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# **Access to Housing: The Role of Housing Supply and Urban Development Policies in the Greater Dublin Area**

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## **Introduction and Economic Context**

A critical issue which bears heavily on the question of access to housing is the interaction between the level of housing supply and the scale of demand in urban and regional markets.<sup>1</sup> Evidence in the Dublin market of a sustained under-supply of housing has existed over the past decade. The imbalance between supply and pent-up demand has played a major role in inflating house price levels within Dublin, deflecting demand to the surrounding region. Attempts at supply enhancement have formed a part of policy interventions aimed at easing house price inflation since the late 1990s and have met with only limited success.

The structure of this article is shaped by the need to examine the land supply issue and explore why its operations have failed to satisfy demand levels in the Greater Dublin Area (GDA)<sup>2</sup>. The introduction and economic context are followed by an exploration of the recent strategic planning and housing supply policies, including the housing strategies of the four Dublin local authorities. This is followed by an examination of the resulting housing and population trends. These trends are then explored from the perspective of development and planning interests and conclusions are developed in light of the quantitative and qualitative evidence presented.

The paper examines in particular the issue of the supply of development land from the perspective of key participants in the development and planning processes. Included is an examination of the provision of new housing under the housing strategies of the local

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<sup>1</sup> This paper is based upon continuing research at the Faculty of the Built Environment DIT on housing issues in the Dublin Region including *Housing Supply and Urban Development Issues in the Greater Dublin Area* (2002), prepared for the Society of Chartered Surveyors.

<sup>2</sup> The Greater Dublin Area consists of the four Dublin local authority areas comprising the Dublin Region (Dublin City, Dun Laoghaire-Rathdown, South Dublin and Fingal) which govern an area approximating the contiguous built-up area of Dublin, plus three surrounding counties of the Mid-East Region (Kildare, Meath and Wicklow) which function as a hinterland for Dublin. The CSO defines the Greater Dublin Area as the contiguous built-up area of the city.

authorities in the GDA. This quantitative analysis and review was supplemented by oral interviews with key public officials. It was followed by individual structured interviews with 15 key groups and organisations involved in the housing supply process, including construction and housing development interests, planning and policy-making interests and local authority interests. The purpose of this examination is to discern the issues and conflicts surrounding the supply of development land and planning policy ambitions regarding the provision of housing.

The policy debate surrounding these issues has intensified in 2003. There have been changes to the provisions of Part V of the Planning and Development Act, 2000, which allow flexibility in the terms of compliance, while an all-party Oireachtas Committee has undertaken a major review of property rights. The key areas addressed in this paper are the evolution of housing supply policies, the planning and development market context within which policies are operating and the views of participants in the housing supply process in Dublin. It is clear that without an adequate supply response, existing market pressures will persist, resulting in the continuation of restricted access to housing in the Dublin market.

### **Economic Context**

Between 1994 and 2002, the GDA (Dublin and the Mid-East Region) accounted for approximately 50 per cent of national population growth among those over 15 years of age, 50 per cent of the growth in the labour force but only 36.5 per cent of new housing produced. This imbalance between supply and demand is particularly pronounced in the housing production levels for the Dublin area. In spite of clear evidence of major employment growth, economic development and inward migration, housing production levels averaged only 9,000 to 10,000 units annually over this period.

The housing affordability problem has originated with the rapid economic growth in the main urban centres in Ireland including Dublin, Cork, Limerick and Galway. Critical supply shortages in these areas have played a major role in creating a national housing problem. These issues have been the subjects of recent reports by the study team from which this material has been developed (Williams and Shiels, 2002; Williams et. al., 2001).

### **Strategic Planning, and Housing Supply and Demand**

The absence of vision and commitment in dealing with the issue of housing shortages in Dublin, Galway and the other growth centres has resulted in significant dispersal of housing activity into an expanded hinterland together with a continued rise in prices. Allowing such critical shortages to develop is linked to the failure to meet expanding infrastructure requirements. Apart from the negative economic and social implications of the lack of affordable housing, Dublin now has difficulty in attracting vital workers, which has consequences for the regional economy and the efficiency and delivery of public services. Basic issues for the region's development, including transport, waste management and the availability of serviced development land, are not being adequately addressed, thereby indicating the necessity for reforms in the nature and process of urban governance in the region.

DoELG housing price statistics show continuing house price inflation. Short-term implications of the housing affordability problems resulted in a range of policy initiatives over recent years. These initiatives failed to calm house price inflation as they were directed initially at demand management or supporting and subsidising demand. In the face

of inadequate supply levels, such measures including support for home purchases have been quickly incorporated into the market at higher price levels.

Previous research has indicated that fundamental problems with such policy approaches have included the absence of measures to address critical housing supply shortages in the main urban growth centres, particularly Dublin. The development response to housing shortages in the cities include the emergence and consolidation of the sprawling pattern of housing supply and development, which will involve significant future additional spending on infrastructures. The extent of urban sprawl has been confirmed in the results from Census 2002.

The use of national taxation measures to solve local/regional problems has resulted in an unintended effect of distorting the location of development. This is particularly noted in the case of the impact of fiscal policy interventions in Ireland in housing, which have tended systematically to favour and support new development at green-field locations. This has included initiatives such as preferential taxation treatment in terms of stamp duty and first-time buyers grants aimed at new housing. Purchasers are more likely to buy houses at more peripheral locations due to the limited supply in urban areas. As this land is readily available at cheaper prices and the sale prices of completed dwellings is relatively high, it is often more profitable for a speculative developer. The results of the demand and supply factors encourage the emergence of sprawl into peripheral areas around the urban core. Long-term transportation costs and the lack of proper infrastructure and facilities are tolerated in order to acquire a home. There is an absence of recognition by policy makers of the role of sentiment and expectations in property market actions. Perceptions of supply deficiencies encourage investment in housing markets in expectation of further gains. This means that price increases may actually stimulate further demand contrary to conventional economic theory on allocation of scarce goods. Unless clear supply enhancement is taking place, rising demand may continue to support inflating accommodation prices.

The absence of a committed housing supply enhancement strategy remains a major difficulty. Policy interventions based upon the various Bacon Reports, which aimed to deter property investors in the short term, failed to appreciate the long-term role of such investors in the supply of rented accommodation and the complexity of the impacts of policies directed at a single tenure upon the other forms of tenure. A growing urban economy needs a strong rental sector and deterring investors from the market will inevitably lead to increasing rents and supply shortages. The aim of a partial equilibrium in the new homes market for first time buyers is not possible in any market where overall supply is clearly deficient as is the case in the Dublin Market.

### **Recent Housing Supply Policies**

Among its key recommendations, the 1998 *Action on House Prices* proposed increasing housing densities in key locations in order to increase housing supply with a limited amount of development land (Bacon *et al.*, 1998). This was followed by the Government announcement in April 1998 that it intended to facilitate increased residential densities on inner urban "brown-field" sites at public transport nodes and corridors (DoELG, 1998). Guidelines on housing density were prepared in February 1999 (MacCabe *et al.*, 1999).

Supply-side initiatives that could calm the Dublin housing market have, by comparison with demand-side interventions, been lacking in urgency with regard to implementation.

Proposals for transportation and utility infrastructure have now been discussed over a twenty-year period. The examples of proposals to increase capacity on the existing transportation corridors and major enlargement of the urban rail system, without specific guaranteed funding commitments and target completion dates, bring planning policies into disrepute. While the aspiration has now been adopted to deal with urban development issues in an integrated manner linking transportation, land use and associated services, the fact remains that a fragmentation continues to underlie the development context.

By international standards, the GDA has a low level of population, an adequate land supply, a strong economy and adequate levels of available public finance. With sensitive urban governance and management in place and a co-ordinated response, effective development solutions are possible. The political commitment to reforms and resource delivery has now become critical to the region's future development.

Current problems are a result of outdated structures, systems and processes rather than the fault of legislation or individual organisations. Densification of the existing built-up area of Dublin has not been fully considered by policy makers despite some obvious advantages. A renewal emphasis, building on the success of previous urban renewal strategies, could be used to ensure that the substantial numbers of still under-utilised city properties and sites are brought to their full potential use. Vacant and under-utilised floor space over ground floor commercial uses remains a feature of all Irish urban areas. Contrary to the position in the Outer Leinster counties, such city districts often have schools, health and other facilities in a disused or run down state due to population loss and under-utilisation.

