



Comhairle Cathrach na Gaillimhe
Galway City Council

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Bóthar an Chóiaíste
Gaillimh
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Mr. Pdraig Grant
Clerk to the Joint Committee
Joint Committee on Housing, Planning & Local Government
Leinster House
Dublin 2

30th November 2018

RE: Invitation to attend Joint Committee on Housing, Planning & Local Government Meeting on December 6th 2018 'Funding and Delivery of Public Housing under Rebuilding Ireland'

Dear Mr. Grant

I refer to your letter of the 23rd November 2018 in relation to the above and I attach herewith copy of the opening statement that I will make.

Yours sincerely,

Brendan McGrath
Chief Executive

**Opening Statement to the Joint Committee on
Housing, Planning & Local Government**

December 6th 2018

Mr. Brendan McGrath Chief Executive Galway City Council

'Funding and Delivery of Public Housing under Rebuilding Ireland'

Introduction:

Chairperson and members of the Joint Committee

I am pleased to be here this morning to assist the Committee in its examination of the progress being made and some of the challenges being faced by Galway City Council in the delivery of public housing under the Rebuilding Ireland Programme. My role is that of Chief Executive of Galway City Council and I am joined by Mr. Dermot Mahon, Acting Director of Services Housing & Social Inclusion. I propose to outline the background and context under which we are operating, to provide an overview of the current delivery programme under the five pillars of Rebuilding Ireland and to highlight some of the challenges and issues we are currently facing to improve delivery in Galway City.

Background and local context:

The population in the greater Galway hinterland exceeds 250,000 people, making it the State's third largest centre of population after Dublin and Cork. The population of Galway city has grown from 47,000 in 1986 to almost 80,000 today. This growth not only reflects a national and international trend of increased urbanisation but more specifically reflects the attractiveness of Galway as a city in which to study, to work, to visit and to live.

Galway has been Ireland's most rapidly developing urban area for half a century and is a key driver for the west of Ireland. The City is located at a pivotal point on the Atlantic Economic Corridor, from where the influence of Ireland's southern Atlantic cities extends northwards. Under PI 2040, Galway City's population is anticipated to grow by 45,000 people over the 20 years i.e. to grow in the next 20 years by twice as much as which the city grew in the previous 40 years.

The Galway Metropolitan area shares many of the challenges arising from growth and economic success with much larger cities. In common with Dublin, Galway needs to accommodate a greater proportion of the growth it generates within its metropolitan boundaries. *(Project Ireland 2040 National Planning Framework)*

Challenges to be addressed include housing choice and affordability, transport/ mobility, social /community infrastructure supports and urban quality, especially outside the core-city centre area.

Galway needs to both address recent growth legacy issues and build on key strengths, including a world class medical technology cluster, third level institutions embedded within the City, a vibrant arts and cultural scene, year round tourism and an attractive natural setting. All of these factors contribute to a positive national reputation. *(Project Ireland 2040 National Planning Framework)*

Some of the challenges to meet the growth targets set out in Project Ireland 2040, include:

- Delivering a number of regeneration projects to extend and intensify the City Centre, including Ceannt Station, Docks and Headford Road areas;

- Identifying infill and regeneration opportunities to intensify housing and employment development throughout inner suburban areas;
- Progressing the sustainable development of new greenfield areas for housing and the development of supporting public transport and infrastructure, such as at Ardaun;
- Improving access and sustainable transport links to, and integration with, the existing employment areas to the east of the City at Parkmore, Ballybrit and Mervue;
- Determining the sustainable future development of city sites in public ownership for employment and/or residential use together with supporting facilities and infrastructure.
- Ensuring adequacy of infrastructure, both physical and social to support the scale of development anticipated.

Pillar 1 – Address Homelessness

The October 2018 return to the DHPLG confirms that there are 189 adults in emergency accommodation in Galway City. There are also in excess of 100 children in emergency accommodation in the city. A Cold Weather Response initiative providing an additional 36 beds for rough sleepers over the winter period commenced in the last week of November 2018. This provision will extend to April 2019 and beyond this date, if necessary. 48 families in are in Private Emergency Accommodation with a further 13 availing of transitional accommodation in the city. Both the Fairgreen Hostel (men -26 beds) and Osterley Lodge (women -13 beds) are at capacity. 20 allocations to social homes, including both Local Authority and AHB, have been made in Galway City to date in 2018.

In addition to the services currently in place, the following services to support homeless persons are established or at planning stage:

Housing Assistance Payment Homeless Placefinder (HAP): Since June 2018, 44 tenancies have been set up under Homeless HAP. 27 of these tenancies are families and the other 17 are couples and singles that were registered as homeless with Galway City Council. The Council is currently exceeding its targets and the service is operating very effectively.

Cold Weather Response (CWR) – Winter 2018/19: Accommodation is in place in the west side of the City, adjacent to the Galway University Hospital and homeless day services. There is an increased capacity for 36 beds shared over two locations. The number of beds this year is being increased by 3 and an additional location is being sourced to provide additional bed spaces if required. CWR is locally managed between two homeless service providers. The service will operate from November 2018 to at least April 2019 and should ensure that there is a bed available for everyone who needs one in Galway this winter.

Family Hub: A facility has been acquired to provide accommodation and support facilities for up to 12 families. Contractors are being procured to carry out refurbishment works to include fire safety works. A procurement process is currently underway to appoint an operator under a service level agreement. It is anticipated that the Hub at ‘Corrib Haven’ will be operational in Q1 2019 and will reduce reliance on hotels and guest houses.

Modular Housing: Galway City Council is also working to develop a modular family hub comprising 15 prefabricated 2 and 3 bed units. The units will be situated on a site in the ownership of the Local Authority. The Council will manage the project-build including all of the site preparatory work. Peter McVerry Trust has been identified as the service provider who will manage the facility once operational. It is anticipated that it will commence operation in Q2 2019. Emergency accommodation

will be provided for 15 families at the facility. The capital cost involved, including the acquisition of the prefabricated units, is estimated at €2.5m.

Service Reform Fund (SRF) / Housing First: A Service Reform Fund (SRF) has been established nationally to support the implementation of reforms in disability, mental health and homelessness in Ireland. The homelessness programme is being implemented through an integrated approach by the Department of Housing, Department of Health, Local Authorities and the HSE. Funding for a 3 year project under the SRF has been approved for Galway City, targeted at developing and improving wrap around health supports in Housing First tenancies and addressing the complex health needs of the Housing First participants. Galway City Council has committed to sourcing 30 housing first tenancies with wrap around health services provision. A tender is currently being prepared to appoint an AHB/Service Provider. It is expected that the service fully operational from Q1 2019.

Domestic Violence Refuge: Construction/renovation works to create 9 units of accommodation and a communal facility for victims of domestic abuse at Forster St by COPE Galway has recently commenced and this centre will provide valuable support to persons in the city requiring supported accommodation.

Pillar 2 – Accelerate Social Housing

Galway City Council is currently progressing an ambitious programme of social housing projects across the city as well as working jointly with Approved Housing Bodies to deliver high quality social housing. This programme will realise over 1,200 new homes in the city for social housing purposes. The Rebuilding Ireland programme will result in a 50% increase in the overall number of social houses in the city and this has to be well planned and managed appropriately.

Galway City Council will achieve its targets set out under Rebuilding Ireland with the majority of delivery coming on stream in 2020 and 2021. The Council has been constrained by a number of issues in the past which have impacted on its ability to bring forward projects more expeditiously, including;

- Impact of the proposed Galway City Ring Road on the City Council's land bank available for social housing development;
- Legacy social housing land loans and their impact on the viability of proposed social housing schemes due to significant land costs to be levied against such schemes;
- Limited additional residentially zoned land available to the city council, within an acceptable price range and which will be suitable for social housing development, without giving rise to an over-intensification of social housing in certain geographic areas;
- Limited delivery from Part V owing to general low rates of construction

The area of undeveloped, residentially zoned land, owned by Galway City Council in the city stands at 18.6ha approximately. Plans are currently being progressed (with schemes in the system) to develop social housing on approximately 10 ha. of this land. The Council will progress further developments on another 6ha to 7ha within the next 18 months through a variety of mechanisms with a priority placed on achieving tenure mix on these lands. The small area left over beyond that has particular challenges which render development on the remaining 1ha to 1.5ha problematic in the short term.

Galway City Council output across the Build, Acquisition & Leasing streams in 2017 was 122 units. Galway City Council target for delivery across these three streams from 2018 – 2021 has been set at 1,089 units. The target set for 2018 was 145 units with a projected delivery at this stage of 111. A

shortfall was anticipated by GCC for 2018 from when the target was first communicated. The Galway City delivery pipeline is heavily weighted towards the latter two years of the 2018 – 2020 cycle.

Galway City Council projects delivery of 500 social units through own build schemes and turnkey acquisitions as part of the delivery on the 2018 – 2020 target.

It is projected that AHBs will deliver a further 450 units in that timeframe through a combination of CAS and CALF funded schemes – principally turnkey acquisitions funded through CALF.

A combination of acquisition, Part V delivery and long term leasing will make up the rest of the delivery to ensure that the target is delivered upon by the end of 2021.

The total cost of that projected housing capital delivery in the 2018 – 2020 timeframe is estimated at €220m. The Galway City Council own build and turnkey acquisition element of that will amount to €115m approximately.

Pillar 3 – Build More Homes

Private sector delivery of new homes in Galway City has been stagnant since 2007. Building strong, inclusive communities is a key objective of Galway City Council. The development of sustainable communities require, not only, economic development and employment, but also the provision of and access to education, health and community support services, amenities and leisure services and a good quality built environment.

The city is experiencing unprecedented and accelerating demand for social housing, There are currently over 4,000 households on the housing waiting list in the city. Targets set for the delivery of new homes under Rebuilding Ireland include to build and acquire over 1,200 new homes up to 2021 under the range of delivery options. This target will be achieved, but the Council must be conscious that there is very little private housing coming on stream in the city and the needs of those on the housing waiting list must be considered in the wider context of greater housing need in Galway city across all tenures.

There is limited delivery of new private units by developers across the city. There is an increase in applications for housing particularly in the last year including 8 Strategic Housing Developments in the planning process however it will be a number of years before these are available for occupation. It is estimated that the current shortfall in housing supply, across all tenures, is 3,000 homes across Galway City.

There is a demand and a requirement for c. 2,000 student beds in the City with planning approval for c. 1,000 beds having recently been granted or currently before An Bord Pleanála.

It is anticipated that over the medium to longer-term, significant housing developments planned at Ardaun, on the eastern periphery of the city, and the key city centre strategic sites at Ceannt Station and the harbour area will add c. 3,500 homes to overall city housing supply.

Enabling infrastructure is required at key locations to open up housing lands in public and private ownership. The Council has submitted an application under the Serviced Sites Fund with potential delivery of 120 social and affordable homes on LA owned land with multiples of that possible on adjoining lands. A new waste water facility will be required on the east of the city to fully lever on the

opportunity of the entire land bank within the Ardaun corridor and the new suburb that is proposed in this location.

Pillar 4 – Improve the Rental Sector

The private rental sector has a particular importance in Galway City with over 40% of the city's population living in rented accommodation. In 2018, over 1,800 households had their social housing need met in the private rented sector by Galway City Council through HAP, RAS and Leasing. The major challenge in 2019 will be to maintain existing accommodation under the various rental schemes and avoid those households supported in them entering emergency accommodation on foot of Notices of Termination.

Cost increases in private rental prices across the city is impacting availability of RAS and HAP uptake and the continuation of leases under these schemes. There is some anecdotal evidence that points to the rent restrictions introduced under the rent predictability measures in a rent pressure zone such as Galway City, as a contributory factor in landlords leaving the social rented sector. In an effort to retain landlords on these Schemes, the Council will apply the maximum annual rental increase of 4% in relation to those properties legally due a rent review in 2019.

Pillar 5 – Utilise Existing Housing

Galway City Council has a current social housing stock of 2,323 units. The final phase of energy retrofit on these homes will be completed in January 2019. Over 200 void social homes have been brought back into the system over the past 5 years and the target is to keep vacancy levels below 1.5% of stock. Vacancy rates previously averaged between 2% and 3%.

In 2017, the Council prepared a Vacant Homes Strategy, which is currently being implemented. The initial estimates put the number of vacant homes in the city at c.500. There have been significant variances in the vacant homes estimates provided by the CSO and Geo-Directory. The Council has begun an intensive process of engagement with property owners to encourage productive use through the various mechanisms available. In 2016, the Council acquired by CPO 2 adjoining derelict and vacant private homes which have been demolished and a 7 unit scheme for older persons will come before Council for approval in March 2019. This is a practical example of what can be achieved. The suite of opportunities to ensure the maximum return of vacant properties will continue to be vigorously pursued. Many vacant properties will be available to the local authority arising from gentrification issues (nursing homes, Fair Deal etc.), family disputes, probates etc.

The Council has also targeted all remaining unbuilt housing estates in the City and in partnership with AHB's has been successful in removing a number of estates from the incomplete category. (There are no planning non-compliant unfinished housing estates in the city).

Suggestions to Improve Delivery of Housing / Current Constraints:

The range and scope of delivery options introduced by Government has been helpful in facilitating the demand for social housing in a planned and responsive manner particularly given the constraints and challenges being faced in Galway following a decade of limited new builds. Galway City Council acknowledges the valued and ongoing support afford to it by the Department of Housing, Planning and Local Government in addressing these challenges. I have listed a number of issues and challenges below in the delivery and funding of social housing, in a Galway City and wider context

- The lack of a land bank for social housing beyond what will be in the system within the 2018 – 2021 horizon. Fourteen sites in Council ownership have been identified in the Councils' Land Strategic Development and Management Plan with a total area of 30.67ha. Galway City Council currently has outstanding loans of just over €32m on these lands. Of the 14 sites identified, 7 sites with a total area of 13.64 ha, have been classified as sites for immediate development. The remaining 7 sites, 17.03 ha of land, are classified as secondary sites due to numerous factors. The Council will bring forward development proposals on all suitable sites but it is clear that additional land will have to be acquired in the short-term to provide for the delivery required. The future supply of adequate lands for social housing will also impact on other aspects of the Council's statutory obligations, such as its traveller accommodation programme.
- Legacy social housing land acquisition debt has hindered development on particular land parcels. The council is currently meeting interest only payments on these land loans of c. €450k per annum. If the council fails to achieve development on all of these lands, an annual payment of annuity and interest of €2.2m per annum will fall to be met from 2020 onwards. This also has the potential to significantly reduce the viability of these parcels of land with regard to possible provision of affordable housing - the scheme currently mooted does not include for any contribution towards land costs from DHPLG. The Council hopes through development projects that the value of legacy land loans can be reduced by approximately 50% if successful projects can be advanced on these lands.
- Essential community facilities, including amenities such as playgrounds, community type facilities, multi-use games areas etc. are an essential part of larger (social) housing developments and are fundamental to proper planning and sustainable development. These necessary requirements are obligations under the city development plan. The prior consultation process with the planning department and other departments of the local authority under the part eight (planning application) process identifies these requirements, which are then incorporated into the planning permission, as granted. Once granted, the LA, as any other developer must comply fully with the part eight. Similar facilities are required in private housing schemes of the same scale at the cost of the developer. As these necessary facilities are integral to housing schemes, the full cost of such facilities should attract funding from the DHPLG in order to ensure good planning and timely full compliance with the planning permission. To suggest, as has been the case, that funding might be sought elsewhere such as from the Community or Children's Departments is introducing another layer of unnecessary bureaucracy into an already complex process.
- There is an unintended consequence of an extremely limited private house building supply in Galway city. The current private supply shortage is resulting in an outcome where almost all of the private build housing schemes in Galway city are transitioning to social housing estates in their totality through turnkey acquisition (either AHB or LA). This is taking place at the same time where Galway City Council is considering building private and affordable housing on public lands in Council ownership, through a Development Licence model in order to ensure sustainable community aspirations are delivered on. There is almost no private housing

coming to the market in Galway at the moment – in order to meet social housing targets over 80% of housing construction in Galway in the next two years will be social housing – a significant proportion of which will have come through the planning process as conventional private housing. This is having a strong negative impact on the ability of a cohort of people above the social housing income threshold to gain access to the housing market. This in turn is pushing some of this unmet demand out to settlements beyond Galway City and consequently exacerbating unsustainable transport patterns and adding to the traffic congestion on approach roads.

- Larger social housing schemes which are coming close to the €20m Cost Benefit Analysis (CBA) threshold are slow to be approved. The CBA threshold seems to be edging downwards to include schemes above €15m. The council has concerns at the impact on delivery targets for the LA from this necessary process. The Council is of the view that there is also a lack of clarity on what is expected of the LA in the cost benefit analysis, making it more difficult to go to the market to acquire services, which can then result in an unnecessary back and forth process, following submission during the review process. The vast majority of LA social housing schemes will also be subject to the public spending code, which is a necessary process to be complied with.
- A number of homes acquired under previous Affordable Housing Schemes remain unsold (currently occupied under lease and SLA with Approved Housing Bodies). A mechanism to permit the Council to dispose of these homes to the Approved Housing Bodies and recoup balances on existing loans should be brought forward in the view of Galway City Council.
- Affordable housing provision will require appropriate economic assessment and the Council has designated one site as a potential location for affordable housing. Where other suitable locations exist for affordable housing schemes, a mechanism to permit the Council to recoup existing land debts should be considered.
- Creating and maintaining sustainable communities is a key objective for Galway City Council. Progressing the Development License model in order to create mixed tenure schemes on public lands should be encouraged, particularly where there is sufficient provision of social housing in a particular area. Schemes that blend an appropriate tenure mix should benefit from recoupment of legacy land debt as an incentive to maximise sustainable communities' principles.

Chair and members of the Joint Committee, the foregoing recommendations are just a few practical suggestions that Galway City Council makes in respect of the housing delivery process.

Galway City Council is committed to the delivery of homes and sustainable communities set out in Rebuilding Ireland and in providing supports for homeless persons in the city. The Council has excellent local working relationships with the Approved Housing Bodies who are key partners in the delivery of targets set out under Rebuilding Ireland. The Council will work with all providers, including the Department, to ensure sustainable communities are developed and maintained in Galway. The Council also reiterates the very close and positive working relationships it has with all officials in the Department of Housing, Planning and Local Government. The council values the support and

commitment we receive from our colleagues in the Department and the significant collaborative role they continue to provide to us in supporting us in the progress that we are achieving under Rebuilding Ireland.

We welcome the opportunity afforded to us by the Joint Committee to engage on these issues and to facilitate us to recommend some ways in which further improvements can be effected into the process of enhancing housing supply delivery and tenure.