



UCD Geary Institute for Public Policy
Research, Analysis, Evidence



An Ghníomhaireacht
Tithíochta
The Housing Agency



TALKING ABOUT LAND

Session 7

Inclusionary Zoning

February 7th 2023 @ 12pm

To register and for more information visit
housingagency.ie/news-and-events

Speakers

John Wachter, Viability at the Greater London Authority

Daniel McLoughlin, South Dublin County Council

A wide-angle photograph of the London skyline at sunset. The Shard is the most prominent building, its glass facade reflecting the orange and yellow light of the setting sun. To its left, the London Eye is visible, its circular structure also reflecting the light. Other modern buildings line the riverbank. The sky is a mix of orange, yellow, and blue, with some clouds. The water in the foreground is calm, reflecting the colors of the sky and the buildings.

MAYOR OF LONDON

Affordable Housing and Viability in London

John Wachter MSc MRTPI MRICS, Strategic Planning Manager, Viability

DEVELOPER CONTRIBUTIONS IN ENGLAND

- Section 106 Agreements/
planning obligations (TCPA
1990)
- Community Infrastructure Levy
(Planning Act 2008)
- Infrastructure Levy (Levelling
Up and Regeneration Bill
2022) (proposed)



House of Commons
Housing, Communities and
Local Government Committee

Land Value Capture

Tenth Report of Session 2017–19

*Report, together with formal minutes relating
to the report*

*Ordered by the House of Commons
to be printed 10 September 2018*

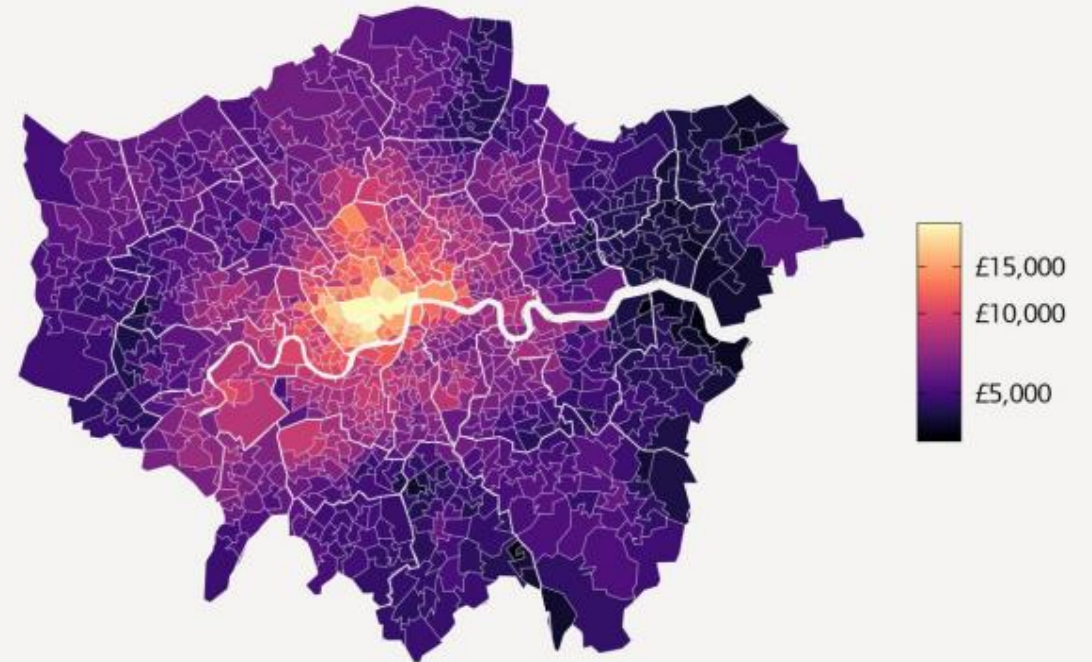
LONDON RESIDENTIAL PRICES

Average house prices in London and England after adjusting for inflation, 1970 to 2021



UK House Price Index (UKHPI) adjusted for RPI. Data is quarterly until the end of 1994 and monthly thereafter. Data for recent months is subject to revision as it is based on a relatively small number of transactions.