The significant amount of land in the existing urban area in various forms of public ownership represents the most obvious potential to solving the housing problem. Studies have shown that the planned release of a substantial portion of such land onto the development market could play a significant role in first stabilising the Dublin market and then contributing to the required supply response. While this process has already commenced in central Dublin, many of the same factors apply in areas of suburban Dublin, where a previous generation of low-density housing is now associated with an ageing population profile and falling school numbers, yet had substantial infrastructure in place. Such districts are often in need of development in a general sense as they have been neglected and not well provided for in the past. In areas such as the north fringe of Dublin City, the opportunities for improving peripheral disadvantaged areas through redevelopment are considerable, as evident in schemes such as the Ballymun Urban Regeneration Project. A reduced emphasis on outdated single-use land zonings can allow development to occur in an integrated manner. The potential for increased population density with commercial redevelopment complementing a mix of housing types, while reusing disused or vandalised open space, is clear (Williams and Shiels, 2001).

If a serious response to the current housing shortage were intended, the densification and regeneration of the existing urban fabric provides a way forward. An approach based upon this option has the additional twin merits of utilising existing infrastructure and facilities and a capacity to be implemented over a shorter time period than continued expansion at green-field locations. An essential element to the success of such policies would be a new approach to urban planning and development based upon integrated policy objectives and an acceptance of the necessity for explicit community planning

gain arrangements. This would involve additional resources or infrastructure necessitated by new development.

In the absence of a positive result from the existing initiatives, some commentators have argued that a policy of non-intervention and allowing the market and the forces of supply and demand to decide is the only response. This thinking, however, shows an absence of understanding of the dynamics of the urban property market where development potential can only be created by the existence of infrastructure transportation and services which are all currently controlled directly by the public sector. In turn, such development potential can only be realised with legal and planning consents given by public authorities. Government/Public sector involvement is not therefore optional but is already central to the process. However, whether or not this involvement can be more successfully directed remains at issue.

### **Housing Strategies of the Local Authorities in the Greater Dublin Area**

Under Part V of the Planning and Development Act, 2000, all local authorities in Ireland were required to prepare a housing strategy which was to be integrated into their respective development plans. The principal objectives of housing strategies include an estimation of the current and future need for housing in the local authority area and to provide a sufficient quantity of serviced land zoned for residential use in order to meet housing demand. Another key objective of the housing strategies is to reserve a proportion of land zoned for residential purposes (up to 20%) for social and affordable housing. Linked with the objective of including social and affordable housing in housing developments is the provision of a mixture of house types and sizes to cater for the needs to different demographic groups and special needs in the local authority area and to reduce socio-economic segregation in housing.

In the GDA, the seven local authorities adopted and formally incorporated their respective housing strategies into their development plans between April and October 2001. Each of the housing strategies aim to address the current housing supply difficulties in the GDA through increasing the supply of residential development land. This includes providing water, drainage and transport infrastructure to service the lands. It also involves enforcing the recent Part V planning legislation with up to 20 per cent of the development reserved for social and affordable housing. In this way, the Dublin and Mid-East local authorities aim to reduce the backlog in demand for housing through the facilitation of increased housing development and simultaneously reducing numbers on the waiting list for social housing through the enforcement of Part V regulations.

Despite sharing a number of common challenges, each of the local authorities faces specific problems in relation to housing supply. The four local authorities in Dublin are attempting to redress a marked housing demand/supply imbalance. This has been compounded by a failure in recent years to increase their aggregate housing output above the 10,000 unit level and has resulted in a sharp upward distortion of Open Market Values for residential properties in Dublin (*see Section 3*). In particular, Dublin City Council and Dun Laoghaire-Rathdown face acute green-field development land shortages which have been reflected in a relatively weak level of housing production in recent years. Accordingly, the objectives of their respective housing strategies reflect limited land capacity and include a significant increase in residential densities in order to maximise the use of available land resources,

reserving the full 20% of all residential development sites for social and affordable housing.<sup>3</sup>

Local authorities in the Mid-East Region are faced with a less urgent housing situation than Dublin. However, Kildare, Meath and Wicklow have experienced high levels of new house construction over the past decade, most of which has accommodated the deflected housing demand from Dublin and consequently much of their zoned residential land has been developed. The housing strategies of Wicklow and Kildare note a current shortfall in zoned and serviced development land. The objectives of the housing strategies of these three counties include the zoning and servicing of additional land for housing, with less emphasis on increasing residential densities. Tables 1 and 2 illustrate the major objectives of the housing strategies of the local authorities in the GDA, showing that these comprise varied policy responses, particularly with respect to Part V provision of social and affordable housing

**Table 1. Housing Strategies of the Four Dublin Local Authorities**

Local Authority Area	Dublin City	Dun Laoghaire-Rathdown	Fingal	South Dublin
Capacity for number of housing units 2001-2007 <sup>1</sup>	34,782	15,113	53,647	30,010
Location of indicative major existing land resources  (housing capacity in number of units)	Docklands (c.7,000) North Fringe (c.6-7,000) Pelletstown (c.3-4,000)	Cherrywood (c.1,800) Stepaside (c.3,300) Green Route (920)	Balbriggan (c.8,000) Blanchardstown (c.8,400) Swords (c.6,600) Portmarnock (2,100) Rush (1,600) Malahide (1,200) South Fringe (1,200)	Ballycullen (3,000) Kiltipper (2,400) West Tallaght (1,760) Newcastle (1,750) Nangor (920)
Social/Affordable housing mix under Part V provisions	10-15% social 5-10% affordable 20% affordable in areas with high proportion of social housing	10% social 10% affordable Provision for reduced percentage of social in areas with high proportion of social housing	Social/Affordable mix will take into account existing concentration of social housing in particular areas.	Social/Affordable mix will take into account existing concentration of social housing in particular areas.
Operational life-span of housing strategy	2001-2005	2001-2004	2001-2005	2001-2005

<sup>1</sup> Includes the capacity of existing serviced development land and zoned developed land likely to be serviced by 2007.

Sources: Local authority Housing Strategies and DoELG Housing Statistics Bulletin, September Quarter 2001.

<sup>3</sup> The 20 per cent Part V reservation will not apply to proposed housing developments of 4 dwelling units or fewer.

**Table 2. Housing Strategies of the Three Mid-East Local Authorities**

Local Authority Area	Kildare	Meath	Wicklow
Capacity for number of housing units 2001-2007	13,339	23,401	10,406
Location of indicative major existing land resources  (housing capacity in number of units)	Various resources located in towns and villages throughout the county.	Drogheda Environs (4,120) Ratoath (2,536) Dunshaughlin (2,210) Navan Environs (2,012) Ashbourne (1,236)	Greystones/Delgany (c.1,600) Bray (857) Wicklow Town (170)
Social/Affordable housing mix under Part V provisions	8% social 12% affordable	Initially 3% social and 17% affordable rising to 5% social and 15% affordable	15% social 5% affordable
Operational life-span of housing strategy	2001-2005	2001-2005	2001-2005

Sources: Local authority Housing Strategies and DoELG Housing Statistics Bulletin, September Quarter 2001.

In addition to implementing the Part V legislation, all of the strategies will involve an expanded social housing programme on land under the ownership of the local authorities. In addition it is intended to increase the involvement of the voluntary housing sector through the provision of local authority land and a proportion of the land provided under Part V of the Planning and Development Act, 2000.

### **Population and Housing Trends in the Greater Dublin Area**

#### *Population Trends*

The preliminary results from Census 2002 indicate that the population of Ireland stands at 3.92 million, the highest level in the history of the State and the highest since 1871 (CSO, 2003). The Census 2002 figure is the result of a period of rapid population growth, with population increasing by 8 per cent between 1996 and 2002 and growing by an average of 1.3 per cent per annum. The rapid rate of population growth is a direct consequence of corresponding rapid rate of economic growth during the second half of the 1990s in Ireland which has caused immigration to complement a relatively high level of natural increase. The GDA reached a population of 1.53 million in 2002, an increase of 9.2 per cent on the 1996 figure of 1.405 million, accounting for 39 per cent of the total population of Ireland. Dublin, therefore, functions as a primate city, dominating the socio-economic fabric of Ireland in all respects. Despite the population in the GDA's having increased at a slightly faster rate than for Ireland a whole, by 9.2 per cent compared to 8 per cent for the whole country, there were marked differences in population growth rates for individual counties located within the GDA.

