

CONSTRUCTION INDUSTRY FEDERATION

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Hubert Fitzpatrick, Director General Designate, Construction Industry Federation Opening Statement.

Thank you, Chairman, Committee members.

On behalf of the Construction Industry Federation (CIF) and its constituent Association, the Irish Home Builders Association (IHBA), I would like to thank you for the opportunity to meet with the Committee and to address this critical issue of infrastructural provision and residential developments. The CIF is the representative body for the entire construction industry – housebuilders, contractors including specialist contractors, and the IHBA is its sectoral association representing its housebuilder members.

My colleagues in attendance here today, Michael Kelleher IHBA Chairman and Conor O Connell, CIF Director of Housing and Planning Services and IHBA Director are well equipped to address the concerns that arise in relation to provision of utility infrastructure and the impact this has on new residential developments.

A priority for the IHBA is to deliver “More Homes for More People” so that industry can offer people the security of their own home. The past number of years have been particularly difficult for those aspiring for a new home due to the lack of supply and affordability.

To deliver more homes, more zoned land, more infrastructure, more planning permissions and of course a **viable and affordable product that can be funded** is needed. These are the determinants of supply to a growing country with a large demand for new homes of all types and tenures.

The provision of infrastructure on zoned residential lands is a critical component of housing delivery. Over the last number of years housing output has increased from under 10,000 units per annum in 2016 to nearly 30,000 units in 2022. This was an increase of in output of 45% between 2021 and 2022. There are many different reports into how many houses are needed for 2023, from 33,500 in Housing for All and up to 62,000 in a much-publicised Housing Commission report. Whatever the case the number of houses we need to supply is much greater than we are currently building.



Over the last number of years this housing output took place on lands that were zoned in previous development plans and in many instances had been serviced with critical infrastructure such as Water, Wastewater, Electricity, Roads, Public transport, etc.

In our experience in more recent times a significant amount of the serviced and zoned lands for residential development have now been activated or built on and we are now entering a much more difficult phase of housing provision. This has not been helped by a very tight zoning regulatory process introduced as part of the National Planning Framework. In many locations there is a lack of forward planning for infrastructure or a delayed provision that is essential to the delivery of new homes. The capital budget allocated in the NDP needs to be invested in key projects as soon as possible to ensure that the housing targets aspired to in Housing For All can be met.

I would now like to hand over my colleague Conor O'Connell.

Lands zoned for housing purposes are based:

- on population projections from 2011 to 2016, one of the lowest population growth periods in recent Irish history,
- the headroom allowance has been narrowed to 25% and should be 100%,
- the household formation size is not reflective of European norms of 2.3 persons per household (currently 2.7 in Ireland),
- an unrealistic target of 50% of the residential provision on brownfield lands or existing built environment in our main urban centres. Site viability and ownership can be key issues and state support will be needed for apartment construction.
- an unrealistic low projected growth target for Dublin and the Mid East in particular,
- an unrealistic time frame for development plans of 6 years,

Unfortunately, Local and County Development Plans have now adopted and built in these unrealistic aspirations towards land management in their Development Plans and there are many examples of settlement caps or even the de-zoning of residential lands previously zoned for housing purposes.

In many locations lands have been zoned for housing that are difficult and expensive to service and in other locations serviced or easily serviced lands have been de-zoned or not zoned. Our land management process for housing delivery is therefore fundamentally flawed and almost applies a “just in time” process for delivery rather than a predictive model based on realistic time frames for the delivery of infrastructure to facilitate housing.

It is for this reason that housebuilders warmly welcome the following.

- Review of National Planning Framework,
- Change from 6 to 10-year timeframe for Development Plans in Planning and Development Bill.

We must stress that the business model for builders is based on delivering housing in the most efficient and sustainable means possible. Land is simply a builders’ raw material but one of the most important. Given the time frames for the delivery of infrastructure and planning on lands it is simply not possible for a country to



adopt a model of “just in time” delivery for the zoning and servicing of residential lands. It must be a predictive and flexible model and based on the future which recognise the time frames involved in the planning and construction of enabling infrastructure.

Of course, we cannot discuss the provision of public infrastructure without discussing the cost of infrastructure and who pays for infrastructure. In Ireland we do not have, for example, water charges or a significant local property tax whereby the whole of society pays for public infrastructure that benefits everyone. All too often a significant if not the total costs of providing public infrastructure rests with first time buyers and those purchasing new homes. Our water connection charges and upgrades to water services networks, waste water and electricity infrastructure is borne by those that least afford it, new home buyers. It is not equitable that first time buyers may have to shoulder a considerable amount of the cost of public infrastructure.

A classic example is the Section 49 levies that are paid for the purchasers of new homes along the Luas line. When a new home is purchased in certain locations a levy is attached to the cost of providing a new home yet someone selling a second-hand home nearby who benefits from the Luas paid little or nothing in public development levies, yet they benefit significantly in the sales price of the second-hand home. A vast array of public infrastructure is paid for in this way.

Another recent example is the Commission for the Regulation of Utilities decision that the cost of upgrades in a First Mover Disadvantage situation must be paid for by the first houses in a large residential tract of land.

In relation to the provision of infrastructure generally our members report the timeframes for connection decisions are too lengthy and cumbersome, the cost can be prohibitive to the orderly development of a site and for many infrastructural projects there is not an ability for the housebuilder to build and provide the infrastructure themselves in a more cost-effective way due to regulatory or procedural issues.

We must find a better way of paying for the timely construction of public infrastructure and it must be based on a predictive/flexible model planned well in advance rather than the current demand led approach. If we plan for 10 years, then we must provide the infrastructure for that period as well and the infrastructure plans must marry with the Development Plans.

As of now Development Levies account for a significant portion of the uplift percentage of land zoned for housing purposes and the state already captures a significant gain from zoning decisions. Levies and Charges for public infrastructure upgrades cannot be borne by new home buyers alone.

Thank You

