

# **‘Housing for All’**

## **Report to Minister Darragh O’Brien TD Minister for Housing, Local Government and Heritage**

### **Dublin Housing Delivery Group Report No. 2**

**10<sup>th</sup> August 2022**



## **Dublin Housing Delivery Group (DHDG)**

The Dublin Housing Delivery Group (DHDG) was established in June 2021 with the purpose of co-ordinating and driving delivery of social and affordable housing in the four Dublin local Authorities. This is the 2nd report to the Minister for Housing, Local Government and Heritage by the Dublin Housing Delivery Group covering the period January to June 2022.

### **Dublin Region Housing Delivery Action Plans:**

The Dublin Local Authorities submitted their Housing Delivery Action Plans (HDAP) at end December 2021. Following a detailed engagement process between the Dublin Local Authorities and the DHLGH and the confirmation of targets for affordable housing, the Dublin LAs submitted revised HDAPs. Following confirmation from the DHLGH of the revised plans, the Dublin Local Authorities were approved and have been published.

The provision of a sustainable supply of affordable housing is a key component of Housing for All and the development of the Dublin LA pipelines requires affordable delivery to be fully integrated into housing programmes and in particular the development of mixed tenure communities.

### **Dublin Region Strategic Housing Delivery Review:**

As part of its work programme the DHDG agreed to The Dublin Housing Delivery Group agreed to examine a number of high-level issues that are having or will have an impact on housing delivery in Dublin. A Dublin Local Authority Chief Executive has led the work on each of these issues.

1. Assessment of Land Availability
2. Housing Affordability in Dublin
3. Approved Housing Bodies Dublin Housing Programme
4. State/Private Sector Partnerships to Increase Supply

### **Dublin Region Housing Delivery Co-ordination:**

The objective of the HDCO Social and Affordable Trackers is to provide a centralised and comprehensive picture of housing delivery in one location. All social housing delivery is currently uploaded by Local Authorities into the HDCO Tracker for social housing delivery.

The HDCO has developed an Affordable Housing Tracker which was tested by 4 pilot sites (DCC and FCC were part of the pilot) and the Tracker is currently being rolled out to Local Authorities. The Housing Agency will upload CREL data to the Tracker and a process to capture LDA delivery is under discussion with the DHLGH and the LDA.

The HDCO is supporting Local Authorities to develop their affordable housing programme and a project manager has recently joined the HDCO in that regard. The Dublin Local Authorities are in the process of bringing a Scheme of Priorities for Affordable delivery to the members with Fingal's Scheme of Priorities approved by the members at the June Council meeting.

## **Dublin Region Stakeholder Engagement:**

The Dublin LAs, AHBs and the LDA have key responsibilities as public housing providers to ensure appropriate coordination and communications are in place to provide strong, robust and credible data on housing delivery for Dublin. At strategic level, there is ongoing engagement between key stakeholders, the DHLGH and the Minister and with the broader housing development and construction sector under a range of initiatives and housing delivery channels.

**AHB Forum:** AHBs have a central role to play in meeting targets set out in Housing Delivery Action Plans. The Dublin Local Authorities and Approved Housing Bodies meet bi-monthly to consider and discuss all aspects of AHB housing delivery for Dublin. The Director of Housing in Dun Laoghaire Rathdown is chairing the Forum in 2022. The wider forum is working well and provides an opportunity for good engagement between the Dublin Local Authorities, the Housing Alliance, ICSH and AHBs active in Dublin. A sub-group of the forum has been set up to monitor and review AHB delivery as set out in HDAPs and issues and challenges arising impacting on delivery.