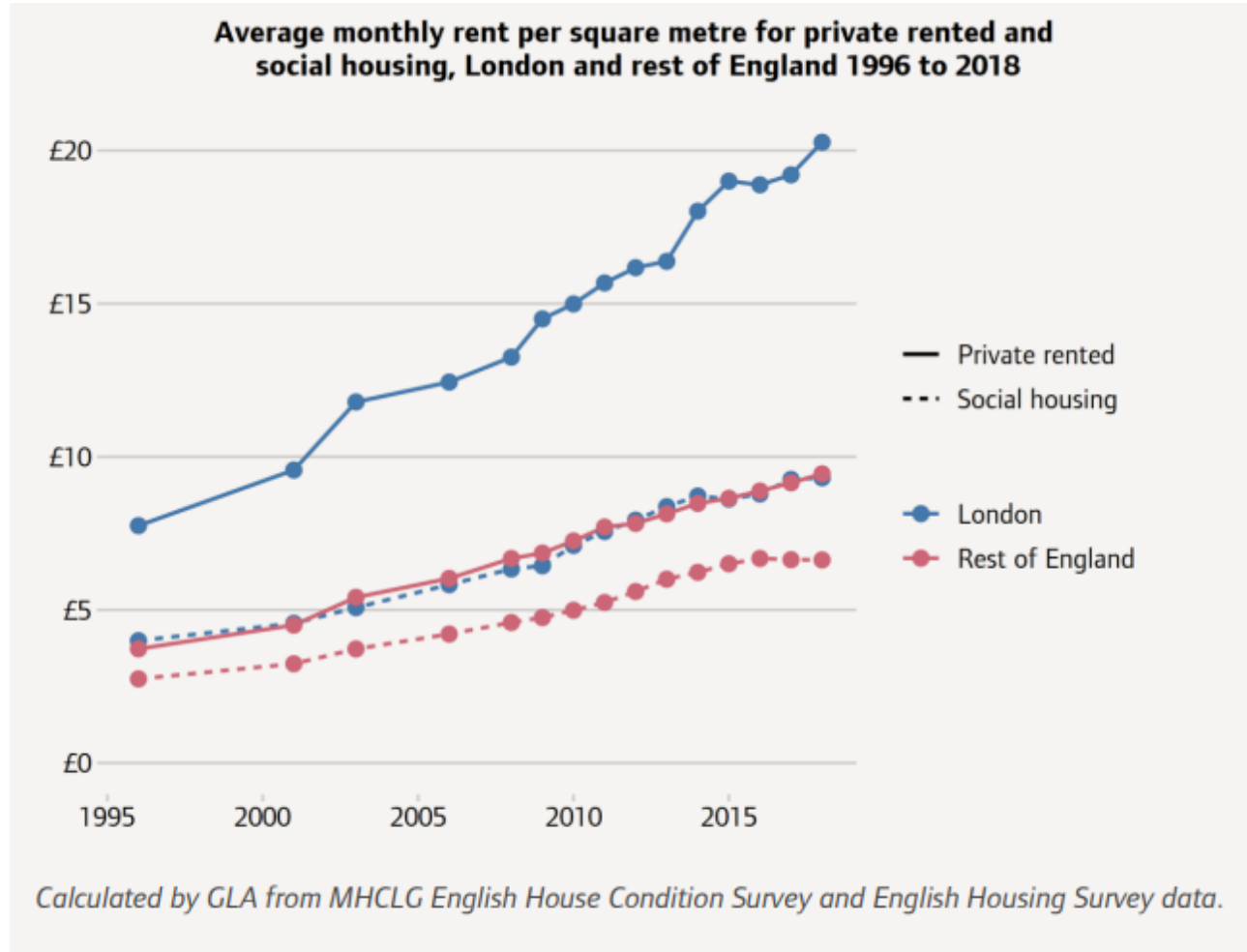
Average sale price per square metre (2016-20), by Middle Super Output Area



Chi et al (2021), 'A new attribute-linked residential property price dataset for England and Wales'.

