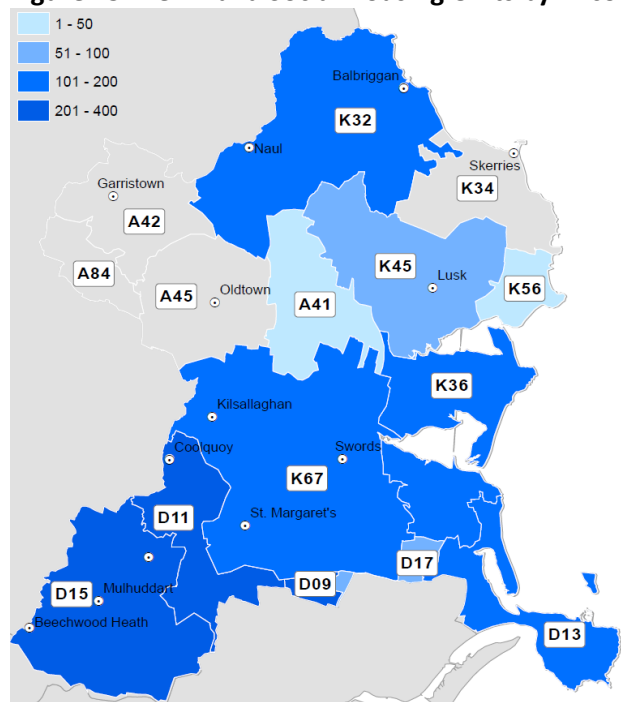


Figure 15: New Build Social Housing Units by Eircode Routing Key in Fingal County Council, 2016-2019



Source: Analysis of DHLGH data, mapped by Ordnance Survey Ireland (OSi)

Cost of Delivery

In the six LAs under review, the average cost of LA direct build units in 2019 was €233,000. The average cost of an LA turnkey was €270,000, while this was €327,000 across DCC, Fingal and Kildare.

The cost of new build social housing units is a key consideration when deciding on the type of units which should be developed in each local authority area. The following section sets out details of unit delivery costs across the six LAs and various build delivery mechanisms. The costs outlined cover the period 2016-2019 in the six LAs under review. It should be borne in mind that while units are delivered in a particular year between 2016 and 2019, the actual costs would reflect tender prices in previous years when construction contracts were agreed.

LA – Direct Build and Turnkey

Table 8 displays the number of directly built and turnkey units delivered by the six LAs over the last four years¹¹. Cork County has delivered 80% of its LA units via turnkeys (404 units), in contrast to just 19% in Mayo (23 units). The highest share of direct build units have been delivered in Mayo (81%), followed by Fingal (63%) and Dublin City (63%). In contrast, the lowest shares have been in Cork County (20%), Galway City (33%) and Kildare (37%). The analysis in this section considers the cost to the LAs of delivering these units. Unit level costs are considered in the cost efficiency section of the paper.

Table 8: No. of LA Direct Build and LA Turnkeys Units, 2016-2019

	Cork County	Dublin City	Fingal	Galway City	Kildare	Mayo	Total
LA Direct Build	102	40	165	14	82	101	504
LA Direct Build - Rapid		240	104				344
LA Turnkey	404	166	156	29	139	23	917
Total	506	446	425	43	221	124	1,765

Source: DHLGH Data

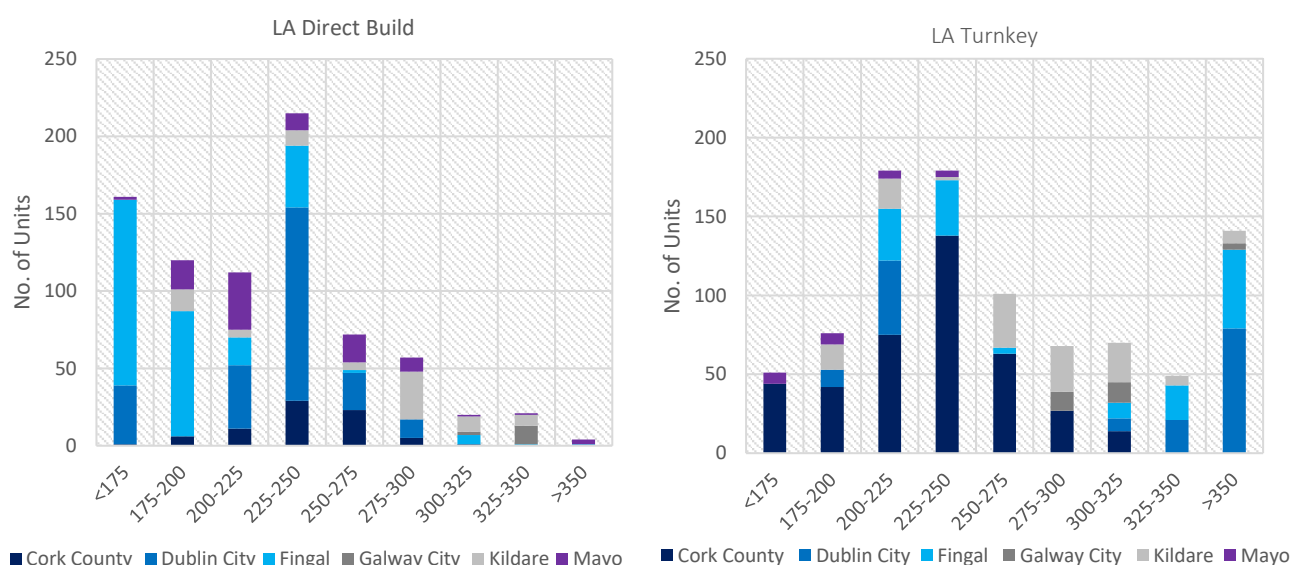
Figures 16 and 17 below show the number of units by cost category that have been built directly or acquired via turnkeys respectively by the six LAs over the period 2016 to 2019. In relation to the units directly built on public land by the LAs (LA direct build), figure 16 shows that 78% of units were built at a cost of less than €250,000. Six percent of units cost more than €300,000. The average build cost for a LA direct build unit in 2019 was circa €233,000 across the five LAs for which SHIP construction, rapid and single stage units were completed¹². The average cost in 2019 was €221,000 when abnormal costs (abnormals) are removed. As noted above, these costs of units completed in 2019 would have been tendered in the majority of cases between 2017 and 2018, if not earlier, and costs should be considered in this context. Considering the three LAs under

¹¹ 234 regeneration units in DCC are not examined in this section of analysis. They are analysed separately below.

¹² Note: the average 2019 cost of LA new build units excludes projects such as residential addiction treatment facilities, acquisitions, refurbishments, extensions, remediation works to existing dwellings, or where no funding submission has been received or the project was self-financed.

review in the Greater Dublin Area - Dublin City, Fingal and Kildare - the average LA direct build was €228,000 in 2019. The average cost ranged from €209,000 in Fingal to €275,000 in Kildare. This range of average costs highlights the diversity of costs for delivery of new build units across different developments and locations. There were no LA direct build units in Galway City in 2019. Across the LAs under review, the average cost of an LA direct build has increased 18% between 2016 and 2019, from €197,000 to €233,000. Taking the average unit cost in 2018 (when all six LAs had direct build units), the average cost was €221,000. Although one-in-four of Fingal's direct build units were rapid builds, it is notable from figure 16 that 75% of the directly built LA units in Fingal have cost less than €200,000 to deliver over the last four years.

Figures 16 and 17: No. of Units by Total Cost – LA Direct Build (LHS) and LA Turnkey (RHS), 2016-2019



In contrast to the units built by LAs, there are options for LAs to purchase units, known as turnkeys, directly from developers that have been or will be built on private land. Figure 17 shows that circa half (53%) of LA turnkeys considered under this review were found to cost €250,000 or less. This is a smaller share of units relative to 78% of units below this cost constructed by the LAs directly. Likewise, while just 6% of units built directly by LAs cost over €300,000, the share of turnkeys above this price point was almost five times higher at 28%. Figure 17 shows that of the LA turnkey units costing >€350,000, 56% of these were in DCC, followed by Fingal (35%), Kildare (6%) and Galway City (3%). The average cost for a LA turnkey build unit in 2019 was circa €270,000 across the six LAs examined. The average cost of a turnkey in 2019 ranged from €195,000 in Mayo to €412,000 in Fingal. Among the LAs in the GDA in 2019 – DCC, Fingal and Kildare – the average LA turnkey cost was €327,000.

Box 2 – Regeneration Units in Dublin City Council

Regeneration developments usually involve some combination of demolition works, new build construction, refurbishment, and the provision of community or recreational facilities. These projects often comprise aims which are broader than the pure construction elements, as the rejuvenation of a particular area can contribute to social and economic progress for the community that lives there. Given that these developments are often more complex than a standard new build project, for the purposes of the analysis, regeneration units are considered separately here. Of the six LAs under review, DCC is the only one to have delivered 234 regeneration units over the period 2016 to 2019. These units were built across five developments. In total, 190 apartments and 44 houses were built (81% apartments, 19% houses). In terms of the distribution of final unit costs (less abnormal costs) across the 234 units, the following is of note: 41% of units cost <€250,000, 26% costing €250,000 - €300,000, and 34% costing >€475,000.

AHB – Direct Build and Turnkeys

Table 9 shows the number of directly built and turnkey units delivered by AHBs in the six LAs over the last four years. The AHBs can directly build units on their own land funding them via CALF and CAS Construction funds. As shown in table 9, CALF Construction units were delivered in only two LAs, Cork County (6) and Dublin City (479). There were 176 CAS Construction units delivered in five of the LAs (no units in Kildare). However, for the purposes of analysis 115 CAS units are examined, as three projects are mixtures of new build and refurbishment works. The costs associated with 61 CAS units are atypical and thus they are excluded from the CAS cost analysis.