A number of other sub-groups have been established on key operational aspects of housing delivery: -

- AHB Communications Development Protocol; Review led by the Housing Agency;
- AHB Allocations process - New Code of Practice;
- Input into DHLGH Review of CALF, CAS;
- End of lease acquisitions and development of an end of lease checklist;
- Reporting and governance arrangements for AHB delivery;
- Supporting social inclusion in HDAPs;

**CIF/IHBA:** As part of their engagement process with the construction sector, the Irish Home Builders Association invited the HDCO to present an overview of Housing for All at regional workshops across the country. Local housing staff also attended the workshops. Market uncertainty, increased costs and labour shortages were the key concerns raised. This market uncertainty contributed to a fall-off in delivery in Q1 with ongoing impacts visible in Q2. The Inflation/Supply Chain Delay Co-operation Framework Agreement has been welcomed and is assisting with meeting the increased costs on social housing projects.

**Dublin Housing Directors Monthly Meetings:** The Dublin Housing Directors meet monthly and continue to feed into the DHDG, CCMA Housing, Building and Land Use Committee and participate on a range of committees and groups focussed on Dublin housing delivery. This co-ordinated engagement supports the development and implementation of housing policy generally and contributes to an overall understanding of the key issues facing the Dublin LAs meeting targets.

**Housing Commission:** Establishing a Commission on Housing is a key commitment in Housing for All. The Commission presents an opportunity to build on the policy set out in Housing for All, taking a long-term strategic view, over an extended time horizon post 2030, and to consider other issues that require in-depth examination. The Commission on

Housing will also bring forward proposals on the referendum on housing referred to in the Programme for Government. The HDCO and the DHDG will feed into the work of the Commission as required. The HDCO is representing the LG sector on the Housing Commission Regulation of Rented Housing and Quality Working Group.

### **Dublin Region - Monitoring Supply:**

**Land Availability:** In preparing their five-year Housing Delivery Action Plans under 'Housing for All', each of the Dublin local authorities conducted an assessment of their land bank, relative to their plans for social and affordable housing delivery. While South Dublin County Council has sufficient lands to underpin its five-year targets, they will have no land remaining beyond 2026. Fingal and DLR will require some land purchase to fulfil its five-year plan. DLR lands in the south of the County have considerable infrastructure deficits. Likewise Dublin City Council likewise has sufficient land however much of this land has logistical and locational challenges. To ensure a continuous supply of land, a process is required for land to be made available for future social and affordable housing purposes for Local Authorities and Approved Housing Bodies and the four Dublin Local Authorities will need to work closely with the LDA to identify available and suitable land for future housing purposes.

**AHB 5- year Dublin Social Housing Delivery Programme:** The DHLGH is currently carrying out a review of the CALF and CAS schemes. To address challenges and ensure increased and continuous delivery of CALF and CAS in Dublin and achieve the 50% social housing delivery for AHBs, there is a need to focus on the wider market and specific issues that underpin delivery such as continuous supply of residential sites, the impact of the changed housing market conditions and the level of commenced housing permissions that will have a knock-on effect on the supply realised through Part V.

The type of turnkey and development agreement predominantly used by AHBs will need to be monitored on an ongoing basis to assess trends in development opportunities and future risks associated with construction price inflation and other measures that may impact on delivery.

In view of the challenges associated with meeting projected social housing delivery targets, it is recognised by the AHB sector that additional capacity will need to be directed into the 4 Dublin Local Authorities. Further consideration of the role and capacity of AHBS to deliver homes new build homes for sale and rent may also be warranted.

**Private Sector Delivery Partnerships:** Engagement and collaboration between the State and the private sector is an important element in meeting the overall housing supply required to meet housing need. Local Authorities, AHBs, the Housing Agency and the Land Development Agency engage with the construction sector through multiple procurement routes, engagements and partnerships.

There are circa 39,000 inactivated planning permissions in Dublin. If additional housing output is to be secured in the short term (i.e. up to 2026) it will require the commencement of development on 'permitted' sites (i.e. sites with full planning permission) where development has not yet commenced or can be accelerated.

A number of targeted measures under Housing for All have sought to engage with the Dublin Housing market with the specific objective of activating permitted residential developments. Proposals for Dublin under the LDA Project Tosaigh call and Croí Cónaithe Cities are currently being evaluated.

