

# DÁIL ÉIREANN

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## AN COMHCHOISTE UM THITHÍOCHT, PLEANÁIL AGUS RIALTAS ÁITIÚIL

### JOINT COMMITTEE ON HOUSING, PLANNING AND LOCAL GOVERNMENT

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*Dé Céadaoin, 2 Deireadh Fómhair 2019*

*Wednesday, 2 October 2019*

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The Joint Committee met at 9.30 a.m.

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Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies

Seanadóirí / Senators

Mick Barry,	Victor Boyhan,
Pat Casey,	Martin Conway,
Mattie McGrath,	Colette Kelleher,
Darragh O'Brien,	Jennifer Murnane O'Connor.
Fergus O'Dowd,	
Eoin Ó Broin.	

I láthair / In attendance: Deputies Richard Boyd Barrett and Catherine Martin.

Teachta / Deputy Noel Rock sa Chathaoir / in the Chair.

*The joint committee met in private session until 9.58 p.m.*

**General Scheme of the Land Development Agency Bill 2019: Department of Housing, Planning and Local Government and Land Development Agency**

**Chairman:** At the request of the broadcasting and recording service, members and visitors in the Public Gallery are requested to ensure that for the duration of the meeting their mobile phones are turned off completely or switched to aeroplane, safe or flight mode, depending on the device. It is not sufficient to put phones on silent mode, as this will maintain the level of interference with the broadcasting system.

From the Department of Housing, Planning and Local Government, I welcome Ms Maria Graham, Ms Mary Jones and Mr. Frank Gallagher. From the Land Development Agency, I welcome Mr. John Coleman and Mr. Phelim O'Neill. I draw their attention to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable. Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the House or an official either by name or in such a way as to make him or her identifiable. I invite Ms Graham to make her opening statement.

**Ms Maria Graham:** I would like to thank the Chair and committee members for offering us the opportunity to talk to them about the general scheme of the Land Development Agency Bill 2019, which was approved by Government on 9 July for publication and priority drafting. As the Chair indicated, I am joined by Mr. Frank Gallagher, principal officer, and Ms Mary Jones, assistant principal officer, who have responsibility within the Department for the Land Development Agency, LDA. We are happy to answer any questions that committee members may wish to pose. I might just provide some background on the policy basis and guide members through some of the key elements of the general scheme.

There is widespread consensus that spatial planning policies aimed at ensuring that the right forms of development happen at the right time and in the right sequence are important, and that this will not happen without a more proactive role by the State in land management terms. In 2015, we published a national planning policy statement which recognised the importance of creating sustainable communities by ensuring that the right development takes place in the right locations and at the right time. Following on from that, and to progress objectives in relation to sustainable urban development, the Government's national planning framework, NPF, published last year alongside the national development plan under Project Ireland 2040 committed to the establishment of what was then titled a national regeneration and development agency. Under the NPF, national policy objective 12 stated the following:

The Government will establish a National Regeneration and Development Agency to work with local authorities, other public bodies and capital spending departments and agencies to co-ordinate and secure the best use of public lands, investment required within the

capital envelopes provided in the National Development Plan and to drive the renewal of strategic areas not being utilised to their full potential.

The Government's establishment of the LDA is a key implementation step in the context of the NPF's policies in this regard. The LDA will act as a key new Government instrument and in line with its mandate, the agency will act as a national centre of expertise, working with and supporting local authorities, public bodies and other interests, to harness public lands as catalysts to stimulate regeneration and wider investment and to achieve compact, sustainable growth, with a particular emphasis on complex regeneration projects and the provision of affordable housing. It will significantly assist in the redevelopment of our cities and towns to support the implementation of Project Ireland 2040.

The two primary objectives of the LDA are to ensure the optimal usage of State lands, co-ordinating their regeneration and development and opening up key sites not being optimally used - especially for delivery of new homes - and to drive strategic land assembly through mechanisms that will bring together both public and private sector interests in ensuring the timely preparation and release of strategic land for development in a counter-cyclical manner, stabilising tendencies towards volatility in development land values, securing more of the increase in such values as a result of the planning and infrastructure investment processes for the common good and thereby driving increased affordability through better and more cost-competitive land availability.

As members will be aware, the LDA was established in September 2018 on an interim basis by statutory instrument under the Local Government Services (Corporate Bodies) Act 1971, as amended. The main aim of the general scheme of the LDA Bill is to establish the LDA on a primary legislative basis. It will be a corporate Bill to allow for the establishment of the LDA as a designated activity company, DAC, under the Companies Act 2014 and the Minister for Housing, Planning and Local Government and the Minister for Public Expenditure will be the shareholders. Heads 8 and 9 are the crucial parts of the general scheme in respect of the objectives and functions of the LDA. Under head 8, some of the key objectives of the LDA include: to develop land for housing or other related development purposes on relevant public lands and other lands in support of the implementation of the national planning framework on a commercial basis; to establish mechanisms and collaborative structures between public and private entities to develop relevant public lands and other lands; and to establish structures to facilitate delivery of housing on relevant public lands and other lands. The general scheme also makes it clear that the LDA must have regard to the policy of the Government on proper planning and sustainable development and contribute to the economic and social development of the State, while at the same time obtaining a positive financial return for the State.

Head 9 sets out the functions of the LDA. These functions are categorised as commercial functions and non-economic public functions. The commercial functions include: identifying relevant public lands and appraising their potential for development; acquiring lands in public and private ownership; disposing of lands where they are no longer required to enable the LDA to undertake its functions; developing, or facilitating the development of, relevant public lands and other lands; obtaining development consents, permissions and other approvals for land and related development projects; drawing up and assisting relevant public bodies and owners of other lands to draw up master plans for development on relevant public lands and other lands; and providing assistance to other relevant public bodies, including local authorities, to provide housing and related developments. The additional, non-economic public functions related to the management of publicly owned lands and include advising Government on the management

and use of public lands and establishing and maintaining a register of public lands.

I will briefly run through the general scheme. It consists of seven parts, each dealing with a separate aspect of the establishment of the LDA. They include the aforementioned functions, corporate form and funding arrangements, among others. Part 1 of the general scheme contains the standard provisions normally included in legislation in relation to short title, collective citation, commencement, interpretation, the making of regulations and expenses. Part 2 provides for the formation of the Land Development Agency as a designated activity company under the Companies Act 2014. It sets out provisions in respect of such matters as the LDA's formation, constitution, objects, functions and board. It also provides for the appointment of staff, including the chief executive. Part 3 contains provisions relating to the dissolution of the current statutory body established under the establishment order, which will be superseded by the body to be established under this Bill. It therefore contains associated provisions in respect of the transfer of functions, staff, as well as requirements in respect of a final report and accounts in relation to the body to be wound up. These are standard provisions regarding the dissolution of one public body and the transfer of functions to another.

Part 4 contains provisions concerning the funding of the LDA, including an amendment to the National Treasury Management Agency (Amendment) Act 2014 enabling the capitalisation of the LDA. The subscription of share capital by the Minister for Housing, Planning and Local Government and the Minister for Public Expenditure and Reform to the LDA is also included in this section. It is envisaged that the Minister for Public Expenditure and Reform will be the majority shareholder, through the capitalisation of the LDA by up to €1.25 billion from Ireland Strategic Investment Fund, ISIF, funding. The Minister for Housing, Planning and Local Government will be a minority shareholder; this is for governance reasons as the agency will be under the aegis of his Department. It also provides that the Minister for Public Expenditure and Reform may subscribe for further shares from time to time. It is envisaged that this provision will be used to facilitate the transfer of sites to the LDA. Sites owned by Government Departments and non-commercial state agencies will transfer to the LDA via the Minister for Public Expenditure and Reform, who will receive either a payment for the sites or an *in specie* or equity investment in the LDA equivalent to the market value of the lands.

Part 5 concerns the financial reporting of the LDA and the preparation of its annual financial statements. Under the Act, the LDA will be required to submit annual financial statements to the Comptroller and Auditor General for audit. This part also contains provisions in respect of the accountability of the LDA to the Committee of Public Accounts and reporting arrangements. Part 6 requires the LDA to compile a national public lands register of relevant public lands and also provides that public bodies must assist the LDA in relation to the compilation of the register. Part 7 contains a number of miscellaneous provisions in respect of such things as shadow and *de facto* directors and a review of the achievement of the LDA's purposes. As some of the LDA's functions are commercial in nature, it also provides for an amendment to the Freedom of Information Act to exclude these activities from freedom of information, FOI. The LDA's non-economic public functions and the general administration of the LDA will be covered by FOI.

As I have outlined, the provisions in the general scheme are primarily intended to provide for the LDA's corporate form and financial structure and to reflect the Government's intention that it act on a commercial basis. It is the Minister's wish and intention that the general scheme be advanced in drafting to a published Bill as a priority and with a view to enactment as speedily as possible, targeting the end of this year.

I thank the Chair and members for offering us the opportunity to update it on the general

scheme of the Bill. We are happy to clarify any issues arising.

**Mr. John Coleman:** I thank the Chair and members for inviting us to appear. I am joined by my colleague, Mr. Phelim O'Neill, head of land at the Land Development Agency. We will do all we can to assist the committee with its pre-legislative scrutiny of the general scheme of the Bill. I will provide members with an update on what the LDA has done in its start-up phase regarding the sites in our initial portfolio and the significant progress it has made in other areas since it was set up one year ago. I will also outline our plans for the remainder of 2019 and into 2020.

Our challenge over the past year has been to balance moving as quickly as possible to accelerate the delivery of new homes in the short-term while building from scratch a new and significant Government agency with the appropriate governance, staff, structure and strategy to have what we consider to be a transformational and beneficial impact on land availability and housing supply in the long term. We are fortunate to have a supportive and experienced board of directors and chair, who have provided the LDA with the oversight and direction it needs since they were appointed in January of this year. The board has provided the growing executive and staff team on the ground with clarity of focus. That focus is on opening up land for the development of new homes and providing affordable housing options for our citizens.

On home delivery in the short term, our focus has been on the eight sites in our initial portfolio and identifying the best route to deliver homes and support development on these sites in as expeditious and sustainable a way as possible. With that in mind, we have advanced preliminary feasibility work on the eight sites, which have the capacity to deliver approximately 3,000 new homes. One challenge was that the sites were quite raw and there was little or no work done on advancing the development process on them prior to the LDA becoming involved. We have completed the initial feasibility work and, as such, professional teams have been appointed to advance planning applications for three of the sites, including in Skerries in north County Dublin, where approximately 250 homes will be delivered, on the site of the former St. Kevin's Hospital in Cork city which should yield approximately 200 homes, and at the former Devoy Barracks in Naas, County Kildare, which should yield approximately 200 homes. In addition to the eight initial sites, the LDA is working on a ninth site in partnership with Dún Laoghaire-Rathdown County Council. We anticipate it will deliver approximately 600 social and affordable homes in Shanganagh, Shankill, south County Dublin. The design work is well advanced and we aim to lodge the planning application before the end of the year. Based on current information, we expect construction to start in late 2020, subject to the approval of the planning authority and the elected members of the county council. In parallel with our work on the four sites I mentioned, further design teams will be appointed in the coming months. We aim to have an ongoing pipeline of planning applications and construction starts.

Although the formal legal transfer of sites is to take place upon enactment of the Bill, the LDA has had full access to the sites in order to allow it to complete any necessary work in advance of their development. The legal transfer has not held us up. The transitional period to which I referred is supported by pre-transfer agreements with landowners being put in place, as per the Government's decision on the transfer of the lands. This will help to ensure continued co-operation and smooth the way for the legal transfer upon enactment by performing as much of the upfront legal work as we can

We are continually looking for new opportunities beyond the initial portfolio. In this respect, we are working well with local authorities and other State bodies in regard to accessing additional land. As members may appreciate, accessing this land is never straightforward, par-



ticularly where there are existing operations and uses on the land. However, I am confident the LDA will gain access to additional State lands in the coming months and over the long term. It is difficult to identify these lands in this statement due to negotiation sensitivities which I hope members will understand, but I would welcome the opportunity to update the committee on progress on a regular basis. In terms of ongoing opportunities, of particular importance is that the proposed legislative mandate to identify relevant public lands using the wording in the draft Bill and to advise Government on their management is a key enabler for the LDA.

On the provision of affordable homes, of perhaps greater significance than our short-term delivery of units is the development of mechanisms to make accessing homes more affordable. We are interested in innovation in respect of all housing tenures and make no secret of our ambition to develop scalable and more affordable renting mechanisms and platforms. We are supported by our emerging partnerships with local authorities. We are equally ambitious about meeting and, often, exceeding the 40% minimum social and affordable requirement on all sites. For example, our aim is to provide 100% social and affordable homes on the Shanganagh site I mentioned. We consider this a real statement of intent and a concrete example of the impact we are looking to make in the short term. Our work in this area can help capitalise on, and provide scale to, the emerging affordable or mid-market rental platform being championed at the site on Enniskerry Road, County Dublin. Our long-term ambition is that affordable rental homes become a viable and available option for citizens, as is the case in other European cities such as Vienna.

Making a long-term impact is of paramount importance. Although there is an urgent requirement to focus on short-term need given the scale of housing supply pressures, we must also look at the long term. In light of the historically volatile nature of our housing market, we cannot afford to lose sight of the importance of measures that will have an enduring and stabilising effect in the long-term. The overriding motivation for the establishment of the LDA was to engender this long-term stability, utilising a wide range of tools, including more effective usage of State-owned lands, targeted deployment of State capital and other measures. This, by its nature, is complex work and many of its benefits will only become visible and tangible over time. However, I hope members will agree that it is no less important for that.