Between 1996 and 2002, the population of the Dublin Region<sup>4</sup> grew by 6.1 per cent, less

<sup>4</sup> The Dublin Region comprises the four Dublin local authorities of Dublin City Council, Dun Laoghaire-Rathdown, Fingal and South Dublin.

than the national average of 8 per cent, reflecting the lack of availability of affordable housing in the capital itself and its immediate environs. Population in Dublin City increased by almost 3 per cent, representing a modest level of re-population of the inner city. Population grew by only 1 per cent in Dun Laoghaire-Rathdown, indicating the lack of affordable housing in this area. In contrast, population increased by 18.8 per cent in the surrounding Mid-East Region, dramatically confirming that population and economic growth in Dublin has been deflected to the surrounding counties of the city where accommodation has been more affordable. In tandem with major population increases in the Mid-East counties, population in the surrounding "Outer Leinster" counties has also increased significantly between 1996 and 2002. The population of Westmeath, for example, increased by 13.8% and the population of Louth grew by 10.5% between 1996 and 2002. These Counties have experienced significant amounts of Dublin commuter-generated housing development in recent years.

In contrast, many EDs (Electoral Divisions) in suburban Dublin developed during the 1960s and 1970s experienced population losses, including locations in Tallaght, Ballinteer, Castleknock, Howth and Portmarnock. Population losses in these areas between 1996 and 2002 reflects the age of the housing stock in these suburbs, which contain an almost single demographic group whose children are now moving out of the area due to the lack of affordable housing locally. Population losses in such areas will have major social and economic consequences, including the under-use of schools and other local facilities.

**Table 3. 1996-2002 Population Statistics for Dublin**

	<i>1996 Population</i>	<i>2002 Population</i>	<i>% Increase</i>	<i>Inter- census growth</i>
<b>Dublin City</b>	481,854	495,781	2.9	13,927
<b>Dun Laoghaire- Rathdown</b>	189,999	191,792	1.0	1,793
<b>South Dublin</b>	218,728	238,835	9.1	20,107
<b>Fingal</b>	167,683	196,413	17.1	28,730
<b>Total Dublin</b>	1,058,264	1,122,821	6.1	64,557

Source: Census 2002, Central Statistics Office.

The growth of Dublin's commuter belt is evident in the rapid growth of towns located within 80 km of the city. Between 1996 and 2002, the population of Navan expanded by almost 52 per cent, from 12,810 to 19,417 and the population of Portlaoise grew by 28 per cent during the same period. Table 4 illustrates that for a number of towns located in the commuter belt rapid population increases took place between 1996 and 2002. Smaller

towns in particular, including Dunboyne, Enfield and Ratoath, grew at a faster pace than larger settlements, with the population of Ratoath more than trebling in the six year period to 2002. This trend in dispersed population growth runs contrary to the principle of sustainable development which is a key objective of the Strategic Planning Guidelines (SPG).

**Table 4. 1996-2002 Population of Selected Towns within 80k of Dublin**

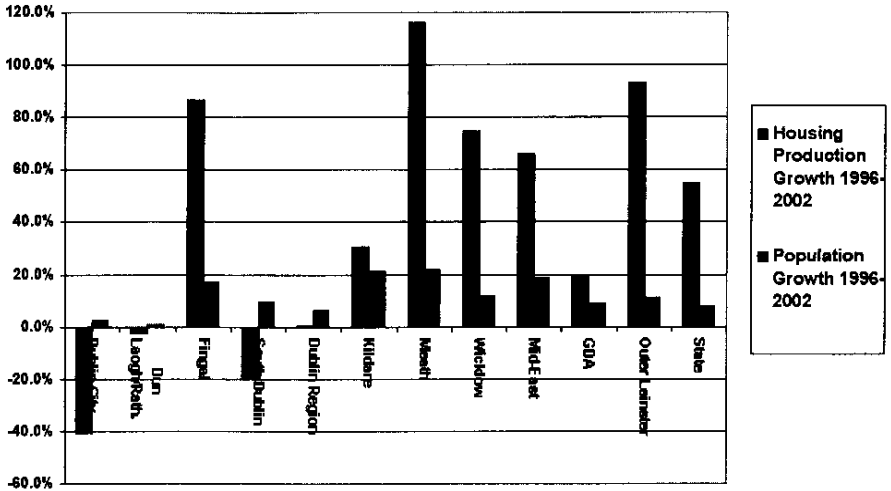
<i>Town</i>	<i>1996 Population</i>	<i>2002 Population</i>	<i>% Increase</i>
Drogheda	25,282	31,020	22.7
Swords	22,314	27,175	21.8
Navan	12,180	19,417	51.6
Naas	14,074	18,288	29.9
Newbridge	13,363	16,739	25.3
Celbridge	12,289	16,016	30.3
Mullingar	12,492	15,621	25.0
Portlaoise	9,474	12,127	28.0
Wicklow	7,290	9,355	28.3
Ashbourne	4,999	6,362	27.3
Dunboyne	3,080	5,363	74.1
Ratoath	1,061	3,794	257.6
Enfield	566	1,072	89.4
National	3,626,087	3,917,203	8.0

Source: Census 2002, Central Statistics Office.

The increase in the level of housing completions in the GDA local authority areas correlates with population increases between 1996 and 2002, with counties that experienced robust growth in housing production also experiencing large population increases (see Figure 1). This trend is evident in Fingal, Kildare and Meath, where strong levels of housing production were matched by rapid population growth rates of 17 per cent, 22 per cent and 22 per cent respectively between 1996 and 2002. Likewise, local authority areas that performed relatively weakly in recent years in housing production experienced low levels of population growth between 1996 and 2002. Prime examples include Dun Laoghaire-Rathdown and Dublin City, where population increased by only 0.7 per cent and 2.7 per cent respectively.

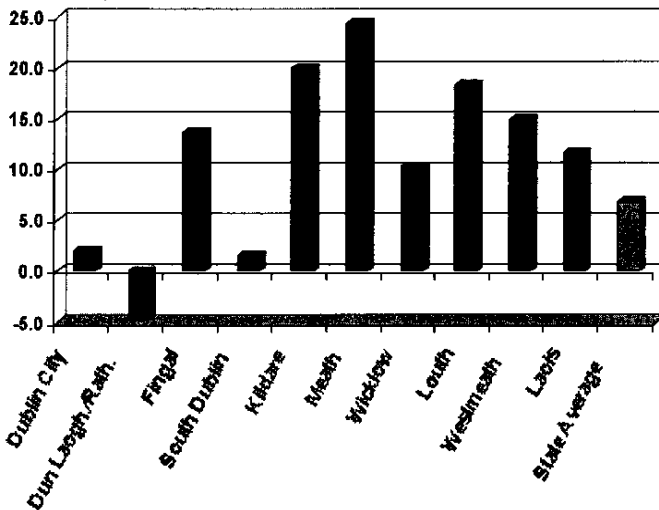
An analysis of the net inward migration rate reflects the extent to which housing supply is unable to meet the total housing demand. Despite the substantial rate of growth in employment in Dublin, net in-migration to Dublin amounted to just 2.0 per 1,000 persons per annum between 1996 and 2002. This contrasts sharply with an average annual rate of 18.6 for the Mid-East Region and is substantially less than the rate of 6.8 per 1,000 persons for Ireland as a whole (see Figure 2). This data strongly indicates that Dublin has not provided an adequate supply of housing and has effectively exported that potential demand to the Mid-East counties of Kildare, Meath and Wicklow and beyond.

**Figure 1. Housing Production and Population Growth 1996 to 2002**



Source: Analysis of Census 2002 and DoELG Housing Statistics.

**Figure 2. Estimated Average Annual In-Migration Rate per 1,000 Population for Selected Countries 1996-2002**



Source: Analysis of Census 2002.

