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Consultation:
Draft First Revision to the National Planning Framework

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Observations:

1. The Vision

Chapter: 1. The
Vision

Summary Observations

We welcome the opportunity to contribute to the consultation. As a significant funder and or developer of much of Irelands real estate infrastructure, partiicularly housing we are a key stakeholder in this process.

The draft NPF document provides no justification to limit growth in Dublin and runs contrary to recently published Housing Commission analysis. The allocation of growth should be guided by actual demand preferences around job creation, costs to the State of incremental infrastructure investment and carbon footprint considerations.

The process used by Local Authority Development Plans in determining how much land to zone fails to reflect historic or realistic conversion ratios or zoned to permitted and permitted-to-built units. While some improvement might be expected with better land management tools, expecting a 100% improvement in one cycle is highly improbable. The reason for the use of unrealistic conversion ratios by Local Authorities is because the Housing Needs Demand Assessment (HNDA) toolkit fails to address this issue. Additionally, the target output should be a floor not a cap.

The NPF and all subsequent plans should be obliged to incorporate viability analysis based on current development costs for housing. Aspirations for higher density units and indeed any form of housing may not materialise at all in the life of the plan unless viability and appropriate subsidies are addressed.

The servicing of land being planned for by Local Authorities and the associated budgets is not adequate to support NPF plan targets, both in cities (via the HNDA toolkit) and in rural locations (via the *Towns First* plans).

2. A New Way Forward

Proposed Distribution of Growth

Since the first NPF in 2018 a number of key policy documents including *Our Rural Future & Towns Centre First* have been published, which seek to address the physical and population decline in the smaller towns and villages in Ireland. Both of these documents appear to have influenced a lot of the thinking in the updated draft NDF. A notable omission in the draft is the apparent lack of a similar policy document on Irish cities and their future.

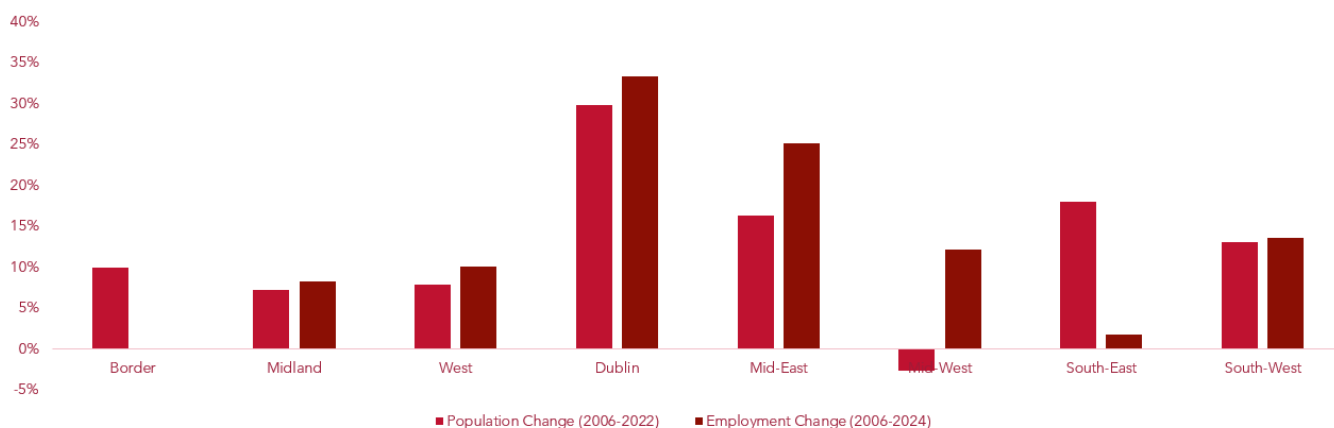
While the objectives and aspirations of these two documents are laudable (and indeed essential in terms of priming the physical regeneration of these towns and villages), the aspiration that 50% of all growth can be directed to occur in these locations may lead to significant negative unintended consequences and a substantial under delivery of both the required amount of housing as outlined in the recent Economic and Social Research Institute (ESRI) report in addition to the delivery of the structural deficit as highlighted in the recent Housing Commission report, due to excessive dispersal of investment, resources and services. By being too prescriptive in terms of where growth should occur including capping output and de-zoning land (including serviced land close to high capacity public transport) where growth is naturally occurring, the current supply and demand imbalance in housing supply will get worse, with knock-on homelessness and affordability challenges continuing.