A key component of our work in this space is the development of long-term strategies for the LDA's activities in our main city locations. This is a multi-year project that will allow us to focus our resources effectively within these locations to avoid haphazard decision making, such as where we might be interested in acquiring or opening up land at appropriate times in the economic cycle, and to support our national objective of compact and sustainable growth. Other work supporting this long-term benefit includes the development of a State lands database. This will give the State, for the first time, a comprehensive repository of information on the lands within its control and provide a valuable tool for managing the State's interests in a cohesive and co-ordinated manner. The first major deliverable from this activity is expected in the coming months and focuses on State lands in Galway. We hope it will provide us with a prototype which can be used as a pilot for developing the database nationwide.

On building a new organisation from scratch, we have had to design and build the operating and institutional platform of the LDA, which is an entirely new organisation, in a way that will create a valuable asset for the State. This requires a skilled and experienced staff base, as well as procurement frameworks and other processes and procedures to allow it to operate as efficiently as possible, and in addition to governance structures to ensure robust oversight and accountability as a public body. With this aim, the board assembled comprises a wide range of

relevant skills and experience, with private sector and public sector knowledge. The board, with Mr. John Moran as chair, was formally constituted in January. We have also made significant progress in hiring the right mix of skills to carry out the agency's duties on a day-to-day basis. From a standing start, we have hired 11 direct employees with another due to start next week, all of whom are experienced professionals with detailed knowledge of property, finance, human resources, operations and organisational development. We will likely double this resource base over the coming year.

We have put in place new governance structures and operational platforms that will serve the agency's needs, leveraging best practice from other State bodies and the private sector. This will add momentum for the LDA to the deliver on its objectives, while also providing for effective oversight. To complement our in-house staff, we have assembled a series of frameworks for engaging with external providers of professional services, such as architects, project managers and other essential partners. This has allowed us to harness the external knowledge we need in an effective and cost-efficient way. Professional service costs are an inherent feature of property development but, as custodians of State resources, we will constantly seek to manage these costs in a way that ensures value for money.

I will conclude by assuring the committee of our commitment to meeting our ambitions and reiterating our intention to make a tangible, beneficial and lasting difference to the housing market. While 2019 has been primarily about putting in place the building blocks necessary to achieve this, I am confident that 2020 will be the year in which the LDA will be seen to make a visible and tangible impact. I am conscious that we cannot achieve our aims without the ongoing support of this committee and our other stakeholders. I thank the committee for the support it has shown to us so far and I look forward to continuing to work with members constructively to achieve our shared goal of accelerating the delivery of new homes, as well as the creation of liveable communities in a manner consistent with our compact growth objectives. A major part of that work includes members' scrutiny of the general scheme of the Land Development Agency Bill, which is essential to give the LDA the tools it needs to deliver the success we collectively want it to achieve. My colleague and I will be happy to take your questions.

**Deputy Eoin Ó Broin:** This is hugely significant legislation, whatever an individual's view of it may be. In some respects, it is on a par with the National Asset Management Agency Act back in 2009, though it is very different legislation and its intention is positive. We are in the process of scrutinising an agency which, if it does what Government policy wants it to do, will hold assets equal to or even greater than the National Asset Management Agency, NAMA, over its life cycle.

As I have been strongly of the view that we need an active land management agency with strong powers and a strong budget, I fully support that part of what is on the table. Having read the heads, however, I am still not convinced that combining active land management with residential development in a single agency is the right approach. This is more a criticism of Government than of the Department or the LDA. It is deeply regrettable that, yet again, the Government is bypassing local authorities, refusing to resource them as the primary deliverers of residential development on public land and choosing, instead, to set up a new agency. This is for a series of reasons which I hope to be able to come to in a couple of rounds of questions.

My big concern relates to the setting the LDA up as a commercial company. I would like the witnesses to tease out the rationale for taking that option. I presume it is because it wants to be off the Government's balance sheet. The problem is that this sets up a series of difficulties for how the entity will work. We already have been told that the bulk of the LDA's activities

will not be subject to freedom of information requests, which was one of the big issues related to transparency in NAMA and its dealings with big public assets. While head 8 states that it has to have regard to Government policy, it is an independent commercial company. There will inevitably be conflicts between its commercial requirements and Government policy, as we have seen in respect of section 10 of the NAMA Act and the terms of the body itself.

Head 8 also makes no reference to social or affordable housing. In the head in question, there is no statutory obligation on the LDA to deliver social and affordable housing. It may be the intention and it may be Government policy but we are setting up a commercial entity that will have a life of its own. Why is there no clear unequivocal statutory responsibility to provide social and affordable housing in line with Government policy? Why must it only have regard to Government policy, rather than being obliged to comply with it?

There are no compulsory purchase order, CPO, powers in the Bill as it stands. I am a strong fan of active land management but without CPO powers there will be a big difficulty, because the only way of getting land off other public agencies is by engaging in commercial negotiations to purchase it, putting the agency in a very weak position. CPOs cost the market price plus something extra, so they are not cheap. Why are CPO powers not in the Bill? The witnesses cannot comment on the Attorney General's advice but we know from leaks, presumably from somebody in Government, that the Attorney General is concerned that there will be a state aid rule issue. Are there state aid rule concerns? My big concern is that I am hearing we might get amendments on CPO powers on Report Stage or Committee Stage. While it was bad enough to have relatively straightforward amendments to the Residential Tenancies (Amendment) Act on Report Stage, something as constitutionally significant as CPO powers to an independent commercial company is another matter and I urge that this committee be given sufficient time to consider it, if that is the route we are going down. Does any other independent commercial entity have CPO powers? I know local authorities have them but I wonder if this is the first time an independent body would have such powers, if indeed they are to be given to the LDA.

My really big concern is the development model, which involves joint initiatives. The witnesses mentioned Shanganagh but, to some extent, that involves poaching a really good local authority project that is already well developed simply because the Government would prefer it to be developed off-balance sheet. Can they talk us through how the model works? Some of us have a lot of experience of it, while others do not. I will come back on the second round to interrogate their answers.

Mr. Coleman mentioned three sites, namely, Skerries, St. Kevin's and Devoy Barracks. Can he give us a breakdown of the tenure mix in those? What really matters in all of these, including Shanganagh, is the price. What is the target for affordable rents and for affordable purchase? In the one joint venture which we are currently looking at, namely, O'Devaney Gardens, elected members are being asked to vote on Monday on something for which they have not even been told the prices. They have only been given very complicated sets of figures, though some of us have worked out what the prices are and they are nowhere close to affordable. Can the witnesses give us some assurances of what the new agency hopes the price points for rent and affordability will be?

**Mr. John Coleman:** Many of the Deputy's comments resonate with me and I agree that as NAMA - an organisation of which I have experience - was set up to deal with a particular crisis, the LDA is being set up to address another crisis. I also agree entirely with his views on the need for an active land agency.



The intention at Shanganagh is to deliver approximately 200 social units and some 310 cost rental units, with approximately 90 affordable purchase units, depending on the final decision of the elected members. The manner in which we intend to deliver it is that the LDA will step in and deliver the social units on a project management basis, while the cost-rental units will be delivered on the basis of a financial model we want to put in place, whereby we will recover the construction and operating costs through the delivery of the rental and funding costs on an ongoing basis. The intention is to come up with rent that is more affordable in the target market - people who struggle to afford private sector rents and those who cannot access social housing because they do not qualify for it. It is a matter of trying to hit the mid-market level. The same cohort would also qualify for the affordable purchase scheme. The intention is that all of the homes delivered on site will look no different one from the other. The social units will look the exact same and be built to the same specifications as the affordable units. Regarding the structure, it will on completion require the delivery of social units in Dún Laoghaire or to a nominee which could be an approved housing body. The LDA will hold and operate, at least in the short term, the affordable rental units, while the affordable purchase units will be sold to qualifying participants.

I refer to the other sites we have mentioned, namely, the Skerries, St. Kevin's Hospital and Devoy Barracks sites. The Skerries and Devoy Barracks sites originated from the Housing Agency which will be able to determine, in consultation with us, the composition of social and affordable units to meet its requirements. That is part of the negotiation in accessing the sites. We have not completed the discussions, but I would have thought and the early indications are that the Housing Agency will look for a level of social and affordable accommodation higher than 40% at those locations. St. Kevin's Hospital in Cork has been sourced from the HSE and is subject to the wider requirement of the Government's decision on the figures of 10% for social housing and 30% for affordable homes on such sites. I hope that answers Deputy Ó Broin's question.

I will ask some of my colleagues to come in on some of the policy issues on which the Deputy touched.

**Ms Maria Graham:** I think the Deputy wanted them to be dealt with in a general sense, rather than specifically.

The setting up of the LDA as a commercial body is set in the context of its primary objectives, which were, in respect of active land management, to make optimal use of State lands and the €1.25 billion in State resources that would be invested through the ISIF. The best way of leveraging it in the long term, with the target of delivering 150,000 homes over 20 years, is to set up the agency on a commercial basis. In due course, if the decision, made independently by the statistical authorities, is that the LDA is off-balance sheet, it will not be Government debt in that regard.

As for the overall setting, we are consistently keeping our eye on the likes of EU state aid and procurement rules. They have framed the legislation before the committee in terms of how the LDA can act in that delivery. I will make a number of points about overall governance. The shareholders are the Minister and the Minister of State. NewERA has been working with us. It is intended that it will advise the Ministers in that regard. In keeping with the norm for a range of other commercial bodies that act in this area and make commercial decisions, NewERA will give independent advice to Ministers. In that sense, each of them, in line with the code of practice, will receive a shareholder's expectation letter that will set out Government policy. Ultimately, the LDA is owned by the Government.

We are looking carefully at the CPO issue which needs a little more work. It is intended that there will be CPO powers. It is a matter of getting the balance right. Bodies such as the Dublin Docklands Development Authority, DDDA, had CPO powers. There are a range of powers within other areas, but I do not have the specific information to hand. However, I take the point that if we are to bring forward something on Committee Stage, Deputy Ó Broin will wish to see it. The LDA has powers and there is some surrounding case law. Some of the utilities also have powers. Most of the powers are set in the context of the legislation. As I said, I take the point that the Deputy would like to hear in good time about anything that is to be brought forward on Committee Stage to deal with the CPO issue in order that he may consider it.

**Senator Jennifer Murnane O'Connor:** I have concerns about CPO powers which are so important. Ms Graham has said the LDA works with the local authorities. What consultation has taken place between the local authorities and the LDA? I ask because this is about supply and land available for building. I always say Dublin always seems to be the focus. In his opening statement Mr. Coleman said the LDA was working on eight sites in Dublin, Cork and Naas. It is important, however, that he explain what is happening.

I always say we must work together. Can the LDA assure the public that, in working with the local authorities and adhering to development plans, local area plans and national planning policies, it can make an effective change in housing supply? That is a huge question. It is important that we do not just create a new agency with many great staff working to achieve very little; the LDA needs to ensure all land across the country is utilised and not caught up in red tape. What exactly are the criteria in that regard? The Government launched the agency last year, yet it was not put on a legal footing. There were websites, appointments made through the board and promises, but, again, Mr. Coleman might come back to me on what exactly will happen from here on. Before the summer recess, some of us asked for a list of lands held by the 31 local authorities at which the agency was looking. It was said everything was sensitive, which I understand, but the LDA's biggest role is to provide information to ensure transparency. If we get that, at least we will be able to go back with our concerns to the people for whom we work. However, the agency was set up a year ago and there is still no information. We do not need to start on that foot. It is not good.

Perhaps the delegates might come back to me with the answers to those questions.

**Mr. John Coleman:** I thank the Senator for her comments, queries and observations. To respond to her first query about the focus, or the perceived focus at least, on Dublin, it is a very good point because under the national planning framework a greater regional balance must be achieved.

**Senator Jennifer Murnane O'Connor:** Yes, that is so important.

**Mr. John Coleman:** I assure the Senator that the board of the LDA, especially the chairperson, is exceptionally strong on the need to achieve regional balance.

On our engagements, perhaps some of the perception that the focus has been on Dublin has to do with the fact that the initial sites to which we were able to gain access were predominantly in Dublin. Roughly 80% of the homes that could be delivered happened to be in Dublin. We certainly have a focus on the key urban areas. We have had considerable engagement with the local authorities in the relevant regions, especially in Cork, Limerick and Galway, and want to target others, including Waterford. Part of our mandate is to provide a greater focus not simply on the building of homes but also on making regional areas more attractive to employers and

other bodies in which to increase their significance in comparison with Dublin. Obviously there are a lot of pressures in Dublin manifesting in very high housing costs and so on that we do not want to prevail.

The point has been well made and taken. I can assure the Senator that it is a priority to achieve greater regional balance for the LDA board. I am quite confident that she will see additional activity through 2020 in the regional cities, particularly by the LDA. I am happy to come back to the Senator regularly to provide updates on what we are doing in this area.

A point was made that all of the land should be utilised, that it should not be caught up in red tape, and about the need to have transparency in terms of what the LDA is looking for and looking at. I will give a combined answer. The LDA was set up to enable and open up land and provide ways to develop land. One of the ways to do so is to draw attention to what lands are in State ownership and other lands to see if we can bring them forward for development. A key part of that will be the State lands database that we are compiling at present. We anticipate that the database will be made available. We want people to see what lands are available, in particular State lands. We want to bring more attention to those and ask whether such lands can be used for alternative purposes. It is part of our role to engender that. We also want to consider site assembly opportunities. Where pieces of land have been locked up to date, and they might be adjacent to State lands, we want to see if we can bring them into play as well, and not just look individually or in silos at pieces of land. We want to bring in other lands that to date, for whatever reason, have been locked up, and provoke and see whether we can get additional action. That points to the query made about making sure that land is utilised. Any time we consider a piece of State land, we consider everything around it or close to it to see what else can be done to bring it into play.

Quite a bit has happened since we have been set up. We now have a board. We also have a panel of architects, designers, project managers and so on that we can access quickly. As we properly procured them through public procurement, they can be quickly appointed to the sites we have access to. We have a very skilled staff base, especially on the property side, who are experienced in project management and delivering large-scale residential projects.