*Housing Trends*

On a national level, 57,695 houses were completed during 2002, indicative of the expansion in construction output in response to the demand triggered by the economic

growth of the late 1990s and into the early years of the twenty-first century. The recent housing boom can be illustrated by the fact that 379,000 houses were built in Ireland between 1994 and 2002, accounting for over 27 per cent of the total housing stock. Despite the recent impressive surge in new house completions, the overall housing stock in Ireland remains low by European Union standards. Ireland has ca. 340 dwellings per 1,000 population compared to an EU average of 450 dwellings, with an average occupancy rate of 2.9 persons per dwelling. The inadequacy of the housing stock is the primary supply/demand imbalance determinant in Ireland.

Despite a record level of housing output in recent years, it has become apparent that spatial inequalities in housing provision have emerged, particularly with respect to Dublin and its hinterland counties. Currently, the GDA contains 39.2 per cent of the national population but accounted for only 35 per cent of the total housing output between 1994 and 2002. The most recent data on housing construction, however, suggests that the under-supply of new housing output in Dublin may be addressed in the coming years. The decline in new housing output in the GDA as a proportion of national housing output, from 40 per cent in 1994 to 32 per cent in 2001, has been arrested and output levels in the GDA increased significantly in 2002 to account for 36 per cent of the total. Most significantly, housing construction in the Dublin Region increased by 31 per cent between 2001 and 2002, from 9,605 to 12,623 units. Data for the first quarter of 2003 indicates that new housing construction in Dublin increased by 18 per cent over the corresponding quarter in 2002, indicating a continuing increase in housing development. However, this recent upsurge in output must be put into context by the fact that demand continues to outstrip supply in the capital, as reflected by a sharp resumption in house price inflation. It is estimated that over 15,000 houses need to be built annually in Dublin with an additional backlog of unmet demand adding to this figure (Williams et. al., 2001).

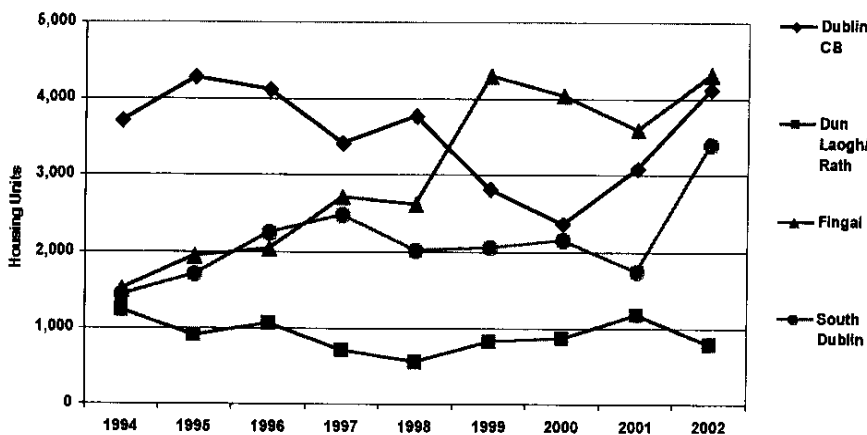
The recent increase in housing output in Dublin may reflect the release of a significant number of new developments in recent months which were previously delayed in the planning process. Indeed, there appears to be a two-year time-lag between the granting of planning permission by local authorities and the completion of housing units. In particular, anecdotal evidence suggests that most housing developments in Dublin face third-party appeals upon the granting of planning permission and are subsequently referred to An Bord Pleanála, adding substantially to delays in construction.

The supply/demand imbalance in Dublin has meant that, to some extent, the surrounding counties of Kildare, Meath and Wicklow have accommodated the demand for housing in the GDA. Housing output in these three counties increasing by 180 per cent between 1994 and 2002, from 2,870 dwellings to 8,052 (DoELG, 2003). Housing demand in recent years spread further afield than the GDA into the surrounding Outer Leinster Counties where annual new housing completion levels increased almost three-fold between 1994 and 2002, from 2,726 dwelling units to 7,862. However, if the recent upturn in housing construction in Dublin is sustained, a backlog in demand will begin to be addressed and this factor may weaken demand for new housing in the hinterland counties.

Within the Dublin Region, housing production growth has been weakest in Dublin City and Dun Laoghaire-Rathdown, reflecting their more developed character with a consequent lack of development land. Between 1994 and 2002, housing output declined in Dun

Laoghaire-Rathdown by 58 per cent and growth in Dublin City remained modest at 11 per cent. County Fingal, characterised by a large amount of open rural area, experienced the largest increase in new housing production between 1994 and 2002 at 185 per cent, from 1,510 units to 4,308. South County Dublin follows Fingal with a 138 per cent increase in housing production over the corresponding period, from 1,428 to 3,406.

**Figure 3. New Housing Production in the Dublin Region 1994-2002**



Source: Analysis of DoELG housing statistics.

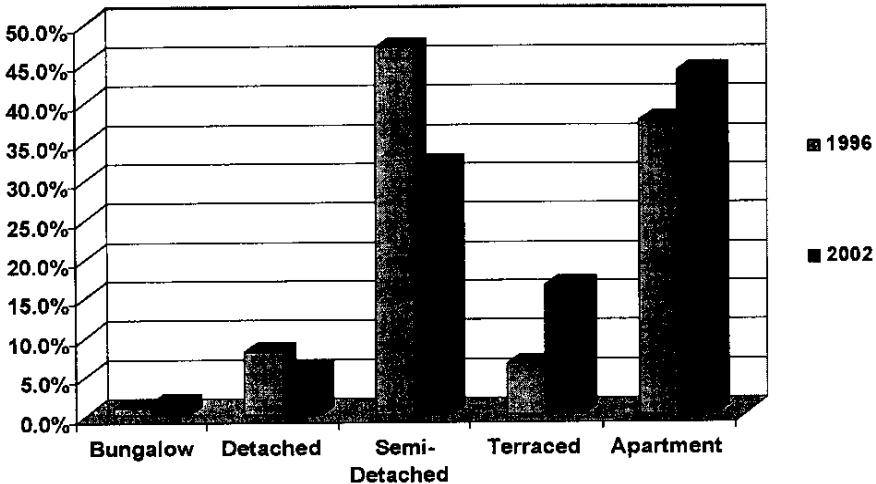
Despite evidence of a recent upturn in output, the absence of affordable housing remains a major difficulty due to the backlog in demand and will detract from the future economic competitiveness of the GDA. Ireland has already slipped in the world competitiveness rankings, partly as a result of inflationary pressures in which housing affordability difficulties have played a significant role. In recent years, attempts have been made to address urban planning and housing difficulties by the introduction of a number of policies and strategies, such as the *Strategic Planning Guidelines for the Greater Dublin Area*, the *Planning and Development Act 2000* and the *National Spatial Strategy, 2002-2020*. These policies have the objective of increasing the density and affordability of housing in Dublin and other Irish urban areas while reducing the outward dispersal of urban-generated development. However, the statistics relating to actual development belie the policy aspirations and indicate that without coercive legislation and innovative measures to increase housing provision where it is needed most, the current unsustainable sprawl of Dublin will continue.

#### *Recent Changes in Housing Type in Dublin*

Data for 2002 indicate that the objective of increasing residential densities is taking effect in the Dublin Region. For example, the proportion of housing built in the terraced category in the Dublin Region increased from 6.5 per cent in 1996 to 16.5 per cent in 2002. Similarly, the proportion of new housing accounted for by apartments rose from 38 per cent in 1996 to 44 per cent in 2002. Consequently, the dominance of semi-detached housing in new housing output in Dublin is coming to an end, with semi-detached housing only

accounting for 32 per cent in 2001, down from 47 per cent in 1996. The change in the type of housing being built is most prominently exemplified in Fingal, where the proportion of new units built as semi-detached housing decreased from 79 per cent in 1996 to 33 per cent in 2002, while the proportion built as terraced housing increased from 3.6 per cent to 28 per cent.

**Figure 4. New Houses Completed by Type in the Dublin Region, 1996 and 2002**



Source: Analysis of DoELG housing statistics.