Following the publication of Housing for All the four Dublin Local Authorities have engaged in extensive engagement with the market through Competitive Dialogue and Advance Purchase arrangements.

DLR issued a Call for Proposals on social media, national newspapers and their own website. This was followed up with a webinar for CIF members. Whilst there was some level of interest from developers and a number of meetings took place, the viability of proposals remains a key issue. Fingal conducted a similar exercise.

South Dublin County Council advertised a similar call for turnkey delivery proposals. Unfortunately, the call for expressions of interest from the private sector for potential social and/or affordable housing advance purchase arrangements through turnkey agreements generated no responses.

Dublin City Council launched a Competitive Dialogue process. Under the process, housing developers were asked to make submissions outlining potential housing supply (houses or apartments) with planning permission across Dublin City Council's administrative area that they would be interested in entering into partnership with Dublin City Council to develop social, affordable, or mixed tenure housing, to include new build construction with valid planning permission, partially finished housing units with valid planning permission, or a scheme with a valid planning permission, which forms part of a larger development. Dublin City Council undertook an engagement exercise to prime the market in advance of this tender including significant engagement with the Construction Industry Federation, press releases and dissemination of the tender through the CIF network. Unfortunately, only 1 tender was received.

**Part V Leasing:** A review of the impacts of any change to Part V leasing arrangements is currently underway and will inform final policy decisions in this area. Local Authorities have updated the HDCO Tracker to reflect that Part V leasing is not counted towards build targets. The Dublin Local Authorities will be engaging with the Housing Agency on proposals received under the Expressions of Interest under the Targeted Leasing Initiative.

**Ukraine:** The Ukrainian War and Ireland's commitment to the humanitarian effort, will bring additional challenges around overall housing accommodation planning. The final number of refugees is not yet known, but the overall effort will give rise to some capacity and resource considerations, likely to impact on overall supply.

The Local Government sector has been to the forefront in assisting with the response to the Ukraine crisis and supporting the Department of Children, Equality, Disability, Inclusion and Youth (DCEDIY) in (i) provision and management of emergency rest accommodation (ii) leading on inspection of pledged properties and matching hosts with Ukrainian families (iii) identifying significant multi-unit vacant buildings which could be refurbished for early occupation (iv) identifying and facilitating the putting in place of the Ballyogan facility in DLR

and (v) now seeking suitable accommodation where DCEDIY could replicate the DLR approach at the Ballyogan facility in other regions, and (vi) managing Community Forum across all Local Authorities.

**DHLGH Policy Reform/Programme:** Housing for All contains 213 actions and an ambitious housing and planning policy programme etc. Progress has been made on Q1 & 2 Actions in the Plan which will assist the 4 Dublin authorities in driving delivery of housing in their areas across all tenure types.

Q2 Highlights of Housing for All having relevance particularly in the Dublin region include:

- Conclusion of Expressions of Interest process for the new Croí Cónaite (Cities) Scheme;
- Establishment of the First Homes Shared Equity Scheme;
- Amendment of the Nursing Home Support Scheme Act 2009 to remove the disincentives against the rental of vacant properties by participants in the Fair Deal scheme;
- Planning applications submitted by the LDA for 2,358 social and affordable homes (including in Dublin - 977 at site in Dundrum Central Mental Hospital, 817 homes at Castlelands Balbriggan; 345 homes in Hackettstown Skerries);
- Contractor appointed to begin building 597 social and affordable homes in Shanganagh;
- 119 Cost Rental homes delivered in a number of locations (including Citywest and Clondalkin);
- Additional homes made available under the LA Affordable Purchase Scheme include 16 Affordable Purchase homes in South Dublin priced between €245,600 and €285,300 (a reduction on market value of c 20%);
- The review of the CALF is well underway and is expected to be presented to the Minister in early Q3;
- Changes to HAP discretion limits (up to 35%) have been announced to assist with affordability and a review of homeless HAP discretion is underway;