In terms of the sites, it is probably not generally understood that a huge amount of front work must go into understanding what is on a site, its feasibility, capacity, traffic etc. The LDA office has been a hive of activity with people trying to make sure such work is done. If the front work were not done on sites, then we would not be in a position to appoint design teams to design what goes on the sites. That work is below the radar but it stores up a lot more physical and tangible activity for the LDA through 2020. Throughout 2020, one will see more planning applications lodged, more sites accessed and, ultimately, the construction of new homes on those sites. I am confident that people will see that coming through.

**Senator Jennifer Murnane O'Connor:** Affordable housing is a huge issue and, therefore, should be prioritised.

**Mr. John Coleman:** It is. We do not view affordable housing as an impediment on sites but as an enabler. For example, we are looking to deliver cost rental accommodation at the Shanganagh site. We cannot approach the elected members in Dún Laoghaire and say we will deliver whatever we feel like on that site, because whatever we do must be acceptable to them. More affordable options or mid-market options, as I like to call them, are acceptable to the councillors. If we do not provide a solution around the affordable element, we will be unable to access the site. Affordable housing is a key enabler for us. It is a commercial strategy to deliver tools

for this, which is a big focus for us.

**Ms Maria Graham:** I will give assurances about some of the transparency that Mr. Coleman has talked about. The land register forms part of the non-commercial activities. By that I mean the advisory role that the LDA will look after so it is not in the commercial basket of activities. To reinforce the broad regional remit of the LDA-----

**Senator Jennifer Murnane O'Connor:** That is important.

**Ms Maria Graham:** -----it is reflected in the legislation that it is public lands with capacity for over 10,000 houses, which would be the same as the urban fund. Many of the projects that we saw in the first call for the urban regeneration development fund would be from local authorities doing feasibility studies for activation in their areas. The two almost sit together. We will see investment to unlock lands, certainly in many of the regional cities and towns. There can be site assembly by local authorities, maybe on smaller sites rather than the LDA. It is not taking that function away.

**Deputy Mick Barry:** I will address my questions to Mr. Coleman. I look at this matter first and foremost from the point of view people who have been locked out of the housing market. They are young people, people on low incomes and, in many cases, people on middle incomes. When these people hear of the establishment of an agency that has a remit to deliver 150,000 houses over a 20-year period, they will probably think it is an opportunity. Maybe they will think 20 years is a long time to deliver 150,000 houses and the time should be more compressed, but they will still view this as an opportunity. When they hear that 60% of the houses are likely to be done on the basis of private market and market rates, they will consider themselves still locked out and that it will not deliver housing that is affordable for them. They might think 30% is affordable but that depends on one's definition of affordable. Recently, the Minister for Housing, Planning and Local Government described a home in O'Devaney Gardens that costs €310,000 as affordable. The people I represent would say they would be priced out of that housing as well.

I repeat the question asked by Deputy Ó Broin. How does Mr. Coleman define affordable? Obviously affordability varies from site to site but what is the framework? What type of affordable homes and prices does the LDA aim to deliver for the people I am talking about? Given there are so many people on the housing list in this State, I must register my opposition to the allocation of 10%. The Taoiseach spoke about this being modelled on the ESB or Aer Lingus where the private sector did not deliver but the State stepped in and delivered. In reality, what we have is a housing crisis delivered by the private sector and the solution provided by this Government is the biggest privatisation of public lands in the history of the State.

I will get down to brass tacks and discuss my own area. The initial feasibility work has been completed and professional teams have been appointed to advance planning applications on the St. Kevin's development, which is good. When can we expect the planning application to be lodged? I know no one can state the day or week but when is it hoped that on-site construction will begin? When will the houses be delivered and available to people?

Again, I will discuss the ratio of 60:30:10. A lack of housing for key workers is a huge problem in Cork city. For example, ambulance paramedics, firefighters, nurses and teachers cannot afford housing in the city, so they must move far out into the county to source cheaper accommodation and drive to work every day. There is a real opportunity with 200 houses. If it is 60% at market rates, these people will be priced out of the market. Why do we not buck the trend and

challenge that at the St. Kevin's development? Why do we not have a far bigger percentage of genuinely affordable housing and a bigger percentage of social housing there? The social housing lists are bursting at the seams. Why is the ratio 60:30:10 and can that be changed?

One of the biggest swathes of new housing we will have is in Cork docklands, with 15,000 units, which is probably 10% of the overall Land Development Agency, LDA, target. There is a multiplicity of sites there. I could name them but would take up too much of the committee's time. Will the witnesses give the committee an idea which will be the first two or three sites that may be developed there and the timescale? If St. Kevin's is to be the first site in the city, what will be first docklands site to be developed and when?

**Mr. John Coleman:** I thank Deputy Barry. If the Deputy does not mind, I will start with the last question. I totally agree that Cork docklands is a massive opportunity to increase the scale of Cork. It is a huge urban regeneration opportunity. It is almost contiguous with the existing urban fabric beside the other office accommodation and other residential accommodation that has been contemplated in the area. We are in fairly regular in-depth consultation with our colleagues in Cork City Council around the development of the whole area to see what added value the LDA can bring. A lot of work is ongoing there with Cork City Council.

With regard to what will be the first sites to come on stream, I am not trying to evade the question but the issues around the Cork docklands are very complex in the context of infrastructure, levels, flood defences and other infrastructure that may be required, including bridges, and the existing operations of the Port of Cork, which is planned to move out to Ringaskiddy. Without that initial feasibility work being complete, which is in progress, at this point it is difficult to say exactly what will come on stream first. It will depend on a number of factors. This is not to try to evade the question. My comments are to reassure the Deputy that we share his views on this opportunity and that we are placing a lot of focus on that.

Reference was made to this being a privatisation of public lands. Part of the LDA's remit will be, at the appropriate time, to assemble its own landbank, but perhaps not exclusively from public sector sources. There may be a point in time in the cycle of the market or for very long-term land where it might make sense for the LDA to acquire land on the market. It could almost be the opposite effect to the point made earlier in that land currently privately held may become publicly held. It is not all one-way traffic over the long term of the LDA. In ensuring value for public money in our operations, we have to consider aspects such as the point in time of the market cycle we are at when any decision is made, where a particular piece of land is at in its zoning, or the timeframe for when it will become available for housing delivery. It is important to note this.

On the affordability split for the sites we are working on with the local authorities and the Housing Agency, the social and affordable component will actually be higher than the 40% component, which is the Government decision relating to centrally controlled lands that requires a minimum 40% social and affordable housing. When one considers the composition of the LDA's entire portfolio, and given that we will be dealing with local authorities also, it is likely to be quite a bit higher than 40% of social housing on the portfolio basis.

The question of what is affordable and what the term "affordable housing" means is a really good question. Housing at every level is affordable to someone and is unaffordable to others. The LDA is targeting a mid-market product, especially on the rental side, for people who are perhaps locked out of private housing or who are finding it extremely difficult to afford private sector rents, and those who do not necessarily qualify for or cannot access social housing. It is



these people in the middle. We have done some work looking at deciles of income and trying to land a rental product for cost rental bang in the middle of an affordability level for people on those incomes. This is what we are targeting. We are not going to build something and then work out what it cost us to deliver and look to get that back in the rental cost, whatever that is. We are starting with the objective of targeting those people and they are the people the Deputy has mentioned: key workers, nurses, fire service workers, teachers and so on, who struggle in the private sector market. This is what we are looking at. We are not doing it in a vacuum in terms of what those people can afford. We are targeting to deliver something they can access without putting them under undue financial stress also.

I hope this address some of the Deputy's questions.

**Deputy Mick Barry:** And St. Kevin's?

**Mr. John Coleman:** On the timeframe involved with the St. Kevin's site in Cork, we have design teams appointed. Active work is happening on that. We anticipate having a planning application lodged in mid-2020. We are hoping for construction to start in the first half of 2021 with homes delivered in the first half of 2022. It is important to note that property development by its nature is inherently uncertain with regard to timeframes. Issues always arise, perhaps through planning or one may discover an impediment on site. These timelines are our best and fairest estimates currently. I assure Deputy Barry that my team on the LDA land and development side is constantly looking for ways to pull out blocks of time from that process to ensure activity happens as quickly as possible on site.

**Deputy Mick Barry:** Will Mr. Coleman address my query on going for a different mix on 60:30:10 on the St. Kevin's site? Is that ratio fixed or is the LDA open to the idea of it changing?

**Mr. John Coleman:** We are implementing Government policy in respect of the mix on that site, so 60:30:10 is what we anticipate delivering on that.

**Chairman:** I remind members and guests to please turn their mobile phones onto silent. The microphones are picking up a number of phone signals.

**Senator Colette Kelleher:** I thank the witnesses for coming to the committee today. Addressing vacant and derelict sites to turn them into much-needed homes is a welcome measure, but I want to learn more. I seek a number of clarifications from the representatives today.

Will the witnesses please clarify the ownership of the currently publicly held land, before and after development? Will they also clarify the ownership of the homes that are built? Regarding the 60:30:10 mix, will those homes be in the ownership of the State, individuals, developers or corporate landlords?

I also wish to press the witnesses on the definition of "affordable". As Mr. Coleman has rightly said, every home is affordable to somebody if he or she has enough money. It seems to be the crux of the issue and I would like to hear more about that. What might be an affordable rent? The success of renting in places like Hamburg or Vienna is to do with security of tenure as well as reasonable rates of rent.

If there is any profit, will the witnesses indicate to whom this would accrue and where it would go?

On the governance arrangement, I would be interested to know more about DACs. I also wish to know more about mitigation against conflicts of interest on the board and among the staff. There were many golden circles that got us into a lot of difficulty. How can we mitigate against those? With regard to freedom of information and measures against lobbying, how can we be certain that the company will not make the same mistakes that were made before?

Could I have clarification on inter-agency inter-sectoral arrangements with local authorities and on interfacing with local plans, the Housing Authority, approved housing bodies, AHBs, and developers? Is there a possibility that the new entity will create duplication and additional delays? Has anything arisen to date that needs to be ironed out before we put something into law? Are there lessons about which we need to know?

My final question is for Ms Graham. She said in her presentation that the general scheme makes it clear that the LDA must have regard to Government policy on proper planning and sustainable development and contribute to the economic and social development of the State while at the same time obtaining a positive financial return for the State. That is a balancing statement. How will the balance be achieved? Who will make the decisions? How will it work in practice? It seems a little vague. I would like clarification on those questions.

**Mr. John Coleman:** I thank Senator Kelleher for her questions and observations. Let me address some of her queries. She asked a good question on whether we are adding another layer on top of what already exists between local authorities and other public bodies. I would respond with a firm “No”. We are only seeking to become involved where we are additive, or where something that could be done is perhaps not being done. Alternatively, where a public body does not have a housing remit, we must ask whether we can make the land in question available for housing while also taking account of the body’s own operational needs. There is certainly no adding to duplication or delays. On the contrary, we envisage becoming involved only where there is a void or a need to fill a gap, or where delays can be taken out of the process. That is our objective.

Let me touch on some of the points made on the ownership of publicly owned land and the question of who will own property when it is built. There is no simple answer because there will be a multitude of categories. For example, some houses will be built and sold to occupiers, who will own them. Some of the homes will be social housing and will be built and held by local authorities or their nominees, such as AHBs. Some homes, as in Shanganagh, will be built through the LDA in partnership with Dún Laoghaire-Rathdown County Council and will be held, in the short to medium term, at least, by the LDA and rented to people at mid-market level. There is a multitude of ways in which the homes will come out. We are not restricting ourselves to any particular tenure.

I agree the question of what is affordable is a key one. On emulating what is happening elsewhere, in Vienna cost-rental is a major form of tenure. We are examining examples from the Continent closely. We have participated in much of the discussion on cost-rental and the Vienna model over the past year. We have spoken at many events also. We envisage the cost-rental product we are seeking to deliver in Shanganagh and on the other sites to which we have access as being entirely consistent with that. It will be sustainable over the long term because, as the name implies, the rent is a fair rent set to recover the cost of delivering the product. It is entirely consistent with our mandate.

I was asked whether the model represents a privatisation of State assets. This model actually expands the State’s reach into housing, housing delivery and housing stock. At present, our

reach as a State is through social housing only but in places such as Vienna, Hamburg and the Netherlands, social housing means a different thing. It includes a much broader cohort of the population. Half the population, or maybe 60% in the Netherlands, live in what they call social housing. It is a much broader category.

**Senator Colette Kelleher:** They have very good security of tenure.

**Mr. John Coleman:** That is correct. On security of tenure, if we are to hold and operate cost-rental accommodation efficiently, at least in the short to medium term, we will want people to stay and continue to pay the rent. We will not be like private-sector landlords, who would be happy for people to leave in a rising rental market. They could recalibrate rent on a tenant's departure. That is not our objective. We would want people to stay. In jurisdictions such as Germany, people stay in rental accommodation for 13, 14 or 15 years. We would want to offer that to people here. They might not want to because they might have other aspirations but we would like to offer it. It has a number of benefits, including the avoidance of transient communities. It would result in the building of communities.

**Senator Colette Kelleher:** If the property is not owned, how can that be guaranteed?

**Mr. John Coleman:** In some respects, the LDA would own it.

**Senator Colette Kelleher:** But only 10 % of it.

**Mr. John Coleman:** No. The 30% affordable requirement could be delivered by way of cost-rental in the locations.

**Senator Colette Kelleher:** Sixty percent would still be held.

**Mr. John Coleman:** In some location. On local authority lands or perhaps some of the Housing Agency lands, however, the proportion of social and affordable housing will be much higher. In Shanganagh, for instance, it is 100%. It will not be the same everywhere.

The question of what is affordable is a key one, as I mentioned to Deputy Barry. We are taking an evidence-based approach to it. On one level, we face the constraint of delivering a product that ultimately covers its cost and, on the other, we must provide housing that is genuinely affordable. It is no good if the housing covers its cost but is not affordable to the target market. That is why we are doing a lot of work to understand what our target market is. It is associated with those middle deciles of household income. It is a matter of trying more to understand the percentage of that income that should be available to those concerned to meet accommodation costs while allowing them to live an enjoyable life and cover the costs of living beyond housing costs. We are doing a lot of work on that. The perceived wisdom is that around one third of a person's net disposable income should be available to meet housing costs. That is in and around what we are targeting for the middle deciles of income.

