



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

Thursday 10th October

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We would like to thank the Chairperson and members of the Committee for this invitation, to speak on NESCS's recent work on urban development land, housing & infrastructure. Noel Cahill and I are members of the Secretariat and are attending in that capacity.

NESCS is a government body which advises the Taoiseach on strategic policy issues. The members are appointed by the Taoiseach and represent business and employers, trade unions, agricultural and farming organisations, community and voluntary organisations, and environmental organisations; as well as heads of Government departments and independent experts. Its composition means it plays an important and unique role in bringing different perspectives from civil society together with Government.

The NESCS Report, *Urban Development Land, Housing and Infrastructure* published in 2018, highlighted that the availability of land for housing in appropriate locations, which is consistent with the provision of affordable housing, remains an unresolved policy issue in Ireland. The supply conditions of land help to create a speculative land and housing market. The supply of land is uncertain, patchy and costly. This tends to make the housing system risky, unstable and unaffordable.

Based on an examination of countries with successful experience of housing NESCS found effective solutions to this involve a combination of active land management and urban development by highly skilled and respected public authorities; housing policies focused on achieving permanent affordability; and, a range of mechanisms to use the value added to land by investment to help fund infrastructure.

For these reasons NESCS recommended the creation of a public body with a strong developmental mandate, political authorisation and executive capacity to drive sustainable urban development.

As such the Council views the establishment of the Land Development Agency as potentially a very significant and important way of addressing critical issues regarding land supply and housing and the related challenge of supporting increased investment in



infrastructure. It is a means of putting public land in the hands of actors who will develop it in a timely and appropriate manner, rather than seeking to maximise state revenue by selling it outright, without regard to when and how the land will be developed.

It also an important step in the right direction in terms of creating the conditions and institutions for more active land management and new kinds of relationships between public authorities and private holders of development land.

In this Opening Statement we highlight a number of lessons which we believe are relevant to your deliberations in relation to the legislation governing the LDA.

First, affordability should be an explicit objective for a body such as the LDA. The international cases show that supply of housing is not in itself a reliable or sustainable means of making housing affordable. Like other countries, Ireland must engineer affordability into the supply of housing. It must be a stated objective for the public institution.

Second, cost rental, must be a critical strategic priority for the LDA. It is a key tool which can engineer affordability into our housing system. Public land should be used to create permanent housing affordability. The cost-rental model is characterised by modest supply-side support. It uses land and finance at favourable rates, to underpin affordability. Cost rental ensures the affordability is permanent by ensuring that rents cover costs and that the equity that accrues as loans are repaid creates a revolving fund, used in the service of further affordable housing.

Third, a body like the LDA needs effective compulsory purchase powers. A key insight from international experience is that working relationships that exist with private developers require that the public body have available to it effective compulsory purchase powers. These are rarely used. However, the dynamic of the land market changes where there is a credible possibility of public purchase of urban development land at less than its full development value. The CPO powers ensure that all actors take planning seriously.

Fourth, an additional way of achieving permanent affordability is that the LDA, rather than selling land, would lease it to others who could develop and own buildings on it. In areas where land costs are high, this approach means that the initial purchase price can be much lower than in a conventional purchase. Leasing can also be used to ensure where land is provided for affordable rental accommodation that this is kept permanently affordable.



Fifth, to enhance affordability on private land NESC recommended that consideration be given to a requirement in Ireland for affordable housing on such land beyond the current Part V requirement for 10 per cent social housing in private developments.

Sixth, one of the objectives of the LDA is to support the implementation of Project Ireland 2040. The search to buy affordable property often leads to dispersed development notwithstanding the Project Ireland goal of compact development. A recent NESC report sets out the case for an alternative: transport orientated development (NESC Report No. 148, *Transport-Orientated Development: Assessing the Opportunity for Ireland*). Transport orientated development seeks to maximise the provision of housing, employment, public services and leisure space in close proximity to frequent, high-quality transport services. The LDA could be a significant contributor to the achievement of TOD.

In closing, we recognise that there is a trade-off between the goals of: making housing affordable and making a commercial return on land assets. However, a balance can be achieved between these objectives. For example, if land is leased on a long term basis, then the initial affordability is improved while value can be recovered over time. In some examples, of high quality development, such as Freiburg in Germany, money is borrowed to invest in infrastructure and land development and then repaid from through sale of developed plots, in some cases to self-building cooperatives. This means that the revenue from land is helping to expand the supply of development land. The land agency in Vienna provides another example of balancing these objectives. This agency was established in 1984 to provide land for subsidised housing. The land owned by the city was transferred to the agency. Since then, it has operated on a self-funding basis in buying, developing and reselling land. It sells land to affordable housing providers at a price that it is sufficient to cover its costs, yet is low enough to underpin housing that is affordable.

To conclude, we view the establishment of the LDA as a potentially positive institutional development. It should prioritise the use of land for housing that is permanently affordable, including cost rental accommodation for middle-income households. Thank-you.