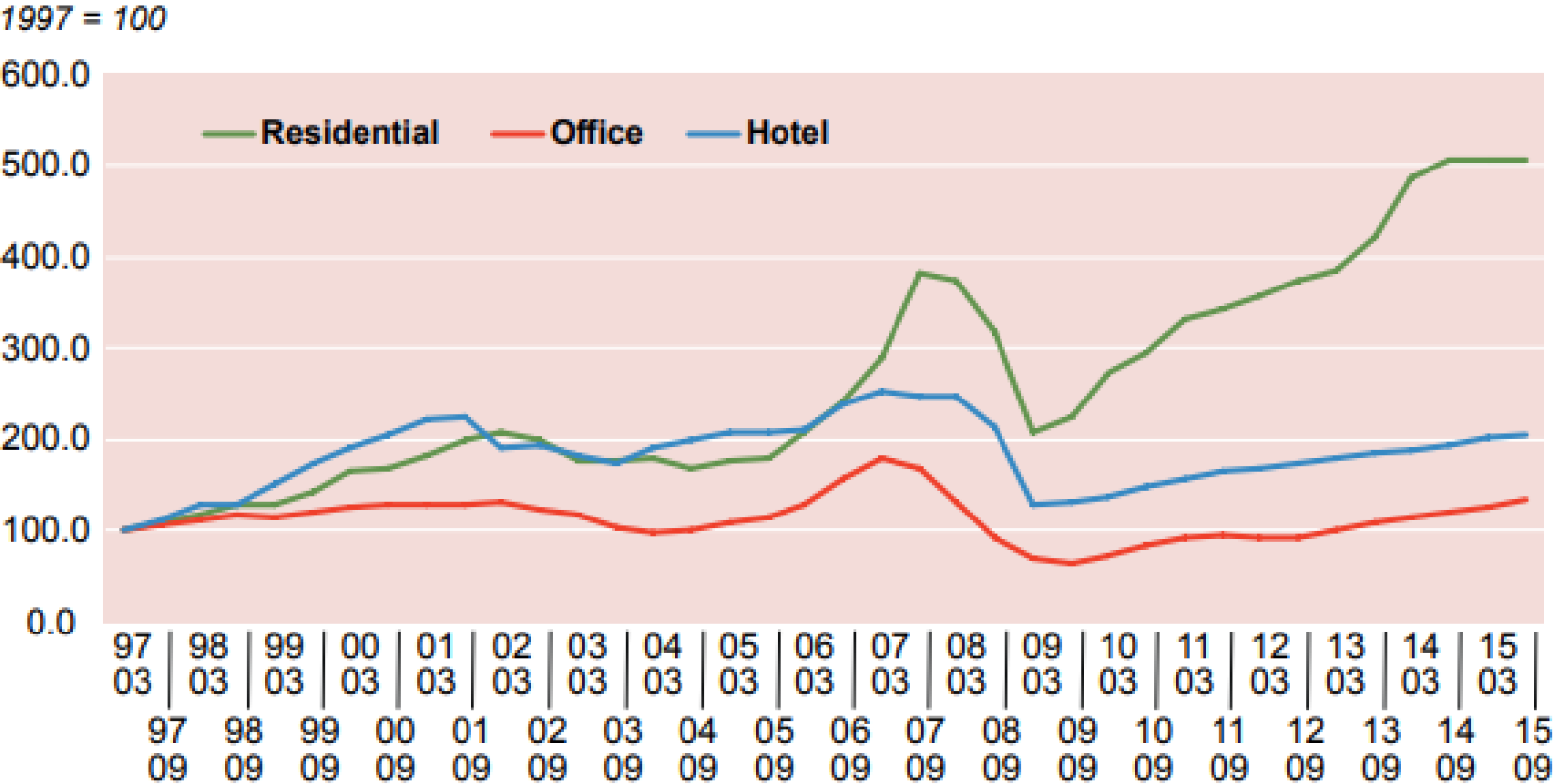
Housing in London, 2021

RENTS FOR PRIVATE RENTED AND SOCIAL HOUSING



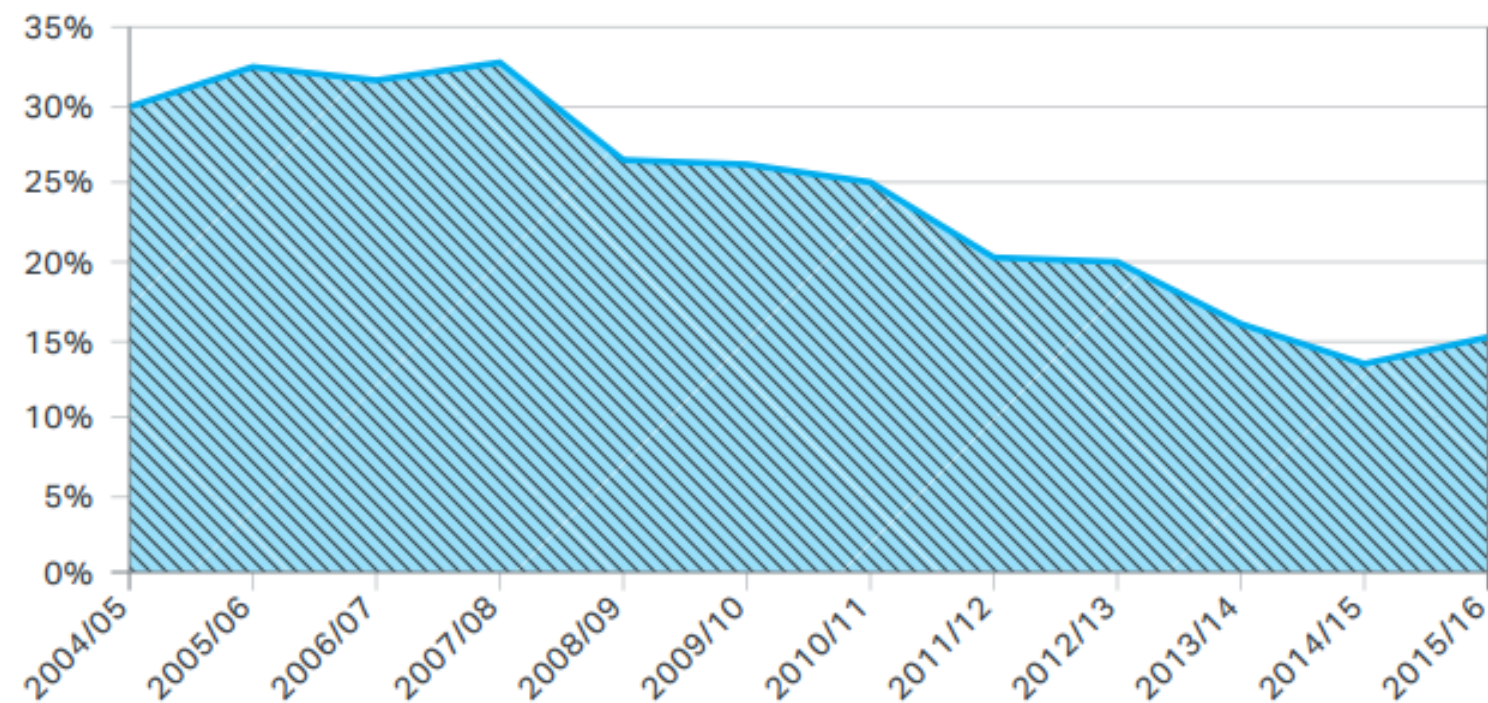
Housing in London, 2021

RESIDENTIAL, OFFICE AND HOTEL LAND VALUES IN LONDON



Source: Viability and the Planning System: Sayce et al 2017.

