

Tom Dunne

Submission by T. Dunne to the Joint Oireachtas Committee on Housing, Planning and Local Government to discuss the Land Development Agency to Assist in the Pre-Legislative Scrutiny of the General Scheme of the Land Development Agency Bill 2019

I am grateful for the opportunity to appear before the Joint Committee in respect of this Bill which I believe is very important.

I agree that an agency such as the one envisaged by the Bill, should be established as one of the tools available to the state to address the complex necessities of creating a sustainable housing sector.

Development land does not just exist. Rather it is created by putting together parcels of land, legal rights, technology in the form of infrastructure and planning rights to produce a developable site on which accommodation can be provided for housing and other purposes.

This process of site creation usually takes place in response to market signals such as high prices which provide the incentive to people to produce the sites demanded in an active property market.

But in housing as with all forms of property, the process whereby this happens is complex. Importantly each parcel of land is heterogeneous and will have a singular set of circumstances to be addressed to create a developable site. Putting together complexity with uniqueness results in the need for bespoke processes which is one reason why property development takes time.

If one thinks of a property development site as a product used by developers a useful insight can be grasped. It is only one of the inputs required to produce accommodation the others being materials and labour. With such an insight it can be appreciated that someone or some entity must perform the function of pulling the inputs together. These inputs, the land, accessible infrastructure, permissions and the finance needed to fund the creation of a developable site must be drawn together in the right way so that development on the site will be optimum.

The state in the normal course of its operations will use land and at times an individual parcel of land may cease to be used for the original function. Such land surplus to previous requirements should be put to new uses according to the priorities of the time and as efficiently and effectively as possible. Eg right now housing is a priority and any surplus land could be made available to provide for housing.

One way of doing this is simply to sell the land on the market and allow market forces to work to produce housing. But the property market, more than other markets is not sufficiently effective to enable this simple strategy to work as well as it might if the market was efficient.

Hence the requirement for some agency to act as the conductor of the process whereby any particular site will be provided to property developers in a form that will allow them to do what they do best develop property. Often that conductor will be a developer putting together a site as part of their pipeline of projects to keep them in business. Given the finance costs and risks speculators perform this function but may fail for some time to assemble the right blend of inputs or be thwarted for an uncertain period by something outside their immediate control.

The state will always need development sites to produce social and, depending on market conditions, affordable housing. Acquiring sites in competition with more agile and well resourced

market participants however, will often pose a problem and can result in the state increasing development land prices if it competes in a vibrant market.

Taking a longer through the cycles approach, and in the interests of the common good, it can be a properly empowered agency of the state that is best positioned to draw the inputs together to produce development sites, particularly in the case of surplus state land.

Therefore as I see it, the creation of an agency such as the one envisaged in this bill will provide the state with one of the tools it needs to facilitate a properly functioning housing sector.

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