

**Joint Oireachtas Committee on Housing, Planning & Local Government**

**Opening Statement by Caroline Timmons,**

**Principal Officer, Department of Housing, Planning & Local Government**

**Detailed scrutiny of the Private Members Bill: Social Housing Bill 2016 (No. 66 of 2016)**

**20 June 2019**

## Introduction

I would like to thank the Chair and the Joint Committee for inviting the Department to discuss the Social Housing Bill 2016, which concerns what is commonly known as Part V of the Planning & Development Act 2000.

I am accompanied today by Paul Hogan, Senior Planning Advisor and Marian O’Driscoll, Assistant Principal in the Housing Policy Unit.

The Bill as proposed intends to amend section 94 of the Planning & Development Act 2000 so that section 94 would essentially provide that at least 25% of land zoned for residential use or a mixture of residential and other uses, would be reserved for the provision of social and affordable housing. In addition, it proposes a new sub-section to be added which would increase that 25% to at least 30% in a special development zone.

This Bill was originally debated in the Dáil in November, 2018 and the position in relation to the Bill has not changed. This is a time for stability and certainty in this policy area in order to foster housing supply and unnecessary change which could affect both supply and house prices should be avoided.

## Issues

There are a number of issues with this Bill, both substantive and technical, that deserve close consideration by the Committee.

It should be noted that the Bill is not a straightforward return to the language of the original Planning and Development Act 2000. The original Act referred to a percentage of “not more than 20 per cent”, whereas the current Bill goes much further and proposes that “at least 25 per cent” or “at least 35 per cent” in a special development zone must be acquired by the local authority, thereby placing obligations on the local authority to acquire at least 25 per cent or 35 per cent.

This obligation would persist whether or not the local authority requires the land or the housing units in that given area, without further consideration of appropriateness from a financial or integration perspective and without any clear analysis of whether and how a sudden significant policy change such as this would affect housing supply or house prices in the short or medium term.

## Review of Part V

The Committee is referred to the fact that this policy was previously comprehensively reviewed and that the review included a public consultation based on a report prepared by economic consultants.

In the context of this review, a detailed assessment of Part V requirements was undertaken, including the benefits that Part V had in relation to social integration. The review had regard to the changed economic circumstances and the changed circumstances in terms of housing supply

It considered that the principle of integrated, mixed-tenure developments was positive from a housing policy perspective and therefore recommended the retention of Part V as a concept. It urged that Part V be focussed on the delivery of social housing and therefore recommended the lowering of the requirement from 20% to 10%.

Following this review, a number of amendments were made to Part V by way of the Urban Regeneration and Housing Act 2015. While the developer's "contribution" was reduced from 20% to 10% of the "planning gain" (the amount by which the site increased in value as a result of having obtained planning permission), the previous provision which enabled the developer to make a financial contribution instead of selling land or units to local authorities was repealed. Also, the developer was henceforth required to conclude a Part V agreement before commencing construction.

It was considered that this would copper fasten the original objective of Part V in the legislation - that is - the delivery of social housing, combined with integration and sustainable mixed-tenure communities across the country. It should be noted that local authorities were informed, that they should seek to secure social housing units only, rather than affordable housing, under Part V.

It is considered that the amendments made to Part V in 2015 were fair and balanced. It is also a relatively short time since those amendments were made.

### Price impact

In relation to unintended consequences, it is entirely foreseeable that increasing the percentage to be set aside for social housing now would likely lead to an increase in private house prices as developers would likely seek to protect their overall profit margins. Such an unintended consequence would be seriously problematic in the current housing climate where we are finally seeing a moderation in price increases.

### Strategic Development Zone

It is also not considered appropriate to require a higher percentage in an SDZ, which would require a higher contribution from a developer carrying out residential development in an SDZ as opposed to a developer carrying out residential development elsewhere, with no underlying policy rationale. Again, the local authorities should have the ability to make informed decisions based on the local need as to whether to acquire more housing in an SDZ without risking overall viability.

### Supply

The supply of new housing in Ireland last year reached a nine year high of over 18,000 in 2018. Indicators so far are positive that this will increase in 2019.

Having regard to the range of schemes and programmes that the Government have put in place to facilitate the accelerated delivery of social housing and affordable homes, including from state land, and mindful of the fact that the housing sector generally is still very much in a state of ongoing

recovery, with a considerable journey yet to travel before a more balanced and stable housing market will be achieved, it is not considered appropriate to raise the current 10% Part V requirement to 25% at this time. It is a time for stability in order to foster growth in supply and when supply has reached the required levels and then the policy can be appropriately reviewed again.

It should be noted of course that there is nothing to prevent local authorities acquiring further units in a development beyond those delivered under Part V, subject to being satisfied that this is appropriate in terms of sustainable communities' objectives and subject to funding being provided by the Department of Housing, Planning and Local Government. This provides an appropriate level of flexibility whereby the local authority can acquire housing or indeed stimulate development in targeted areas.

While much has been achieved since 2015 in terms of recovery in the housing sector, there is still a considerable way to go, both in terms of achieving the level of supply that would be more reflective of a balanced housing supply situation and also in terms of achieving a recovery in supply that is more geographically spread (much of the recovery in scheme-type homebuilding has been concentrated in Dublin, the Greater Dublin Area, and Cork).

## Conclusion

The policies that have been put in place over the last number of years have played a major part in the recovery that has taken place and it is essential at this stage that there is policy stability/certainty if the recovery is to continue in the desired manner. Now is not the time to introduce fresh policy uncertainty into this area by increasing or re-introducing costs and liabilities on the provision of housing, as to do so would foreseeably adversely impact the viability and therefore deliverability of housing in a market where viability, particularly in terms of housing at affordable price points, remains finely balanced in many areas and has yet to be restored in some parts of the country.