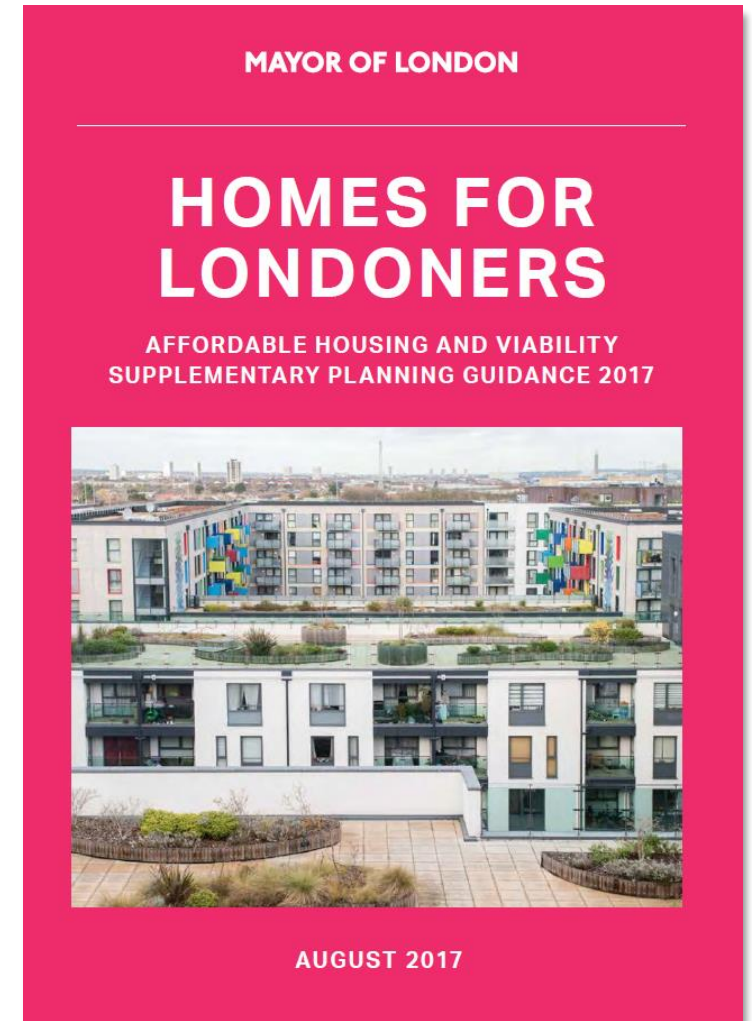
AFFORDABLE HOMES AS A PERCENTAGE OF NET CONVENTIONAL APPROVALS IN LONDON, 2004/05 TO 2015/16



Source: GLA analysis of London Development Database (LDD), August 2017. This is based on the proportion of net conventional housing approvals in each year that comprised affordable housing between 2008/09 and 2015/16 (the latest year available).

AFFORDABLE HOUSING AND VIABILITY SPG

- Threshold Approach – 35% and 50% on public and industrial land
- Fast Track Route
- Affordable Homes funding
- Viability Tested Route
 - Detailed Viability Information
 - Transparency
 - Review Mechanisms
- Build to Rent



AFFORDABLE HOUSING: THRESHOLD APPROACH

- 50% is the strategic affordable housing target
- Threshold approach to application designed to increase affordable housing delivery



RATIONAL FOR THRESHOLD APPROACH

- Greater planning certainty
- Embed affordable housing policy requirements in land values across London
- Clear incentives
- Speed up planning process
- Viability tested approach through SPD approach and mid/ late review mechanisms
- Transparency



AFFORDABLE HOUSING TENURES

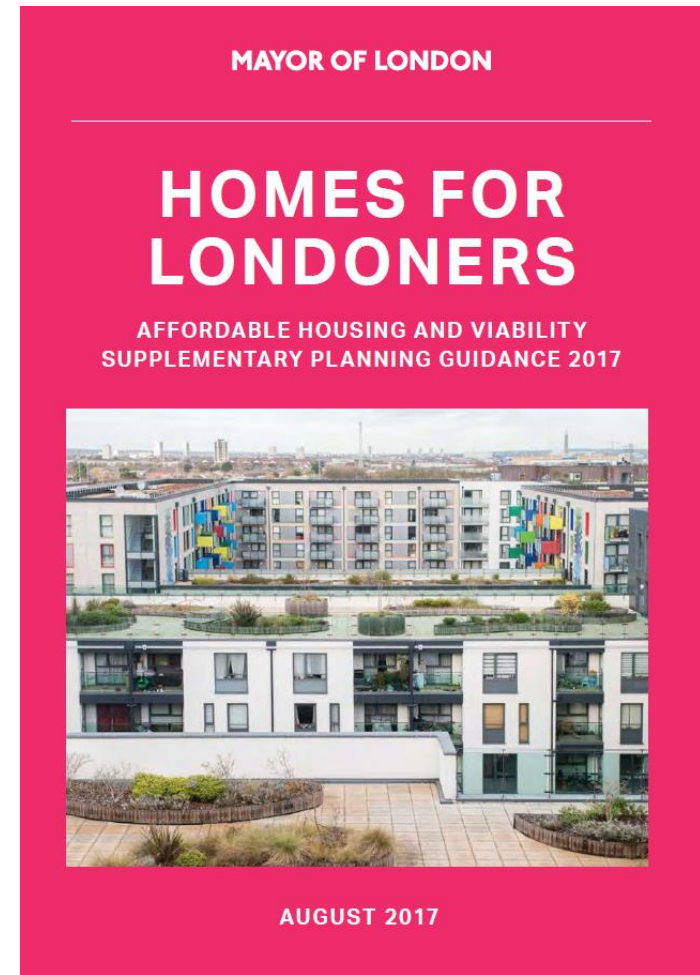
- Low cost rent
 - Social Rent
 - London Affordable Rent
- Intermediate
 - London Living Rent
 - London Shared Ownership