#### *Housing demand in the Greater Dublin Area*

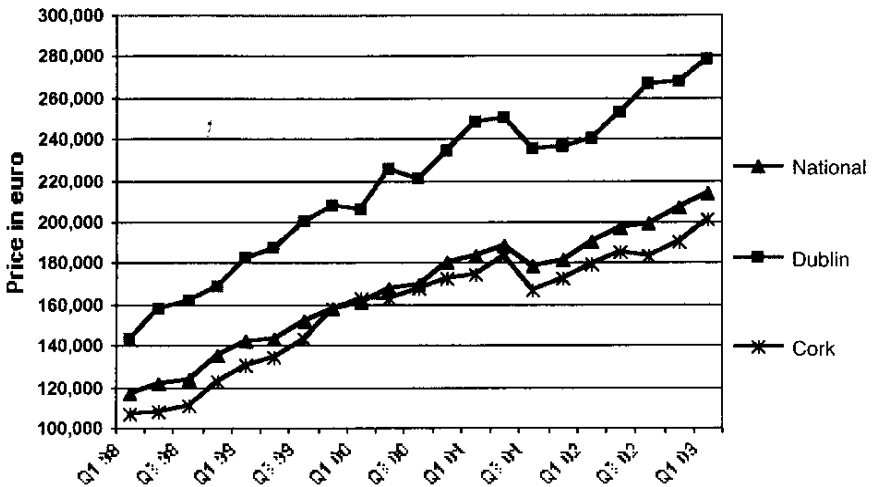
It is apparent that the supply/demand imbalance in relation to housing exists in the GDA has resulted in rising house prices and a deflection of housing demand from Dublin City to both the Mid-East Region and the Outer Leinster counties. Using Strategic Planning Guidelines projections of housing demand, it is projected that 259,549 additional households will be created during the period 1996 to 2011 in the GDA (SPG, 2000). Census 2002 revealed that there were 509,000 households established in the GDA. This represents a rise of 14 per cent over the Census figure for 1996 at a time when the population of the GDA increased by 9 per cent. Clearly, household formation was outstripping population growth, thereby adding to housing demand. To accommodate the additional households, an average of around 17,000 new housing units will need to be produced on an annual basis between 1996 and 2011. As the actual cumulative housing output in the GDA between 1996 and 2002 was 95,850 dwellings, representing an average production level of approximately 15,900 units per annum, it is clear that a backlog of demand exists in relation to housing supply. Some 186,000 new dwellings are required to meet SPG projections between 2002 and 2011 (inclusive), which equates to 18,600 new houses per annum in the GDA. Therefore, an annual shortfall in production in housing exists and construction capacity must increase housing supply further to meet demand.

*House Price Trends 1994-2002*

A direct consequence in the shortfall in housing supply is the high price of housing in Dublin, obliging first-time house buyers to purchase properties further from the capital in more affordable locations. Between 1994 and 2002, new house prices increased by over 210 per cent in Dublin, from €81,883 to €256,109 compared to a national rate of increase of 172 per cent during the corresponding period. By the first quarter of 2003, the average new house price in Dublin stood at €278,819, some 39 per cent higher than the national average of €201,094 (DoELG, 2003).

Second-hand house prices in Dublin in the first quarter of 2003 were over 50 per cent higher than the national average at €323,087, prices having risen by 260 per cent between 1994 and 2002, producing a greater rate of increase than for new houses during this period. Despite a brief period of decline in late 2001, the pace of house price inflation has quickened in the past year, indicating a continuing supply/demand imbalance, particularly in and around Dublin.

**Figure 5. New House Prices – First Quarter 1998 to First Quarter 2003**



Source: DIT analysis of DoELG housing statistics.

### **Social and Affordable Housing in the Greater Dublin Area**

Social housing has, for over a century, played an important role in providing accommodation to those who are unable to purchase or rent privately. Currently, social housing comprises approximately 9 per cent of the Irish housing stock. In recent years, the term 'affordable' housing has been introduced to describe housing built for purchase by individuals who would otherwise be unable to afford to purchase housing on the open market. Shared-ownership housing programmes, established in order to increase the initial affordability of the dwelling, offer joint ownership of housing between the purchaser and a local authority. Voluntary housing is provided by non-profit organisations, usually catering to a specific group (i.e. elderly, homeless, disabled).

Shared-ownership and affordable housing programmes differ from social housing in terms of the characteristics of the demand for such accommodation inasmuch as their provision reflects the deteriorating affordability of housing in Ireland generally and in Dublin in particular. In addition, shared-ownership and affordable housing are recent concepts in Ireland and local authorities have commenced these housing programmes in response both to affordability difficulties and to their additional statutory obligations imposed by recently introduced legislation in this area.

Under Part V of the Planning and Development Act, 2000, all local authorities were required to produce housing strategies during 2001 to estimate the need for affordable accommodation and reserve up to 20 per cent of each housing development for social and affordable housing purposes. Social housing completion levels were at an historic low during the first half of the 1990s due to reduced central and local government expenditure. This created a major backlog in demand during the latter half of the 1990s as general housing affordability deteriorated and local-authority housing waiting lists expanded greatly. Social housing output remained at a relatively low level in recent years but a surge in output took place in 2001 and 2002, reflecting the increased priority and expenditure accorded to this type of housing. 784 social housing units were completed in 2002 in the Dublin Region and 1,221 in the GDA, representing increases of 194 per cent and 170 per cent respectively on the 2000 figures. However, social housing output as a proportion of total housing output remains relatively low, with social housing accounting for only 8.8 per cent of housing built in the Dublin Region in 2002 and 7.9 per cent of output in the GDA in the same year.

Voluntary housing, built by non-profit companies and trusts for specific groups including the disabled, elderly and homeless has increased in relative importance in the past decade and local authorities are currently developing strategies to increase the involvement of the voluntary housing sector in the provision and management of social housing. On a national level, the annual production of voluntary housing increased by 51 per cent between 1994 and 2002, from 901 to 1,360 units. Affordable and Shared ownership housing schemes, by comparison, remain modest in terms of their contribution to overall housing supply. 408 affordable housing units were completed in the GDA during 2002, with Fingal accounting for 267 or 65 per cent of the total and no affordable housing has been provided to date in South Dublin and Kildare. Of the four Dublin local authorities, affordable housing has been completed in Fingal, Dublin City and Dun Laoghaire-Rathdown and 66 units are under construction in South Dublin (DoELG, 2003). The recent launch of a number of mixed-tenure public-private partnership housing schemes in Fingal and Dublin City during 2001-2 significantly added to the built stock of affordable housing. Data for the first quarter of 2003 indicates that 1,301 affordable housing units were in progress at March 31<sup>st</sup> 2003 and 1,329 units were at proposal stage. The Shared-Ownership housing scheme has experienced much greater activity than affordable housing, as it is more established. During 2002, there were 876 transactions under the Shared-Ownership scheme in the GDA, with the vast majority (754) of these being in the four Dublin local authority areas.

### **Planning and Development Perspectives**

Government has expressed concern recently that high land prices are accounting for up to 50 per cent of house prices in Dublin. Anxiety that this price level is maintained by groups of developers holding a controlling interest on potential development land has led the Irish

Cabinet to explore punitive taxes on development land. These taxes may be supplemented by other measures to force the release of such lands onto the development market (O'Brien, 2003).

Such concern and policy debate has occurred at the height of previous property market upswings but failed to lead to the taking of any action. In some respects, this is a natural outcome of the planning system in Ireland which separates development requirements from property and development rights. The right of landowners to develop private housing and capture 'windfall' profits in the past has not been balanced by the requirement to provide hard and soft infrastructure to service the housing, which has been largely provided by the public sector after development has taken place.

This article explores the current development system from the perspective of developers and planning practitioners to ascertain why the supply response has not matched demand and to identify related supply and development issues. A number of individuals from a variety of interests of housing development and planning organisations were interviewed in the course of the study in order to examine a range of current issues relating to housing supply in the GDA. The individuals interviewed included housing officers, planning officials, policy makers, development and construction interests. Also interviewed were planning consultants, development advisers and financial and other interests. The interviews identified a number of major issues relating to the housing market in Dublin, including supply constraint issues, supply pressure on land and house prices, general planning and development interests and the impact of the Part V provisions of the Planning and Development Act, 2000.

