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Growth as a national planning priority

High-level recommendation 1: Establish the facilitation and advancement of economic growth as the principal aim of the planning policy (rather than its containment and management).

The National Planning Framework (NPF) is the country's most important planning document. It guides planning policy through all decision-making tiers. At the heart of the NPF is the idea that growth should be properly managed.

Progress Ireland (PI) believes that growth should be the first *goal* of planning policy. Management of that growth should enable the sustainable achievement of that goal. In other words, PI believes that advancing economic growth should be the explicit primary *goal* of the NPF.

We believe growth has been deprioritised and treated as a given in the previous iteration of the NPF. Instead, the NPF has taken high instances of growth for granted, regarding high levels of growth as a background condition to be managed rather than a desirable goal to be pursued by spatial policy. A text search of the NPF shows that the word 'growth' is typically preceded by a construction such as 'to shape,' 'to balance,' or 'to manage.'

The attitude of planning policy as codified in the NPF is that growth is something to be managed, balanced, and shaped *in the first instance*. The basic attitude of planning policy towards growth, in other words, is to contain its negative side effects rather than pursue its positive effects. We believe that growth is the key to unlocking Ireland's future potential and raising the standard of living for Irish people. Therefore, a document as important as the NPF should express an appropriately positive attitude towards growth. We recommend that the NPF explicitly emphasise the importance of economic growth over the management or balancing of growth.



Wording recommendation 1: *The National Planning Framework recognises economic growth as the cornerstone of Ireland's sustainable development. Planning policy recognises the first importance of growth for raising the living standards of the Irish people. While effective management of growth remains important, this Framework explicitly prioritises the facilitation and advancement of growth as its primary objective. Our national planning strategy shall be fundamentally oriented towards creating the conditions necessary for robust, sustainable economic expansion across all regions of Ireland. Lower tiers of the planning system will be judged to be consistent with this priority of the NPF by their contribution to Ireland's economic development.*

This wording recommendation would be best suited to *The Vision* section of the NPF. Though references to the idea that growth is a national priority should be included across the entire document where appropriate.

‘Distributing’ growth through the use of caps is not an evidence-based policy

High-level recommendation 2: We recommended the removal of ‘caps’ on Dublin’s growth due to strong empirical evidence that caps are ineffective on their own terms and potentially very harmful.

We believe that the ‘caps’ or regional balance ratios are based on the assumption that if you cap the growth of one region, that growth will be diverted in a predictable or desirable way. We



believe that assumption is **empirically false and harmful** to Ireland's growth and prosperity. It bears repeating that growth is key to unlocking and maintaining high living standards. Planning policy should therefore be judged to the highest empirical standards to ensure that it does not inadvertently harm Ireland's growth and therefore harm the living standards of Irish people.

The Housing Commission addressed this point clearly:

“The NPF also states a somewhat contradictory assertion that it ‘does not seek to cap or limit the potential of places’ before interpreting this for its purposes as meaning ‘that an element of future growth must be identified to take place in Ireland’s key regional centres and towns, to lead the development of their regions’. While the NPF has a goal that people should live close to their place of work, it also aims to restrict the growth of Dublin” (*The Report of the Housing Commission*, p. 36).

The report rightly notes that this will lead to “unintended consequences” (*ibid*). The commission goes further. It enjoins the government to conduct an urgent review of NPF policy, “which is constraining growth in the capital city, i.e. the NPF ‘50:50 balanced growth’ scenario for the Dublin region. This must be reviewed considering the increased prevalence of urban sprawl around Dublin and resulting increases in commuting times and other negative impacts on hinterland counties” (*ibid*. p. 39).

The report also recommends that the government should “[f]acilitate Dublin’s growth through transport oriented development and the greater densification of Dublin City ” rather than capping Dublin’s growth (*ibid*). Progress Ireland completely endorses this recommendation.

The first draft revision of the NPF states: “We cannot let this [growth of the Dublin area] continue unchecked and so our aim is to see a roughly 50:50 distribution of growth between the Eastern and Midland region, and the Southern and Northern and Western regions, with 75% of the growth to be outside of Dublin and its suburbs.”