**Senator Colette Kelleher:** Are there any answers on governance?

**Ms Maria Graham:** The Deputy made a couple of points that she wanted addressed on governance. The designated activity company under the Companies Act 2014 replaced what we used to refer to as limited companies. Many of our commercial State bodies are in that corporate form. Considering the general scheme, there are a couple of areas where that does not apply, or where we disapply it. An example concerns the accounts being given to the Comptroller and Auditor General. This involves a mix of the company law and the State governance

aspect.

The Senator mentioned the objectives of the LDA and having regard to planning policy and other considerations. With regard to planning policy, the LDA is really a creature of the national planning framework. It has been set up to support the goal of compact growth and to deliver on the population requirements coming from the national planning framework. It will obviously be applying for planning permission and will have to be consistent with the policies set out by local authorities in the cascade that will come down from that.

The other element was contributing to economic and social development and competitiveness, in addition to making a financial return. It is about acting commercially with a conscience. The economic aspect and social development will both be taken into account. The dividend authority for the profits that may accrue in the case of all commercial bodies is set down by the relevant Minister who, in this case, is the Minister for Public Expenditure and Reform. All dividends from State bodies accrue to the Exchequer. Dividend policy is usually set out in the shareholder expectation letters which are received by all such commercial bodies. The policy might state returns are not required at an early stage of a body's evolution, that the returns are to be reinvested, or it might set out a particular requirement. It is a long-term objective. I hope that addresses the issues raised.

The Department, with the LDA and the Housing Agency, is looking at all aspects of housing, including the cost rental model. There are definitions of affordable housing within statutes and regulations, as well as the wider concept of affordable housing. The 40% quota about which we are talking is not a statutory requirement; it is a decision the Government has made which applies to any public land being disposed of, even if the LDA is not looking after it. The definition of public lands is given at the beginning of the general scheme of the Bill.

**Senator Victor Boyhan:** I thank the delegates for coming and wish Mr. Coleman well in his role as chief executive of the Land Development Agency. The Minister circulated a briefing note on his appointment yesterday, which reminded me that Mr. Coleman was involved in NAMA, banking and accountancy - three areas that do not generally instill much public confidence or trust. One of the big challenges facing the organisation is that it must gain public trust and public confidence. Mr. Coleman has a huge responsibility on his shoulders, as do the chairman and the whole organisation. We also have a responsibility, as legislators, in deciding how to frame, adjust, amend, or tweak the legislation before us.

I note a number of concerning issues. First, we may need to further scrutinise the freedom of information arrangements for this legislation because we need openness and transparency. We must learn from some of the terrible things that happened with NAMA, although they were not Mr. Coleman's responsibility. The references to NAMA, banking and finance jumped off the page at me. The biggest, most important job is building trust.

The LDA has two interrelated responsibilities, as the delegates know. One is to drive the delivery of new homes, utilise State lands and assemble large-scale strategic land banks involving public and private lands. It is not restricted to housing; it can also be commercial. The LDA has a financial remit with shares set up to pay for it.

I have a number of questions about the relationship between the LDA and local authorities. Mr. Coleman stressed this issue and talked about bringing added value, which is important. We cannot and should not have duplication. The local authority is the planning authority and the housing authority. It also has many other functions. We have seen the consistent erosion of the

powers and functions of elected members of local democracy and government. That is a common theme running through a range of issues and services, from Traveller accommodation and local government finance to local property tax and the planning regulator. More central powers have been granted to An Bord Pleanála, while local elected members have less involvement in engaging, even in strategic development housing, for instance. Under this regime we have experienced an erosion of local democracy. That is a fact and I challenge anyone to dispute it. While I am concerned about this, I welcome the principle behind the establishment of the Land Development Agency and what it will achieve. It is, effectively, the State's real estate manager.

I am not going to get into specifics, but I see enormous potential in the Dublin docklands. We have also discussed the docklands in Cork and Galway. I am familiar with a number of them and their potential. We have to realise land is a valuable State asset which has to be utilised for housing, to gain economic benefits for the State, for job creation and in future planning. I want to flag this because it is important.

Transparency and public confidence are also important aspects of this matter. Will the delegates confirm that the LDA has the capacity to secure funding from the European Investment Bank? I assume that is a given, but I ask the delegates to talk about that issue and it being off-balance sheet.

I foresee a potential of conflict in acquiring lands from local authorities that currently have a section 138 disposal mechanism in place which empowers the elected members, not the executive, to dispose of any property on their books for longer than 12 months by lease, sale or freehold. That will present problems and I understand it has already done so.

We have talked about the Shanganagh Castle site a number of times. It has been stated it will consist of all social and affordable housing, which I welcome because it is a fantastic site. I ask the delegates to confirm the transfer arrangements. As I presume they will require some lean on the assets of these properties for guarantees and in getting funding, I ask them to tease out the matter for me. Are the LDA, the State and the Department advocating for compulsory purchase order, CPO, powers for the LDA? A number of State agencies have CPO powers, as did NAMA, of which Mr. Coleman will be aware. How that worked and the experiences of it is another story. That will present challenges which we will have to overcome to get these lands. I ask the delegates to touch on this issue.

In his presentation Mr. Coleman mentioned the challenges of the formal legal transfer, which will potentially be his biggest issue. It will also be a challenge for us in the context of the legislation and due process. He talked about partnership and synergy. I like the tone of it because some local authorities will think of the LDA as another big agency established by the State to come and take their lands. I can see why they would have that fear, but it is not necessarily genuine and their fears need to be allayed.

I will touch on one or two more issues. The delegates are going to talk to us about the Shanganagh Castle site. I ask them to also share with us where they are with the Central Mental Hospital site in Dundrum. It is a substantial site with potential capacity for 1,500 units.

Head 9 may be the most challenging part of the legislation. I do not think the LDA will have problems in identifying the landowners, as there are substantial wasted lands all over the place. I have a copy of the vacant site levy implementation progress report that was filed with the Department of Housing, Planning and Local Government for each of the 31 local authorities. It makes for very interesting reading. Substantial lands that are vacant, abandoned, or



derelict may not fall within the remit or ownership of local authorities. That is a challenge for everyone, including State agencies. I suggest the LDA and the Department take a fresh look at this issue and seek an update from each of the 31 local authorities on these derelict, abandoned and vacant land assets. There is enough development potential in these lands for the next 50 years if they get their hands on them.

I refer to acquiring lands in public and private ownership. How will the LDA acquire lands? If someone says the LDA or the State wants 100 acres of land in south County Dublin, the price of the land will go up. People are going to know about it. Price sensitivity is an issue, as is confidentiality. There is a need for a balance between it and public knowledge. How do the delegates envisage all of it working out? It is perhaps the biggest challenge of all.

I wish Mr. Coleman well. It is an exciting project which I support in principle. However, I am concerned that the local authorities might believe there is duplication, or that their own powers are being eroded further. I am asking the simple question again: is the Department proposing or recommending compulsory purchase powers in the legislation and what is the view of officials of that policy? Is compulsory purchase simply something to have up the Government's sleeve as a potential - perhaps not weapon - tool to be brought into play if it does not receive co-operation in the disposal of these land assets?

**Ms Maria Graham:** Reference was made to the strategic assembly of sites, which will in the long term be important, through the acquisition of land in public and private ownership. There are decisions the LDA could make on purchasing land, but we are looking at the potential for compulsory purchase. It is just a question of how to get the balance right. Particularly in the context of the full assembly of a mixed site, strips of land, colloquially known as "ransom strips", could be used. We are trying to strike that balance.

Senator Boyhan made a point about the LDA having the capacity with local authorities and other public bodies to look at that issue in a confidential manner in order that they could act commercially and land prices could be kept from rising. That feeds into his first question about the balance within freedom of information legislation and what is commercial and the other elements of the operation. That is the balancing act in which we are trying to engage. I agree completely with him on the need to utilise all sites. That is obviously one of the pillars of Rebuilding Ireland. We have done a great deal of work on vacant sites reuse and obviously introduced things like repair and lease programmes in that context. Proposals are coming under the urban and rural development fund, particularly in smaller towns where there may be a derelict site at the back of a shop on a main street which could be activated. There are also larger regeneration projects in respect of the LDA. All of these things have to be moving in the right direction.

In our engagement with the chief executives of the local authorities who we meet regularly they have demonstrated a co-operative spirit with regard to the LDA. The Senator is concerned that they might see it as a threat, but they are working together in a way that will avoid the issue of duplication that has been raised here to ensure both parties will have the best outcome.

The Senator mentioned the disposal of local authority lands, which is a much broader matter. The lands the legislation defines as "public lands" are those lands owned by Ministers and direct non-commercial entities. The LDA will act with commercial bodies on a commercial basis and local authorities on a partnership basis, rather than seeking to acquire local authority lands. Mr. Coleman might explore that issue. There will be a broader governance piece on changing local authority and elected members' powers of scrutiny of their own landbanks.

**Senator Victor Boyhan:** Does that mean that lands currently vested in local authorities will not be defined as “public lands” for the purposes of this legislation?

**Ms Maria Graham:** They are not defined as “public lands” in that sense because they are the lands of local authorities and governed by local government legislation. However, the LDA is working with the local authorities and has powers under the legislation to deal with a wide range of bodies, including local authorities, for the purposes of master planning and other arrangements. In that sense, it can deal with all actors, public or private.

**Mr. John Coleman:** I thank Senator Boyhan for some of the points raised. A very good example is the site in Shanganagh, which is live and perhaps the most advanced project we have with any local authority. If the LDA is to build and operate mid-market cost rental homes on that land, it will be required to transact on that portion of the land with the local authority at some level. As the Senator rightly pointed out, the EIB or any funder to which we are speaking will look for some form of effective security if we are borrowing to enhance the productivity of the land to enable our construction, just like a bank would seek security on the land. It does not have to be the freehold but could be a leasehold of sufficient length to allow it to have an effective security position if things were to go wrong. That element of it might require the application of section 183, but everything that happens up until then will be done in partnership with the local authority. The relationship that has developed in the past year has been very good. There was an initial question mark over what it actually was and how it would work as far as the local authorities were concerned. It goes back to the issue of avoiding duplication. Where people are doing things well, we do not want to upset them. It is only where we can add something to the mix that we will do so. That goes back to the Bill and the functions it contains to facilitate work with local authorities to assist and advise them where they require it. The relationship with local authorities is generally good and when we are ultimately transacting with them, it will have to be on a level that is acceptable to them. There are reserved functions such as those in section 183 to be considered.

**Senator Victor Boyhan:** Is anything being proposed in the legislation? Is the LDA happy to leave it sit or would it like to see changes made through the Bill?

**Mr. John Coleman:** It is really a policy matter. The Senator has talked about some of the issues local authorities have had. It is really a policy matter and we will operate within whatever policy framework is in place with the local authorities.

**Chairman:** I thank Deputy Casey for his forbearance.

**Deputy Pat Casey:** I thank the Department and the LDA for the presentations. How we manage our land and affordability is critical. As such, I welcome the establishment of the LDA, albeit I have some questions about the establishment process and how oversight will be carried out. I will start on the oversight issue. It concerns the oversight of the LDA and, subsequently, any subsidiary of it. When I was newly elected to the Oireachtas three years ago, it came as a bit of shock to find that I was not allowed to ask questions about Irish Water. Will I be able to submit parliamentary questions about the operation of the Land Development Agency? Are there parts of it that I will be excluded from asking about in respect of oversight? Will it stretch to subsidiaries of the LDA also?

When we talk about affordability, land cost is an issue. I noted Ms Graham saying all State land would be transferred at market value. Once we keep using market value for land, achieving affordability becomes very difficult. As we are all aware at this stage, regulation is the same

across the country. Building material, labour and finance costs might vary slightly, depending on the higher risk in rural areas, but the fundamental key to achieving affordability is the cost of land. When we transfer State land to another State body at market value, I do not know how we can achieve affordability. I mean that genuinely. We have mentioned the national development plan and the ramping up of compact growth. We are also ramping up densities. We are, in fact, ramping up the market value of land. All of our development plans nationally have perhaps one full cycle of six years and perhaps another half cycle for land zoned. This has ramped up the value to a greater extent. If we are buying all of it at market value, I question how we will ever get to the level of affordability.

We have had representatives of the Department, local authorities and approved bodies before us and today we have officials from the Land Development Agency. Only last week we had the Minister before us, while the proposal in the budget last year was to allow local government a cap of €6 million with which it could deliver housing. The Minister said that would not happen as we needed oversight. He said local authorities should go through the 59-week, four-stage process and that he would not give those powers to them because they did not have the ability to deliver. We are handing €1.25 billion to the Land Development Agency. Does it have a four-stage, 59-week process? If a local authority skips the Department because the process is too complicated and goes straight to the Land Development Agency, will it get through it much more quickly?

How we deliver housing in the future will be more complex because of the introduction of the Land Development Agency, especially as it tries to deliver 150,000 houses over 20 years. That works out at 7,500 houses per year. How many of them will be delivered through the local authorities or privately on public or State lands? I might come back in later on that issue.

The off-balance sheet position and the commercial basis of this body are of interest because we have just gone through two sessions discussing how and why approved housing bodies have been moved from being off-balance sheet to being on-balance sheet. The delegates said with near certainty that the Land Development Agency process will be off-balance sheet, but perhaps that is not the case. In our interactions with the approved housing bodies, the Department of Finance and the Department of Housing, Planning and Local Government it was clear that it was not just the capital aspect that made the process on-balance sheet but rather the control of the local authority. There was the differential rent aspect, allocation and design criteria, which had led to the Central Statistics Office and EUROSTAT indicating that all it was on-balance sheet.