An adversarial approach inherent in the planning system provides strongly conflicting views between local authority and development interests, as represented in Table 5. The selection of a wider range of key participants in the supply process was adopted in order to develop a deeper understanding of the complex issues involved.

#### *The Supply of Development Land*

Land banks are an asset in short supply and whose availability is highly restricted by the constraints of the planning and policy-making process. This ensures that 'ready-to-go' development land is at such a premium in the current development market that any benefits from its disposal are outweighed by the benefit of continued holding. Private owners, public agencies and private institutional holders are reluctant to release lands onto the market for similar economic reasons. This withholding occurs despite the current demand for sites by existing developers and potential entrants to the development market. No direct evidence was found of the existence of an oligopoly of development interests intentionally withholding land in the Dublin market. However, the major supply constraints create an internalised or contrived market in which the existing holders of land have no economic incentive to dispose of surplus lands due to the absence of alternative supply options.

An issue raised in several interviews was the role of policy measures in the early 1990s aimed at reducing capital investment in social housing. This was regarded as a factor contributing to the increased demand which became a major feature of the late 1990s. Also mentioned by both developers and planners were the large-scale disposals of development land stocks by Dublin Corporation upon the separation of County Dublin into three new

local authority areas in 1994. Such lands were disposed of at modest prices on the private market with major portions of such lands still remaining undeveloped.

**Table 5. Position on Key Issues Related to Housing Supply by the Various Agencies Involved in Housing in the Greater Dublin Area.**

	Local Authorities	Development Interests
Supply of Development Land	<ul style="list-style-type: none"> <li>• Most local authorities state adequate land supply to meet housing needs up to 2006.</li> </ul>	<ul style="list-style-type: none"> <li>• Development land supply is inadequate to meet current housing needs.</li> <li>• Local authorities are delaying the release of land at various stages in the planning process by phasing land availability to developers.</li> <li>• Delays in providing infrastructure to service zoned development land is holding up development.</li> <li>• Local area action plans add an additional layer of bureaucracy to the planning process and further delay development.</li> </ul>
Progress on housing strategies	<ul style="list-style-type: none"> <li>• Housing strategies incorporated into development plans between April 2001 and October 2001.</li> <li>• Strategies due to be reviewed in 2003 and later.</li> <li>• Greatly expanded programme of social housing construction is commencing.</li> </ul>	<ul style="list-style-type: none"> <li>• Objectives of housing strategies, in relation to social and affordable housing, will not be met due to a number of compounding factors in relation to Part V of Planning and Development Act 2000.</li> </ul>
Introduction of Part V of Planning and Development Act 2000	<ul style="list-style-type: none"> <li>• Many local authorities believe that the current Part V provisions are too inflexible and that the DoELG should have prepared guidelines for the local authorities.</li> </ul>	<ul style="list-style-type: none"> <li>• Difficulties with major aspects of the Part V provisions including the 20% set-aside for social and affordable housing.</li> <li>• Large degree of variance between local authorities on social/affordable housing split of the up to 20% set-aside for these types of housing.</li> </ul>
Introduction of increased-density housing	<ul style="list-style-type: none"> <li>• Increased density housing promoted by the Dublin local authorities and is both market demand-driven and policy-driven.</li> <li>• Selective and limited provision for increased density housing by the three Mid-East local authorities.</li> </ul>	<ul style="list-style-type: none"> <li>• Developers in response to a change in the market provided increased density housing with demand for smaller units.</li> <li>• Variance between local authorities in terms of provision for increased density housing – some local authorities more pro-active than others.</li> </ul>
Inter-authority co-operation on housing issues/strategies	<ul style="list-style-type: none"> <li>• Lack of formal linkages between local authorities in the GDA.</li> <li>• Liaison exists between the four Dublin local authorities and to a significantly lesser extent with local authorities adjacent to Dublin.</li> </ul>	<ul style="list-style-type: none"> <li>• Minimal co-operation between the four Dublin local authorities and no co-operation between local authorities in the Dublin and Mid-East Regions.</li> <li>• Overall strategic interest of the GDA will continue to be compromised by continuing involvement of local politicians in the planning process.</li> </ul>
Resources for planning	<ul style="list-style-type: none"> <li>• Lack of sufficient numbers of technical staff in planning and housing departments.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of experienced planning staff capable of effective negotiation with developers.</li> </ul>

Source: Interviews with various housing and planning interests.

It is clear that if supply constraints were addressed, price stabilisation as sought by policy makers is possible over the longer term with prices adjusting towards reflecting the fundamental replacement cost of buildings and more modest site costs, varying with location. The capacity of the development industry to deliver enhanced housing supply was

doubted by some policymakers. However, it is likely that capacity constraints, which had undoubtedly been pushed to their limits by the overall strength of all commercial and residential development sectors, are no longer under such pressure. In fact, the decline in commercial development activity in 2003, as in the suburban office parks for example, is likely to bring some additional development interests back into the residential sector.

#### *Development Land and House Prices*

The view that economic growth was past its peak in the Irish economy became established within the property market by late 2000-early 2001. While growth in the economy was expected to continue, estimates of such growth are that it will be below 4 per cent per annum, compared to growth rates of 8 to 10 per cent per annum during the late 1990s. The threats to such growth, both internationally and domestically, have intensified in the period to 2003. However, prices of residential property have continued to increase, leading to problems of affordability.

Some development land prices have reduced in recent time as the pricing of land assets is based upon a residual approach to development appraisal in which future development value and potential are reflected in present prices. The competitive land market of recent years, with strong demand from both commercial and residential developers, resulted in a continual upward pressure on the under-supplied land market. As the prospects for economic growth on the scale of the past decade recede, this depresses the competitive bidding for development land. In particular, as commercial property construction declines in response to a weakening market, for example in suburban office and technology parks, the resulting deflation in land prices was estimated in the study interviews as being approximately 15 per cent during 2002.

In assessing whether such land price reductions will work their way through to underlying house prices in the GDA, the consensus of opinion of those interviewed was that price falls are unlikely in the short-term. This view was backed by the strength of overall demand in the housing market as experienced by development interests. Indications are that while housing production remains static at 10,000 units per annum for a potential purchase market of up to 20,000 units in the Dublin Region in 2002, price increases are more likely than reductions. This significant supply/demand imbalance has created a market for new homes at existing price levels, with prices in the alternative supply market of the Outer Leinster counties also rising further, enhancing the profitability of development at such locations.

The issue of pricing within developments subject to the new Part V provisions was raised in several interviews, with a clear trend already established within the market of cross-subsidisation. This basically involves the development-financial appraisal process being adjusted to allow for the provision of non-profitable housing within new schemes. In essence, while the costs of such housing units remain to be included in the feasibility and financial assessment of the project, the profits on the overall scheme are recouped from sales of the remaining housing units. This involves a direct subsidisation of the social and affordable units by the remaining units in each individual scheme. As was pointed out by planning and policy interests, the effect of this new measure on development interests needs also to be viewed in the light of increased residential densities being permitted on virtually all new housing schemes in the Dublin Region.

The ownership of development land was raised as a major issue in all of the interviews. Without a full official public registration process, it is not possible to identify the exact ownership of all development land. However, the existence of significant land banks in major suburban areas is known and the significance in terms of housing supply delays was explored. When development interests were questioned as to whether a concerted action controlling or delaying supply of development land was occurring, they denied that such actions were taking place and pointed to the protracted legal, planning and development procedural issues as the causes of delay.

From an economic perspective, it would benefit such owners to develop the land while the existing strong and favourable market conditions exist. However, many of the interviewees acknowledged that such landowners do act in a commercially prudent manner from their individual perspectives. This often involves the phasing of development over a long period of time, particularly as these owners realise the difficulties and complexities of both acquiring further suitable land for future development and the major difficulties likely in obtaining planning consent.

The holding of significant land banks by non-development interests as a long-term investment was raised in several interviews. The essential feature of such investment is the supply inadequacies will persist and a judgement that existing and future policy will fail to increase the general supply of development land with adequate infrastructure. Finally, the development land scarcity issue was also a key issue preventing both new Irish building interests and international housing developers from entering the Irish market. Over the course of the study and the interviews it was evident that a considerable number of Irish and UK house building interests were actively seeking development opportunities on 'ready-to-go' sites within the Dublin market without success.

