



Dublin City Development Plan 2016 – 2022

Issues Paper Submission

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Introduction

The Society of Chartered Surveyors Ireland (SCSI) is the independent professional body for Chartered Surveyors working and practicing in Ireland. Working in partnership with the Royal Institution of Chartered Surveyors (RICS), the global body for Chartered Surveyors, our role is to work and act in the public interest by setting and maintaining the highest standards of competence and integrity among the profession; and providing impartial, authoritative advice on key issues for business, society and government.

The Society of Chartered Surveyors Ireland (SCSI) welcomes the opportunity to forward some recommendations relating to the new Dublin City Development plan-making process which will review and build on the progress made under the previous City Development Plan and set the direction for the future growth of the city.

According to Dublin City Council, the new plan will be completed within 2 years and will outline a long-term vision and medium-term strategy for the sustainable development of the city for the six-year period from 2016 to 2022. The plan will provide for new development policies, and the delivery of specific objectives, in line with development standards, guidelines and land use zoning maps, updated as necessary.

The SCSI also welcomes the issues identified as priority issues for the next City Development Plan which include:

- *Prosperity* - To support economic growth and improve Dublin's attractiveness as a place to live, work and invest in, with an emphasis on providing a good quality of life to sustain a growing population
- *Sustainable Neighbourhoods* - To link land use with public transport and make the best use of available land to support the development of sustainable neighbourhoods which have a range of facilities and a choice of quality residential accommodation.
- *Resilience* - To promote a balanced approach that promotes healthy living and recreational use of Dublin's unique natural amenities while protecting the environment and building resilience to cope with climate change.

Key SCSI Recommendations

- A core focus of the plan must be on improving the level of supply of residential housing in Dublin to meet the current supply shortage and help reduce the volatility of property prices and rents in a sustainable way
- A priority of the plan should be to facilitate more Foreign Direct Investment (FDI) and to develop a dynamic city that can retain and improve its competitiveness
- The development plan must be practical in its response to present and future economic challenges and facilitate higher density commercial development

The Society of Chartered Surveyors Ireland (SCSI) has set out some comments and recommendations to some of the questions relating to key issues which it believes are in the public interest and are within its remit to comment on, but has omitted answering questions which are outside of its remit.

Section 2: Shaping the City

- **What more needs to be done to improve urban public space in Dublin city?**

Public spaces are an important feature of Dublin in terms of its attractiveness to tourists and the overall competitiveness of the City. Ensuring that there are adequate resources at County Council level to ensure the improvement of public spaces is important as are the need for them to be kept clean and safe.

- **How can vacant sites best contribute to improving the character of the city?**

Recent surveys indicate that there are approximately 300 vacant sites on 65 hectares of inner city land in Dublin. The sites which are owned by the Local Authority should be improved and put into use either as sites for development, infill sites used for social housing construction or converted into social amenities.

- **In what way can the new Development Plan enhance Dublin's uniqueness in this era of globalisation?**

Dublin is home to 10 of the top 10 global ICT companies and 9 of the top 10 global software companies and the development plan must take this into account and evolve in order to continue to meet the needs of FDI. Currently rental inflation is threatening our competitiveness and the Plan should facilitate and increase the supply of housing units (for sale and rent) as well as increase the supply of office space, for which there is a very low vacancy rate.

- **How can the structure of the city facilitate sustainable patterns of settlement and employment?**

Ensuring that an adequate supply of residential property can be developed to support the development of a more balanced private rented sector is one way of facilitating more sustainable patterns of settlement and employment.

- **How do you think new development can help to integrate regeneration areas and new communities into the city?**

The strategy in the current development plan is to promote a hierarchy of mixed use centres ranging from key district centres down to neighbourhood centres. Encouraging development on the vacant sites would help to integrate regeneration areas and new communities into the city.

- **How can we achieve sustainable densities and create places where people will want to live and work?**

Facilitating an increase in the supply of housing will support the goal of sustainable densities and will create places where people will want to work and live as well as ensuring adequate transport facilities.

- **Should the new Development Plan allow for some limited flexibility in relation to building heights to take account of particular local circumstances?**

Yes, there should be some flexibility in relation to building heights to take account of particular local circumstances.