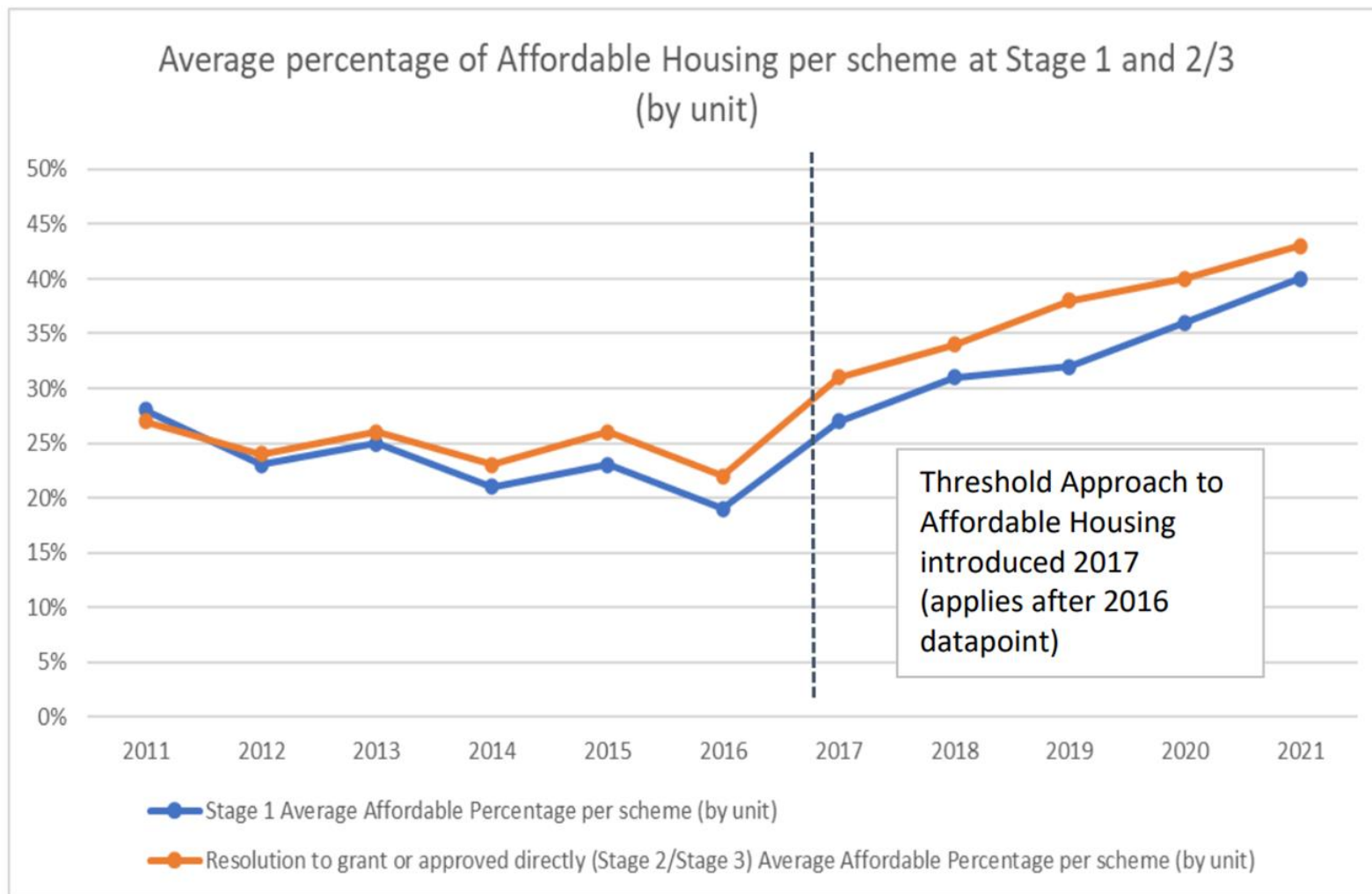
MAYOR'S AFFORDABLE HOUSING & VIABILITY SPG