Who is dictating the allocation of all social and affordable housing related to the Land Development Agency? Is it the agency or the local authorities?

They are a few initial questions, but I might come back in again in the second round as I have certain concerns about oversight. I am disappointed by the 60:40 split that was mentioned, as is everybody here. Is it worth considering it within primary legislation and putting a figure on it?

**Ms Maria Graham:** I thank the Deputy. There were a number of issues raised about oversight and governance. We have set this up to be a commercial State body, with a view to it being off-balance sheet. That is ultimately a matter for the CSO and EUROSTAT to decide, but we take into account our best judgment in establishing the governance, oversight and models for trying to balance all components of European Union state aid and public procurement rules, as well as commerciality. A commercial body needs to act economically within a market. That is part of the balancing of the percentage of affordable housing.

There are a couple of components to oversight. The shareholding Ministers are the Minister for Public Expenditure and Reform who holds the majority share and the Minister for Housing, Planning and Local Government. There are the normal activities in which a commercial body needs to engage for the shareholding Minister. There will be a shareholders' expectation letter, setting out all of the requirements, with a code of practice for State bodies, setting out the elements of strategic plans and financial accounts, some of which is also reflected in legislation. A particular element, which is similar to Home Building Finance Ireland, is that the Land Development Agency will be accountable to the Committee of Public Accounts and the Comptroller and Auditor General. There will be direct Oireachtas oversight in that regard.

In common with other commercial bodies and the process for parliamentary questions, the arrangement is that the Minister will answer questions about the policy elements, while the day-to-day arrangements will include facilities for Oireachtas Members to receive prompt answers to questions. That will be required of the Land Development Agency, but it will not be through the parliamentary question system.

There are a number of complexities surrounding the position of being on-balance sheet or off-balance sheet, as described by the Deputy. It is quite complex. Currently, the agency's funding under the establishment order comes through our Vote. It is within government. When the Central Statistics Office has the legislation, business plan and all of the other elements, it will make a judgment.

The legislation is trying to comprehend all eventualities, including in the short term and potential powers the Land Development Agency may need in the longer term. Some of the issues such as the 40% figure mentioned by the Deputy are, therefore, dealt with as part of Government policy rather than being written down in legislation because it applies not only to the Land Development Agency but also to other bodies disposing of land outside these arrangements. It is a broader matter.

I believe I have answered the Deputy's questions and Mr. Coleman will follow up on them. He will explain in more detail the market value model. In the context of providing for what happen in the longer run, it allows for acquisition. The other component is that an equity investment can be made. The land will be valued and it will take account of the fact that there is affordable housing to be developed on it. It will take into account the state of the land with reference to the required infrastructure. In the transfer the Land Development Agency will take an equity investment, rather than having to hand over cash.

**Mr. John Coleman:** The Deputy's point about the cost of land being a big issue is well made. I know from experience that land could not be given away in Dublin five or six years ago, but now it is massively expensive. In some locations, for an apartment home, there could be a derived land cost well in excess of €100,000. This swing and volatility in land values is a big issue.

Ms Graham has mentioned how the Land Development Agency gets land and the consideration is that if it gets it at market value, will it fuel the process again. That is not the case. As Ms Graham said, the land will transfer at a value, taking account of the affordability requirement. Effectively, the value will be reduced to facilitate the delivery of affordable accommodation on the land. At Shanganagh, where the site comprises entirely social and affordable housing, there will be a vastly reduced value attached to the land. It will be reduced near enough to zero in order that social and affordable housing can be delivered on it. The risk of the agency fuelling the process is somewhat mitigated by the values taking account of the affordability requirement.

**Deputy Pat Casey:** The agency will determine the affordability aspect for a site and that will determine the value of the site.

**Mr. John Coleman:** Ultimately, the value of the site will derive from the cost of the product built on it, whether for rent or sale. If a developer thinks he can sell a completed house for €300,000 and it will cost him €250,000 to build it, he might pay €40,000 for the site and allow himself €10,000 profit. Roughly speaking, it would be something like that but the price he pays for the site would always be tagged to what he thinks he can sell the house for at the end. Similarly, if the LDA is looking to target an affordability level, it will impact on what can be paid for the site because the costs of delivery are relatively fixed in that they are the market costs of going to a contractor, etc. The affordability requirement will effectively reduce the value of the site.

**Deputy Pat Casey:** Is that the reason for the high level of private housing on some of the sites? Is this high level to offset the affordability requirement?

**Mr. John Coleman:** While that will obviously assist with the delivery of affordable accommodation, that is a policy matter for Government. The issue is much more complex than pure value. One has to look at sites on a site-by-site basis. For instance, we have access to a site in Balbriggan in north County Dublin where the general area has relatively high levels of social housing and State-funded housing. It might be appropriate to diversify social mix to facilitate the delivery of private or affordable homes in that site. The decision is taken on a case-by-case basis. It could even be that the market value of a home in that area will be relatively affordable compared with other locations. The issue has to be looked at on a case-by-case basis.

I am *ad idem* with the Deputy that the cost of land is generally a difficulty in the market. One of the issues I recall from my previous life is that a seller trying to get someone to pay as much as possible for the item being sold, which is land in this case, is always looking for competitive tension because there is a limited supply of what is being sold versus the number of people seeking to buy that item. That scenario, whereby a large number of people were chasing land, has pertained until now, although the position has been alleviated somewhat in more recent months. Potential buyers can do as many spreadsheets as they wish but, ultimately, they must consider what their competitors will bid. This competitive tension ramps up values and part of the reason for that is there are not enough land development opportunities available. Part of our mandate is to make more land available for development by utilising State land and other land where we can. This will remove some of that competitive tension from the land market. The objective is to have the competition element arise when the homes are completed and sold or on the basis of innovative construction measures that deliver homes more cost-effectively, rather than at the point at which the raw material - the land - is being purchased in the first place. I agree with the Deputy's sentiments on land costs.

**Deputy Pat Casey:** What process does the LDA apply when approving a scheme compared with the Department? A local authority might decide to go to the LDA because it is much simpler to do that than to go to the Department. Is there a process in place?

**Mr. John Coleman:** Yes. We have governance structures in place to deal with that. We recognise that while we were set up to be an independent, commercial semi-State body, we are ultimately custodians of public money. We are very conscious of that and we have rigorous internal procedures in place for valuing sites and developments and, ultimately, for valuing investment decisions. We have two sub-committees of the board of directors, namely, the audit risk committee and the investment committee. The investment committee scrutinises proposals



to ensure there is something from a risk and value perspective for which the LDA should be utilising public money.

**Ms Maria Graham:** I apologise; I had forgotten the Deputy asked that question. All bodies are covered by the public spending code. As Mr. Coleman noted, that would apply to the LDA. However, there is a difference between the governance of Exchequer funds and the funds of a commercial semi-State body. One of the elements I referred to earlier was NewERA. What usually happens with the investment programmes of a commercial State body is that a threshold is set and any projects that exceed that threshold come directly to the Minister. The entering into the capital commitment, rather than the project itself, is then considered. This consideration involves looking into how stretched the company is financially to ensure it is financially sound and the additional capital commitment does not overstretch it. It is done on the basis of that kind of capacity. That is where our governance of the LDA's spending would come into play.

**Deputy Darragh O'Brien:** I thank the witnesses for their attendance today and for their opening statements, which I have read. If we were to do this all over again, I would not start from here. In light of all the responses to the questions, I respectfully suggest that the cart has been placed before the horse. At this late stage, we should be discussing draft legislation rather than the heads of Bill, given that the LDA was announced over 12 months ago. Does the Department or the Minister have a timeframe in mind for passing this legislation? What happens to the LDA if this legislation is not passed before this Dáil and Seanad are dissolved? With political cycles, that is a distinct possibility. We have two more sessions of pre-legislative scrutiny on the heads of the Bill and my party and I are not happy with significant parts of this legislation. It is not for the Department to answer for this as I fully respect the job the officials have to do. My issue is with the structure of the LDA, land disposal and various other matters on which we did not agree when I asked representatives of the Housing Agency about them at a committee meeting some weeks ago.

Mr. Coleman stated that while the LDA had control or oversight of the land, it will not have the land until the legislation is passed and it can be transferred to the agency. We will not allow this legislation to be rushed because the LDA is a significant body. I support in principle the idea of an agency to deliver homes or develop land but I wonder what will happen to the LDA if the legislation is not passed. What will happen to the eight sites the agency oversees if there is no legislation in place to underpin it?

I was a little surprised when Mr. Coleman indicated that little or no work had been done on these eight sites. That is not my understanding of the position. I know a full master plan has been done for Castlelands in Balbriggan. Mr. Coleman did not refer to that site but it is potentially one of the LDA's sites. A significant amount of work has been done on the site by the local authority. I need to be comfortable that, in general, we are not facilitating a wholesale transfer of responsibility from the State and the local authorities to a commercial semi-State entity to deliver public housing. From reading the heads of the Bill, it appears that this vehicle would permit that. Deputy Casey referred to a disagreement that the Fianna Fáil Party has been having with regard to an agreement made last year to raise the discretionary cap to €6 million and allow local authorities more freedom to deliver social housing developments. On the one hand, the Minister described this as a reckless move while, on the other, he is seeking to set up an agency with a budget of €1.25 billion which will not be subject to freedom of information legislation.

I congratulate Mr. Coleman on his appointment, which was only formally made yesterday.

Sources from the Land Development Agency were reported in the media over the summer as saying the agency would not be subject to the Regulation of Lobbying Act 2015. Why is that? Who has that opinion? I respectfully suggest that it is the Houses of the Oireachtas - the Dáil, the Seanad and this committee - that decide what is in the legislation. It is not for officials in the Department or employees of the Land Development Agency to decide what is permissible and what their roles are. All we have are the heads of the Bill. I return to my earlier point regarding the announcement made last September to establish the Land Development Agency, on foot of which a skeletal structure was set up. Why has it taken so long to get to the stage of producing the heads of the Bill? When will we see the draft legislation?

Regarding the disposal of land, affordable purchase and the idea of chasing affordability based on market value, we do not agree that the LDA needs to dispose of land to deliver affordable housing. I have been struck by the constant references to affordable rent, cost rental and the Vienna model, which Mr. Coleman has mentioned more times than affordable purchase. A mix is required. Senator Kelleher mentioned security of tenure. My party holds the view that the best security of tenure is to own an affordable home. We do not believe that disposing of land to deliver affordability is necessary. Mr. Coleman seems to be saying that that is Government policy. If the Government changes, though, the LDA will have to deliver the new Government's policy, whoever is in it, should the LDA be formally established under legislation. Many of the issues involved flow from the fact that this should not have been announced until more work had been done on the legislation, powers, roles and areas of responsibility.

Oversight is my main concern. It was stated that the Committee of Public Accounts would have oversight. That is good. I was its Vice Chairman in a previous term and it is a good committee that provides good oversight. What about parliamentary questions and oversight by this committee, though? According to head 39, the Freedom of Information Act will not apply to the LDA where its commercial functions are concerned. That is a blanket cover and will remove wholesale the various functions listed in head 9(2). I could understand if a matter had to do with the price of purchasing land or tenders to specific developers or builders, but the Bill is effectively saying that people cannot find out about anything.

I would like an answer to the question about the Regulation of Lobbying Act. Perhaps the media has misreported it. I read a number of times over the summer that the LDA would not be subject to the lobbying Act.

I have other questions to ask. From speaking to local authorities across the country, agreeing criteria for a national affordable purchase scheme is crucial. Lacking a scheme will hinder the LDA's job and the costing of its sites. Will Mr. Coleman or Mr. O'Neill comment on this? It is an issue when trying to cost an arrangement, as I have seen at a number of the LDA sites. In Ballinastone in Donabate, the local authority is finding it difficult to know what to put the houses out to sale for because it does not have an affordable purchase scheme.

I will contribute again during the next round of questions.

**Chairman:** We will start with Ms Graham.

**Ms Maria Graham:** The Government approved the legislation's general scheme with a view to priority drafting. We are looking for an early enactment. Obviously, there is a process. We welcome that the committee has taken this legislation speedily, as the pre-scrutiny stage will feed into our drafting process.

Regarding the associated issues, this legislation is setting the LDA up on commercial terms. A critical component is the capitalisation of €1.25 billion. As Mr. Coleman outlined, there is wide scope within the establishment order, which is allowing the LDA to advance the lands and gives it the power to acquire, purchase and take on leases. On a practical day-to-day basis, that work is moving forward. Important governance elements around the commercial side are reflected in this Bill. The capitalisation is probably the critical aspect in terms of scaling up activities to the next level.

While I note the Deputy's comments on the time taken, in establishing the LDA we have been teasing through many issues, including the transfer of sites. This has informed us in developing the general scheme. The early engagements have allowed us to develop it. We have been working through issues such as state aid, which is complex, public procurement and the general government balance. These issues have taken some time to address, but they have been informed by practices in respect of the individual sites - it has been a kind of bottom-up approach - and engagement with local authorities and others.

I note the point about the affordable housing criteria. The LDA is working as part of an overall initiative around affordable housing.

We are trying to achieve a balance between the governance of a commercial body that has the freedom to act in the way we want it to, by which I mean active assembly and being agile, in order to get the best for the State in terms of overall housing while having the kind of accountability that we require. The Bill contains a number of components on the commercial side to ensure that there is Government oversight and all of the accounts are laid before the Oireachtas. The Committee of Public Accounts component is not the norm for commercial matters, but this aspect has regard to the fact that valuable State moneys and lands are going to the LDA.

We have not specifically covered the lobbying legislation, but what is contained within the Regulation of Lobbying Act is a matter for the Oireachtas. Commercial State bodies are not covered by it currently. There is legislation that is held by the Minister for Public Expenditure and Reform. Lobbying is not covered within this Bill.