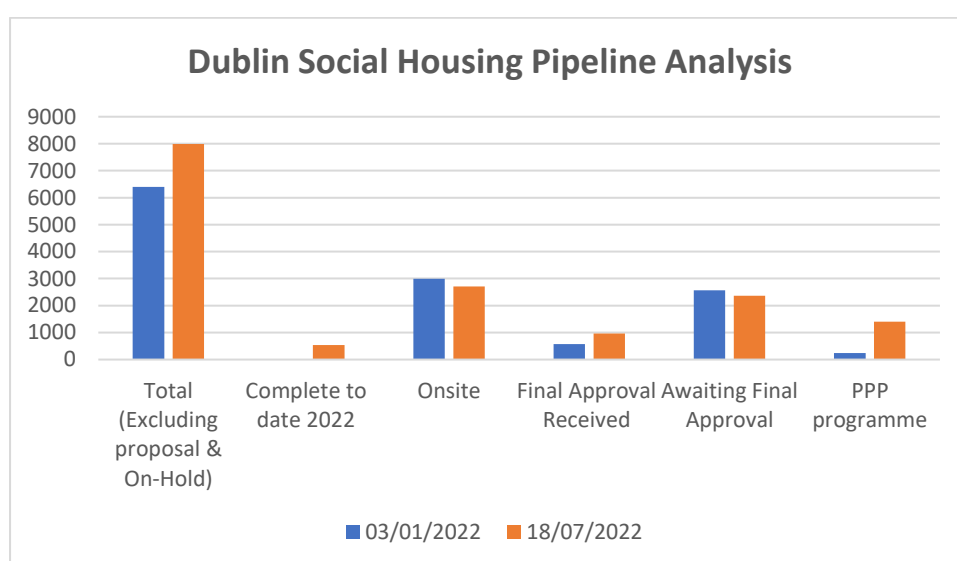
A number of groups are being established of relevance, flowing from Housing for All and Project Ireland 2040. The relevant groups are as follows: -

- (a) **Planning Review** – A planning advisory group has been established under the chair of Minister Peter Burke.
- (b) **Project Ireland 2040 City Board** – Arrangements will be put in place in later in 2022 to establish a Dublin City board, to focus on the delivery of NPF/NDP at city level.
- (c) **Town Centre First National Office** –the National TCF office is being established.

## Dublin Housing Delivery - Build Target Analysis:

### Social Housing Delivery:

The table below illustrates the status of the Dublin Social Housing Pipeline at 3<sup>rd</sup> January 2022 and at 18<sup>th</sup> July 2022. There are just under 8,000 units in the build pipeline of which 2,700 units are on site with a further 3,400 proposals under review (excluding Part V leasing). This has increased from 3<sup>rd</sup> January 2022 when there were 6,400 units in the build pipeline and 2,300 proposals (including Part V leasing). In addition, formal approval has been received from the DHLGH (subject to Planning) of Bundles 4 and 5 sites of the PPP Programme. Dublin City Council is the lead authority for bundles 4 and 5.



It should be noted that Part V leasing is no longer included in build targets and Trabis has been updated to reflect this change. While not part of the build targets, these homes are long term secure housing and will reduce the Social Housing List.

The challenges to deliver 17,749 new social homes between 2022 and 2026 cannot be over emphasised. There are exceptional challenges and high risks facing the sector due to inflationary pressures, materials, labour supply and the war in Ukraine. In addition, the market must be able to afford prices that makes delivery viable. Developers are indicating that increased costs are impacting on profit margin and reductions in profit margin impacting on ability to access competitive finance, with some reluctance to activate planning permissions as final price cannot be locked in due market uncertainty.