The proposition underpinning the above quoted section of the draft revision of the NPF is empirically baseless. The Housing Commission made this point strongly as follows:

“By placing constraints on Dublin’s growth potential, the NPF has driven patterns of development and internal migration that have resulted in urban sprawl,¹⁴ traffic congestion and long commute times for workers. **At the same time, there is little evidence to suggest there has been a rebalancing towards regional cities due to the NPF ‘50:50 balanced growth’ policy.**” (*Ibid*, p. 37)



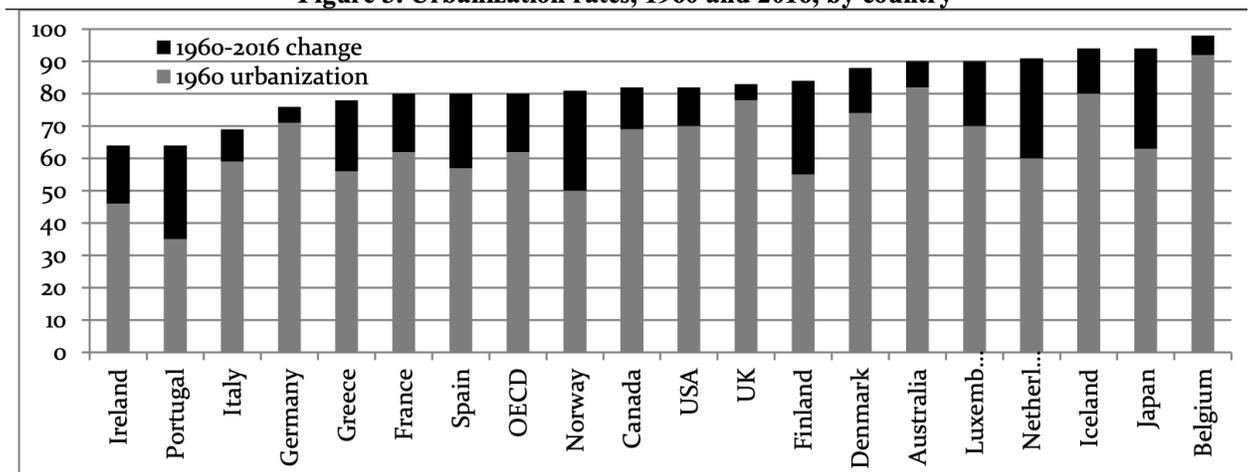
For international companies and skilled workers the choice is not between Dublin and Galway, the choice is between Dublin and Germany. If you ban growth in Dublin it will simply leave the country, not go to where you want it. Examples from around the world show (and some will be mentioned below) that capping growth in one region does not divert it to where the government of the day would like it to go.

By capping growth in our main economic drivers, people in all regions of Ireland will be less wealthy. We are not contesting the *principle* of regional balance. What is being contested in this submission is the empirical assumption underpinning current planning policy in the NPF. We will now contest some specific empirical propositions underpinning the draft revised NPF's approach to regional balance.

First, it is not at all clear that Dublin is *too big*. Lyons (2018) highlights that Ireland is the least urbanised high-income country, with significant room to increase its urbanisation rates.¹ The gap between residence and work locations indicates long commutes and a lack of urban density, which underscores the need for more housing within urban centres like Dublin. "There is...little evidence that Dublin's population share is too large, given the country's size" (*ibid.*, p. 122).

Figure 3 in the paper shows Ireland's low urbanisation rate compared to its OECD peers, emphasising the need for increased urbanisation to match economic and demographic realities.

Figure 3. Urbanization rates, 1960 and 2016, by country



Note: Countries ordered by level of urbanization in 2016.

¹ Lyons, R. (2018). Ireland in 2040: Urbanization, demographics and housing, Journal of the Statistical and Social Inquiry Society of Ireland Vol. XLVII



It is not at all clear why, from an economic or planning perspective, the growth of the Eastern region needs to be ‘checked,’ as the draft revision of the NPF asserts it should be.

As John Ring wrote in *The Residential Land Supply Study*,

“Basing planning on desired growth patterns is flawed because they are unlikely to come to fruition. Economies of scale and resulting agglomeration effects in sectors such as tech are leading to a strengthening, rather than a weakening, of Dublin. Incoming foreign direct investment will not consult the goals of the NPF when deciding if and where to locate in Ireland. The majority will continue to go to Dublin where the talent pool is deepest. In this context, utilising the unrealistic 50:50 population projection means we are structurally under provisioning housing supply in the Dublin region for the next twenty years.”

The second proposition we want to contest is the idea that regional balance can be achieved through the policy mechanism proposed by the draft revision of the NPF, that is, through targets and caps.

In the report *Cities Unlimited*, former British Treasury official Tim Leunig and James Swaffield provide powerful arguments in support of John Ring’s above claim that ‘caps’ on development is not an evidence based policy tool. According to their report, which contains swathes of international evidence, caps on development in successful regions will not force investment and development to flow to underdeveloped regions.