Section 4: City and Regional Economy

- **How can the development plan promote a greater supply of offices, housing and hotels?**

The SCSI believes that the development plan must promote a greater supply of housing and offices to meet demand and to develop a more sustainable housing market. According to the Central Statistics Office Residential Property Price Index, Dublin residential property prices grew by 3.0% in October and were 24.2% higher than a year ago down from approximately 89,000 units in 2006 to 8,301 in 2013, which poses a threat to affordability given the anticipated demand of around 7000 units per annum, between 2014 and 2018, as forecasted by the SCSI.

A shortage of supply of modern offices has now been cited as a key concern to attracting Foreign Direct Investment given that there has been very little office construction over the past 5 years and many international companies may not be willing to wait 24-36 months for new builds.

Development as only just become viable again and the Council, should in so far as it can, remove any barriers to development in order to increase the supply of residential and commercial property in areas where there is currently a shortage. Some of the barriers identified by SCSI members are identified below with proposals for improvement.

(i) Financing of Developments

According to SCSI members one of the main reasons for the delay in new housing coming to the market is the lack of development finance available for SME developers and builders.

The SCSI would highlight the situation in the UK, where the Department for Communities and Local Government and the Homes and Communities Agency have launched a £525 million Builders Finance Fund to help restart and speed up housing developments between 15 and 250 units that have slowed down or stalled.

This Builders Finance Fund in the UK is helping to bridge the financing gap between the equity required by financial institutions to provide debt financing. While we appreciate that Dublin City Council may not have the authority to introduce such a fund, this measure featured strongly in our 2015 Pre Budget Submission.

(ii) Viability of Developments

The Society believes that there should be a form of Financial Viability Testing introduced in the development plan. Financial viability has become an increasingly important material consideration in the planning system. While the fundamental purpose of good planning extends well beyond financial viability, the capacity to deliver essential development and associated infrastructure is inextricably linked to the delivery of land and viable development. The SCSI has produced a paper on Financial Viability Testing, which is available on request,

with the Irish Planning Institute and other stakeholder groups and recommends that these principles are introduced at the planning review stages.

(iii) Infrastructure/ Development Contributions

A significant barrier to unlocking supply of residential homes is the requirement to fund infrastructure in advance of the development being completed. This is problematic and leads to delays in completion of developments. There are also situations whereby funding for the delivery of a piece of local infrastructure is required by a number of landowners/developers (i.e. a traffic calming measures or roundabouts) but the developers may be at different stages of development or even insolvent. This means that the local piece of infrastructure cannot be financed and thus the development which is ready cannot be completed. The Council should assist developers, where it can, with the upfront provision of infrastructure for residential and commercial developments. By providing this key infrastructure upfront, planning risk is reduced, as are up-front planning obligation costs, enabling development to come forward quicker than it would ordinarily do. The new developments will also have a reduced impact on existing communities, as new infrastructure required to serve them will be in place prior to the completion of large-scale development.

In the UK, Revolving Infrastructure Funds (RIFs) are being introduced as a funding mechanism for infrastructure ahead of developments being completed. The proposition is for the RIF to provide cash to pay (in part or all of) for the key items of physical infrastructure, which in turn enables associated land to be released for development over time. This is the investment phase with money being paid out to fund infrastructure. A proportion of the value of the development land is used to pay back the RIF for its outlay (potentially plus a commensurate return). This is the repayment phase, with receipts coming back to the RIF. Value is typically released either through the sale of land or proceeds of the development itself (through the sale of houses) and the funding is returned and revolving. Hence an RIF is a means of providing financing, and is not a grant or subsidy. Once it has generated sufficient receipts, the RIF is then able to reinvest amounts returned to pay for infrastructure on further projects. The West of England Revolving Infrastructure Fund (RIF) is worth £56.7m and is made up of two elements.

Development contributions, which have been reduced across the four local authorities, are still too high and are a major obstacle to development. The SCSl Construction Tender Price Index shows that the latest tender prices are approximately a third lower than they were at the peak, yet development contributions have not fallen by the same amount. Going forward development contributions should be index linked to reflect market changes. The SCSl recognises the measures in the Planning & Development (No. 1) Bill to reduce development contributions retrospectively.

(iv) Building Standards

The SCSI welcomes all improvements in Building standards and building regulations and reiterates the need for a consistent approach to building regulations in the interest of public safety. Our members have, however, highlighted the fact that some of the Dublin City building standards for apartments (i.e. dual aspect apartments, underground car parking requirements etc.) are higher than the Department of Environment standards and are therefore prohibiting the development of new apartment blocks in Dublin City – where there is a shortage of supply and this is causing rents to increase. We would welcome an alternative approach where the higher standards are encouraged but not mandatory, with the DoE standards providing the benchmark.