Viability Guidance

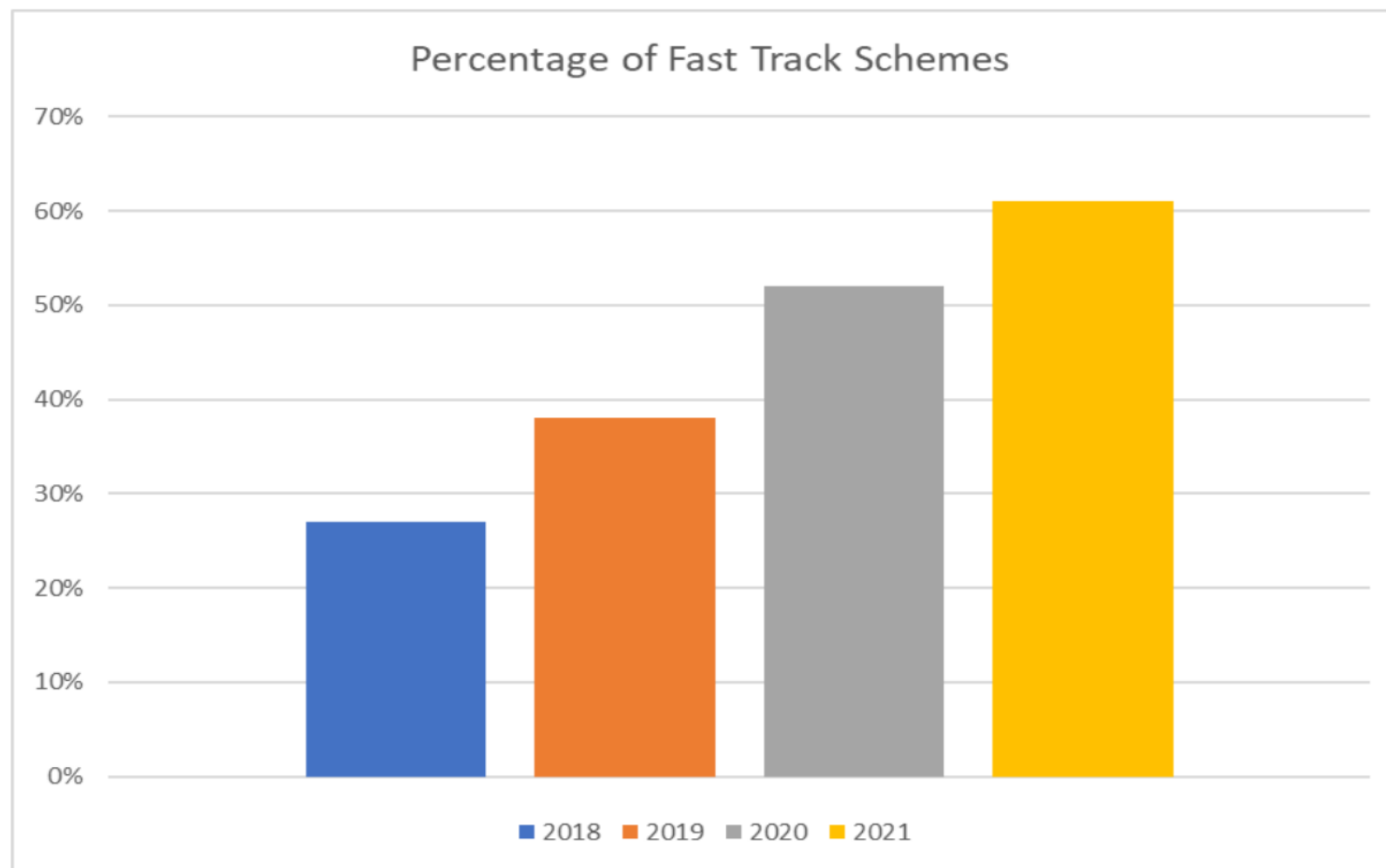
- Non –referable / referable applications
- Clarifies assumptions and methodology
- Evaluate appraisals rigorously
- Clear guidance on Benchmark Land Values
- Stronger and more consistent review mechanisms
- Transparency



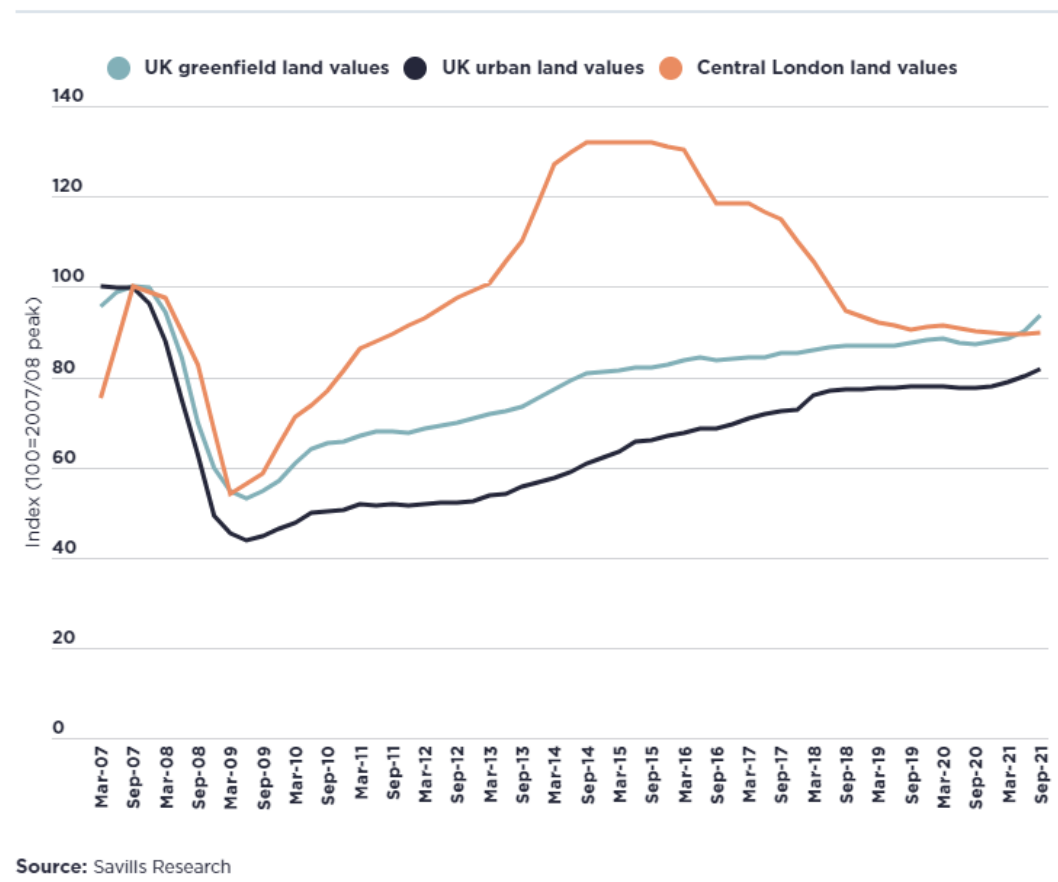
Affordable housing in referable applications



Schemes following the Fast Track Route



ESTIMATED RESIDENTIAL LAND VALUES



MAYOR OF LONDON





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Talking about land - session 7

Inclusionary zoning

Housing agency seminar

7th February 2023

Language is important !

- Counteracting social segregation
- Social integration
- Sustainable communities
- Social and affordable housing
- Mixed tenure solutions
- Tenure blind
- Compact growth
- Low carbon climate resilient society
- Housing for all (everyone)
- **Active land management**

Part v – planning and development act 2000

The objectives sought to be achieved by Part V (**as per supreme court**) of the Bill are clear:

- and to encourage **integrated housing development** so as to avoid the creation of large scale housing developments confined to people in the lower income groups.
- to **enable people of relatively moderate means** or suffering from some form of social or economic handicap **to buy their own homes** in an economic climate where housing costs and average incomes make that difficult

Affordable housing – legislative provision

- Planning & Development Acts 2000 to 2021 (s.93-101)
- Planning & Development Regulations 2001 to 2021
- *Urban Regeneration and Housing Act 2015*
 - *Introduced transfer of housing on other site to LA or other body agreed*
 - *Redefined allowable cost*
 - *Part v 10%*
- Affordable Housing Act 2021
 - Back to 20% - but with transitional exceptions - it does not apply to land that already has planning or was purchased between 01/09/2015 and 31/07/2021
 - Affordable sale , cost rental , affordable housing fund

Part v – compliance !

a) The transfer of **20% of the land** to the local authority at existing use value (unless transition arrangements apply)

b) Alternative options

- Transfer of completed houses on-site
- Transfer of houses off-site
- Leasing of houses
- Combinations of the above, including land

Must achieve the equivalent of 20% planning gain

Section 96(3)(d) :

- i. Site cost of the houses at existing use value +
- ii. the costs, including normal construction and development costs and profit on those costs, calculated at open market rates that would have been incurred by the planning authority had it retained an independent builder to undertake the works,

Part v dependency – Dublin local authorities

	2022	2023	2024	2025	2026	Total
Local Authority Build	1,248	1,196	1,531	3,291	1,908	9,174
AHB Build	1,094	1,001	1,031	700	496	4,322
Part V	655	922	1,003	737	801	4,118
Total Social	2,997	3,119	3,565	4,728	3,205	17,614

Part v – limitations and challenges

- Current transition exclusions means very few at 20%
- From state perspective dependent on the actions of others
- Linked to buoyancy of housing construction market not housing need
- To many variable compliance routes
- Evaluating costs at “open market rate” in an inflationary period fraught with difficulty
- Costs in Dublin – particularly apartments – means cost of delivered units extremely high as social and require significant subsidisation in the context of affordable sale or cost rental
- Getting apartment developments built – significant viability issues.
- Part v alone in current form – not a predictable sustainable solution

Broader **HOUSING** role of local government


The potential of active land
management

Direct delivery of integrated
solutions at scale

Joint venture solutions

Urban regeneration and compact
growth – the challenge that's lies
ahead.

Land availability and land banking



Rebuilding Ireland Active land management – Pillar 3

- “publicly owned residentially zoned and serviced sites will be master-planned by the relevant local authorities and put out to the market for expressions of interest from housing providers for a mix of tenure perspectives”
- Rebuilding Ireland – July 2016



Result !

- 1100 homes – fully integrated.
- Addresses
 - Integration – tenure blind.
 - Land availability
 - Relative certainty
 - Cashflow





Key learning – this works !

The Foothills Project



Mixed tenure residential development of 620 new homes



400 affordable – 100 social – 100 private



Community/sporting facility, creche & a new public open space, “Elder Park”



ILLUSTRATION OF HORAN'S LANE



CGI RENDER OF PROPOSED COMMUNITY & SPORTING FACILITY



CGI RENDER OF HOME ZONE WITH VIEW TO THE HILLS

THE ARDEN TEAM



THE
FOOTHILLS
KILLINARDEN



Clonburris SDZ - 2,600 HOMES

- Approx 2600 homes – part of overall 8500.
- **50% social – balance cost rental and affordable sale.**
- SDZ model – good but slow – repeat planning and environmental assessments
- SDZ – needed common infrastructure funding support – **URDF €186m**
- Nevertheless significant advantages of owning land at scale

Naas Road Regeneration Plan – City edge project.

- National planning policy – compact growth – 50% of housing must be on brownfield sites
 - Naas road study area – 700 hectares in the SDCC and DC area. (440 SDCC)
 - Phase one of study completed.
 - A range of development scenarios looked at over next 50 years.
 - Potential to accommodate 70- 80000 People and 50-60,000 jobs.
 - www.cityedge.ie
-



City Edge project

- Relocation issues
- Utilities – expand capacity
- Energy solutions
- Contamination and overhead lines
- Transport infrastructure
- Social infrastructure – in advance
- Financial and planning support necessary.
- Significant housing and planning gain
- Inaction – not an option.