They write that despite immense resources put behind regional redistribution policies “attempts to regenerate British cities over the past ten, twenty or even fifty years have failed. The gap between struggling and average cities, let alone between struggling and affluent cities, has continued to grow. Geographical inequality is growing.” Further evidence of the failures of regional redistribution policies is provided in Leunig, T., & Overman, H. (2008). Spatial patterns of development and the British housing market. *Oxford Review of Economic Policy*, 24(1), 59–78.

Since the Second World War Britain has attempted extensive planning measures to restrict the growth of London and other successful cities in the hope this would assist regional development. The majority of empirical analysis has shown this to be a failure. For example previous government research into industrial relocation schemes found that of all projects



refused, only 18% instead went ahead in an area approved by the government. 31% were scrapped entirely.

Attempts to contain the growth of Birmingham and ‘balance’ growth in the United Kingdom undermined the midland region, and [ultimately harmed](#) the goal of sustainable and balanced growth.

As the urban planner and economist Alain Bertaud put it in *Order Without Design* (2018):

“The assumption that the preparation of national or regional plans would result in a predictable urban growth rate is...demonstrably false. Unfortunately, in many countries this common planning conceit has resulted in misallocated public investments and regulatory impediments that have decreased cities’ productivity.”

One example discussed in Bertaud’s book is that of post-independence industrial policy in India. The ‘Industrial Policy Resolution of the Government of India’, adopted in 1956, dictated that new industries should locate in “backward areas.” It sought to divert growth away from the large cities. The result of this policy was to dramatically injure the quality of life of Indians. The policy diverted much needed and scarce infrastructure to regions with weak potential for industry, away from the cities to which most people were migrating. This ultimately damaged India’s economy and ultimately hurt the living standards of Indian people.

Wording recommendation 2: *Regional balance can be promoted by investment and a planning and regulatory environment which fosters competition. Though this framework aims to enable balanced regional development, it will not do so through the use of caps. All ratios of desirable regional balance should not be interpreted as a limit on the growth of any region.*

It is crucial that the NPF makes clear to **all layers of the planning system** that though it may seek to promote, encourage, and facilitate regional balance, its provisions should not be interpreted as caps.



The NPF needs a more ambitious approach to compact growth

High level recommendation 3: Allow homeowners to make more efficient use of their land, increasing densities and contributing to more ambitious compact growth targets.

There is currently no strategy embedded in planning policy on how to adapt the existing built footprint of our towns and cities. The principal approach is the use of grants. While grants may be effective, they are only one policy instrument among many. This proposal seeks to find a more cost-effective means of delivering compact growth.

The European Commission has set a *No Net Land Take* target of 2050 for Europe. This extremely ambitious target places pressure on national planning policy to confront the difficult task of increasing the densities and quality of housing within the existing footprint of settlements.

Progress Ireland recommends that the NPF takes this challenge seriously and provides guidance to other tiers of the planning system to advance toward confronting this challenge.

We believe that this challenge cannot be confronted effectively using only tools such as grants, as is currently being pursued. This strategy is ineffective on its own and costly to the public.

Rather this policy goal should be pursued using the incentives of existing homeowners. At present, planning policy makes it difficult for a homeowner to use their property for housing delivery, leading to higher densities.



Wording recommendation 3: In order for planning policy to achieve these ambitious compact growth targets, adaptively reusing the existing built footprint of settlements should be encouraged, including allowing homeowners to use their own land for housing delivery.

This wording should be placed in sections pertaining to compact growth. We believe that leveraging the market incentives of private individuals is one tool among many that could be more effectively employed by national planning policy. The NPF should recognise all modes of delivery needed to create the densities required to meet our climate and sustainability goals. One under-recognised mode of delivery is, we believe, that of the private homeowner using their plot more efficiently.

We believe that this recommendation aligns with the **expert group review** of the NPF. That review made clear that national spatial policy requires a broad base of engagement across society. The review also made clear that planning policy needs to be joined up with the economic goals of the Irish state. Our recommendation provides a strong base of encouragement for an underserved form of delivery from the highest level– such delivery can only be made possible by a broad base of local support through mechanisms such as “street plans.”

That review also seeks a more ambitious approach to compact growth. The NPF’s compact growth goals should be more ambitious to unlock sustainable communities. We therefore echo the expert group review and recommend a higher target for compact growth, noting strongly that such targets should not limit other forms of delivery. These targets should in no way cap other forms of delivery.

Wording recommendation 4: Targeting a greater proportion (55%) of future housing development to be within the existing ‘footprint’ of built-up areas