As noted, the policy documents *Our Rural Future & Towns Centre First* appear to have been given a disproportionate focus in the preparation of the draft NPF and hard evidence, produced elsewhere by government departments, that should provide a necessary counterbalance to these reports are regrettably not addressed in the draft NPF.

- Project Emerald a report issued by the Department of Finance in 2023, highlights that while 64% of the population lives in the GDA, Cork, Limerick and Galway, housing commencements between 2017 and 2022 in these cities were 77% of the national output. The report highlights the lack of economic viability for many housing typologies in nearly all rural towns and villages as one of the key drivers of this.
- Additionally, the Housing Commission report notes that 58% of all jobs growth from 2006 to 2022 has been in the Greater Dublin Region. While housing development in that region has not matched that growth rate (leading to considerable stress on availability) at least many housing delivery formats, in particular apartments to rent, have been at times viable to build. That has not been the case in regional cities and certainly not in towns in rural Ireland.
- The draft NPF is proposing that Dublin and environs grow by 18%, the four regional cities by 30% and the Towns and Villages (around 1.2m population) grow by 40%. In essence it is proposing that growth happens in locations where viability is most challenged, incremental infrastructure costs will be higher than elsewhere and the carbon count associated with this growth could be up to 2.5 times that for city growth. Additionally, there is no evidence that the global trend of job and economic growth occurring in cities, in particular for a knowledge economy like Ireland, where employers require a larger educated and skilled worker pool and ability to attract immigrants, is any different here.

Dublin's Growth Management

The draft National Planning Framework (NPF) acknowledges the significant growth in Dublin and the East but suggests that this growth cannot continue unchecked. However, it lacks clear reasons or evidence-based analysis for this stance. This objective requires thorough interrogation and reassessment via a data driven approach. The Housing Commission's report, particularly Section 2.5, provides a contrasting view, in this case backed up by data, noting that restrictions on Dublin's growth have led to urban sprawl, traffic congestion, and long commute times without achieving a rebalancing towards regional cities as intended by the NPF's '50:50 balanced growth' policy. This work should be thoroughly reviewed, and its findings incorporated in the emerging NPF.



Source: Housing Commission

Furthermore, data from the CSO and ESRI indicate that 58% of job growth has occurred in Dublin and the Mid-East, while only 46% of housing delivery has been in these regions from 2006 to 2022. This imbalance is a key factor in the housing market stress, including price inflation. It is important to recognize that limiting Dublin's growth does not ensure that growth will occur in other regions. Given the economic realities, employers and international migrants are likely to favour Dublin, reinforcing the need for the NPF to support rather than cap growth in the capital and its environs. Otherwise, other European cities may gain at the expense of Ireland. As noted at section 2.5 of the Housing Commission report:

“While policymakers can determine where housing is developed, they cannot determine where jobs will be created. Economies of scale and resulting agglomeration effects in sectors such as tech have led to greater consolidation of employment opportunities in Dublin, rather than greater regional distribution of such opportunities.”

Housing Needs and Demand Assessment (HNDA)

The NPF does not address the deficit of zoned land in the Dublin and Eastern Region, which is compounded by the very unrealistic “conversion ratios” used by councils in zoning land, which is the % of zoned land that typically gets a planning consent and is actually built within a development plan cycle. Nor does it address the challenge of coordinating housing needs across Dublin's four councils, where each council carries out its HNDA independent of and without taking full cognisance of the adjoining administrative areas. This shortcoming indicates a need for a more realistic approach to housing needs assessment and better coordination among local authorities. The Housing Commission, in Section 2.4 of its report, highlights the negative impact of treating HNDA targets as a "cap" rather than a "floor," a point that remains unaddressed in the NPF.

Goodbody recently published a data rich and authoritative report on the issue in September 2024, which provides a significant insight into this issue.

[https://www.goodbody.ie/docs/default-source/investment-banking/goodbody_residential-land-availability-report_sept24.pdf?sfvrsn=fa16fccb_1#:~:text=Our%20Baseline%20estimate%20is%20that,40%25\)%20are%20in%20NWRA.](https://www.goodbody.ie/docs/default-source/investment-banking/goodbody_residential-land-availability-report_sept24.pdf?sfvrsn=fa16fccb_1#:~:text=Our%20Baseline%20estimate%20is%20that,40%25)%20are%20in%20NWRA.)