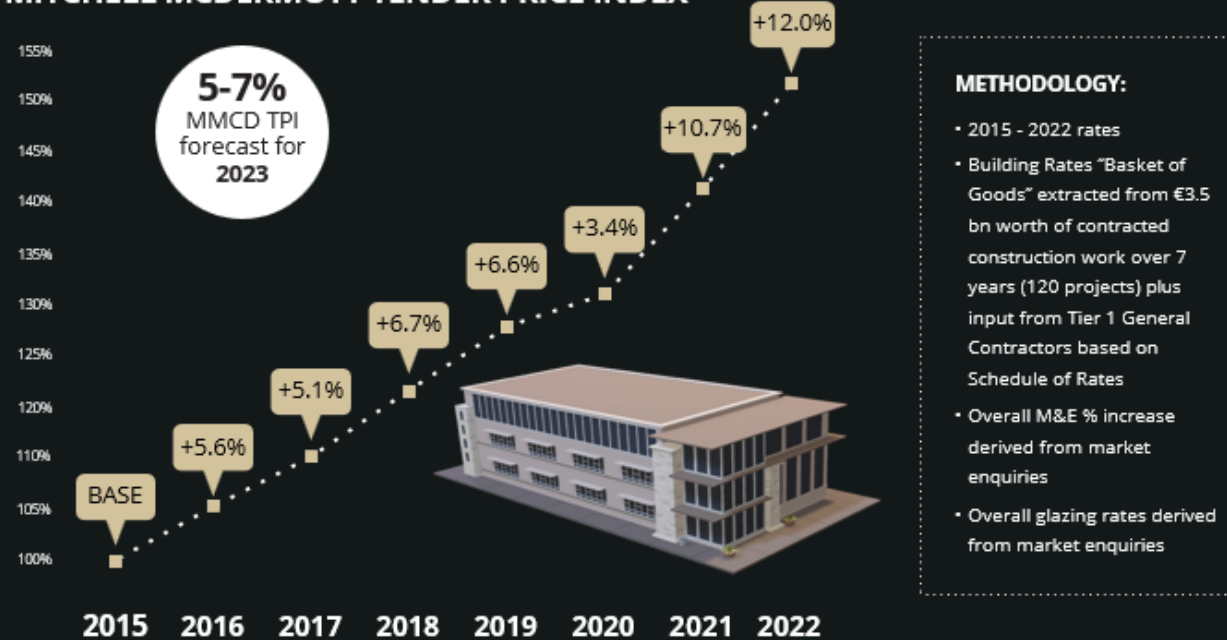
INFLATION INFOCARD

JANUARY 2023



MITCHELL
MCDERMOTT

MITCHELL MCDERMOTT TENDER PRICE INDEX



Construction inflation

INFLATION (APARTMENTS) INFOCARD

JANUARY 2023



How much has a standard two-bed apartment increased in 2022?

+9.6%
increase in
2022



The increase varies between apartment building types

The rate of inflation has slowed in the 2H of the year with 6.8% reported in 1H of 2022.

Recent cooling of commodities (see overleaf) has been countered by upward pressure on energy costs.

There has been a construction cost increase ranging from

€21k - €25k

in 2022
(see below by type)

Future Tender Price Inflation (TPI) will be dictated by...

Labour
& Material
Costs

Supply
& Demand

Risk
Allocation

COST INCREASES 2020 - 2022 BY APARTMENT TYPE

Apartment inflation

Apartment construction costs



¹⁶ See: <https://scsi.ie/real-cost-of-new-apartment-delivery/>

Planning and delivery mismatch

Source: HSTCF (2021) Quarter 4 2021 Returns

LOCAL AUTHORITY	PERMITTED UNITS		UNITS BUILT TO DATE		UNITS UNDER CONSTRUCTION		PERMITTED BUT NOT COMMENCED	
	Houses	Apts.	Houses	Apts.	Houses	Apts.	Houses	Apts.
DCC	972	27,503	451	1,006	206	5,968	315	20,529
DLRCC	2,520	15,275	706	1,258	584	4,959	1,230	9,058
SDCC	3,735	8,353	1,285	492	845	2,519	1,605	5,342
FCC	6,818	8,482	3,109	489	1,552	1,418	2,157	7,796
Subtotals	14,045	59,613	5,551	3,245	3,187	14,864	5,307	42,725
Totals	73,658		8,796		18,051		48,032	

Other affordability measures

Planning policy

- Affordable housing act 2021
- Residential zoned land tax 2021
- Urban development zones bill 2021

Financial supports

- LIHAF – local infrastructure housing activation fund
- URDF – urban regeneration development fund
- AHF – affordable housing fund
- Croí Cónaithe
- Project Tosaigh

Where next

- Affordability issue here to stay
- Continue on legislative path – perhaps refine RZLT and find solution for high rate of inactivated planning permissions.
- Part 5 of value but needs greater clarity around application and greater clarity for developers to facilitate financial planning
- Additional direct interventions by state through Local government and LDA necessary including
 - Clear policy around land assembly and land pooling to bring certainty around delivery and bring real meaning to active land management
 - Longer term perspective on role of cost rental affordable housing as part of housing policy for decades to come
 - Clear long term policy around financial supports to deal with viability including brownfield sites – incentives coupled with community and state dividend in the form of social and affordable housing