(v) Build to Rent Schemes

The private rented sector almost doubled in size between 2006 and 2011 and approximately 1 in 5 households in the country are now renting privately. According to Daft.ie, the average rent nationwide is now 14% higher than it was at the same time last year and rental price inflation is also being fuelled by a shortage of supply of property in urban areas which is posing a risk to the economic competitiveness of the country.

Equally, there 89,000 people, nationwide on the Social Housing Waiting list, approximately 16000 of these are on the Dublin City Council Waiting List. The Council should also consider specific measures to increase the supply of private rented accommodation and social housing, in conjunction with private developers. The economic model to build private rental accommodation is different to that of building homes for sale.

The price of land is a key factor in the viability of developing rented accommodation, in particular because the demand for rental accommodation is high in urban areas and city centres close to employment and transport links. This is also where land prices are at a premium. This has been recognised in the UK by the introduction of the 'Build to Rent' scheme aimed at increasing the supply of private rented accommodation. The scheme was created to cut risk for developers looking to invest in homes constructed for the private rental market. The initiative reduces the up-front risk for developers by the government sharing the risk or providing bridge finance to allow schemes to be built, managed and let.

Once the scheme is fully let, the developer will sell on its interest or re-finance and repay the loan or equity. The Council could explore using a similar scheme.

(vi) Planning

As highlighted in Construction 2020, a fit for purpose, flexible, effective and proactive community led planning system is needed in order to stimulate commercial and residential property development. The SCSI also believes that planning policy needs to be modernised to take account of the new economic realities and new drivers of demand in the property market.

In terms of Residential Property, the SCSI believes that there is a requirement to ensure that future apartments are suitable for living. Traditionally, apartments were viewed as a first step towards a more traditional home. Due to the boom, it has become evident that the current design of apartments is not suitable for family occupation and it is our view that consideration should be given towards the European style of apartments which are more

suitable for long term habitation, and in particular for family living, when new developments are being designed.

It has been stated that there is extant planning permission for 2444 units in the Dublin City Local Authority area. However, according to estate agent members of the SCSl, the demand from non-homeowners is for family type traditional homes, not apartments in high density schemes for which a proportion of the planning permission is granted. It is the view of SCSl members surveyed that there should be a relaxation of density requirements on sites in urban areas outside of the city centres to support the development of family type homes, which is what the market wants.

In terms of Commercial Property, members of the SCSl believe that there is a need for greater speed and less uncertainty in relation to planning applications and the process to support targeted high potential commercial development for Foreign Direct Investment purposes. The current turnaround time of up to three years may be too lengthy for FDI demand from the likes of Google and other technology companies. The planning process can take a year and this is felt to be too protracted. There is a view that greater flexibility and innovation is needed at government and local authority level to ensure that planning for, say, combined office/ residential developments can get through.

- **How can we encourage more FDI investment in the physical development of the city? How do we optimise the potential of Real Estate Investment Trusts (REITs)?**

There is considerable scope for institutional investment i.e. REITS, Pension Funds and other investors to contribute to the physical development of the city, particularly when it comes to private rented accommodation.

In order to optimise the potential of REITs to increase the supply of property in the City, some of the barriers to development must be reduced including development contributions, certain building standards and planning permission timelines.

The council should in so far as it can, work, in conjunction with government, to create a favourable environment which would encourage FDI investment in the private rented sector in Dublin City.

- **The extensive 63 hectares of vacant land in Dublin's inner city is both a great challenge and an opportunity for the city. How can we expedite the early and high quality development of these c. 300 sites?**

In order to expedite the development of these 300 sites the Council should work in partnership with private developers. The Council should explore the possibility of establishing a Build to Rent Fund which is currently in operation in the UK. The scheme was created to cut risk for developers looking to invest in homes constructed for the private rental market.

The initiative reduces the up-front risk for developers by the government sharing the risk or providing bridge finance to allow schemes to be built, managed and let. Once the scheme is fully let, the developer will sell on its interest or re-finance and repay the loan or equity.

Alternative Joint Venture approaches should also be considered. Models used elsewhere in both UK and Europe can be studied to provide workable approaches.