#### *General Planning and Development Issues*

There was a recognition across all interests interviewed that traditional approaches to blueprint planning on a 'predict, zone and provide' basis were outdated and that integrated approaches were the only future possible option. The emasculation of the entire planning process was evident in discussions of practice by both development and planning interests, with technical arguments as to compliance with statutes and regulations dominating.

Housing supply is controlled at local authority level, but the necessary associated infrastructure is resourced by central government and this provides obvious problems and conflicts. Pressures on local councillors regarding individual sites were viewed as playing a critical role in the planning process. In settled urban areas, this pressure may be to restrict or prevent supply while in outlying areas it is often to facilitate zoning enabling green-field development.

The absence of co-ordination between various local authorities in the GDA was evident in the interviews. The inconsistent objectives of the housing strategies of each local authority reflect the absence of a regional framework within which the strategies could operate. The inconsistent implementation of development policies may result in the spatial distortion of development favouring local-authority areas with the greatest quantity of serviced development land and which apply relatively less rigorous social and affordable housing criteria.

Local-authority interests pointed out that delays were inherent in the planning system, often resulting from the actions of developer applicants. Local authorities are often dealing with normal applications, applications for extension of time and enhanced planning permission, all on the same land. Such interests also pointed out that major delays in servicing some rezoned lands can occur if such lands were rezoned against the advice of professionals within the local authority, due to the extent of engineering and drainage work required. Planning interests also pointed out that planning was attempting to identify and achieve targets in three often-conflicting objectives: the number of housing units, their quality and social integration. In addition, the nature of consultative processes now expected with local communities and local interests was often deliberative, systematic and relatively lengthy.

Development interests often found the planning process to be complex and unworkable. The adversarial nature of the system promotes an frequently negative 'cat and mouse' approach within a complex legal negotiating framework. Such interests pointed to the multiple layers of the system, involving development zones, planning guidelines and strategies.

When a system has developed a large degree of complexity, the availability of planning staff with whom development interests can engage is critical. Both planning policy and development interests concurred on the lack of suitable experienced planning staff and the difficulties this presented in terms of achieving decisions within the planning process. Of particular concern to all development interests are time delays inherent within the system, particularly where appeals to An Bord Pleanala result from an application. Some development interests referred to lands purchased with planning permissions ending up in a three- to four-stage planning process, including repeated referrals to An Bord Pleanala, which some interests referred to as 'anti-development'.

There was a broad consensus across all interests interviewed recognising the desirability of the new higher densities in residential development. Market interests noted an obvious drop in development land values where it is impossible to achieve higher densities. Some concern was evident across all groups interviewed regarding the workings of the Strategic Development Zones (simplified planning zones introduced in the Planning Act, 2000). Two problems emerged with such initiatives. First, the fact that in some instances, lands were serviced and made available in areas which development interests regarded as weak from a marketing and sales perspective and, secondly, that the additional process seems to be, in some cases, delaying rather than expediting the development process.

Developers and local-authority interests pointed out that issues beyond the control of the planning system often complicate development land acquisition. Such issues include problems and complexities of title, fragmented land-holdings and tenures, problems with adjacent owners and interests, fiscal incentives and financial issues.

Views regarding the role of government intervention often diverged. While a consensus existed that a core problem for the planning and development system was the previous lack of investment in infrastructure and services, such agreement regarding recent specific fiscal charges did not exist. Proponents of previous fiscal measures attempting to control investor demand in the housing sector believe that aggressive lobbying by the construction sector panicked the government into its policy reversal. Market interests maintain such change

was essential to stimulate investment in the supply of apartments for the private rented sector which otherwise was being diverted to other cities internationally.

### **Housing Policy and Part V of the Planning and Development Act 2000**

The debate on the effectiveness of Planning and Development Act, 2000, is in its early stages and the complexities involved in the successful implementation of Part V provisions in particular are becoming evident. Applying the Housing Strategy to every individual site can be difficult for both local authority and developer. Complying with legislation on a large green-field development site is easier to achieve than, for example, within a 12-unit development in an existing residential area. There are circumstances in which developers and housing authorities find it suitable to provide by agreement a proportion of social and affordable housing on one site with a lesser concentration or no such provision on another site, although this may appear to be against the spirit of the legislation.

The engagement of developers and local authorities in individual negotiations on each site can be viewed as an innovative process to fulfil the needs of proper housing provisions or as an additional complex bureaucratic hurdle presenting further difficulties and delays. Essentially, development interests believe that planners are not aware of the difficulty of the market process while some local authority interests find developers unwilling to consider the social and economic context of their individual developments.

Critics of the process find Part V and the particular Sections 96 and 97 unworkable because of problems relating to clarity, consistency and equity in the submission and determination of planning applications and that it will discharge the responsibilities of local authorities in the supply of housing. Others, in defence of the process, recognise deficiencies in the legislation and the need for improvement and flexibility but point to the need for any clear alternative to avoid under provision of affordable housing and social segregation. The early operation of the scheme has witnessed different decision-making processes being employed by various local authorities with the potential for dispute and legal challenge evident within the negotiations process.

Difficulties with the new planning legislation (Part V) included:

- Uncertainty in decision making, delays and disputes
- Greater involvement of An Bord Pleanála
- Confusion as to valuation of land and compensation procedures
- Difficulties of future management of dispersed social housing
- Administration and resource capabilities
- Adverse impact on the potential for sustainable in-fill development
- Specific site difficulties not being recognised
- Definitions: for example, are all forms of residential developments included?

The rationale for policy in this area, stated by policymakers, was to move towards the integration of social housing by involving the private-sector development process. The move away from traditional local-authority-built housing was partly driven by the difficulty such authorities faced in acquiring development land at affordable prices. The

international comparable models influencing the legislation include the UK and Netherlands systems. Examination of such systems indicates that the Irish system represents a refined and advanced model of the comparable UK policy initiative.

The perception by some policy and planning interests is that builders are seeking amendments to Part V unfairly and that no credible alternative has been forwarded by such interest groups to avoid creating segregated housing. Despite opposition, there is an expectation by policy interests that developers will eventually absorb the measures and supply the required housing as they can do so very profitably, particularly in the light of the availability of increased densities. Such arguments are not as relevant in discussion of rural areas.

Various local authorities have differed in their approaches to achieving the required social and affordable housing component in new residential developments, with some authorities seeking an equal split between social and affordable while others lean towards more affordable than social (e.g. county Meath with 3 per cent social and 17 per cent affordable). Integration is also viewed differently by the various local authorities whether fully on site, between sites or, in one example, on a site divided by a road with the social and affordable housing effectively separated from the main development. Such differing views on integration, whether narrowly or more widely defined, are mirrored in other aspects of negotiations such as whether the percentage applied to floor-space or units within the development and a variety of agreement models are being negotiated at present. Such flexibility is viewed favourably by local-authority interests, as it enables them to regard to varying local housing needs across their areas. Such complex individual negotiations are difficult for many developers to deal with as they are often willing to deal with known or measured risks, but not unclear policy requirements which are difficult to assess and which render the development appraisal and financing process more complex and difficult.

Many development and construction interests regard the new social housing legislation as complex and unworkable. They see little linkage between previous policy analysis, government initiatives and the Part V legislation. Many development interests possessing little confidence that policy implications have been fully understood, expressed reluctant acceptance of the legislation. Currently, there is no completed Part V mixed-tenure scheme which can act as a model for examination and replication. The possibility exists of judicial review challenges by development interests who perceive their interests to be negatively affected by the decisions of individual local authorities. The need for agreement on social and affordable housing at planning stage remains contentious. Some early participants in such processes have advised developers to deal or comply with the provisions at an early state by selecting types of social housing which may have less impact on the marketability of the schemes. In-fill housing proposals are particularly affected by Part V provisions, as the sites are smaller and specific locations make the sale of non-Part V units unattractive. Larger land holdings on the outskirts of Dublin are more capable of absorbing Part V conditions as the overall volume of development is greater.

