Chair, Deputies and Senators,

Thank you for inviting us to appear today.

I am joined by my colleagues Phelim O’Neill, Head of Property and Rose Kenny, Head of Corporate Services at the Land Development Agency.

At my last appearance before the Committee in November 2019, I provided the Committee with a progress update on the initial LDA sites and wider progress made since inception.

Our engagement with the Committee has been very beneficial thus far. I would like to thank the Committee for that engagement and for the wider support it has shown for the LDA.

I would also like to take this opportunity to express gratitude to local authorities throughout the country for the quality of their collaboration with the LDA. Their support, knowledge and openness to working together in conjunction with their commitment to delivering an affordable housing sector in Ireland will ensure an improvement of supply in the short-term, but also, much needed stability to the sector over the long-term. I look forward to strengthening this relationship over the coming years and perhaps expanding to include colleagues in the approved housing body sector.

I would also like to commend and welcome the work undertaken by the Minster and colleagues in the Department of Housing, Local Government and Heritage on the publication of the Affordable Housing Bill 2020. We welcome the publication of the Bill and its relevance to the LDA in supporting new homes provision by introducing new tenures to the housing sector.

It is clear that the Committee and other stakeholders’ work is making a significant positive contribution towards enabling an affordable housing sector in Ireland. This is an area where the LDA has a key role to play by providing a flow of new homes and making them available to individuals and families through the schemes provided by the enactment of the Bill.

Against the backdrop of affordable housing and publication of the Bill, I would like to use my opening statement today to give a status update of the LDA and our plans for the future.

Land Development Agency Overview

The past year has been tumultuous, but nonetheless the LDA has continued to make significant progress, both in terms of advancing our various projects and also in growing our operational platform. Our staffing platform is operating remotely and effectively, and the transition to online working was relatively seamless. Indeed, we have seen significant growth in our employee numbers throughout 2020 - from an initial 12 employees at the beginning of the pandemic to almost 50 currently.

In terms of nearer-term sites for the delivery of homes, the LDA is currently active on nine sites with a capacity to deliver at least 4,200 homes. In addition to this, we will likely shortly announce the addition of further sites that adds capacity for another 3,000 homes giving a total delivery capacity of at least 7,200 homes (Fig 1). This will grow continually over time due to our continued efforts to target further opportunities.
Of course, the other major element of the LDA’s activity is strategic land management, and the LDA is working on three strategic, transformational areas in our cities that will eventually deliver vibrant new city quarters including around 13,000 new homes between them. I will elaborate on these in a moment.

We anticipate that construction will begin on our first site, Shanganagh, Co. Dublin, in the second half of 2021 with expected delivery of homes in 2023. A special mention is owed here to the collaboration and ambition shown by Dún Laoghaire-Rathdown County Council in advancing this project with us. The Shanganagh development will consist of 597 homes and will be 100% social and affordable - 200 social homes, 306 cost rental homes and 91 affordable purchase homes. I am happy to say that we have commenced the contractor procurement process for this project, with contractors currently providing qualification assessment information. This is a very tangible demonstration of real delivery happening from the LDA – we are now much closer to visible delivery, with cranes operating on LDA projects in the near future.

Affordable housing is the key topic of the Committee’s discussion today, and our development at Shanganagh represents a major step forward in developing a scale and sustainable affordable homes sector in Ireland. At a rent of circa €1,000 per month for a 1-bed apartment, our development in partnership with the local authority at Shanganagh represents a circa 34.9% reduction in the current market rent in that area¹. For a two bed, at an LDA rent of between €1,200 to €1,300 per month, this represents a circa 27.7% to 33.3% discount on market rents².

¹ Based off an average market rent of €1,535 for a 1-bed apartment in Dublin 18. Source: Residential Tenancies Board, Q2 2020
² Based off an average market rent of €1,799 for a 2-bed apartment in Dublin 18. Source: Residential Tenancies Board, Q2 2020
But while discount to market demonstrates the relative value of cost rental developments to renters, affordability to these households is the key metric. At market rent, a single person earning the median education sector wage of circa €48,000 per annum, would pay circa 51.6%\(^3\) of their net income on a 1-bed apartment in the area. With the development of Shanganagh the same, worker could pay circa 33.6% of their net income in rent – a proportion generally accepted to be considered ‘affordable’. This would represent a meaningful difference to the lives of individuals renting in this scheme, freeing up their income to be put to other uses, potentially even to go towards a deposit to purchase their own home through future affordable purchase schemes.

While our shorter-term delivery has a focus on those areas with an immediate need, we are also working on a number of strategic projects in regional city locations with the potential to deliver thousands of homes. In Limerick, we are working with Limerick City and County Council as well as partners in CIÉ and the HSE to deliver the Colbert Station Development which is currently undergoing a master planning process and is due to go to public consultation shortly. This will be our third public consultation for the development.

In Galway we are working with the City Council to advance both the Sandy Road and Dyke Road developments.

We have also announced a partnership with Cork City Council for the delivery of the Cork City Docklands project.

These strategic areas can collectively deliver around 13,000 homes in mixed-use brownfield regeneration and development areas, and we are currently identifying several other strategic sites in cities throughout the country. Over the longer-term, it is the LDA’s role in catalysing and coordinating the delivery of these large-scale strategic areas that will have the most impact on the delivery of new and sustainable work-live propositions, where people can enjoy working close to their workplaces and avoid further congestion, pollution and other undesirable effects of long commutes. It will also have a significant positive impact on the balance of our social and economic centres in Ireland. This is one of the key roles envisaged for the LDA by the National Economic and Social Council\(^4\).

While these areas are longer-term in nature, the LDA and its partners are keen to catalyse near term delivery on them to engender confidence and momentum.

I am also pleased to report that we have completed extensive work on our forthcoming statutory requirement to produce a state assets database. The database is largely complete and is available to the public on the LDA website. However, the main benefit from this exercise will come from the comprehensive reporting to Government on the potential for development of State land, which will bring a focus to where further opportunities to provide new homes and other development can be unlocked.

That concludes my opening remarks, I hope they give the Committee an insight into the LDA’s progress to date, our future direction and where we can interact with the Affordable Housing Bill.

I will be happy to take your questions, thank you.

Ends

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\(^3\) Market and LDA rent burden based on information from the Residential Tenancies Board in conjunction with median income data from the Central Statistics Office Earnings Analysis using Administrative Data Sources 2018 (NACE code P)

\(^4\) Urban Development Land, Housing and Infrastructure: Fixing Ireland’s Broken System. NESC, April 2018