To further amplify and illustrate the issue, a key example is contained in Dublin City Council's 2022 development plan which included a land capacity analysis [https://irp.cdn-website.com/4065c16c/files/uploaded/KPMG FA Population and Housing Analysis for IIP final.pdf](https://irp.cdn-website.com/4065c16c/files/uploaded/KPMG_FA_Population_and_Housing_Analysis_for_IIP_final.pdf), which estimated that out of 5,800 hectares zoned for residential use, only 550 hectares are available for development, potentially yielding 49,175 residential units. The City Council's HNDA has a target requirement of 27,000* housing units over the development plan cycle, which would require that 54% of all available zoned land is developed in that cycle. However, the actual conversion of zoned land to built units has been historically low, with an average ratio of only 24% of land being developed in any cycle indicating that current targets are unlikely to be met. (see Exhibit 1 from the City Council HNDA below)

**The recent ESRI updated projections on population growth indicates that the 27,000 estimate needs to be revised upwards significantly.*

The new information provided in the Goodbody report which was able to use the newly available Residential Zoned Land Tax (RZLT) land map data base, now indicates that the actual capacity of the 555 hectares of zoned land is in fact 11,000 units, not 49,175. (see Exhibit 2 from page 69 of that report below).

While the NPF may set the overarching target for housing numbers unless the NPF itself, or some other policy guidance is updated to require more accurate zoned land capacity analysis, and the use of more realistic conversion ratios, Dublin's ability to meet even the "capped" housing targets, will be impossible adding to the current supply crisis.

Exhibit 1 DCC Development Plan

[https://www.dublincity.ie/sites/default/files/2022-12/Final Vol 2-Appendices.pdf](https://www.dublincity.ie/sites/default/files/2022-12/Final_Vol_2-Appendices.pdf)

Table 11: Analysis of Dublin City Council DHTF Returns Q3 2017 – Q3 2022 – Ratio of Residential Permissions and on Site Activity

Permission / Construction	Q3 2017	Q3 2018	Q3 2019	Q3 2020	Q3 2021	Q3 2022
Total No. of Extant Permissions	8,172	12,298	13,324	21,989	27,720	28,777
No. of Extant Permissions Under Construction	2,325	1,185	2,447	5,249	6,227	5,233
Approx. Ratio	3.5:1	10:1	5:1	4:1	4.5:1	5.5:1

Source: DHTF Returns

Table 23: HNDA Estimated Housing Need by Tenure, 2023-2028

Tenure	2023	2024	2025	2026	2027	2028	Total
Social Rent	2,024	1,816	1,661	1,612	1,564	1,570	10,247
Affordability Constraint	1,306	1,296	1,231	1,301	1,330	1,423	7,887
Private Rented	777	719	661	639	633	659	4,088
Buyers	950	879	808	780	775	805	4,997
Total Housing Need	5,057	4,710	4,361	4,332	4,303	4,457	27,219

Source: KPMG FA.

Exhibit 2 Goodbody Residential Land Availability Report September 2024

Estimated residential yield ('000) – Baseline compared with published CDPs						
NUTS 2	NUTS 3	Local Authority	CDP	Baseline Yield	Difference	
Eastern & Midland	Dublin	Dublin City	49.2	11.0	-38.2	
		DLR	22.2	11.5	-10.7	
		Fingal	35.0	36.3	1.3	
		South Dublin	21.5	8.0	-13.5	
	Dublin Total			127.8	66.8	-61.0
	Mid-East	Kildare	n/a	16.2	n/a	
		Louth	20.5	5.4	-15.1	
		Meath	20.6	10.5	-10.1	
		Wicklow	23.6	17.8	-5.8	
	Mid-East Total			n/a	50.0	n/a
	Midlands	Laois	3.9	4.8	0.9	
		Longford	2.7	0.9	-1.8	
Offaly		n/a	5.4	n/a		
Westmeath		5.3	10.1	4.8		
Midlands Total			n/a	21.3	n/a	

*Categories may not sum to total due to rounding

Source: Goodbody, KPMG-FA

Economic Viability

The NPF does not adequately address the economic viability of the plan, particularly regarding the feasibility of apartment or higher density development in regional cities, towns and villages. This omission is critical, as cost, building standards and appropriate building typologies are crucial for the plan's success. The Housing Commission's report (Appendix 4E) provides detailed costing, estimating that pushing development into regional locations due to zoning caps in urban areas could result in an additional un-accounted for cost to the state of €102-137k per unit for new infrastructure in less dense settlements. This highlights the need for the NPF to incorporate economic considerations to ensure viable housing solutions across the country.