Some development interests were of the view that if State policy were directed towards housing/social integration, Compulsory Purchase Order acquisition should be used to effect this on a transparent basis. According to such interests, the Part V mechanism comes at the wrong stage of the development process. Their belief was that interventions should

logically occur where such gains occur, through the impositions of development levies on lands being rezoned and by Capital Gains Tax on the sale of land rather than as a penalty on the final development. The latter effectively transfers the recovery of planning gain onto the price of new housing in each development on an individual basis. Such subsidisation increases house prices for new purchaser entrants to the housing market.

Development interests fear Part V regulations, particularly on land they have purchased at high prices. They are more willing to carry out integrated developments on lands owned by local or public authorities. Some development interests are moving towards accepting Part V as part of the process required for planning permission, particularly for green-field sites. Such interests feel that the long-term future will involve continued co-operation with housing associations, which it is hoped will evolve and develop in a manner similar to their European counterparts. They also believe that the planning system is backlogged without additional complex negotiations.

Housing associations are exempt bodies from the legislation as their purpose is already to provide social and affordable housing. These bodies are often approached by developers to undertake the social component of some housing schemes or, alternatively, they also act as agents for some local authorities to develop and manage social housing schemes. The management focus of such associations makes them more acceptable to developers than local authority whose commitments are less specific. Problems may emerge in terms of cherry picking by developers of the 'most suitable' social housing types with residual groups being marginalised. The widespread perception of the absence of long-term management of local-authority estates has created the fear of problems of integration by the private market and this perception may only gradually change with improved social housing management systems and community development initiatives. For management purposes, the social and affordable housing units may often be located in one independent block as the difficulties of alternatives such as the full integration of social housing throughout the development are significant.

### **Conclusions**

The development land issue remains a critical problem in ensuring adequacy of a supply response to ensure improved general access to housing in the GDA. The existing system of separating property and development rights from development requirements or responsibilities is almost uniquely constructed to ensure a speculative development land market and high house prices. Inadequate infrastructure and a controlled land-use zoning system confers development gains on a pool of landholders whose interests are best served by the maintenance of a scarce supply of serviced development land. Moves towards a coupling of development rights and requirements represented by enhanced development contributions towards infrastructural costs seem to represent the best medium-term option to deflate speculative pressures within the land market. The more complex legal and constitutional aspects surrounding the issue of building land are currently being explored over the longer-term by a joint Oireachtas Committee dealing with property rights.

There is a lack of formal liaison between the various local authorities in the GDA in relation to their respective housing strategies and the differences between the strategies. Provision was made for a housing strategy framework for the Dublin Region but a formal structure for inter-authority co-operation has yet to emerge. Some of the neighbouring local

authorities liaise on an informal basis to inform on another of their policies, but local authorities in the Mid-East region do not liaise on a formal basis to develop a common housing settlement with the Dublin local authorities. There is a need for a formal inter-authority housing strategy framework committee to be established, which would comprise all of the local authorities in the GDA. This framework committee could address and alleviate policy differences and tensions between neighbouring local authorities on housing and wider planning matters. It would also deal with land-use and transportation issues.

There is a need to develop an overall housing strategy for the GDA, perhaps forming part of the function of the proposed Greater Dublin Authority, the creation of which was recommended in the document *New Institutional Arrangements for Land-use and Transportation in the GDA*. The GDA overall housing strategy could act as a guide for the direction of local authority housing policy and act to reduce potential conflicts arising from differences in strategies. This could be of benefit particularly with respect to varying requirements for the social and affordable proportion of mixed-tenure housing schemes under Part V of the Planning and Development Act 2000.

A model mixed-tenure housing scheme under Part V regulations is required to gauge the benefits and difficulties of integrated housing in order for local authorities to make refinements and improvements to such schemes through a 'learning curve'. The current lack of a completed, operational mixed-tenure housing scheme under Part V of the Planning and Development Act, 2000, gives rise to considerable uncertainty as to the potential success of mixed-tenure housing schemes. It must be noted that the recently publicised Castlecurragh and Cherry Orchard mixed-tenure schemes, under construction in Fingal and Dublin City respectively, are being built on local-authority-owned land and thus do not fall under the remit of Part V legislation. The problem of design issues will need to be effectively addressed. A potential difficulty exists in relation to the incorporation of social and affordable units into mixed-tenure schemes of a high design standard. Linked to this issue is the problem of incorporating social housing into mixed-tenure schemes in existing residential areas and, in particular, areas of a high socio-economic profile where such developments almost certainly will face local opposition, causing planning delays. Mixed-tenure housing design factors also impact on housing management issues in creating difficulties for the local authority in managing their own social housing units in fully integrated schemes, substantially adding to the cost of management. It has been suggested that the voluntary housing sector could manage integrated housing units under the regulation of the local authority, but the issue of management has yet to be fully addressed.

The issue of building cost implications arising from mixed-tenure housing developments will need to be resolved. Some of the housing built for affordable and social purposes in mixed-tenure schemes may be too costly to permit realistic affordable prices and may require the local authority to compensate for any financial shortfall to the developer. The cost of compensation by local authorities will be greatest in areas where land prices are highest. In the current economic climate of a government budget shortfall and the commencement of cutbacks in public sector expenditure, this issue is of major concern. Related to this issue is the recent announcement by Central Government that local authorities will be closely scrutinised in their expenditure on social housing schemes, with the objective of maximising returns on spending. In practice, local authorities which face the greatest difficulty in providing social and affordable housing because of development

land shortages may be forced dramatically to scale back the objectives of their housing strategies. The financing arrangements for the selling of affordable housing need to be clarified. The operation of the affordable housing programme may be compromised by current uncertainty in relation to the proposed 'clawback' provision upon the sale of affordable scheme housing by the original purchasers. In particular, some local authorities believe that lending institutions may not be willing to incorporate the additional complexity involved in mortgage lending to purchasers of affordable housing.

This study finds that the constraints on the housing supply process have had a negative impact on housing affordability and the development of a sustainable urban settlement pattern in the GDA. The Dublin Region's role as a development pole, attracting significant economic development, has created significant additional demands for housing. The failure to increase supply to match such demand is resulting in the relocation of Dublin's housing demand toward the surrounding Mid-East and Outer Leinster counties, with significant long-term implications in terms of transportation, congestion and environmental sustainability. Housing supply and affordability difficulties have resulted in very high house prices for a city of Dublin's size. The housing supply/demand imbalance is also feeding into the recent erosion in the competitiveness of both the Irish and Dublin economies, with increased commuting times, wage inflation and restricted labour mobility. The quality of the built environment provides the context within which economic and social development takes place as well as acting as a contributor to such development.

Present housing supply policies are providing housing outside the major urban areas rather than within the location of their immediate demand. The current planning and development policy framework, with its strong emphasis on a regulatory/legal adversarial process contributes to this trend in favouring greenfield development where such conflicts may be minimised. Any policy aspiration towards a sustainable pattern of housing supply should involve policies advocating the efficient use of infrastructure and development land. This would reduce individual travel times for economic and social purposes. Such a policy would involve a significantly enhanced role for the urban regeneration and development process to make the best use of existing urban areas. In particular, an adequate supply of infrastructure and services such as water and roads are required within the Dublin Region to ensure that housing supply can meet demand and can also be regarded as the economic foundations of the region's future.

In the short-term, the potential exists to significantly enhance the supply of housing in the Dublin market through the adoption of a range of measures including a sustainable urban development policy, specifically addressing housing needs through the densification of existing under-utilised urban space, including space left over after planning, derelict and institutional/state-owned land. Such approaches must incorporate the concept of planning gain for affected communities and involve the identification of under-utilised land holdings in a broad range of public ownership for housing development purposes. Land designated for these purposes could be subject to the Strategic Development Zone (SDZ) planning approach in order to ensure its release onto the market with 'ready-to-go' planning permission modelled on the licence-type agreements pioneered in the earlier urban renewal schemes.

Over the longer term, it is evident that the planning and development system requires a significant renewal based upon the broad aims of the initial planning policies. This would

involve a major shift away from what is currently an adversarial legal and statutory regulatory control system, towards a Development Corporation model incorporating enhanced measures to ensure planning gains are equitably distributed. Further research could usefully examine the large variety of international models of planning and development contributing towards the supply of affordable housing.

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