Senator Boyhan referred to a circumstance in terms of freedom of information. We are trying to achieve a balance between those functions that are purely commercial, where FOI would interfere in getting the best value for lands in the public's interest, and more day-to-day operations on the administrative side, which would be covered by FOI.

I believe I have covered the Deputy's questions.

**Deputy Darragh O'Brien:** There was a tiny point about local authorities and the potential transfer of responsibility for delivering social homes. Does Ms Graham see the agency taking over the delivery of public housing or being permitted to deliver any?

**Ms Maria Graham:** No. It is an active land management agency. Essentially, its land disposals must produce Part V housing for local authorities in the form of 10% social housing and extra affordable housing. The local authority will remain the housing authority. That would be the intention. The LDA will not take over functions of the local authority in that regard.

**Deputy Darragh O'Brien:** I thank Ms Graham.

**Mr. John Coleman:** I will reiterate some of Ms Graham's points. The journey over the past year has been most informative concerning what we need to address. There are many elements

that, had we not had this experience, might not have been advised and reflected in the Bill.

As to the question of taking over from local authorities, it comes back to the avoidance of duplication. We do not want to do something that is already being done well elsewhere. A good illustration of that can be found at the Shanganagh site. If the desire of the local authority was to develop entirely social homes on that site, we would probably say that there was no role for us, as the local authority would be well capable of doing that itself. It is where we can add something that we have a role, for example, a financing structure around cost rental.

The Deputy's point about the Balbriggan site's master plan, which we have fed into over the past year, was well made. It effectively sets planning policy in the area, but I was referring to much of the other work that was necessary to advance development, for example, examining infrastructural constraints and the solutions to them. My point holds generally, but one can discuss where we fall on the development spectrum. We have no view on the lobbying point because that is a matter for the Oireachtas. We respect the authority of the Houses in that regard. The Deputy referred to affordable purchase. We have no philosophical objection to affordable purchase which is a product that will suit many locations and people. As such, we will continue to engage and work with the Department and to work within the prevailing policy on affordable purchase.

**Deputy Darragh O'Brien:** I asked also about the disposal of land in the context of the delivery of the agency's sites and homes on them. In effect, the policy is to dispose of the land to deliver the affordability. In looking at other models, does the agency see opportunities or is that a policy matter for the Department to address with regard to delivering affordable homes without having to dispose of the land?

**Mr. John Coleman:** Is it where the land does not have to be ceded at, in effect, nil cost?

**Deputy Darragh O'Brien:** Yes.

**Mr. John Coleman:** That policy is still in gestation. Ultimately, one is talking about costs of delivery and trying to reduce those, while still delivering a quality product. Land is a very significant cost of delivery and that has to be taken into account, in particular where one is trying to deliver a product at an affordable or particular price point. We will continue to work with the Department on that.

**Chairman:** Notwithstanding the fact that all four members present have indicated that they wish to have a second round of questions and, indeed, while I have some questions myself, I propose for our guests' sake that we suspend for five minutes. Is that agreed? Agreed.

**Deputy Eoin Ó Broin:** We are soft on guests, giving a break. Wait until they get in front of the Committee on Public Accounts.

*Sitting suspended at 12.02 p.m. and resumed at 12.10 p.m.*

**Chairman:** I have a few questions for the witnesses. The first is whether the Information Commissioner has been consulted on an amendment to the Freedom of Information Act. That would be useful and beneficial for obvious reasons. The ability to request information under the Freedom of Information Act is vital for a healthy and functioning democracy. Supplementary to that, I propose that we write to the Information Commissioner to seek the office's views on it. Is the Land Development Agency subject to the ethics legislation re conflicts of interest and declaration of interests? Deputy Darragh O'Brien referred earlier to the Regulation of Lobby-

ing Act.

Under head 7 of the general scheme, how many subsidiary entities does the LDA envisage need to be established to support its functions following enactment? How will that be structured? Some of the functions in head 9 appear to carry an elevated risk profile, for instance in 9(2)(j), which refers to profit-sharing agreements with third parties and 9(2)(k), which refers to investment vehicles. How will the risk be managed and mitigated and who will ultimately be responsible for same? I always think brevity is a virtue when I am Chair and we have members queued up on the runway for a secondary round of questions, so I will leave it there and hand over to Ms Graham.

**Ms Maria Graham:** Thank you, Chair. I will try to be brief. In terms of freedom of information, the general scheme of the Bill has been worked on across the Government and the freedom of information legislation is looked after by the Department of Public Expenditure and Reform. It is looking after freedom of information policy, so I cannot say whether the Department has consulted with the Information Commissioner. We have taken its views on board.

The LDA is covered by the ethics legislation. You asked, Chairman, about the structures under head 7 and the elevated risks. I will let Mr. Coleman respond on the specifics. These are enabling provisions, should the agency wish to or need to establish subsidiary companies. Sitting under the legislation would be the constitution, in that every DAC has its constitution, which is approved by the Minister. It sets out a lot more detail but it would always be the case in line with that, and in line with the code that the establishment companies would require ministerial approval. Many of those areas you raise, Chairman, as having elevated risks, would be dealt with in that element of the governance. We are very careful across the board to ensure that those risks that might be associated with commercials are called out in their constitutions in terms of when they need ministerial approval, when they need board approval and other such elements, including what needs to be reflected in various reports that would come to the shareholding Minister.

**Mr. John Coleman:** I guess the group structure would include special purpose vehicles, which would be set up in the normal course and would be consolidated upwards into the top company to facilitate risk isolation on particular sites, or as Ms Graham said, if we entered into a joint venture, JV, that might sit in a subsidiary or if there was a different activity, just to facilitate the activities in the normal way. That would be the purpose of the subsidiary entities.

In terms of the elevation of risk by joint ventures set out in paragraphs (j) and (k), aside from providing flexibility, given that we are setting the legislation for the long-term operations of the LDA, in many respects that could reduce risk. Having a joint venture with someone could be a risk mitigation strategy, whereby one would get someone else to put in money to the scheme, as opposed to just the State or the LDA being the sole investor in a scheme. In the case of a site assembly situation, where one might have a private sector operator beside a public sector site, it might be necessary to form some sort of JV there. They are just a couple of practical examples that might arise.

**Chairman:** Is there any requirement to produce the constitution of the designated activity company before we pass the enabling legislation?

**Mr. John Coleman:** It would be produced at the same time. Once the enabling legislation-----



**Chairman:** So we will have sight of it when we are passing the enabling legislation.

**Ms Maria Graham:** It usually follows on from the enactment of the legislation. There is usually a set period of time after the legislation is commenced.

**Chairman:** I thank Ms Graham and Mr. Coleman. Deputy Ó Broin can start the second round of questions.

**Deputy Eoin Ó Broin:** It is important that the committee is clear on two key elements of why the Bill is structured like this. It is structured as a commercial, independent entity with 60% of the units to be sale on the open market, because that is the only way one can get it off-balance sheet. We just need to be clear about that. We are talking about an investment over 20 years of between €40 billion and €60 billion to deliver that quantity of houses. I accept a portion of those will be bought back by the State for social housing. Given what we know about the failure of Irish Water to get off-balance sheet and the difficulties of approved housing bodies, unless this entity is sufficiently independent in its investment decisions, rent setting and price setting, and unless a majority of its output is for the open market, that will not be off-balance sheet. This leads to the fundamental contradiction or tension in the development end of the legislation. This goes back to a point Ms Graham made when she talked about the optimal use. Optimal use depends on what it is that one is trying to do. If one is trying to meet sociable and affordable housing need, then one would not use this vehicle because it requires one to reduce the amount of social and affordable housing that is deliverable on public land in order to get it off-balance sheet and be independent. However, it is optimal use if one is talking about it from a commercial or off-balance sheet level. My first question for Ms Graham is one I asked previously but it was overlooked. Why is there no statutory obligation included in the legislation for the delivery of social and affordable homes? That just seems to me to be such a glaring omission. I am not even talking about a percentage or a target because those things can vary, but it seems absolutely incredible that in the first instance, that statutory obligation is not there.

What does Ms Graham mean by optimal use? She used the phrase twice when I asked her about it. What does the Department or Government mean by optimal use? It is important that we understand what direction this is going in. I asked a question about conflict between the commercial requirements of the designated activity companies and Government policy and nobody answered it, but it is a real issue. This was a constant problem with NAMA, where NAMA in its aims and objectives had to contribute to the social and economic development of the State, as this does, but it had in section 10 a clear, commercial obligation to get the best return for the State. When Deputies and local communities were trying to get NAMA to release assets for the social and economic development of the State, it could not, because there was a conflict. For example, to go back to the memorandum, what the witnesses are essentially saying is that nobody will see the memorandum until after the legislation is passed. Is there a memorandum with the LDA, as it is currently constituted? Is the memorandum of the newly constituted DAC going to be the same? A number of witnesses said there would be a shareholder's expectation letter from the Minister, but I presume once one sets up an independent designated activity company, notwithstanding the fact that the legislation says it must have due regard to Government legislation, if it wants to make a commercial decision, it will be able to make that commercial decision irrespective of what the Government policy is. NAMA was continually accused of acting in ways that were not in the public interest. I am interested in the views of the witnesses on that.

The development model is really crucial. We will not get enough time to scrutinise the Bill today but we should come back to it. In some senses, the cynic in me thinks the Government

was very smart in letting the development at Shanganagh go ahead, because it allows the witnesses to talk about a development that is so atypical of what it is going to do that it takes the hard edge off the problems with the joint venture and other mechanisms. The crucial point is that there are two ways of delivering affordable homes, which is to return to Deputy Casey's absolutely correct point about land. There is the Ó Cualann model, where a not-for-profit entity comes in and says that this is the economic cost of building the unit. All other main costs of development are waived in one form or another, as they do not apply to Ó Cualann. The unit can be delivered and be sold for between €175,000 to €250,000. The other one is the joint venture model. I have a great amount of experience from Kilcarbery in my own constituency and I know the details of what is on the table with O'Devaney. What happens in that model is a private developer is asked to come in and give us a market price for the delivery of the unit, not the economic cost for the building of the unit, but the market price. On the basis of the figures we have from Dublin City Council the market price that Bartra is currently proposing for similar types of units to the ones we have in Poppintree is €477,000. There will be something of a discount, but Bartra will still get paid approximately €380,000 for that unit. There will then be a shed load of serviced sites funding that will come in, again subsidised to the developer although the State gets an equity stake in the property, to bring it down to €310,000. This is not affordable for the vast majority of people who are being targeted by the affordable purchase scheme.

There is a huge risk in allowing the joint venture model, or variants of it, to be the driving force of this, because not only would there be a reduction in respect of social and affordable housing to 40%, with 10% social housing on public land, but it will also run the risk of the actual price of the affordable units being too high for many of the categories of households that Government policy wants to target, or the rents will be too high for many of the households because of the cost recovery requirements. I would like to hear more reassurance from the witnesses as to how this development model is going to deliver rental properties in Dublin for €700 to €900, which is a third of the take-home pay of the people the Government says it wants to assist, which is between €38,000 and €75,000 for social housing; or houses for sale below €250,000, which is the price point one needs for the Rebuilding Ireland home loan which is being offered.

The other thing we have not got our heads around at all yet is-----

**Chairman:** I call the Deputy's attention to time.

**Deputy Eoin Ó Broin:** I will just make this point, please, Chairman.

A piece of land has different values depending on what one does with it. If it has 100% social, it has value: A, if it is 20% social it has value: B. What is hidden in the joint venture model is the ability of a developer, who is one's partner and is bringing the finance, to extract additional value from the land, by pricing it in to the units that are sold on the open market. What members should be really clear about is that 60% of this land, if it is done like O'Devaney, will allow the developer to extract the full market value of the land in the sale price to the poor unfortunates who have to buy overpriced homes. I would like to hear more from the Land Development Agency as to how we are going to be guaranteed that in the first instance the State, the taxpayer, but also the affordable and the private home purchaser is not going to be a source of very significant value extraction by developers.

The final point is a very good one made by Deputy Casey.

**Chairman:** The Deputy is at seven and a half minutes, now.

**Deputy Eoin Ó Broin:** I appreciate that but this is such important legislation and this is my final point.

We were told last week by the Minister that it would be reckless for the Department of Housing, Planning and Local Government to lose oversight of housing developments of €6 million. What we have been told today, and people listening need to understand, is that we will be handing over €1.25 billion of taxpayers money to the LDA - I am not suggesting in any way that the LDA is not capable and competent in developing out those sites - where there will be virtually no scrutiny as to the approval of the design, tender, or the delivery of those units for the these projects, comparable to local authorities. That beggars belief. The argument will be that this approach allows one to do it more quickly. How can we justify that?

If there was a third round I might come back in but I doubt we will get to it.

**Chairman:** I thank the Deputy. We will start with Mr Coleman.

**Mr. John Coleman:** I will try to go to the core of some of the points raised by the Deputy.

One concerns optimal usage and what this is, which depends on where one is coming from. We are looking at land that is being used for non-housing or non-development purposes, that we might say could be more optimally used. The LDA is proposing to present options to the owner of the land: the Government or the State, to allow it all make that decision, where it may not have the knowledge, work done or the due diligence that would enable it to make balanced decisions. That is what we mean by optimal usage. The ultimate judge of that will be the Government. For instance, some of the sites that we have access to now, the Government has felt could be more optimally used. These will now be used for housing-focused activities.

The development model at Shanganagh has been a one-off and a kind of Trojan horse in order to piggyback other developments onto it. It is genuinely not the case that we are currently trying to speak with other local authorities about similar models. Ultimately, we just want to get housing delivered on these sites and to help get that done where we can. This has not been some sort of strategic mechanism. Ultimately, we have had to convince the councillors, local and not central government, that what we are doing and proposing to do in Shanganagh is worthy. It is a genuine effort to assist in getting activity happening on sites

How do we ensure that we have a product that is affordable? The Deputy has cited the Ó Cualann model. We certainly respect what Ó Cualann has done and achieved with the focus that this brought to bear on what can be done there. Ultimately, where Ó Cualann delivers on sites, it oversees the main contractor to try and deliver efficiently and affordably. We, on the social and affordable aspect of things, with particular emphasis on the affordable, will have similar oversight, where in the case of Shanganagh being used as an example, we will directly procure a contractor to deliver in as cost-effective a manner while maintaining the quality of the product. We should have some similarities in terms of the production methodology there. That experience, allied to our general market knowledge - when we are seeking if enter a joint venture, JV, with certain parties to deliver on state sites - should enable us to look through us to what the costs of delivery of the affordable requirements on those sites is.