Section 6: Population and Housing

- **How can Dublin City provide for the housing needs of all groups, including older people, students, people with disabilities, the homeless, etc.?**

The Council can provide for the needs of all groups by ensuring that there are developments suitable for people at different stages of the property life cycle. For example, if the Council was to facilitate the development of smaller units of developments in residential areas, it could provide a solution to the supply shortage. If older people had an alternative property type to move into, that was still within their residential area, they may be willing to trade down from larger homes, thus increasing the supply of family type homes in well-established areas for which there is a demand due to access to schools etc.

It is also important for the needs of varying groups to be taken into account in developments to avoid “ghetto-isation” of these groups and ensure that suitable accommodation is fully integrated taking into account the needs of all potential residents. Interesting models have been followed in the UK and elsewhere. For example, siting elderly housing facilities to have shared garden space with crèches or schools; this model has proved to allow useful social contact between the elderly and very young where it might not otherwise take place, alleviating loneliness and isolation in the elderly residents and providing young children who may be living away from their own extended families with contact with an older generation.

Imaginative approaches are needed, and it is envisaged that a multi-pronged approach with a number of strands will be more effective than single strategy.

- **Where in the city should new social housing be provided?**

New social housing developments should primarily be targeted at Dublin’s Inner City. According to the Department of Environment, Community and Local Government there were 872 social housing units provided by Dublin City Council in 2008. This has declined to 268 units in 2013.

On the other side of the equation there are approximately 16171 households who were assessed as qualified for social housing support according to the Housing Agency, 61% of these are unemployed and in receipt of social welfare, with 17% comprising of one parent families.

Such a decline in the provision of social housing has undoubtedly affected the more disadvantaged areas in Dublin City, particularly the inner city. Studies which have examined Dublin’s disadvantaged areas, which have used Dublin’s Electoral Districts, have identified these areas as Wood Quay A, North Dock C, Inns Quay and Mountjoy A.

- **How can the provision of social housing be increased in the context of constrained exchequer funding and capital expenditure?**

According the Housing Agency Summary of Social Housing Assessments 2013, 16,171 households in the Dublin City Council Local Authority area were assessed as qualified for housing support as of the May 7th 2013.

The SCSi welcomes the allocation of €3.8 billion under the Social Housing Strategy 2020 and the prioritisation of Social Housing under the Public Capital Programme 2015-2020. The SCSi also notes the extension of the Home Renovation Incentive Scheme to the private rented sector which should increase the stock of Social Housing.

The SCSi in its submission to the Department of the Environment, Community & Local Government, and in its submission to the Department of Public Expenditure and Reform on the Public Capital Programme, identified a number of ways to increase the stock of social housing. Recommended measures include:

In terms of funding the construction of social housing, a portion of the Local Property Tax (LPT) could be ring fenced for the provision of Social Housing or allocating a percentage of the LPT when Dublin City Council assumes responsibility for varying the LPT in 2015.

In order to make the construction of social housing economical, there should be reduction of development contributions, local infrastructure costs and other Local Authority costs for developers of Social Housing schemes.

The Dublin City Council should form strategic alliances with Housing Associations and Private Developers in order to deliver Social Housing.

Dublin City Council recently identified over 300 vacant sites. Dublin City Council and other Local Authorities should be required to free up land banks or vacant sites they own for development of social housing schemes. This should be delivered through the Housing Associations which have a proven track record and experience of delivering social housing schemes cost effectively.

In terms of delivery, Dublin City Council should support Public Private Partnerships (PPP's) with private developers to build Social Housing schemes on lands owned by the Local Authorities. This should be delivered via the introduction of a Build to Rent Scheme in conjunction with the Housing Associations. Build to Rent Schemes are currently in operation in the UK. The initiative reduces the upfront risk for developers by the government sharing the risk or providing bridge finance to allow schemes to be built, managed and let. The developer will sell on its interest or refinance and repay the loan or equity.

Dublin County Council need to examine innovative ways to finance the provision of social housing which includes leveraging market finance in order to deliver social housing. According to Cluid Housing Association Report, *Financing the Irish Social Rented Sector lesson from England and Canada*, the UK has a highly developed market for borrowing by social housing landlords for new developments. Financial institutions in the UK have made £60bn available to the sector (UK Parliament, 2010) and housing associations have £40 billion of debt drawn down at interest rates that are cheaper than those for non-regulated housing developers. In May 2014, there were reports that South County Dublin were formulating a plan to establish a housing trust which would act as an arms-length company. This company would then be able to borrow money from the Housing Finance Authority (HFA). The money would then be used to secure mortgages on which SDCC could build houses, which would then be rented to those on the housing lists.

Dublin City Council should work in conjunction with NAMA in order to release more stock for the provision of social housing.

- **How can the new City Development Plan encourage innovation in housing typology which delivers on peoples' preferences in a sustainable manner?**

The housing typologies in the development plan should be informed by population and household data trends.

In addition, City Architects need to study international practice including the many innovative housing typologies in use globally to solve various urban challenges. These include distributed apartment buildings which provide collective but distributed housing solutions, and other design approaches which have not been used to date in Ireland. Best practice should be culled from international experience and incorporated into an accessible appendix to the development plan

- **How should the new Development Plan respond to the changing demography of the city including falling household size, which will increase the need for homes suitable for 1 to 2 people? For example, should retirement villages be considered?**

The housing typologies in the development plan should be informed by population and household data trends.

For example, if the Council was to facilitate the development of smaller units of developments in residential areas, it could provide a solution to the supply shortage. If older people had an alternative property type to move into, that was still within their residential area, they may be willing to trade down from larger homes, thus increasing the supply of family type homes in well-established areas for which there is a demand due to access to schools etc.

As importantly, the question of how to satisfactorily address the needs of an ageing population need to be considered, including not just the concept of “retirement villages”, but a range of alternative approaches to the changing housing needs of an ageing population. Again, countries which have passed into ageing curve ahead of Ireland should be studied to examine which approaches have proved most effective. The key to successful retirement villages appears to be the provision of extensive ancillary facilities, including the provision for respite nursing, adequate health care, and suitable social and community provisions. Various degrees of independence and dependence need to be allowed for.

- **What are the obstacles to viable and appropriate development which the forthcoming Development Plan should seek to address?**

The primary barriers to viable development are set out above and primarily relate to development contributions, requirements to fund local infrastructure upfront, access to development finance, planning delays and uncertainty and certain building standards requirements.

- **What measures should be considered to encourage the use of existing vacant stock, including disused upper floors, in order to address rising housing demand in the city?**

The measure in Budget 2014 to extend the Home Renovation Incentive scheme will assist with the improvement and bringing back into use of vacant stock.

In the UK, Local authorities and Government have introduced a series of measures of the last decade to optimise the use of vacant existing stock. There, local authorities have systems in place for negotiating with owners to bring properties back into use and may provide grants to assist with the improvement of empty properties.

From 1 April 2013, under the *Local Government Finance Act 2012*, “unoccupied and substantially unfurnished” properties are subject to a Council Tax discount of anything between 0% and 100% at the discretion of the billing authority. Properties undergoing “major repair work” or “structural alteration”, which are vacant, are subject to a discount of any amount between 0% and 100%, for a maximum of 12 months. Also from 1 April 2013, local authorities have been able to set an ‘empty homes premium’ for long-term empty properties. Properties which have been unoccupied and substantially unfurnished for over two years may be charged up to 150% of the normal Council Tax.

Some Local Authorities have employed Private Sector leasing Schemes where the local authority or housing association takes a lease on an otherwise empty property and brings it back into use. They can be particularly appropriate when the barrier to the re-use of the property is an unwillingness by the owner to take on the role of landlord and the responsibilities that that entails. These schemes have been used extensively to provide accommodation for homeless families and individuals.

The UK Government has also offered VAT incentive for refurbished property and have facilitated the introduction of 100% Capital Allowances for creating ‘flats over shops’ for letting. Where agreement cannot be reached with the owner of an empty property to bring it back into use, a local authority may seek to acquire the property compulsorily. Where a local authority has invoked enforcement measures using some of the powers listed above, if the owner expresses no interest in bringing the property back into use the authority may step in and undertake the works itself with a view to reclaiming the cost from the owner on their completion.

- **Where should high quality student accommodation be provided and what standards should apply?**

High quality student accommodation should be provided in the areas where it is needed and based on population and economic data.

The most suitable location is on campus for campus style third level institutions. Otherwise, accommodation needs to be readily accessible on foot, by bicycle or by public transport.

Consideration should be given to incentivising third level institutions to increase their stock of student accommodation.