Local Authorities have confirmed that these challenges have impacted on the level of tenders received for social housing projects, the ability to negotiate turnkey agreements and in reduced/delayed Part V delivery. There is evidence of slow-down of some social housing construction projects on site and work has ceased on some sites with matters currently being progressed in accordance with normal contractual arrangements where contracts are



being determined. This will lead to delayed delivery of some projects that were in the pipeline for 2022.

There is also evidence emerging that may point to a reduction in turnkey opportunities under CALF. A sub-group of the AHB Forum is due to meet shortly to consider these issues, to assess the likely impacts on the delivery pipeline and measures required to retain the level of delivery envisaged under CALF. The DHLGH review of the CALF scheme is due to conclude shortly.

### **Affordable Housing Delivery:**

For many years now Government Policy on housing has favoured a mixed tenure approach. This has been amplified with the progression of affordable housing policy and schemes to support affordable purchase and cost rental. In this context, it should follow that land purchased and/or made available should accommodate the development of both social and affordable and mixed tenure housing.

Achieving Housing for All targets are challenging. Taken together with an expected positive rate of economic growth, associated employment opportunities in the Greater Dublin Area (GDA), immigration etc., demands for housing across all tenure types will persist. A significant component of the Housing Needs Demand Analysis is for single person households. This will drive the need for apartments where viability and cost challenges are evident.

A key challenge facing the delivery of affordable housing in Dublin relates to the long lead-in times for the delivery of large-scale housing projects. While the time it takes to fully develop a given housing construction site is contingent on many different factors, the project and construction duration can range between a minimum of 18 and 24 months for housing and twice that for apartments. While variable and often long housing construction timespans are an unavoidable part of the housing development process, they present a particular challenge to the delivery of more affordable housing units in Dublin given the urgency of the problem and the volume of units which are needed to meet national targets and pent-up demand.

The overall total national target for affordable housing for 2022-2026 is 28,727 homes, including LA, LDA, AHB and the First Home Scheme. The combined Dublin Local Authorities affordable housing target (excluding LDA, AHB and First Homes) is 5,285 for the period. This represents 18.4% of the national target of 28,727.

<b>Housing for All Dublin Local Authority Annual Affordable Housing Delivery Targets Delivery from LA Lands or Advance Purchase 2022 – 2026</b>						
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
Dublin City	125	392	569	514	514	2114
Dun Laoghaire Rathdown	60	196	283	259	259	1057
Fingal	60	181	266	237	237	981



South Dublin	60	210	307	278	278	1133
<b>TOTAL</b>	<b>305</b>	<b>979</b>	<b>1425</b>	<b>1288</b>	<b>1288</b>	<b>5285</b>

The Dublin Local Authorities HDAP's demonstrate a strong commitment to deliver an ambitious level of much needed affordable housing for purchase and rent over the coming years with circa. 10,500 affordable homes included in the plans.

**Affordability:** Despite recent increases in housing output property purchase prices and rents on the private market remain unaffordable for many households in Dublin at median-income levels. Addressing this situation will continue to need an increase in overall output of new housing in Dublin. This remains a challenging task and is likely to be complicated by factors including, inflationary risks, high construction costs (of apartments particularly) and viability issues.

**Cost Rental – LA Land:** The Dublin Local Authorities with the Housing Agency and the HDCO are examining potential arrangements and delivery models for LA led cost rental projects on LA owned land. In addition to cost rental projects developed by the LDA directly, engagement is also taking place with the LDA to consider options for it to act as an agent to support the expansion of a cost rental programme on LA owned land.

### **Conclusion:**

In summary, the challenges for the Dublin region to provide approximately 37% of the national social housing target and 18.4% of the national affordable housing target in Housing for All are considerable. The DHDG is giving urgent attention to measures to address shortfalls in the pipeline for social housing delivery. At the meeting on 20<sup>th</sup> July 2022, the DHDG agreed to finalise work on the high-level issues referred to in this report and the Chief Executives have been invited to attend the PSG meeting on 31<sup>st</sup> August.