It is important to note that it is not just necessarily to allow a JV partner to come in and profit from the private sector element of the land. They will obviously pay an amount or there will be a value attached to whatever the deal is with the JV partner. It is not just about delivering on state lands with JV partners, we are also looking at situations to combine State land with

private-sector land as well. That is what might give rise to a JV to bring in other lands that might otherwise not become available, and that the State currently have a hold over. JVs can be different things. I hope that has given some sort of insight to our approach.

**Chairman:** I thank Mr. Coleman.

**Ms Maria Graham:** I thank the Chairman and I will come in on just a couple of points.

One of the Deputy's questions referred to many of the balancing factors and complexities that go into setting up a commercial body, and the balancing of that commercial mandate with the social objects of the State. The objects of any such commercial body are as set out in its statute and it has to comply with that. That is why it is very important that this committee has been looking at head 8, in particular.

We talked earlier about the balancing through contributing to the economic and social development of the State, the competitiveness in the economy of the State, as well as the financial return. The LDA sits within the policy of compact growth which is clearly a very important part of the national planning framework, NPF, an increasingly important part of the climate action plan, as well, and of sustainable communities. These are the components of policy that the LDA has to deliver on, not just in getting a financial return. This is the way in which Mr. Coleman has described issues in looking on a site by site basis, the nature of the sustainable mix, and how that will play out.

On accountability, I want to draw the distinction, because the governance of a commercial State body is critically important. In terms of the funds that are going to local authorities through the Vote for the Department, the Accounting Officer is the Secretary General who appears before the Committee of Public Accounts. The arrangements we have set in place, and I accept that there was the discourse at the previous committee a week or two ago around those elements, are in compliance with the public spending code. In terms of the commercial State bodies, they also have to look at the public spending code. Accountability is through the board and that will feed through to the Committee of Public Accounts. I would not like there to be a concern about the stream of accountability, it is just coming in a different form. Therefore, there will be investment gates and so on that Mr. Coleman and his team will have to go through to the board. In addition, there is oversight at ministerial level in terms of large investments. That will be set out. The same would happen for any commercial semi-State companies, for example, the ESB, Gas Networks Ireland or Irish Water. When capital commitments are being entered into, there is advice from NewERA and ministerial consent is required from the shareholder Ministers. That is part of the governance framework. That element of the Committee of Public Accounts and the Land Development Agency is very important.

On the point around the additional dividend that Government has sought in terms of affordable housing, that is something that Government has decided across the public land that it holds. That is why it is not being reflected in LDA legislation. It applies to any public body disposing of land. It is within the housing policy area and it has not been something that we have reflected in housing legislation. The mandate of the LDA over time is clearly in terms of the totality of housing supply and looking at increasing the overall supply of housing, as part of the totality of measures the Government is taking to improve overall supply, affordable housing supply and social housing supply.

**Deputy Pat Casey:** This is probably the single most important legislation we are going to pass this term. It needs scrutiny. I do not think we are going to run out of time today but I am

sure we will be back again another time. Deputy Ó Broin mentioned something I would like to return to regarding the off-balance sheet proposal. I have a certain concern around that. To achieve off-balance sheet status, from what I am hearing, we would need to have 60% private or commercial activity on the State side. That means out of the 150,000 houses proposed over the 20 years, only 60,000 will be social and affordable. The rest will be private. If this Land Development Agency ends up on-balance sheet, does it collapse? Has it failed in its purpose or can it deliver if it is on-balance sheet? We are trying to look at an agency that is going to be set up and that realistically has to be determined to be off-balance sheet for it to succeed. We cannot answer that question today. I do not know at what stage we will be able to answer it. It is a concern.

During the previous debates on this issue, it was the total debt of the approved housing bodies that was put on-balance sheet, that is, historical debt, private debt and public debt. Every single piece of debt went on-balance sheet because of that decision. If the same happens to the Land Development Agency, it will not be able to deliver on its targets. A key fundamental of this is the off-balance sheet model. I am just trying to get to the nub of it. If we fail in this, the Land Development Agency will have failed and will not be able to serve its function. There are other things but I think we will just evolve them over time. On that single point alone, that if the Land Development Agency turns out to be on-balance sheet it will not be able to fulfil the function it has been set, what is Ms Graham's view?

**Ms Maria Graham:** These are very complex issues because the decisions are Government and technical accounting issues that are made independently. They can change over time. There are commercial bodies that are on-balance sheet that were off-balance sheet previously. They are not set in stone. If we look across our portfolio of commercial State bodies, parts of some are currently on-balance sheet because of their investment profile while other parts of the same company are off-balance sheet. These are accounting issues that are becoming increasingly complex. What we are trying to focus on is what it is that we want the LDA to do.

**Deputy Pat Casey:** We want it to build houses.

**Ms Maria Graham:** Yes. We focus on getting the best corporate form that will facilitate that. I will use the phrase "optimal usage"; that we make the best use of it. We are focused on those components knowing that elsewhere there are decisions to be made by others around the Government accounting components. We have tried to look at all of the trends in that regard, issues around state aid, what we have learned from the portfolio of lands we have and delivery today, to come up with a range of objects that we feel will succeed. That is what we will be proposing that the Oireachtas would pass, ultimately, in a Bill to establish this Land Development Agency. At some point, those accounting decisions will be made and obviously Governments decide what the implications of those accounting decisions are in a wider budgetary context. I am not sure whether that fully answers the question but I appreciate that there is an unknown out there.

**Deputy Pat Casey:** Yes, and we are trying to deal with that unknown as we are passing this legislation. The disappointing thing today is that 60% of State land could end up being used for private development to get over this scenario.

**Ms Maria Graham:** In the case of these lands at the moment, 0% of them is being used for any housing.

**Deputy Pat Casey:** That is not the point. It is State land being turned into private develop-



ments.

**Mr. John Coleman:** The Deputy's questions are very apt. Ms Graham's point that 0% of those lands is seeing any housing in the absence of this sort of an intervention was well made. Increasing the supply of private housing is not necessarily a bad thing. There is a private housing supply issue in the market, as members know, particularly in respect of rental, which is becoming more difficult in all forms. It is not a bad thing.

In terms of the Deputy's points around the balance sheet treatment, Ms Graham referred to the question of what we want the LDA to do, and the Deputy's response was that it should build houses. Absolutely. However, we want it to do many other things. We want it ultimately to open up and release land for the construction of housing as well, which is very important. When we look at the capital intensity of what we are going to do, direct construction is the area that sucks up the most capital. However, another very important aspect of the LDA is something that is not quite as capital intensive, namely, agitating where there is State land that could be used for better purposes to present cases to Government to ensure that it happens and is scrutinised appropriately, and also to facilitate the unlocking of land elsewhere that might adjoin public sector land, particularly but not exclusively. It is not just the direct building of houses that the LDA is about; it is about more than that.

**Deputy Pat Casey:** Fundamentally, though, it is the delivery of housing that it all relates to.

**Mr. John Coleman:** It would be preferable for our activities to be off-balance sheet. Ultimately, that is a consideration for the Central Statistics Office and EUROSTAT. The point is that one would like the LDA to be quite active during a downturn, when the private market might not be as active as otherwise. Post 2009, the private market was effectively dormant. An organisation such as the LDA which can operate independently, could have stepped into the market, which would have been of benefit. It is important for our long-term objectives but it is not exclusive-----

**Deputy Pat Casey:** I am not disagreeing with Mr. Coleman on the long-term objectives, which are very important. That is why it is important that we get this legislation right.

**Mr. John Coleman:** I agree.

**Chairman:** I am acutely aware that we are under time pressure.

**Deputy Darragh O'Brien:** The Chair need not worry. I will not take as long as Deputy Ó Broin.

**Chairman:** Deputy O'Brien will be followed by Senator Kelleher.

**Deputy Darragh O'Brien:** I know there will be further engagements on this issue, but I do not want the witnesses to leave the meeting thinking that members are being overly negative. We are trying to tease the issues through. It goes back to my original point that it would have been preferable for the legislation to have been brought forward alongside the announcement of the agency, which is seen by many as a silver bullet. All present know there is no silver bullet solution to the housing crisis. While I acknowledge the point that none of the lands has been developed, that is not to say they would not have been developed otherwise. I wish to put on record Fianna Fáil's support for a model such as this. However, if we pass this legislation and the LDA fails, we, as Oireachtas Members, will be judged on the intricacies of its operation. That will not necessarily be the case for the witnesses. It is for the Oireachtas to pass legislation

and, as such, we must ensure it is robust. That is the reason for our questions.

I previously asked Ms Graham to outline the timeframe for passage of the Bill as accurately as possible because we are in a political cycle. I did not make that point to feed into any uncertainty but the fact is that we are on the cusp of an election in the coming months. What is the timeframe to which the Minister is operating for the passage of the legislation, if it is supported? I am not assuming it will be supported.

As I have made clear to the Minister, my strong request as Fianna Fáil spokesperson on housing is that significant Government amendments to the Bill are not tabled on Committee Stage. That happened with the Residential Tenancies (Amendment) Act when new sections of the Bill were submitted as amendments. If we are to get the Bill published, I would rather see it, warts and all. I urge just caution against such major amendments and ask Ms Graham to bring a message to the Minister that we do not want large additions or new sections to be introduced on Committee or Report Stage. The Chair is new to the committee, so he may not be aware that has happened with significant legislation. The Bill could work if it is done properly. I disagree with some aspects of it, particularly those in respect of delivering affordability. We will go through that at a later stage. The timeframe is important.

I have a technical query on head 30 regarding interaction with the Committee of Public Accounts and the person nominated from the LDA to appear before it. Subsection (3), referred to in subhead 2, states that the nominated person appears as a person accountable to the committee, not as an Accounting Officer. What distinction is being made between the individual accounting to the committee and an Accounting Officer? Is the intention that the CEO of the LDA will not be its Accounting Officer? Will the Minister be the Accounting Officer? I ask Ms Graham to clarify that issue.

We will revisit these issues in the next session, particularly the issue of affordable purchase. I keep raising it because I am concerned that although affordable rental is part of a model with which I agree, people keep talking about a European model of housing delivery. We are behind the European average in terms of home ownership. Between 21% and 22% of people here rent private accommodation. There seems to be a policy move towards encouraging people to rent rather than buy, which is of concern regardless of whether it is renting in the public or private sector. I would like to tease out further the balance between purchase and rental. People should be able to have an honest and realistic aspiration to own a house and they should be supported in that regard. If they do not have the resources to do so, that is when the State and public housing should come into play. I am concerned at seeing another lurch towards a predominance of rental and less emphasis on purchase and home ownership.

I thank the witnesses for their contributions in today's engagement, which has been useful. I have learned from it and will have far more questions on the next occasion. The timeframe for passage of the Bill is significant.

*Deputy Pat Casey took the Chair.*

**Ms Maria Graham:** On the timeframe, we hope to bring it before the Houses later in this session.

**Deputy Darragh O'Brien:** Is Ms Graham referring to the Bill?

**Ms Maria Graham:** Yes. We are aware that the committee will have several sessions of pre-legislative scrutiny and we hope to get an early report from it to facilitate the progression

of the Bill.

I take the Deputy's point, which he asked me to refer to the Minister, regarding amendments on Committee and Report Stages. The one item for which such an amendment may be tabled is compulsory purchase order powers. I gave a commitment that there will be sufficient time to consider it. If it is brought on Committee Stage, we will indicate that at an early stage. It is to be hoped that-----

**Deputy Darragh O'Brien:** That is okay. If it is flagged in advance, we have sight of it beforehand and if there is good reason for it, we will accommodate it. I acknowledge Ms Graham flagged it previously. My point is that I do not want new sections being presented on Committee Stage. It is unfair on members and we will not permit it for this Bill. We gave the Minister significant latitude to bring in new sections during the passage of the Residential Tenancies (Amendment) Act but that will not happen with this Bill.

**Ms Maria Graham:** Apart from matters which may emerge in drafting, I am unaware of any issue which may have to be dealt with in that way. Speak now or-----

**Deputy Darragh O'Brien:** Forever hold your peace.

**Ms Maria Graham:** On the query regarding who is the Accounting Officer, I understand the subsection in question is a standard provision which also appears in the Home Building Finance Ireland legislation. The Accounting Officer designation comes from the legislation regarding accounting for the Vote. If that is not the case, we will write to-----

**Deputy Darragh O'Brien:** There is no distinction; it is a standard provision.

**Ms Mary Jones:** My understanding is that it is a standard provision, but we will double-check it.

**Vice Chairman:** Does Mr. Coleman wish to comment?

**Mr. John Coleman:** I note the point made on affordable purchase.

**Senator Colette Kelleher:** Some of my questions have been answered but many more have arisen. The big sticking point for me is ownership. It seems like a massive giveaway of public assets for 15,000 social houses. I acknowledge there will be 45,000 affordable houses, but we have not defined what that constitutes. I have big questions in terms of a cost-benefit analysis and cost rental. If 60% of the cost rentals could be held by Ires REIT or a similar organisation, how could the State control the affordability of the rent and guarantee security of tenure? Private property is given great emphasis in Articles 40 and 43 of the Constitution. Unless we crack the ownership question, I would have a huge concern about what is being proposed. That is a matter for the committee to tease out.

There are big questions about governance. There should be a significant strengthening of the measures proposed in that regard, particularly in terms of the designated activities company and potential special purpose vehicles and public private partnerships. Given the collapse of companies such as Carillion, protections need to be put in place. I wish to see far more detail as well as the constitution of the LDA. I would like to hear the views of organisations collaborating with the LDA, such as local authorities and the Housing Agency. It would be important for the committee to hear those views on what is proposed and if the LDA adds as much value and is the picture is as rosy as the witnesses present.

What is NewERA? The Kenny report must be uppermost in our minds when dealing with these issues. It is a sterling piece of work, to which we have not paid proper attention. We must come back to an understanding that we are talking about homes, not products. The question then is whether these proposals represent the best way to generate those homes. The Raise the Roof campaign which is holding a protest in Dublin tomorrow represents the people in this country who do not have homes or who do not have secure homes. Looking after them must be the driving force in this discussion. If the legislation gets things right in that regard, that is wonderful. However, there are concerns and questions that must be addressed.

**Ms Maria Graham:** On the question of ownership, Mr. Coleman has covered some of the points that have been raised in that regard. The provision of homes is the critical and central objective of these proposals. As I said, it is a matter of having the right accommodation in place at the right time and at the right price in terms of affordability. There are several components to what we are trying to achieve and each them comprises different elements. The lands we are transferring from public ownership to the Land Development Agency will remain in public ownership until the agency does something with them. They will either be used for social housing and go into local authority or approved housing body stock, or they will be used to provide affordable housing for purchase or rent and homes for private sale to private homeowners. Any funds accrued will come back and be regenerated via the provision of additional homes. That is the essence of the model.

**Senator Colette Kelleher:** Ms Graham answered the question on profits very well, but my concerns relate more to ownership and transfer.

**Ms Maria Graham:** Mr. Coleman will be able to expand on that aspect. A key characteristic of the LDA is that it is a public company that is dealing in the public good, namely, to maximise what we can get out of these sites in the provision of homes and other types of urban development.

I note the points about governance. If it is useful, we might pull together some information on that aspect for the committee. There are various complexities involved in it. The genesis of much of what is set out in the Bill is in the Kenny report, to which Senator Kelleher alluded, in terms of active land management and so on.

NewERA is part of the National Treasury Management Agency, NTMA, family, having been established by statute by way of the Act under which the NTMA was set up. It is the State's shareholder executive, its role being to advise Ministers on a range of commercial bodies and represent the State's interests as shareholder in those bodies. Its purpose relates precisely to what the Senator is saying about the need for commercial mandates and public policy to be appropriately aligned. NewERA deals with the ESB, Irish Water, Gas Networks Ireland and the Dublin Airport Authority, among other bodies. It will also deal with the LDA.

**Mr. John Coleman:** Permanent affordability is an issue we are discussing with the local authority in Dún Laoghaire. The local authority members are asking how they can know that there will be permanent affordability. It is important to emphasise that we all want the same thing. As we told them, we are equally anxious to ensure the homes we provide are permanently affordable. Our interests are aligned; we are as one on this issue and will come up with appropriate structures to ensure that objective is achieved.

The Senator's point about dealings with third parties and the collapse of some contracting firms is apt. That is not a situation in which we want to find ourselves. Our intention is to de-

wise our own internal processes in order that we can mitigate that risk in so far as is possible.

**Deputy Catherine Martin:** I apologise for being late to the meeting and if I repeat any question already asked. I share colleagues' concerns about the huge percentage of homes that will go to private provision. If we are talking about using public land for housing, it does not stack up if we are taking 100% of it and giving 60% away to private ownership. I am concerned about that type of developer-led housing.

These legislative proposals give the Land Development Agency considerable power by way of its mandate to undertake national large-scale procurement of housing. In his opening statement Mr. Coleman referred to building a new organisation. What categories of expertise have been retained directly for this purpose? Mr. Coleman might not be able to provide the information today, but I would like to know the numbers of architects, quantity surveyors, project managers and procurement professionals who will be directly employed by the LDA to carry out this enormous undertaking of acquiring, developing and maintaining the lands over time.

I presume the LDA will develop a policy to govern the specifics of how the cost rental model will work and how management systems for those developments will operate. Will that policy be available for review by the Oireachtas before the Bill completes its passage through the Houses? It is important that we see it before the legislation is enacted.

The LDA is beginning its work during a declared national climate emergency. What steps will it take to ensure its developments promote and employ the most innovative and low carbon construction methods and have the lowest carbon footprint and life-cycle running costs possible? This is particularly important, given the tenants' exposure to maintenance costs over time. Does the agency have a climate action policy that will inform its work?

Does the Bill, as proposed, allow the Minister to sell his or her shareholding in the agency? That is an obvious concern, given the large amounts of public land the LDA is seeking to assemble. If there is such a provision, why is it necessary to include that power in the Bill?

People in my constituency of Dublin Rathdown have concerns about the redevelopment of the Central Mental Hospital site in Dundrum. What level of public consultation is planned on that development and when will it take place? The complete dominance of build-to-rent housing in the area is locking people out of affordability to purchase homes in the places in which they were born and raised.

**Deputy Richard Boyd Barrett:** I apologise for having to leave the meeting for a time to attend to business in the Dáil.

We campaigned long and hard in our locality to secure the welcome commitment given to the provision of public and affordable housing only on the Shanganagh site. That is how it should be because it is public land. However, I do not see what the Land Development Agency adds to this equation. I cannot help but wonder whether the involvement of the agency is just another way of slowing down a protracted process. That is not the fault of the LDA, but it is difficult not to see it that way for the people in the locality who are pulling their hair out waiting for things to progress. The site has been earmarked for public housing since it was transferred from the Department of Justice and Equality to the local authority seven or eight years ago. We could be forgiven for thinking that bringing the LDA in adds another layer of complexity and difficulty which would be avoided if the local authority just got on with building public and affordable housing.



I have made the point before to the delegates that, in principle, the idea of a land development agency is not a bad one. On one level, it could be seen as the coming together of the ideas and recommendations set out in the Kenny report, but I wonder whether that is what the LDA actually will be. In particular, I do not see what specific role it will have in respect of land that is already in public hands. It clearly has a role to play in getting hold of land that is private and zoning it to ensure we will have sufficient land to meet our public and affordable housing needs. In general, I do not see what role the LDA can have in respect of land already in public ownership that is not a stepping stone towards privatisation in some shape or form. The Dún Laoghaire site is one of the early ones, although it is approximately eight years late. It seems to be exceptional, insofar as we are talking exclusively about public and affordable housing. In the case of most of the other sites the LDA will develop, is it not the case that it will be privatising substantial amounts of public land? That will be the longer term evolution of the LDA which will depend on private finance for the most part and we know what private finance does. This activity is being taken out of the hands of the State. The LDA has been set up by the State to achieve a certain role. It is all about getting it off balance sheet. As the LDA becomes a prisoner of private finance, private finance will end up dictating the reality of what happens on these sites and the balance will shift from all public and affordable towards a lot of private housing. In such circumstances, we are told that it is not possible to say how much the affordable houses will cost because it will depend on the finance that can be obtained and how long for which it can be strung out. That is what I mean when I say the LDA will become a prisoner of the lenders, private finance or the European Central Bank, with all of the conditionality that goes with it. It seems that this is not what we need if we are to deliver a great deal of genuinely affordable public and affordable housing on scale and on public land. I ask the delegates to respond to those questions.

**Ms Maria Graham:** I would like to clarify Deputy Catherine Martin's point about the acquisition and sale of shares. As I understand it, the only movement that is entailed is around the public body. While there are two sections, the section that follows needs to be referenced also. The LDA and the Housing Agency are working with the Department on the policy on the cost rental model. There are some pathfinder projects, but the policy on this model will ultimately be a matter for the Department. The Deputy asked about visibility-----

**Deputy Catherine Martin:** Will we see it before the Bill is concluded? It would be good for the Oireachtas to see exactly how the cost rental model-----

**Ms Maria Graham:** The Bill does not specify whether the houses or homes will be subject to cost rental or affordable purchase, an issue that was discussed. It is fair to say it will be determined by housing legislation. While there are pathfinder projects as part of the ongoing work on the cost rental model, there is also a working group working on it. I understand a couple of months of work will be required. It will probably be beyond the timeline for the Bill.

**Deputy Catherine Martin:** Okay.

**Ms Maria Graham:** It is not contingent on it. It is a more fundamental policy that will work for the local authorities and the LDA.

**Mr. John Coleman:** As Ms Graham mentioned, it is being worked on by the Department as a policy matter, from which we are not stepping away. Clearly, we are involved in shaping that policy also. Some of the points made by the Deputy, for example, about climate change and the need for a low carbon footprint, resonate with us. Our task, as a body, is to implement the national planning framework which involves compact development. In the developments

for which we are responsible we have a bias towards a lack of car use because it contributes to a low carbon footprint. The Shanganagh scheme, which is the first one on which we are working, is being designed to passive standards. We are on the same page on that aspect of things.

**Deputy Catherine Martin:** There is no actual climate action policy for each-----

**Mr. John Coleman:** We are here to implement national policy.

**Deputy Catherine Martin:** Okay.

**Mr. John Coleman:** There is a climate action policy, from which any specific policy could be derived.

The Deputy also asked about the level of consultation on the Central Mental Hospital site in Dundrum, on which we are working. There will be significant public consultation on the site. The process we are undertaking involves understanding the exact potential of the site and what is possible on it. We are also dealing with some impediments on it. Anyone who knows the road will be able to attest to the fact that traffic management is an issue in the mornings.

**Deputy Catherine Martin:** It is a nightmare.

**Mr. John Coleman:** I travel up and down it every morning. When we have formed ideas and come up with potential solutions to some of the questions that have arisen about the Dundrum site, we will be very keen to open up it to public consultation. There are assurances in that respect.

I would like to respond to some of the issues raised by Deputy Boyd Barrett. He suggested the existence of the LDA added another layer to this process. As we said in our discussions with some of the other members, we do not want to duplicate the work of other agencies. We see the LDA as a tool for the local authorities to deploy in circumstances in which we can add value. Where we cannot add value, we will not get involved. If we can provide potential financing solutions on the affordable delivery side of things, we will certainly try to become involved. I argue that we will be additive. Some members mentioned that it would be useful to get the evidence of some local authorities about our engagement with them and where they see us fitting in. There is scope for a national body to provide solutions in that respect. It may help to ensure duplication is avoided across local authorities. It may also help to meet the need for consistency, learnings and scale. The establishment of IDA Ireland, as opposed to a number of regional agencies, is an example of a national approach being taken. It is an example from the past to which we can look.

The Deputy also asked about the role of the LDA in the use of public land. He suggested we might not have an additive role in dealing with the challenges associated with public land. I argue that there is a very strong need for someone to challenge the way we use public land. The LDA has been set up because there is a view that a specific agency is required to make the case to the Government and landowners for alternative uses of land, where appropriate.

There is another way to look at the Deputy's point about the privatisation of public land. The LDA intends to be active in the land market, for example, by acquiring land from outside the public sector. This means that at certain times in the cycle, it could be the other way around. In other words, if land currently in private ownership is acquired by the LDA, it will end up in public ownership. There is a balance. It is not all one-way traffic.

The Deputy also asked about the focus on private finance. Obviously, we have been earmarked for significant public finance from public sources. A €1.25 billion capitalisation figure is proposed. If we bring in private finance, in terms of debt finance, it will be used as a tool to try to make what we are doing more affordable. If we can bring in cheap finance from the European Investment Bank, we will be able to pass on any saving to the occupiers of homes. That is one aspect of our approach. The other aspect involves considering how we finance and structure ourselves. If we want to achieve true scale, the capitalisation for we have been earmarked will have to be recycled and stretched many times. If we deliver everything directly and fund it entirely ourselves, the €1.25 billion will probably be eaten up by the initial portfolio of eight or nine sites. If we deliver seven or eight sites before running out of money, we will be at risk of being a one-trick pony. It is important to look at solutions that involve all financing sources in a way that will contribute towards our goals, one of which is affordability.

**Deputy Catherine Martin:** I asked a question about the different categories of expertise available. Would it be possible to have the numbers forwarded to us?

**Mr. John Coleman:** Yes, of course. In a general sense, we are looking at people with development expertise. We have people in the organisation with property development, project management and delivery and procurement expertise, including in the procurement of building works through public procurement. We will also avail of expertise on the investment and financial and support services side. We can bring more specific information back to the committee, if the Deputy so wishes.

**Deputy Catherine Martin:** That would be appreciated.

**Vice Chairman:** I want to discuss how we progress from here because both rows are very important. As a number of delegates will come before the committee next week, this is going to go on for a while. When we issue a report, would it possible for the Department and the LDA to respond to it prior to publication of the Bill? I also ask that the delegates engage with the committee again prior to publishing the Bill. In that way there will be nothing in it, of which we will not be aware or the logic of which we will not understand. Such an approach has worked well for us in the past.

**Ms Maria Graham:** We will see if we can facilitate that request. If the report raises legal issues, we might not be able to respond to it in full. However, we will be happy to respond to the extent we can do so.

**Vice Chairman:** We are trying to pass significant legislation. The more engagement we have prior to the Bill being published, the easier it will be for the committee to get through this process.

**Deputy Eoin Ó Broin:** Deputy Darragh O'Brien asked about this already, but I cannot remember the answer. When does the Government expect to publish the Bill?

**Ms Maria Graham:** Before the end of the year.

**Deputy Eoin Ó Broin:** I realise it is not Ms Graham's call.

**Ms Maria Graham:** Certainly.

**Deputy Eoin Ó Broin:** Do the Government and the Department hope the committee will conclude its consideration of the Bill before the end of the year, or just that it will be published

and kicked into next year?

**Ms Maria Graham:** Ideally, that would be our target, but we are in the hands of the committee.

**Vice Chairman:** We will have another Christmas lights session. I thank all of the delegates for attending and engaging with the committee.

The joint committee adjourned at 1.15 p.m. until 9.30 a.m. on Thursday, 10 October 2019.