In a recent article in The Currency, Professor Ronan Lyons has highlighted the impact of policy ignoring viability issues leading to bad outcomes for aspiring homeowners and renters. Despite growing demand, because higher density housing typologies, in particular apartments, have not been economically viable to develop in the regional cities outside of Dublin, there has been no supply, with knock on consequences for rent inflation and homelessness.

The chart following from the article referenced sets out the stock of homes for rent in the four largest cities excluding Dublin. The viability situation and prospect of supply in towns and villages will be even worse.

Stock of homes available to rent in cities

Cork, Galway, Limerick and Waterford

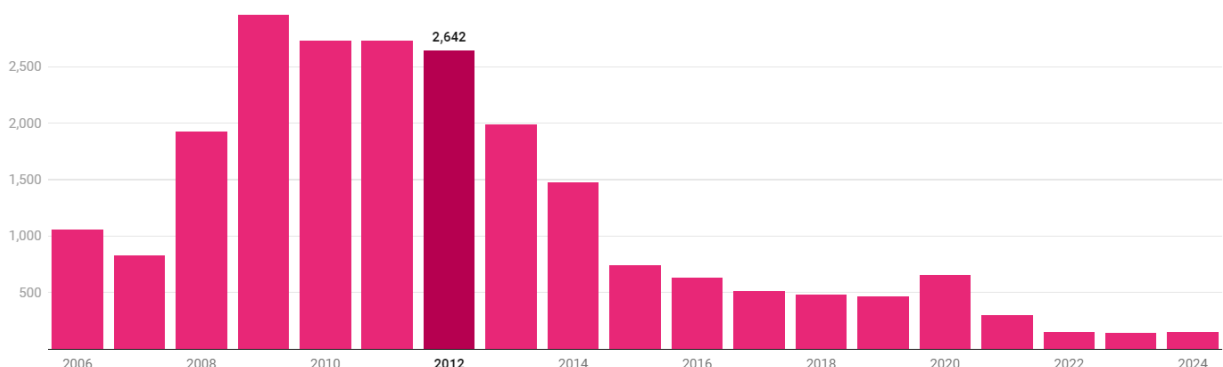


Chart: The Currency • Source: Daft.ie • [Get the data](#) • Created with [Datawrapper](#)

“While we may have become inured to it, the figure is shocking: just 150 homes available to rent across four cities. A rental market in balance would likely have at least five times as many homes available to rent and possibly as much as ten times that on the market at any one time.

The underlying reason nothing is going to get built is the same as it has been for a decade now. Costs went out of control during the bubble years and never readjusted in the crash, unlike what happened with sale and rental prices. As a result, costs are stuck way above what is viable.”

While some initiatives have been introduced by Government to get over the viability gap for both rental and for-sale housing, in particular STAR and Croi Conaithe, there are significant challenges in the structure of these schemes that is currently an impediment to their implementation. While there are also one-off schemes for owner-occupiers, they, by their nature will not deliver significant volumes of housing nor are they able to fund or resolve the many challenges around delivering “back land” development that volume schemes can.

The draft NPF is totally silent on these economic realities. It needs a significant revision to include detailed costings on the value for money of investing large amounts of State funds replicating existing infrastructure to allow 50% of growth in rural locations that do not have the capacity today versus focusing on incremental investments in larger towns and cities and in particular development focused on major high volume public transport investments. The NPF needs to address the hard evidence in Project Emerald and The Housing Commission appendix 4E and explain why it has not addressed these vital issues and subsequent adjustments or amendments must be made to deal with these key issues.

Land Zoning and Servicing Policies

The NPF emphasizes the need for 50,000 new homes annually and the importance of flexible land zoning and servicing policies to meet this demand. However, the activation of zoned land for residential development is hindered by inadequate services. Local Authorities, especially in high-demand areas, must urgently revisit their development plans to ensure sufficient zoned and serviced land is available. The focus should be on previously dezoned lands, particularly those near transport corridors. Additionally, it is crucial that the NPF includes a plan to address the “pent-up deficit” in housing, proposing an additional 25,000 units to the ESRI’s target output of 44,000 units annually.