Table 9: No. of AHB Direct Build and AHB Turnkeys Units, 2016-2019

	Cork County	Dublin City	Fingal	Galway City	Kildare	Mayo	Total
CALF - Direct Build	6	479					485
CAS - Direct Build	56	59	23	13		25	176
AHB - Turnkey	82	358	360	109	313	10	1,232
Total	144	896	383	122	313	35	1,893

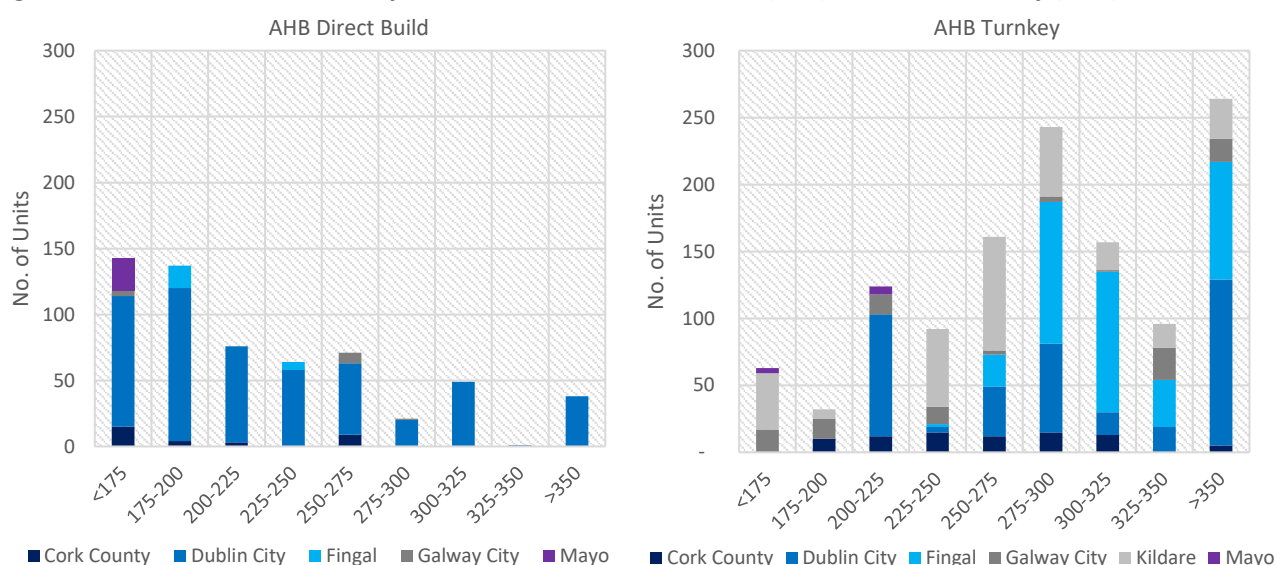
Source: DHLGH Data

Figures 18 and 19 below show the direct build and turnkey units delivered through CALF and CAS funding by the AHBs in the six LAs under review. Of the units built directly by the AHBs, 70% of units were built at a cost of less than €250,000. Fifteen percent of units cost more than €300,000, in contrast to just six percent of LA direct build units. This is likely to be largely attributable to the fact that the unit types delivered by AHBs were predominately apartments in Dublin City. In 2019, the average CALF construction unit cost €251,000, with the average 2-bed apartment costing €275,000 (DCC only). The equivalent average cost of a CAS Construction unit was €268,000. This average ranges from €237,000 in Cork County to €309,000 in DCC.

As outlined in Section 2, the Capital Assistance Scheme (CAS) funds AHBs to deliver housing for people with specific needs such as senior citizens, homeless individuals and people with a disability. CAS funding of up to 100% of the total approved capital cost of the development is available from the State. In the case of the CAS

direct build units under review in this SR, they were funded by a 100% loan to the AHBs. There are no CAS turnkeys or Part Vs in the LAs under review.

Figures 18 and 19: No. of Units by Total Cost – AHB Direct Build (LHS) and AHB Turnkey (RHS), 2016-2019



In contrast, the AHB direct build units funded through CALF Construction in Cork County (6) and Dublin City (479) were delivered at an agreed capital outlay based on a percentage of total capital costs. As noted in section 2, an approval process determines the level of CALF (up to a maximum of 30% of the upfront capital cost) and the level of Payment and Availability (P&A) (up to a maximum of 92-95% of the current market rent). P&A agreements are entered into between the LAs and AHBs. In relation to the six CALF units directly built in Cork County in 2017, the average cost of these 2-bed apartments was €101,500. The units received a 27% upfront CALF loan contribution towards the capital costs at €28,500 per unit. The equivalent average 2017 costs in DCC for 2-bed apartments was €190,000, with an average 12% upfront CALF contribution and an average of €25,000 per unit.

In the same manner that LAs can directly purchase new build turnkey units from developers on private land, so too can AHBs. It is important to reiterate that the AHB units funded through CALF, whether direct build, turnkeys or Part V, can be provided with loan funding up to a maximum of 30% of the capital cost of the unit, with the remainder of the funding sourced from either the HFA or other private finance. Therefore, the full unit cost does not reflect the cost to the LA of funding the AHB unit. This cost is determined by the CALF financial assessment and the percentage CALF contribution which falls out of same.

Between 2016 and 2019, the average CALF loan percentage for CALF Construction projects (direct build) in DCC increased from 18% in 2016 to 26% in 2019. Similarly, the average upfront CALF cost has increased from an average of circa €31,000 to €68,000 over the same period; an increase of 117% in the typical cost of providing upfront capital to the AHBs to build directly in DCC. Over the same period, the average 2-bed

apartment in DCC has increased in cost from €166,000 to €275,000; an increase of 66%. The equivalent CALF cost has increased by 64% for the same unit size from circa €45,000 to €74,000. The average upfront capital support for AHB direct build, turnkey and Part V units is shown in the table above across the six LAs under review. As noted above, these are the loan contributions made by the State (via the LAs funding the AHBs), up to a maximum of 30% in the case of CALF units, towards the costs of these new homes delivered by the AHBs at the costs provided above in figures 18 and 19. Table 10 shows that the average upfront capital contribution for turnkeys has been highest in Cork County (29%) over the last four years, with the lowest proportion in Mayo (20%). In monetary terms, the average loan contribution for a turnkey has been circa €72,000; ranging from €42,000 in Mayo to €79,000 in Fingal. The equivalent contribution for Part Vs has been on average €39,000.

Table 10: Average % and € Upfront Capital Outlay for AHB Units by Type, 2016-2019

	Cork County	Dublin City	Fingal	Galway City	Kildare	Mayo	Total
Average Contribution %							
Direct Build	27%	26%					26%
Turnkey	29%	22%	24%	23%	21%	20%	23%
Part V		23%	10%	28%	11%	23%	15%
Average Contribution €							
Direct Build	€29,000	€60,000					€60,000
Turnkey	€77,000	€75,000	€79,000	€64,000	€61,000	€42,000	€72,000
Part V		€70,000	€28,000	€59,000	€29,000	€57,000	€39,000

In 2017, the average cost of a 2-bed turnkey apartment was €229,000; range from €139,000 in Kildare to €364,000 in DCC. In 2019, the average was €292,000 or 27% higher; range from €162,000 in Mayo to €343,000 in DCC. In 2017, the average cost of 2-bed apartments funded through CALF Part V was €203,000 (units only delivered in Galway City (€181,000) and Fingal (€210,000)). This was 25% higher in 2019 at €254,000 (across four LAs, range from €176,000 in Kildare to €279,000 in DCC). It should be noted that average costs are impacted by the regional variance in composition each year among the six LAs under review in this analysis. The average capital contribution provided to AHBs to deliver turnkey units in 2019 was highest in Cork County (28%) and lowest in Dublin City (18%). The equivalent percentage for Part Vs was highest in Dublin City (30%) and lowest in Fingal (8%). The differences in contributions reflect the various financial assessments and payments & availability agreements between LAs and AHBs, which vary from project to project.

While 70% of units built directly by AHBs cost €250,000 or less, the equivalent share among turnkeys was much lower at 25%. Figure 19 above shows that among the six LAs under review, 42% of AHB turnkeys cost €300,000 or more; almost three times higher than the equivalent LA turnkey share of 15% above €300,000, and seven times higher than the LA direct build units (6%). One-third of AHB turnkey units cost between €250,000 and €300,000 over the last four years. The average unit cost has varied upwards and downwards over the period from 2016-2019 from €309,000 in 2016, to €272,000 in 2017, €277,000 in 2018, and €306,000 in 2019. The average cost of a 2-bed apartment AHB turnkey in 2019 was €292,000. This ranged from €162,000

in Mayo to €343,000 in DCC. In 2019, the average upfront CALF contribution towards the various delivery mechanisms was circa €41,000 (Part Vs), c. €67,000 (turnkeys) and c. €68,000 (Construction).

LA and AHB – Part Vs

As outlined in the overview of the social housing programme (Section 2), planning law places an obligation on developers of housing developments of more than nine units or a site which exceeds 0.1 hectares to provide 10% of the units/land for social housing¹³. Both LAs and AHBs can deliver social housing through Part V, however, Part V agreements are made between the LA and the developer. Figures 20 and 21 below show the purchase price of LA and AHB Part Vs units delivered in the six LAs under review¹⁴. Of the 628 LA Part Vs received across the six LAs, the purchase price was available for 85% of the units (536). The majority of these units (60%) cost less than €250,000. The proportion costing more than €300,000 was 17%, with four-in-five of these units in DCC. Indeed, as evidenced in the unit type analysis section above, the split in unit type of LA Part Vs is 63% houses and 37% apartments. Of the units with costs available, apartments account for the majority of LA Part V units in only one LA; DCC (96%).

Figures 20 and 21: No. of Units by Purchase Price – LA Part V (LHS) and AHB Part V (RHS), 2016-2019

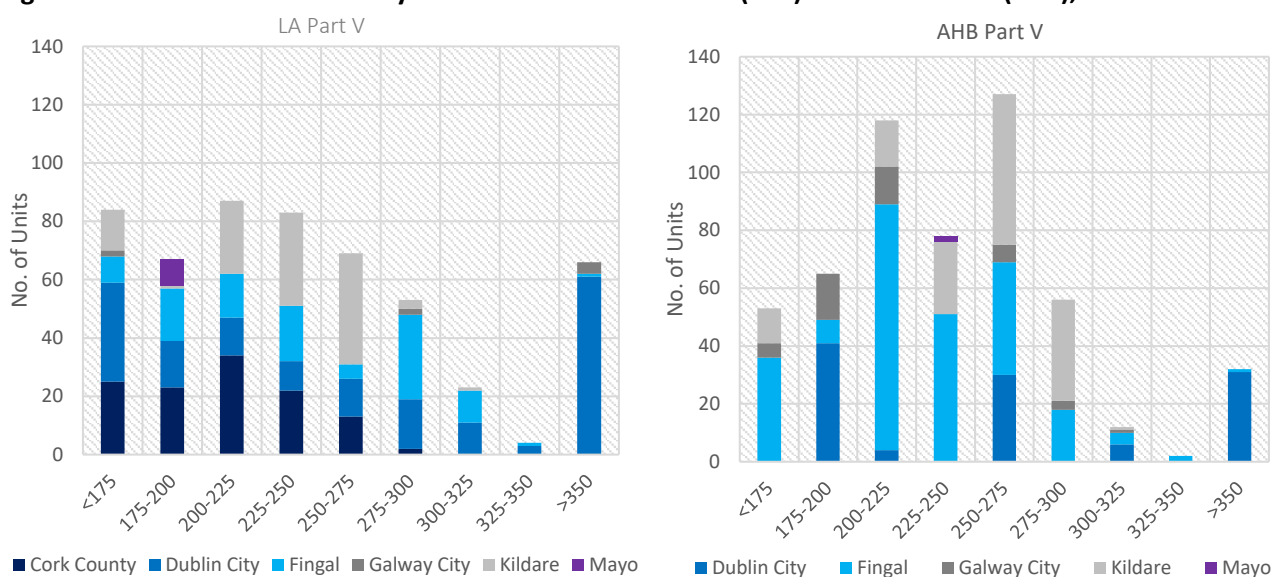


Figure 20 shows that >90% of the LA Part V units costing >€350,000 were in DCC. Indeed, among these units in DCC, there were 53 apartments (1-3 beds) purchased in Dublin 4 with an average purchase cost of €419,000 each in 2017. The most expensive LA Part V unit was delivered in 2018 at a cost of €645,000 to DCC. It is a 4-bed house in Dublin 3. However, it should be noted that less than one per cent of LA Part V units cost more than €450,000. The average cost a LA Part V unit in 2019 was €234,000. This ranged from €187,000 in Mayo

¹³ Part V costs may be impacted by the completion of units that were agreed under previous Part V legislation.

¹⁴ There were no CALF Part V units in Cork County between 2016 and 2019.

to €327,000 in Galway City. The equivalent figures in the other LAs were; €201,000 in Cork County, €226,000 in Kildare, €245,000 in DCC, and €272,000 in Fingal.

Among the AHB Part Vs (all CALF Part V units) 543 units were delivered by the AHBs in five of the six LAs from 2017 to 2019 (no CALF Part V in Cork County). Similar to the LA Part Vs, the majority of AHB Part Vs (58%) units were built at a cost of less than €250,000. Eight percent of units cost more than €300,000; half the equivalent share by the LAs. Of these units, 80% were in DCC, with the second highest share in Fingal (15%), and the balance in Galway City and Kildare. Consistent with the LA Part Vs units costing >€350,000, 97% of these units were delivered in DCC. The most expensive AHB Part V was a 4-bed house delivered in 2017 in Dublin 5 at a cost of €431,000. The average cost of an AHB Part V in 2019 was €252,000 (8% higher than the equivalent LA Part V); ranging from €232,000 in Galway City to €287,000 in DCC. However, as outlined in table 10, the State only contributes up to a maximum of 30% of the upfront capital cost for these CALF Part V units, with an average CALF sanctioned contribution of €41,000 in 2019; ranging from €22,000 in Kildare and Fingal, to €89,000 in DCC. The cost efficiency section of the paper below will analyse LA and AHB Part Vs in further detail.

Cost Efficiency

High level indicative analysis shows that the cost of delivering new build units through turnkey mechanisms appears to have been less efficient than direct build in DCC and Fingal during 2016-19. This finding does not appear to hold in other LAs such as Kildare and Cork County.

A critical consideration in relation to the delivery of social housing is cost efficiency. This section will set out analysis of this issue in a number of ways based on the available data. Cost efficiency as it relates to the social housing build programme is challenging to measure for a number of reasons. Firstly, due to data limitations unit costs data for the build programme was only provided for six Local Authority areas. Ideally, to fully assess the programme, data on all LAs would be analysed. Secondly, the cost of delivery can be impacted to a large extent by two factors – the size/type of unit and the location of the unit. It is necessary to assess the cost of units while being cognisant of these factors and the fact that certain build delivery methods can have low usage in certain LA areas. Given the data constraints in place, cost efficiency here is analysed at a high level through two approaches:

- Comparison of unit delivery costs to set benchmark in each area
- Comparison of unit delivery costs for specific types of units and specific areas

Unit Cost Analysis - UCC Benchmark

The first method of assessing cost efficiency used in this paper is to compare each individual unit delivered in the six case study LAs to a relevant benchmark. In managing LA Direct Build units, DHLGH set unit cost ceilings (UCCs) for each type of unit and each LA area. UCCs as outlined are set by the Department to manage the direct construction of social housing by LAs. As such, they are not used to manage the unit cost of delivery

Figure 22: High Level Overview of Cost Efficiency Methodology

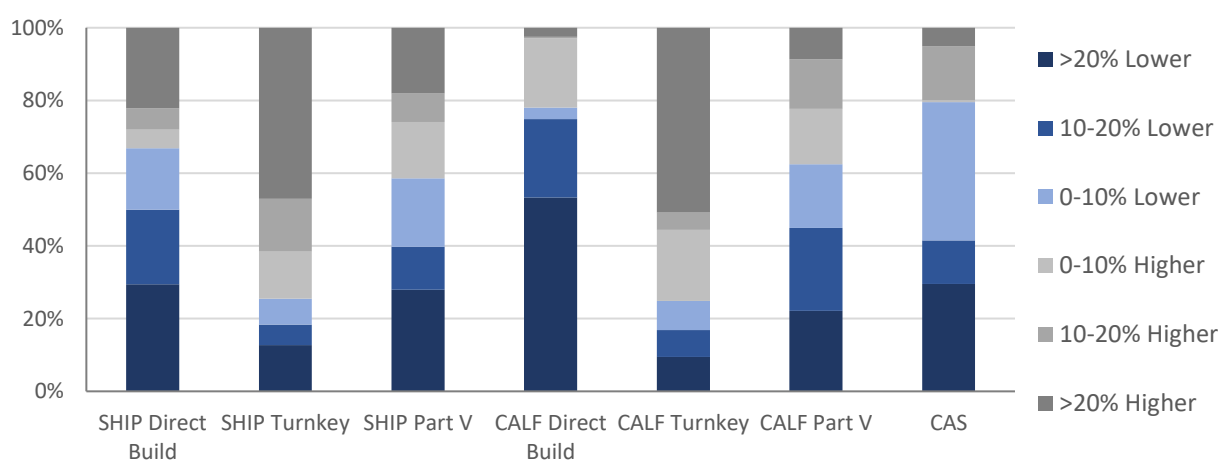


across other delivery mechanisms such as AHB delivery or turnkey delivery. However, the UCCs provide a useful benchmark as they set out a specified cost level for a particular type of unit in each LA area and for each year. The analysis below sets a comparison of each unit with the relevant UCC for

that area and provides an indicative overview of cost efficiency. For example, it compares the delivery of a 2-bed apartment in Dublin City Council with the UCC for a 2-bed apartment in that Local Authority¹⁵.

Figure 23 sets out the proportion of units by the % difference between the unit cost and the relevant UCC for that unit. As such, units listed as being 10-20% lower are individual units where the stated unit cost of delivery is between 10 and 20% lower than the relevant UCC for that unit. The relevant UCC is the set UCC for the equivalent unit type (e.g. 2-bed house) in a stated LA area (e.g. Dublin City Council) in a stated year (e.g. 2017). The analysis does this for all units and Figure 23 demonstrates the distribution of units across bands for each delivery mechanism. As the analysis detailed below shows, a greater proportion of the units delivered through SHIP Turnkey are at a cost that is higher than the relevant benchmark compared to SHIP Direct Build. Around two-thirds of units directly built by LAs are below the relevant benchmark, while the opposite is true for new built units that have been acquired by LAs through the Turnkey mechanism with two-thirds being above the benchmark cost. For units delivered by AHBs through CALF funding, we can see a similar development. Around two-thirds are above the benchmark for new build units purchased by AHBs, while two-thirds are below for units directly built by AHBs.

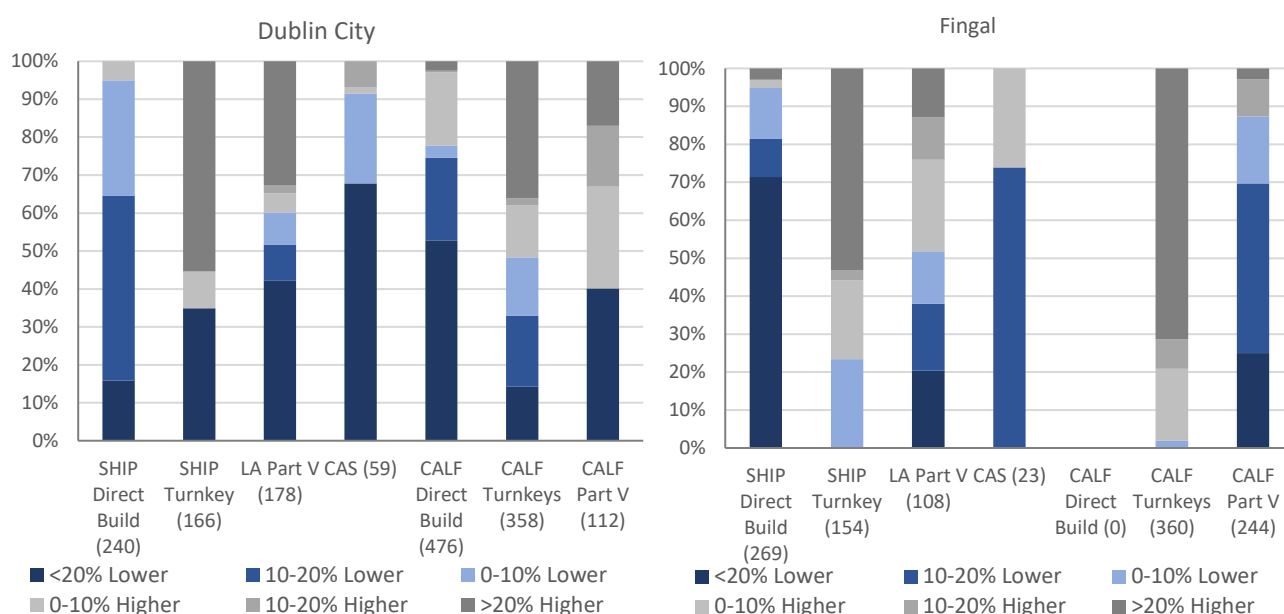
Figure 23: % of Units by UCC Comparison in Case Study LAs, 2016-2019 (Blue = Below, Grey = Above)



¹⁵ It should be noted that the relevant benchmark for LA and AHB Direct Build and Turnkey mechanisms is based on the date of approval while the benchmark for Part V units is based on the date of delivery. Further detail on this is contained within Appendix 2.

In addition to looking at the units compared to the benchmark of the relevant UCC for that area/unit type for the whole build programme, we can also look at this by LA areas to assess whether there is a difference regionally. The following sets out this analysis for each of the 6 case study LAs. As is set out in Figures 24 and 25, a much higher proportion of units directly delivered by LAs are below the relevant benchmark cost compared to LA turnkey delivery in DCC and Fingal. As such, the indicative analysis suggests that in DCC and Fingal cost efficiency was higher in delivering social housing build units directly by LAs rather than through turnkey mechanisms whereby newly built units are acquired by the LA. For DCC, this finding also holds for AHB delivery where direct delivery by AHBs is seen to be more cost effective than AHBs using Turnkey delivery.

Figure 24 and 25: % of Units by UCC Comparison, 2016-2019, DCC (Left) and Fingal (Right)



Figures 26 and 27 look at Galway City and Kildare. Based on the indicative analysis outlined, it does not appear that Turnkey delivery is less cost efficient than LA Direct Build delivery. In Kildare units delivered through LA Direct Build and LA Turnkey are relatively similar in terms of the majority of units being above relevant benchmark costs. Similarly in Galway City there are relatively similar proportions of units above and below relevant benchmark costs. However, it should be noted that this is based on a relatively low amount of units in Galway City. Figures 28 and 29 set out the findings for Cork County and Mayo. In Cork County, the proportion of units that are under the relevant UCC is higher under LA Turnkey than under LA Direct Build. In Mayo, a much higher proportion of the units that have been delivered through LA Turnkey have been below the relevant benchmark costs compared to LA Direct Build although this is based on a relatively low number of LA turnkey units. As such, this high level analysis indicates that the cost efficiency considerations for the build programme differs by region and this point should be explored further and monitored over time.

Figure 26 and 27: % of Units by UCC Comparison, 2016-2019, Galway City¹⁶ (Left) and Kildare (Right)

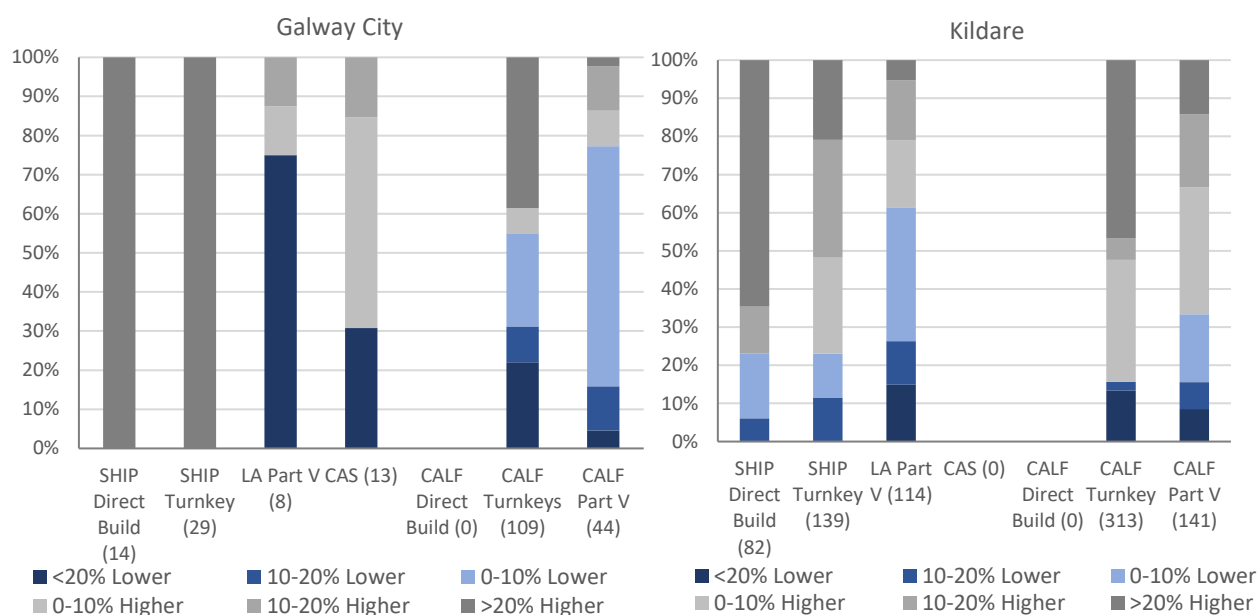
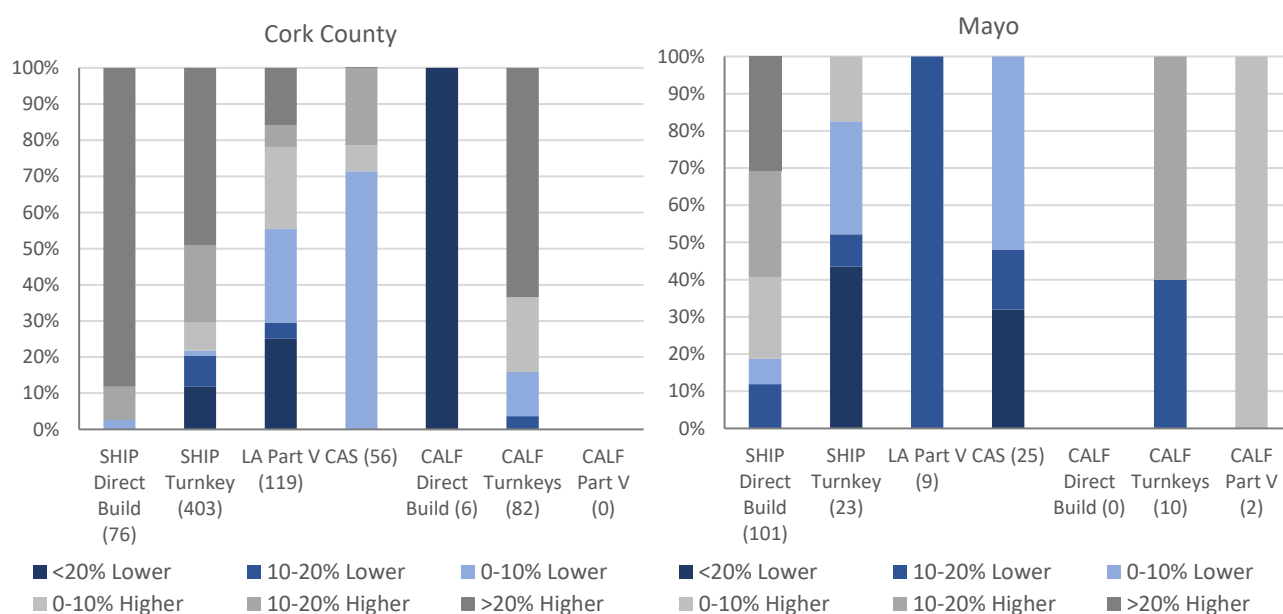


Figure 28 and 29: % of Units by UCC Comparison, 2016-2019, Cork County (Left) and Mayo (Right)



Unit Cost Analysis – Specific LA and Unit Type

The following section sets out a unit cost analysis of the social housing build programme. The analysis looks at specific types of units within each LA area and compares the average unit cost of delivery across delivery mechanisms. Given that there are relatively low amounts of certain types of units in each delivery mechanism being delivered in some LAs the tables below highlight a few unit types where there are a sufficient number of units delivered. For instance, results are not presented here for one bedroom apartments in Cork County given the low number of units delivered. In addition, the analysis below relates to the average over the time period

¹⁶ It should be noted that the SHIP Direct Build units in Galway City refers to one project only which had a high level of abnormal costs compared to a typical project.

and as such does not account for the distribution of units in each year. This should be kept in mind as a caveat to the analysis. As can be seen below there are a number of findings from this high level analysis:

- In DCC, the average cost of delivering 3 bed houses through CALF Turnkey across the four years was 79% higher than CALF Direct Build. In addition the direct build of 3 bed houses by LAs was 64% lower than the cost for LA turnkey (although there was only one Turnkey project). For 2 bedroom apartments the average cost of delivery for the LA using Turnkey was around €285,000. The delivery for AHBs is similarly at a lower cost for Direct Build than Turnkey for two bed apartments.
- In Fingal, the cost of delivery for three bed houses was significantly lower through LA direct build than LA Turnkey. However, it should be noted that there were only 35 3-bed houses delivered through Turnkey. On average a 3-bed unit delivered in Fingal directly by the LA cost just over €180,000.
- In Cork County Council, the unit cost of delivery for three bed houses was similar across SHIP Direct Build, SHIP Turnkey and CALF Turnkey at between €230,000 and €250,000. As such, there appears to be less difference from a cost perspective of the delivery mechanisms in this area.

Table 11: Unit Cost Analysis, Dublin City Council, 3 Bed House, 2016-2019

	Number	Average	Min	Max
SHIP Direct Build	119	235,006	164,281	277,991
SHIP Turnkey	24	384,768	384,768	384,768
SHIP Part V	1			
CAS	0			
CALF Direct Build	73	206,711	185,022	207,012
CALF Turnkey	95	369,382	276,224	445,331
CALF Part V	0			

Table 12: Unit Cost Analysis, Dublin City Council, 2 Bed Apartment, 2016-2019

	Number	Average	Min	Max
SHIP Direct Build	0			
SHIP Turnkey	81	285,043	205,393	372,366
SHIP Part V	109	327,141	131,911	468,567
CAS	9	234,812	104,293	319,411
CALF Direct Build	96	280,816	165,781	428,010
CALF Turnkey	49	324,915	235,734	464,870
CALF Part V	52	255,766	192,428	386,986

Table 13: Unit Cost Analysis, Fingal County Council, 3 Bed House, 2016-2019

	Number	Average	Min	Max
SHIP Direct Build	126	183,577	154,783	246,015
SHIP Turnkey	35	346,728	268,000	435,000
SHIP Part V	89	255,019	178,738	381,398
CAS	0			
CALF Direct Build	0			
CALF Turnkey	193	329,612	257,559	436,898
CALF Part V	56	233,904	159,851	330,861

Table 14: Unit Cost Analysis, Cork County Council, 3 Bed House, 2016-2019

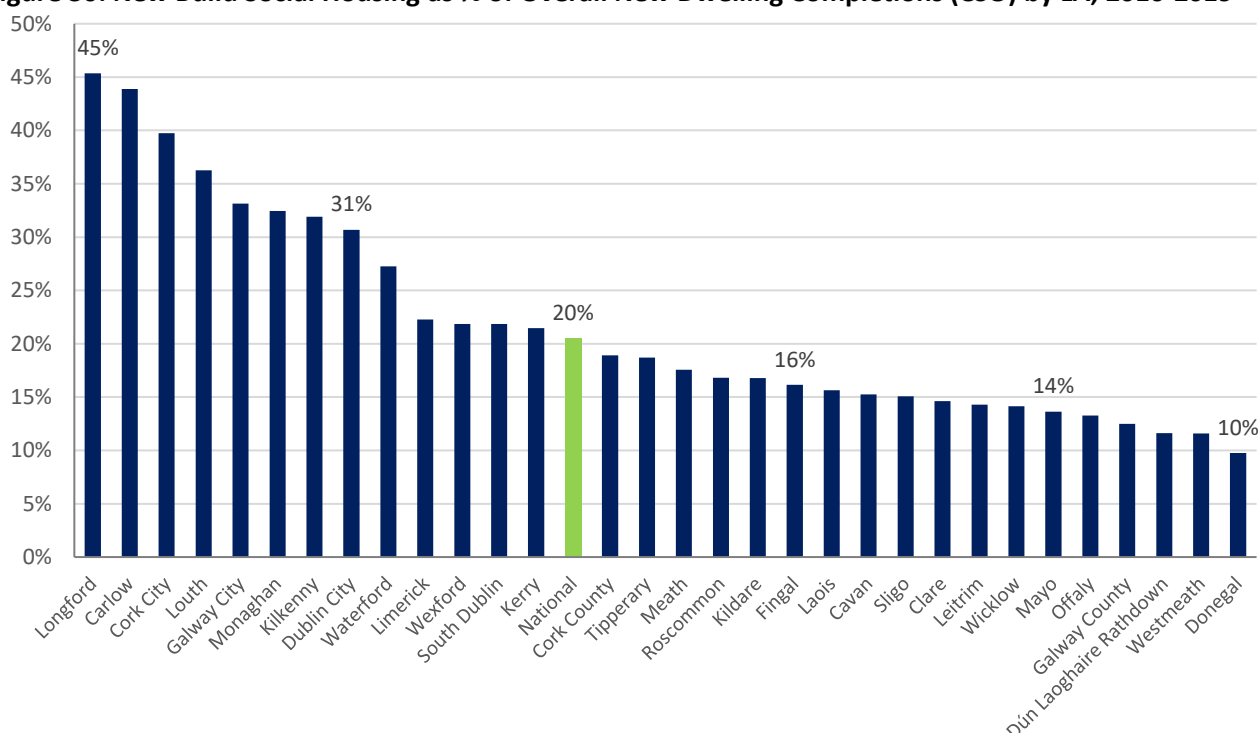
	Number	Average	Min	Max
SHIP Direct Build	22	258,718	182,057	323,000
SHIP Turnkey	290	234,106	134,633	290,700
SHIP Part V	125	197,906	58,920	282,207
CAS	0			
CALF Direct Build	0			
CALF Turnkey	65	254,268	197,925	309,633
CALF Part V	0			

Interaction with the Wider Market

Around 20% of all new dwellings built between 2016 and 2019 have been built or bought for social housing purposes and this is as high as 45% in some LAs (Longford). There are Eircode areas, especially in Dublin, where social housing accounts for the majority of new units between 2016 and 2019; for example Dublin 10 (100%), Dublin 1 (62%), and Newbridge (54%).

This section considers the interaction between the new build social housing units delivered over the period 2016 to 2019 and the wider housing market¹⁷. The analysis centres on the CSO's new dwelling completion statistics, whereby the number of units delivered by local authority area and Eircode Routing Key (ERK or Eircode area) are compared to the total number of new build social housing units constructed and provided for social housing purposes. Figure 30 below shows new build social housing delivered by LA over the last four years as a proportion of total new dwellings.

Figure 30: New Build Social Housing as % of Overall New Dwelling Completions (CSO) by LA, 2016-2019



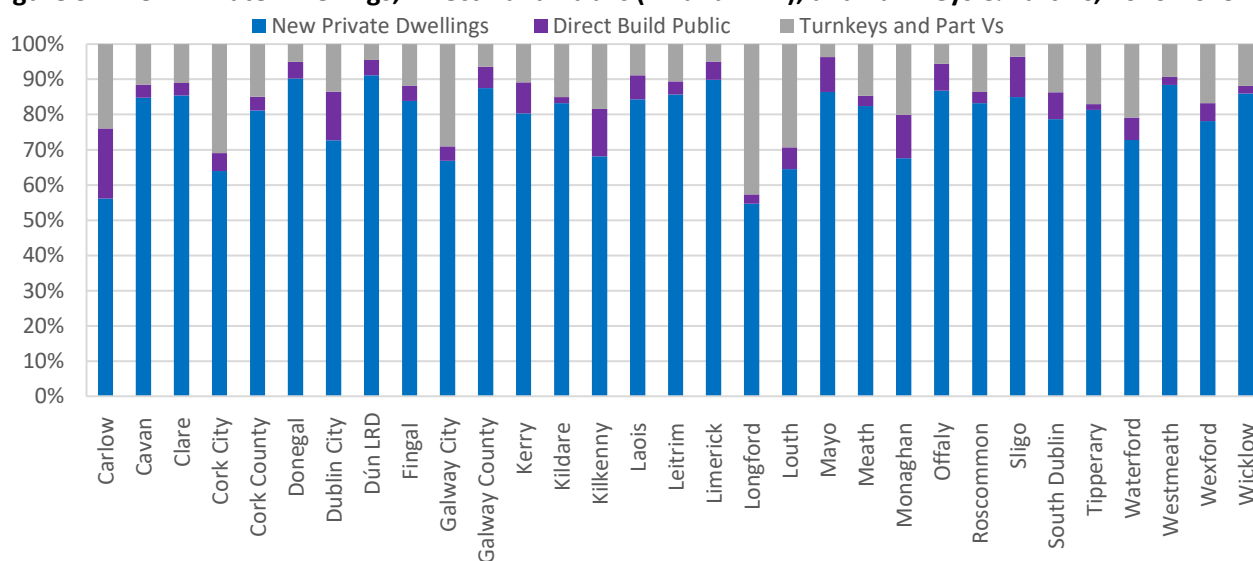
Source: Author Analysis of DHLGH and CSO Data

¹⁷ Other delivery streams, for example, such as Buy and Renew, CPO, Repair and Leasing, and Voids may also add additional active stock depending on their nature, but are not considered in this analysis.

Over the course of the four years, 63,316 new dwellings were built, of which social housing units amounted to circa 12,970 (20%). The graph illustrates that across the 31 LAs, the LA with the largest proportion of its new dwellings being utilised for social housing is Longford (45%), followed by Carlow (44%), Cork City (40%) and Louth (36%)¹⁸. Furthermore, approximately one-third of units in Galway City, Monaghan, Kilkenny and Dublin City were social housing new build units. In contrast to these higher shares, circa one-in-ten new dwellings were for social housing purposes in Donegal (10%), Westmeath (12%), Dún Laoghaire Rathdown (12%), and Galway County (12%).

Considering this interaction further, the proportion of units built directly on public land by both the LAs and AHBs relative to the wider market of new dwellings is shown below in figure 31, alongside the number of turnkeys and Part Vs delivered for social housing on private land. The graph shows that Carlow had the largest share of direct build social housing units (LA and AHB combined) as a share of all new dwelling completions at 20% over the last four years. It was followed by Dublin City (14%), Kilkenny (14%), Monaghan (12%) and Sligo (12%). The lowest shares were in Tipperary (1.6%), Kildare (1.7%), Wicklow (2.2%) and Westmeath (2.3%).

Figure 31: New Private Dwellings, Direct Build Public (LA and AHB), and Turnkeys & Part Vs, 2016-2019



Source: Author Analysis of DHLGH and CSO Data

Of the 31 LAs, 26 LAs had a proportion of direct build social housing amounting to less than 10% of all new dwelling completions over the last four years. Overall, circa 6% of new dwellings are accountable for as direct build LA or AHB housing. In contrast to the share of units directly built by LAs and AHBs, figure 31 also shows the share of new build social housing units purchased or delivered on private land via turnkeys and Part V agreements. There are particular LAs where large shares of new dwellings were acquired through turnkey and

¹⁸ New dwelling completions include single (one-off), scheme (multi-unit) and apartment dwellings. Single scheme dwellings are predominantly self-builds that are not for sale on the private market. Therefore, comparing social housing units to single, scheme houses (multi-unit developments) and apartments, may in some instances underestimate the amount of social housing as a proportion of new dwelling completions on the private market. Due to data limitations it is not possible to identify this for the entire country. However, as an example, in Longford over the period 2016-2019, 151 scheme and apartment units were built (excluding single dwellings), which is the same output as the new social housing delivery in these years.

Part V agreements for use as social housing. For example, the largest share was in Longford (43%), followed by Cork City (31%), Louth (29%) and Galway City (29%). The lowest share of units delivered through these mechanisms on private land was in Sligo (4%), Mayo (4%), Dún Laoghaire Rathdown (5%) and Limerick (5%). Overall, this suggests that approximately 20% of new dwellings built over the last four years have been built or bought for social housing purposes.

Within the LAs, there are particular areas (denoted by Eircode Routing Keys (ERKs)) where high shares of social housing over the last four years as a proportion of all new social housing delivery are observable. It should be noted that the ERKs do not align with the LA administrative/county boundaries and therefore, only those ERKs which are fully or largely within the administrative boundaries of the LAs (or the LAs under review) are considered in this analysis. As shown in the graphs above, there are particular LAs where social housing delivery has been a relatively large share of total new dwellings. Considering the new dwelling completions as reported by the CSO, there are particular parts of DCC where the majority of new build units have been built or bought for social housing purposes. For example, in Dublin 10, it appears that almost all units built between 2016 and 2019 (168 units) have been for social housing. Similarly, in D1, D11, D12 and D17 between 40% and 62% of new build units are accounted for by social housing. Circa half of the new dwellings in Newbridge, Co. Kildare have been built or bought for social housing. Table 15 details the Eircode areas in the six LAs under review which have the highest proportions of social housing units built between 2016 and 2019.

Table 15: Eircode Areas (ERKs) - New Social Housing as % of New Dwelling Completions, 2016-2019

Eircode Routing Key	Proportion	Eircode Routing Key	Proportion
D10: Dublin 10 (Ballyfermot)	100%	K45: Lusk	37%
D01: Dublin 1 (North inner city)	62%	D05: Dublin 5 (Artane, Raheny)	37%
D11: Dublin 11 (Ballymun, Finglas)	61%	P56: Charleville, Co. Cork	32%
D17: Dublin 17 (Balgriffin, Coolock)	54%	D09: Dublin 9 (Beaumont, Drumcondra)	31%
W12: Newbridge, Co. Kildare	54%	D03: Dublin 3 (Clontarf, East Wall)	31%
P24: Cobh, Co. Cork	40%	R51: Kildare	30%
D12: Dublin 12 (Bluebell, Crumlin)	40%	D08: Dublin 8 (Inchicore, Kilmainham)	28%

Source: Analysis of DHLGH and CSO New Dwelling Completions data.

There are Eircode areas where no new build social housing has been delivered over the last four years, such as K34 (Skerries), A42 (Garristown), and A45 (Oldtown). The CSO new dwellings completion data for 2016 to 2019 records 305 new dwellings in K34, 40 in A42 and 11 in A45. It is noteworthy that no new social housing units have been provided in the Eircode area of K34 (Skerries) over the last four years.

5. Wider Policy Issues

In considering the delivery of social housing support through the build programme, and more widely, there are a number of wider policy issues that require consideration.

Interaction with the Wider Market

In considering the delivery of social housing support it is important to consider the interactions with the wider housing market. This is important as the nature and level of supports impact on overall housing supply and demand. It is the case that the way in which this support is delivered can have varying impacts on the market. For instance certain mechanisms (such as Local Authority or AHB Direct Build) may add to the overall stock of housing while others (such as acquisitions or HAP) do not. As such, in managing the effective supply of social housing it is necessary to understand the impact these mechanisms have in addition to other considerations such as cost efficiency and the appropriateness of accommodation. Overall policy should also be informed by developments in the wider housing market given that mismatches of supply and demand more generally increase the demand for housing supports and present a challenge to the efficient delivery of supports.

Undertaking an assessment of the market impact of delivery mechanisms is challenging but is something that should be prioritised by DHLGH. At a high level this paper has added to the evidence base with some findings in relation to market impact. The paper has estimated that of the 63,316 units built from 2016-2019, circa 20% of these units have been built (6%) or purchased (14%) for social housing purposes. In addition, particular locations at the Eircode area level have been identified where social housing accounts for significant proportions of new build units, such as Dublin 10 (100%), Dublin 1 (62%) and Dublin 11 (61%). These high shares of social housing relative to the overall build in these areas may be a result of where LA public land is available, where there is a high level of demand, or areas where private developments are not currently being built. Previous research in the 2019 Spending Review showed that the acquisition of second-hand homes by LAs can account for over 10% of transactions in certain parts of the country. Given the level of expenditure in this policy area and the overall context within the wider housing market, further analysis of the market impact of supports should be prioritised by DHLGH.

Management of Housing Support and Policy

While the analysis that has been completed in recent years through the Spending Review has focussed on understanding the cost efficiency of housing support delivery mechanisms, it is the case that other aspects of overall social housing policy are essential in the consideration of how supports are provided and the management of an important state intervention. In this regard there are a number of important areas where further analysis would help to enhance the overall evidence base.

Firstly, the efficient and effective management of the stock of housing supports is an essential consideration. Previous research has shown that around one in seven households in Ireland are in receipt of housing support,

that LAs manage a stock of approximately 130,000 units and AHBs manage a stock of approximately 30,000 units¹⁹. Further analysis on the cost efficiency of how this level of support is managed in terms of maintenance and renewal costs, and the appropriate matching of support to need and demand is required. Secondly, the distributional impact of supports is an important aspect of the overall policy. The way in which social housing eligibility and tenant contributions are managed has implications for the efficient and appropriate provision of support. The extent of support is linked to income and the difference between the rate at which a household would spend on renting in the private market versus the rate at which a household spends on tenant contribution while receiving housing support. The current system of differential rents should be reviewed and consideration should be given to the equity and efficiency of the system.

Sectoral Capacity and Land Availability

A key aspect of the delivery of social housing support is the issue of sectoral capacity and land availability. The delivery of support through LA or AHB direct build depends on the availability of serviced land in suitable locations and the capacity of authorities to deliver projects in an efficient and effective manner. In terms of land availability it is imperative for the management of national policy in this area that there is sufficient data on available public land by LA area. There have been a number of initiatives in this area in recent years. A national residential land availability survey (RLAS) was carried out in 2014 by the LAs²⁰ which identified the amount of zoned land across the country. The area of such lands amounted to 17,434 hectares, which given a range of densities appropriate to whether the areas are in small villages or larger towns and cities, could theoretically enable the construction of over 414,000 dwellings. However, this analysis has not been updated on a national basis in the interim period. In March 2017 an online Housing Land Map was launched by DHLGH which provides details of residentially zoned lands, local authority owned and Land Aggregation Scheme sites, and publicly owned sites with potential for housing development. The data suggests that the 1,900 hectares of State land could accommodate between 47,500 and 66,500 homes²¹. The map suggests that DCC had 121 hectares of LA land, which if densities of 50-100 units per hectare were applied would deliver between 6,000 and 12,000 units. Recent activity by DHLGH and the LGMA to update and maintain this data should be continued and made a permanent operational requirement. The LDA is currently developing a register of all State owned lands to allow for better management of the State land assets, strategic planning and urban regeneration. This is a long term project that will be underpinned by forthcoming legislation establishing the LDA by statute. The availability of data on land availability should be enhanced by DHLGH in conjunction with the local authorities in particular to support strategic planning in terms of social housing supports.

¹⁹ O'Callaghan, D. Kilkenney, P. and Farrell, C. (2018) 'Social Impact Assessment: Social Housing Supports'. Corrigan, E. and Watson, D. (2018) 'Social Housing in the Irish Housing Market'. ESRI Working Paper no. 594

²⁰ Residential Land Availability Survey 2014

²¹ Authors' calculations – based on low to medium density of 25-35 units per hectare.

Incorporating spatial data on the location and nature of the LA held lands is a critical component of this work in order to plan for future new build construction.

The capacity of the LA and AHB sector to plan, design and construct new social housing is critically important. One of the central questions is the extent to which LAs can activate their own public land for new residential developments. Across the 31 LAs, there are staff with skills in planning, engineering, architecture and project management. However, information on the amount of staff working exclusively or predominately on new social housing is not readily known across the local government sector. While recognising that the management of LA staff is a matter for each Chief Executive of the individual LAs, a central review of the capacity of the sector should be carried out to assess the current structure and capacity of social housing delivery and to identify initiatives to improve the cost efficiency and timeliness of delivery.

Data Availability

This is the fourth Spending Review to be written on social housing in as many years. Over this period, DHLGH has improved the quality of its data and the collection of same from the 31 LAs in response to the findings of previous reviews. One fundamental improvement, has been the central recording of unit types (house, apartment) and the number of bedrooms in order to assess the extent to which supply matches demand, and is appropriate to the needs of the occupier. Indeed, the data quality recorded in relation to CALF and P&A agreements has improved. It has moved from project level analysis to individual unit level records detailing unit type, floor area (sq.m.), Eircode, BER, and CALF sanctioned costs/percentage. Such information can now be used by DHLGH, LAs and AHBs to examine the cost per square metre of constructing various units over time and better manage new housing stock as regards energy efficiency.

While improvements have been made it is still the case that the process of collecting data and the level of data availability both require improvement to support the strategic planning of social housing support. Currently LAs engage with a number of different sections of DHLGH including the Social Housing Policy Unit, the Built Environment Advisory Unit and the Statistics Unit in terms of submitting data on output and costs. This involves numerous submissions by LAs and an internal process of verifications within the Department across units. It can often be the case that the information is not recorded completely or accurately in all cases. The data from the six LAs under review in this paper included incomplete data entries, including dates for different stages of approval. The paper-based nature of the approvals process and claims for costs undermines the ability to achieve a complete record from start to finish of social housing data. DHLGH manage programmes at project level, however, there is a recognition of the value of unit level records which can aid and inform value for money considerations across all 31 LAs. As noted in the 2019 SR, it is important to again reiterate the need for DHLGH to progress and transition the recording and management of all social housing data to a single IT solution. The provision of such a system would enhance the efficiency of reporting by LAs and support the

strategic assessment of social housing delivery in terms of cost efficiency and the type of supply being delivered. The system would facilitate monthly/quarterly reporting on the housing stock, with stock details and the financial costs associated with the units made clear. While DHLGH has committed to developing such a system, this needs to be prioritised.

Strategic Planning of Delivery

Underlying considerations of data availability, sectoral capacity and cost efficiency is the need for strategic planning with regard to social housing delivery. The planned delivery of social housing at a national level should be informed by an analysis of cost efficiency and overall housing demand at a local level. Support being delivered in each LA should seek to be appropriate to identified social housing needs in the area and delivered in a cost efficient manner. Further policy development will be assisted through the provision of a Housing Need Demand Assessment (HNDA) in each local authority area as required by the National Planning Framework (NPF). HNDAs involve each LA assessing the demand for housing in their area across all tenures and can inform the cost efficient delivery of supports. DHLGH is preparing statutory Guidelines for the LAs, to supersede the previous Guidelines, which will outline how they should prepare, monitor and report on their Housing Strategies and the required land resource management for delivery. LAs are awaiting the publication of revised guidelines for the preparation of statutory County Development Plans and Housing Strategies (including Housing Need Demand Assessments). It is vitally important that DHLGH prioritise these revised Guidelines (which have not been updated since 2007) so that LAs can comprehensively plan for the delivery of housing within their area including social housing support at a local level. The social housing need and appropriate unit sizes should be informed by the annual social housing need assessment in each LA. Oversupply of larger units which do not match the social housing need should be avoided, which may necessitate increased LA and AHB construction of smaller units on public land. In terms of national policy, any targets for delivery should be informed by cost efficiency considerations to ensure that the overall programme is managed appropriately.

6. Conclusions

This Spending Review has examined the social housing build programme over the years 2016 to 2019, focussing on six LAs in particular; Cork County, Dublin City, Fingal, Galway City, Kildare and Mayo. The paper builds upon DPER and IGEES research on the social housing sector over the last number of years. The review has arrived at a number of key findings:

- The build programme has been utilised to various degrees across the 31 LAs, with some delivering the majority of units through direct build mechanisms on public land, and others relying to a much greater extent on the private market to deliver new social housing on private land.

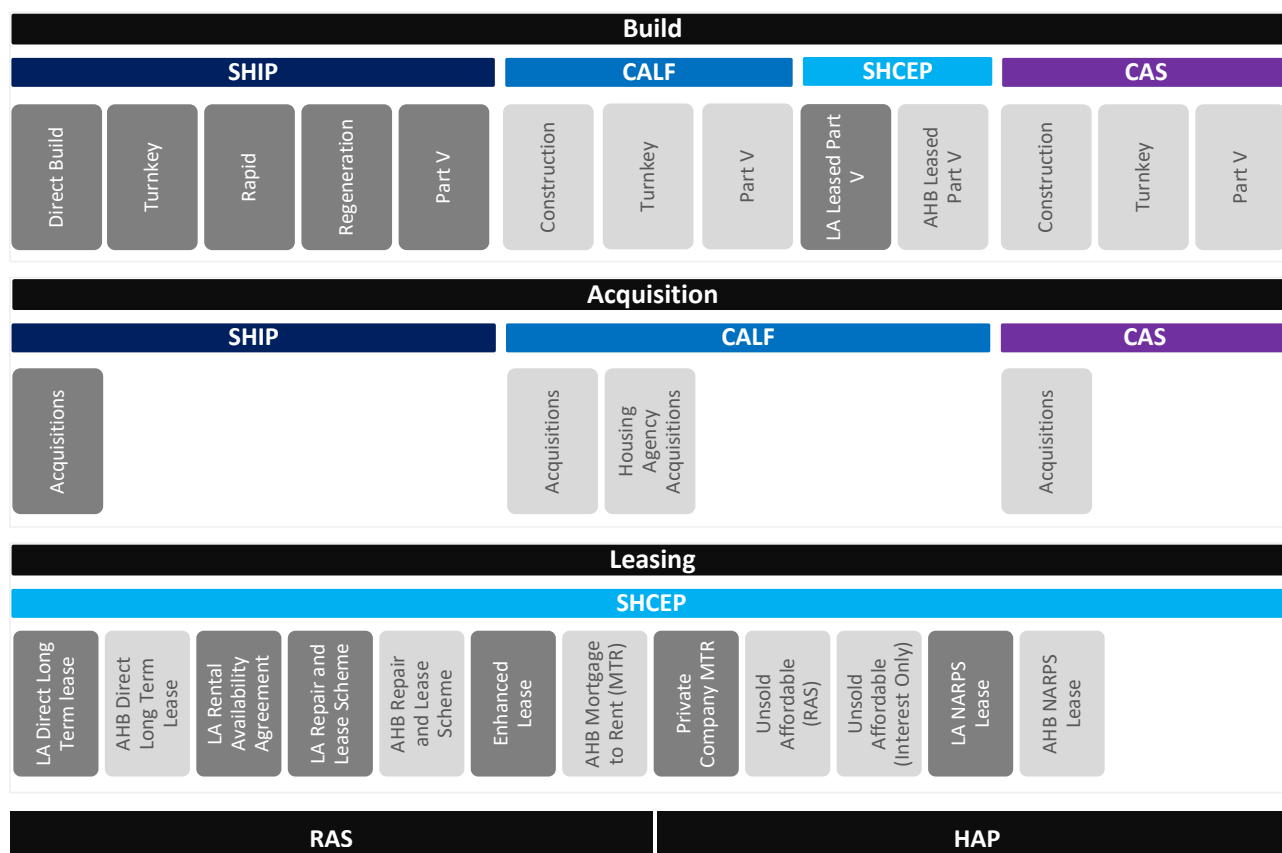
- In the six LAs under review, LAs have directly built new units which are three bedroom houses in the majority of cases, while the AHBs have a larger focus on the construction of apartments.
- Overall, social housing has accounted for circa one-in-five of all new dwellings built between 2016 and 2019. There are Eircode areas where social housing accounts for the majority of new units between 2016 and 2019; for example Dublin 10 (100%), Dublin 1 (62%), and Newbridge (54%).
- The majority of units (72%) built directly by the six LAs under review (SHIP units) took more than 2.5 years to complete, from Stage 1 approval to completion date. Just 28% took less than 2.5 years.
- The cost of constructing units varies by build delivery mechanism and location. In general the review has found that the cost of using the turnkey mechanism is more expensive for LAs or AHBs than direct build in areas like Dublin City and Fingal, but that the costs for LA Turnkey is similar or slightly better than Direct Build in other areas such as Cork County and Kildare. Therefore, the planning of the build programme should be informed by cost efficiency at a local level to ensure best value for money.
- There are a number of areas that require further analysis and consideration. These include the market impact of housing supports, the strategic planning of delivery based on cost efficiency and needs, sectoral capacity for implementation, the availability of appropriate data and the efficient management and use of the existing stock of social housing support.

In summary, the build programme has seen over €2 billion spent from 2016 to 2019. Over the same period, significant expenditure has been incurred on second-hand acquisitions (€1.5 billion), leasing (€399 million), and housing support subsidies such as HAP (€869 million) and RAS (€551 million). LAs must determine the most appropriate mix of social housing delivery for their area cognisant of the wider housing market in which they operate. These assessments and the consideration of options must be informed by timely and accurate data. DHLGH should prioritise the improvement of data collection on social housing delivery and progress initiatives to promote strategic planning, including the Social Housing Needs Assessment, the Housing Need Demand Assessments (HNDAs) and the identification of available land.

The work completed on social housing through the Spending Review process in recent years has shown that the cost efficiency of delivering support differs by delivery mechanism and region. While it may be more cost efficient to directly build new social housing on public land in urban locations relative to more costly HAP or turnkey options, this should not be assumed to apply to every LA. Indeed, it may be more cost efficient in other areas, such as more rural locations, to provide social housing through a blend of second-hand acquisitions, HAP, leases and/or turnkeys, if the relative costs of new directly built units on public land is not more cost effective. In addition, analysis has shown that the majority of units being delivered are three bed houses while the majority of households in need of social housing support are single people or single people with dependents. Going forward the delivery of overall social housing support should be further underpinned by cost efficiency considerations at a local level and the demand for housing support.

Appendix 1: Overview of Delivery Mechanisms

Figure 32: Social Housing Output Reporting Categories (Dark Grey = LA, Light Grey = AHB)



Appendix 2: Cost Efficiency Methodology and Date of Delivery/Approval

The cost efficiency section of this paper analyses the cost of delivering social housing build units against the relevant benchmark in each LA and for each type of unit. The relevant benchmark used is the Unit Cost Ceiling (UCC) set by DHLGH to manage the LA Direct Build mechanism. Due to data availability (e.g. no clear date of approval for SHIP Part Vs) and the nature of delivery mechanisms, the relevant benchmark is based on the year of delivery for Part Vs.

The following sets out some analysis to assess the impact of this assumption. The analysis shows that a relatively similar picture emerges. For SHIP Direct Builds the change from using date of approval (where available) to date of delivery changes the proportion of units under the UCC from 67% to 70% and the proportion of units above the UCC from 33% to 30%. For SHIP Turnkeys, the change moves the proportion of units below the UCC from 25% to 32% and the proportion above the UCC from 75% to 68%. For CALF Turnkeys the impact would be that the proportion of units under the UCC would change 32% to 25% and the proportion of units above the UCC from 75% to 68%. As such, if the benchmark was to be changed to be based on date of delivery or approval it would have an impact on the results. However, broadly a similar picture is evident in terms of the distribution of units above and below the relevant benchmark.

Appendix 3: Mapping Social Housing Builds (2016-2019)

Figure 33: New Social Housing in Mayo by Eircode Area, 2016-2019

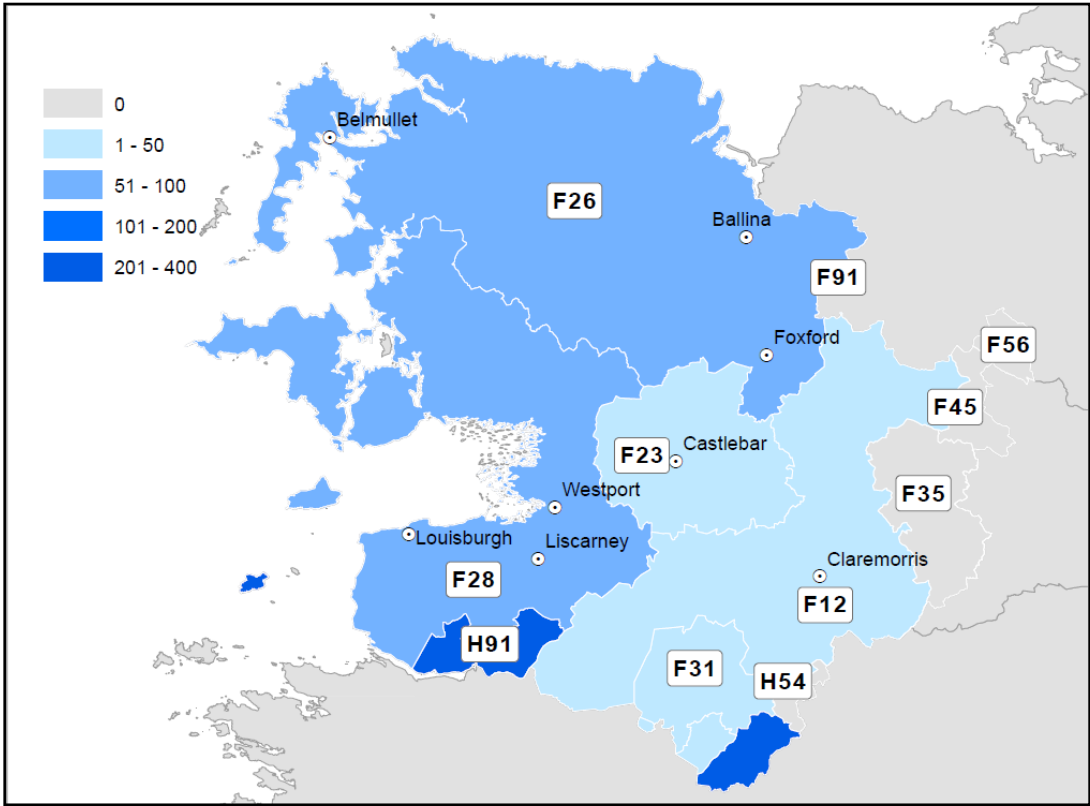
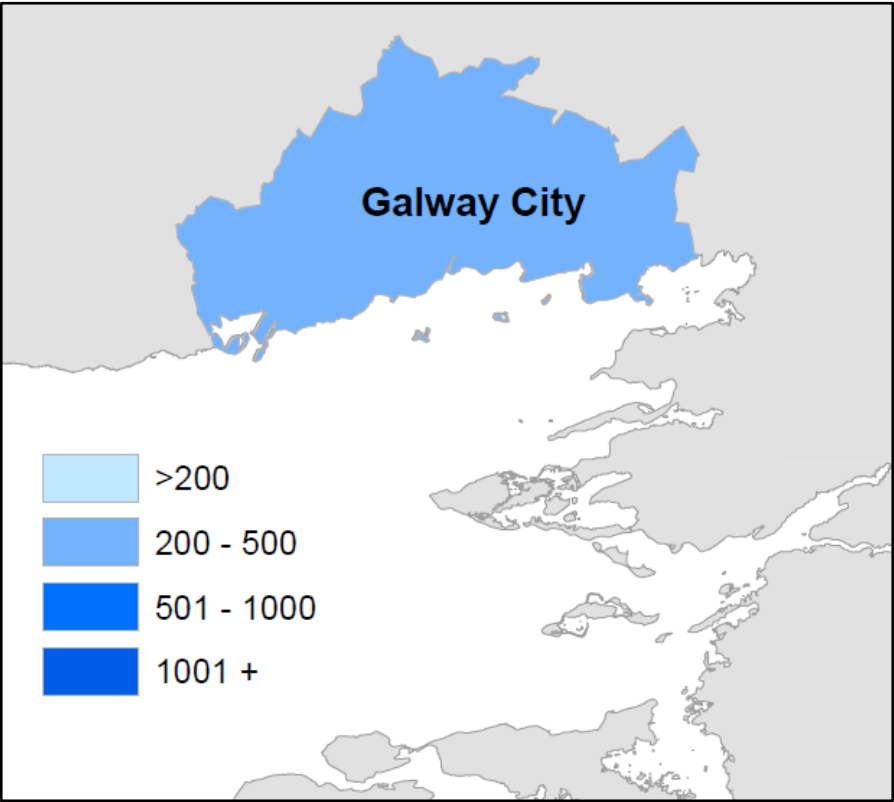


Figure 34: New Social Housing in Galway City, 2016-2019



Source: Analysis of DHLGH data, mapped by Ordnance Survey Ireland (OSi)

Figure 35: New Social Housing in Kildare by Eircode Area, 2016-2019

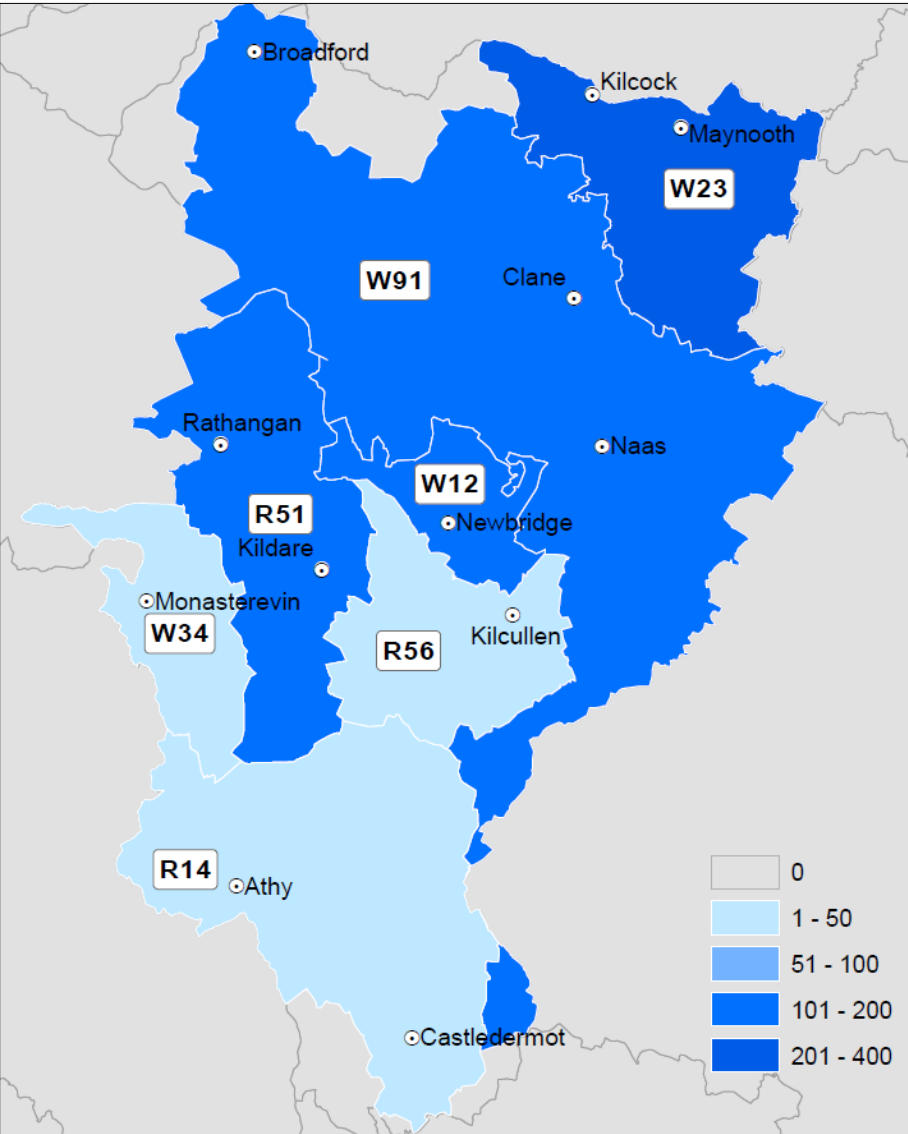
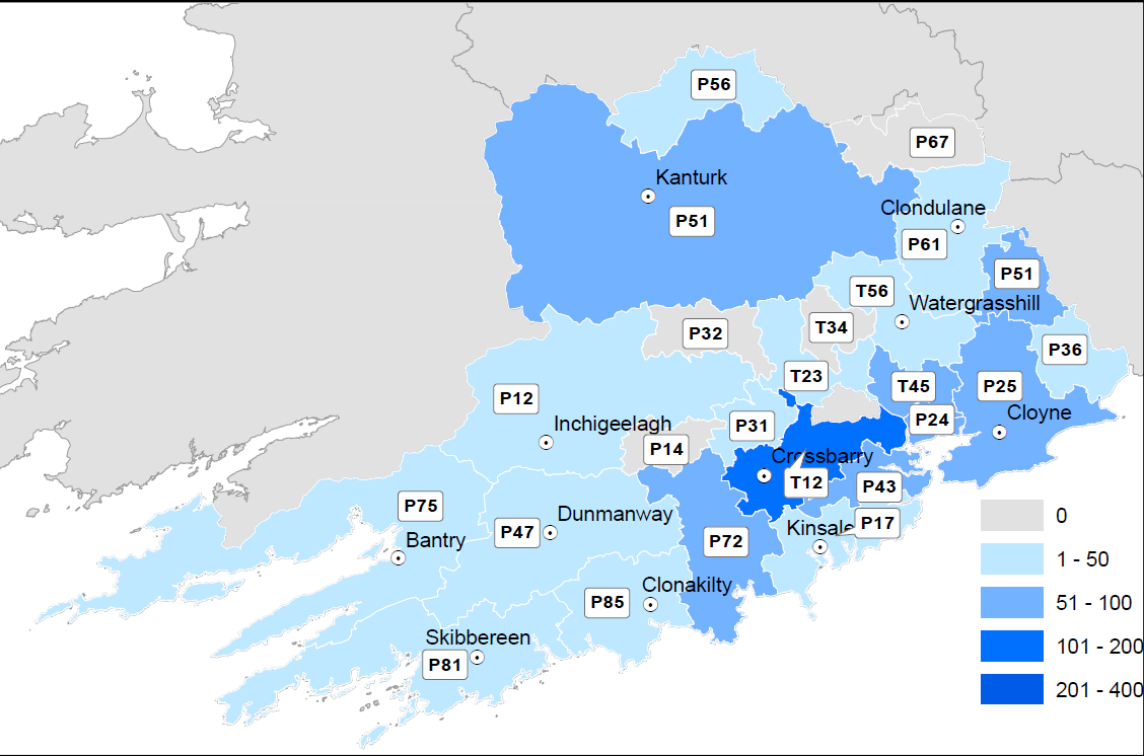


Figure 36: New Social Housing in Cork County by Eircode Area, 2016-2019



Source: Analysis of DHLGH data, mapped by Ordnance Survey Ireland (OSi)

Appendix 4: Social Housing Targets and Delivery (2016-2021)

Table 16: Social Housing New Build Delivery across 31 LAs, 2016-2019

	2016	2017	2018	2019	Total
SHIP Construction	193	209	756	894	2,052
SHIP Rapid	22	150	215	199	586
SHIP Turnkey	28	421	851	1,119	2,419
Regeneration	73	234	200	59	566
SHIP Part V		205	467	578	1,250
CALF Construction	76	132	209	260	677
CALF Turnkey	206	558	996	1,772	3,532
CALF Part V		163	335	719	1,217
CAS Construction	54	70	179	75	378
CAS Turnkey			4	67	71
CAS Part V		12	5	4	21
SHCEP Part V		142	9	14	165
LA delivered Part V (not funded by SHIP)			8	11	19
Total New Build	652*	2,296*	4,234	5,771	12,953
Voids	2,308	1,757	560	303	4,928
Total Build (New Build and Voids)	2,960	4,053	4,794	6,074	17,881

*Note: This table is based on the CSR for Q1 and Q2 2020 in addition to detailed Part V data from DHLGH. Other DHLGH stats refer to 657 new build units in 2016 and 2,297 units in 2017. Source: DHLGH, 2021

Table 17: Rebuilding Ireland Delivery Targets and Output, 2016-2021

Category	Target 2016	Output 2016	Target 2017	Output 2017	Target 2018	Output 2018	Target 2019	Output 2019	Target 2020	Target 2021	Overall Target 2016-2021
Build	2,260	2,960	3,200	4,053	4,969	4,794	6,545	6,074	7,736	8,907	33,617
Acquisition	1,755	1,957	1,250	2,214	900	2,610	1,325	2,772	800	800	6,830
Lease	225	792	600	827	2,000	1,001	2,130	1,161	2,631	2,450	10,036
Subtotal	4,240	5,709	5,050	7,094	7,869	8,405	10,000	10,007	11,167	12,157	50,483
RAS	1,000	1,256	1,000	890	600	755	600	1,043	600	0	3,800
HAP	12,000	12,075	15,000	17,916	17,000	17,926	16,760	17,025	15,750	10,000	86,510
Subtotal	13,000	13,331	16,000	18,806	17,600	18,681	17,360	18,068	16,350	10,000	90,310
Total	17,240	19,040	21,050	25,900	25,469	27,086	27,360	28,075	27,517	22,157	140,793

Source: DHLGH, 2021

Appendix 5 – Data Revisions

This Spending Review paper was updated in February 2021 following data revisions being identified by the Department of Housing, Local Government and Heritage (DHLGH) to the Department of Public Expenditure and Reform (DPER). The purpose of this appendix is to detail the nature of the data revisions and their impact on the analysis.

Following the publication of the Spending Review paper, DHLGH identified that a number of units had previously inadvertently been assigned incorrect completion/purchase dates for the years under review (2016-2019) as some projects were assigned a single delivery year where developments were delivered in multiple phases. This impacted a small number of units with 79 units among the SHIP Direct Build delivery (construction, single stage and rapid) and 70 units among SHIP Turnkey delivery. Furthermore, it was clarified that the date of approval for SHIP Turnkey units was available for 94% of units. Finally, DHLGH supplied details of an additional nine Part V units in DCC (seven leased units and two units with no cost identified) and two units in Cork County were revised to include unit cost data. The total number of units included in the paper remains unchanged other than these additional Part V units.

The original analysis was updated after the identification of these revisions and the following sets out details of the impact of these changes.

- Following revision to the completion year for SHIP Direct Build and Turnkey units, the average cost of a SHIP Direct Build unit in 2019 in the six case study LAs was updated from €230,000 to €233,000 and the average cost of a SHIP Turnkey unit was revised from €258,000 to €270,000. The average cost of a SHIP Turnkey unit in 2019 across DCC, Fingal and Kildare was updated from €300,000 to €327,000.
- The data revisions also led to minor changes (single percentage points) in the overall LA Part V findings, such as the share of units costing less than €250,000 changing from 59% to 60%.
- The data revisions led to a number of revisions to the findings in relation to the length of time from initial design to final unit completion for units built directly by LAs. The share of units taking <2.5 years changed from 23% to 28%, the share of units taking between 2.5 and 4 years was updated from 58% to 50% and the share of units taking 4 years or more changed from 19% to 22%.
- The cost efficiency section of the paper was updated to reflect the revised data and the availability of the date of approval for Turnkey units. In addition, 65 units that were not included in the other cost analysis in the paper (due to being non-standard delivery) were excluded from the indicative LA analysis (Figures 24-29). The updates had a minor impact on the analysis of cost efficiency as a result of the data revisions. For SHIP Direct Build the proportion below the relevant UCC was updated from 68% to 67% while the proportion above was updated from 32% to 33%. For SHIP Turnkeys, the proportion of units below the relevant UCC was updated from 29% to 25% while the proportion above was updated to 75% from 71%. The main change at an LA level was in Cork County where the proportion of LA Direct Build under the UCC was revised from 21% to 3%. Further detail on the analysis is set out in Appendix 2.
- The average unit costs set out in Tables 11 to 14 were updated for three categories of units with changes of less than 0.5%.

Quality Assurance Process

To ensure accuracy and methodological rigour, the authors engaged in the following quality assurance process.

- ☒ Internal/Departmental
 - ☒ Line management
 - ☒ Spending Review Sub-group and Steering group
 - ☒ Peer review (IGEES network, seminars, conferences etc.)
- ☒ External
 - ☒ Other Government Department