As noted above hard questions need to be asked as to why the “Our Rural Future & Towns Centre First” policy documents appear to have overly influenced the thinking behind the proposed spatial allocation of this growth. In the absence of an equivalent “Cities” report – it appears as if the draft NPF is somewhat unbalanced.

The lack of investment and viability analysis has been noted above. However further challenges are also evident from recent work on the roll out of the Towns First policy. Helpfully since the plan has been adopted Local Authorities have been preparing Town First plans on a town by town basis. The first cohort of plans have been published and more are in preparation. The link is noted below.

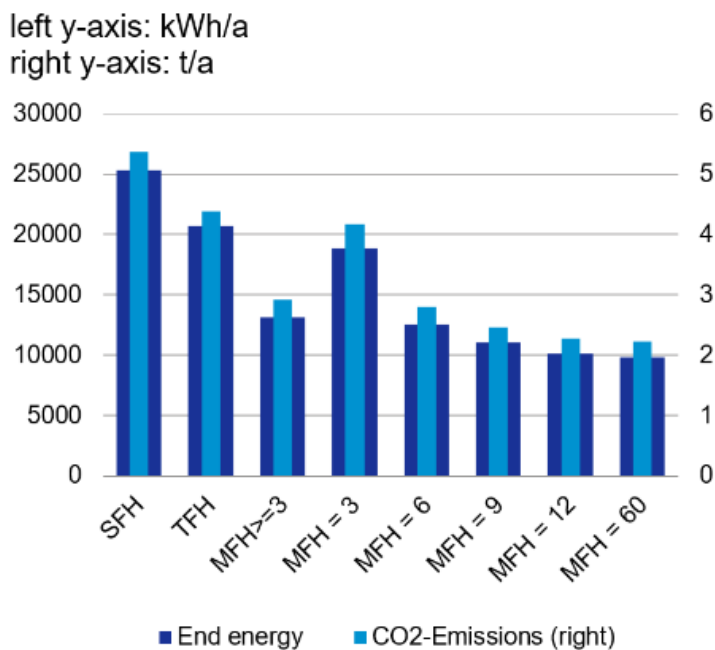
<https://towncentrefirst.ie/explore/>

What is very evident from the plans prepared to date is that they simply do not address the ability of the towns to expand spatially, nor do they address any of the critical infrastructure investment and viability issues to ensure housing can be developed in these settlements. The focus of the plans is on placemaking in the existing urban areas, a lot of which is very good quality, but they are for the most part (other than some small back-land development proposals) silent on how the rural towns and villages with an aggregate population of around 1.2m can accommodate another 500k people by 2040.

By capping growth in the urban centres where development viability has a better prospect of being resolved and infrastructure investments and public transport offer better value for money returns for the State and to force developments into locations where there is no business case currently is a significant risk for this draft NPF. It is also at odds with Transport Orientated polices as set out in the Plan, whose aim is to support the delivery of new sustainable communities at brownfield and greenfield locations along existing or planned high capacity public transport corridors within the metropolitan area, with a particular focus on opportunities along high-capacity rail corridors.

Leaving aside any economic issue the carbon implications of this policy must be called into question as well. A recent report by Deutsche Bank Research highlights that lower density development, typically of towns and villages, will lead to a carbon footprint of up to 2.5 times that of higher density development more typical of cities.

Residential building climate
 model: average energy and CO₂ consumption



SFH = Single-, TFH = Two-family house, MFH = multi-family houses, ">=3" = more than 3 dwellings, "=3" = 3 dwellings, etc.

Source: Deutsche Bank Research

Infrastructure and Capital Allocation

There is a significant concern regarding the lack of capital allocated for water and wastewater services, which is delaying infrastructural works and hindering housing development. It is essential that utilities and transport infrastructure are planned concurrently with housing developments. The NPF must ensure that adequate funding is allocated to meet housing supply goals. Given the time required to build infrastructure, it is critical that the NPF bases its planning on a thorough analysis of existing and future infrastructure needs to avoid placing 50% of new development in areas that may lack essential services.

Documents Attached: No

Boundaries Captured on No

Map: