



**Irish Council for Social Housing
Finance and Development Conference
25th/26th October 2018**





BACKGROUND

‘The availability of land for housing in appropriate locations, in a way that is consistent with affordability, has long been an unresolved policy issue in Ireland’

NESC: Urban Development Land,
Housing and Infrastructure: Fixing
Ireland’s Broken System, April 2018

‘The Government will establish a National Regeneration and Development Agency to....co-ordinate and secure the best use of public lands.... and to drive the renewal of strategic areas.....not being utilised to their full potential’

Government of Ireland: Project Ireland
2040

LDA Strategy

Overarching objective:

To make more land available for development and to help ensure that it gets developed

Two main strategies:

1. To coordinate appropriate **State lands for regeneration and development**
 - Open up key sites not being optimally used, **especially for home delivery**
 - Focus on the overall public interest in determining land use
2. To drive **strategic land assembly** for the long-term by introducing **new mechanisms** for working with both public and private sector land owners
 - Stabilise land values, flattening extreme peaks and troughs
 - Drive increased affordability through better land availability

Why the LDA is needed

State Land

- Some State lands not in optimal usage
- Better co-ordination needed between public bodies
- Land transactions and development not a focus for some bodies with unrelated mandates
- Lack of centralised resources and expertise for development
- Latent large-scale delivery potential

The Land Market

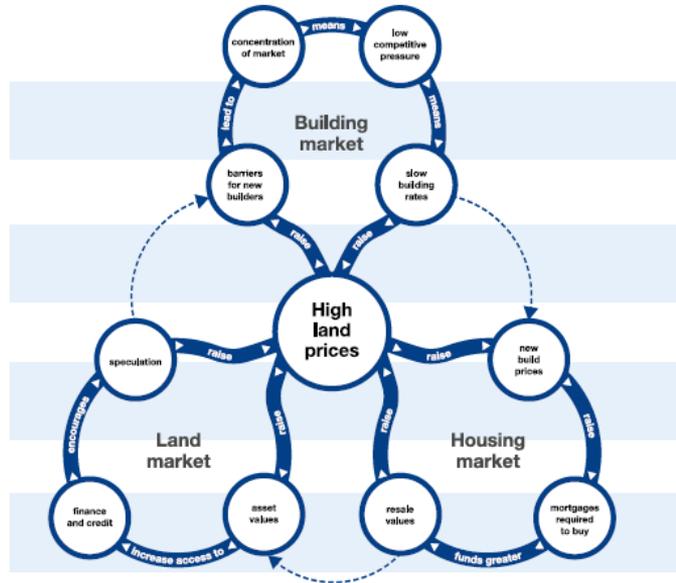
- Highly volatile land prices
- The competitive focus is on *land acquisition* rather than *housing delivery* – speculation?
- Delivery delays due to disparate land ownership
- Disputes and delays over cost allocation for infrastructure
- Disconnect between land zoning decisions and actual delivery

The Housing Crisis

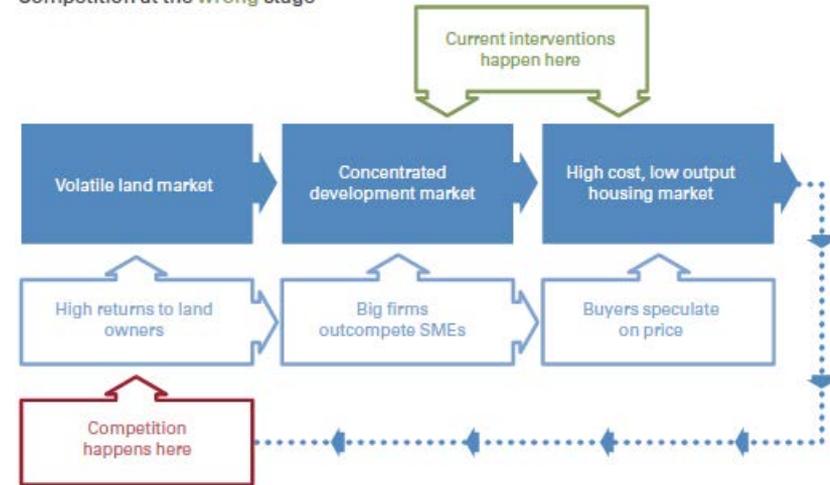
- Chronic shortage of supply
- Affordability a key concern
- Land availability a key issue
- The State must address land availability at source – cure the disease, not the symptoms
- Smooth the peaks and troughs of Ireland's land and housing market

The LDA will help address these current deficiencies in Ireland's land management processes

The cycle of competition for land



Competition at the **wrong** stage



Source: "Building the homes we need" KPMG/Shelter, 2014

What will the LDA look like?

- State-owned agency
- **Centre of expertise** for State and semi-State bodies to optimise their land-holdings – “win-wins”
- Build to 25+ staff with expertise in planning, construction, development and delivery, finance, procurement and law
- Independent Board with public and private sector expertise
- Pre-procured **panels of service providers and JV partners** to expedite delivery process – to be **made available to all State / semi-State bodies** – cutting out delays
- Specific **grounding legislation**
- **Act commercially**
- **Long-term capitalisation** with appropriate powers to facilitate land assembly and delivery activities



STRATEGIC OBJECTIVE 1: **STATE LAND OPTIMISATION**

Delivery potential from State Lands – Initial Progress

- **Sites with potential for c. 3,000 homes secured pre-establishment**
- Must have at least 10% social and 30% “affordable” housing
 - Govt policy in relation to all direct State lands – LDA implements
- Work on-going in relation to securing significant additional projects for delivery pipeline
- Flagship projects included in seed portfolio – Dundrum CMH
- Construction commencing on first homes: **H2 2019. Delivery H2 2020**
- Pipeline portfolio can unlock significant urban regeneration and larger schemes
- State land database to be assembled by LDA – will significantly assist optimisation of State land bank

Dublin
Regeneration
Areas Area 3

Central Mental
Hospital, Dundrum

Built 1850

35ac

Construction can
commence in Q3 2020,
pending decanting

Significant preparatory
work can commence
immediately



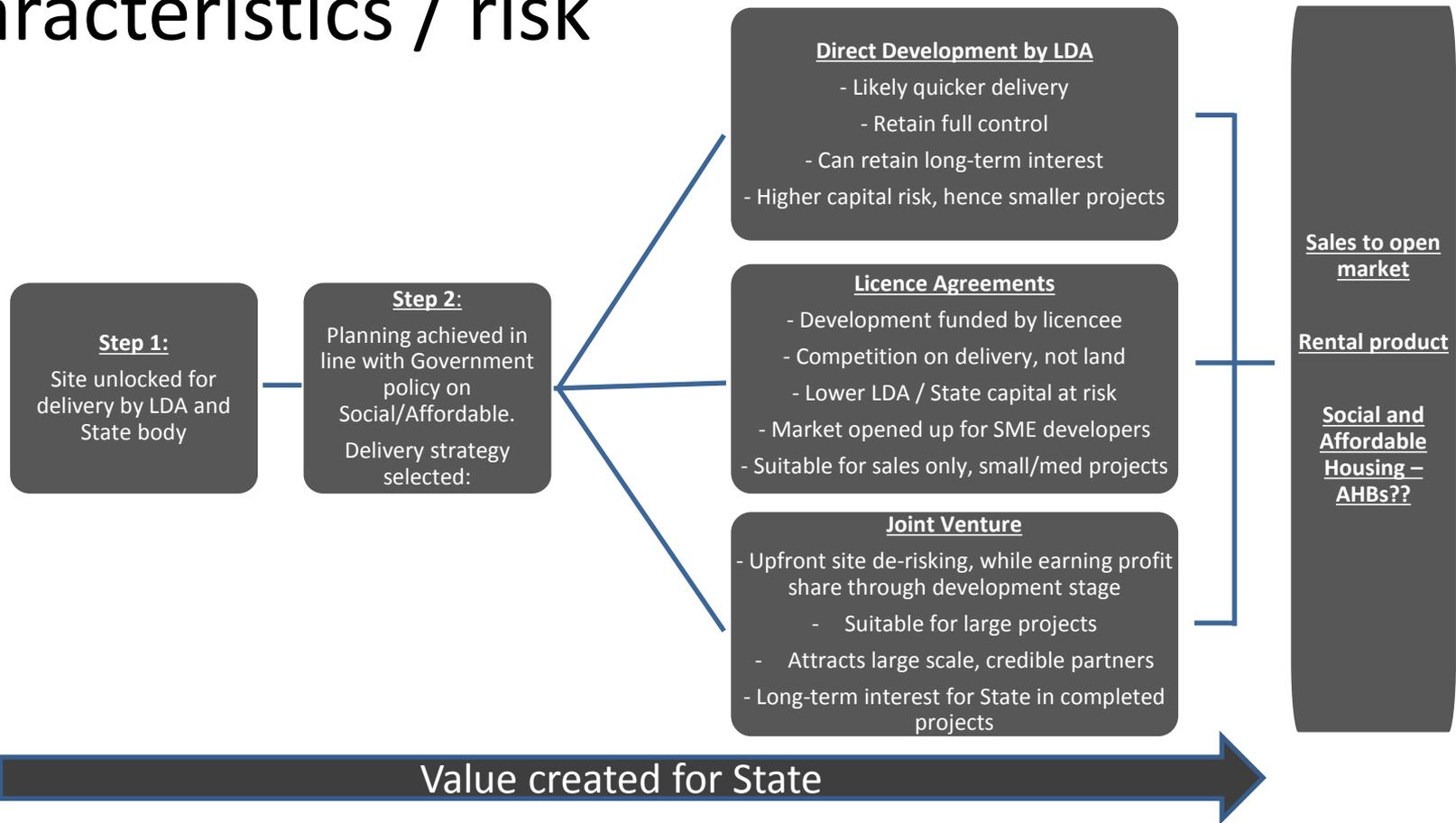
St Kevin's, Shanakiel, Cork

14.5 acres of land
with derelict and
damaged buildings
near the city centre

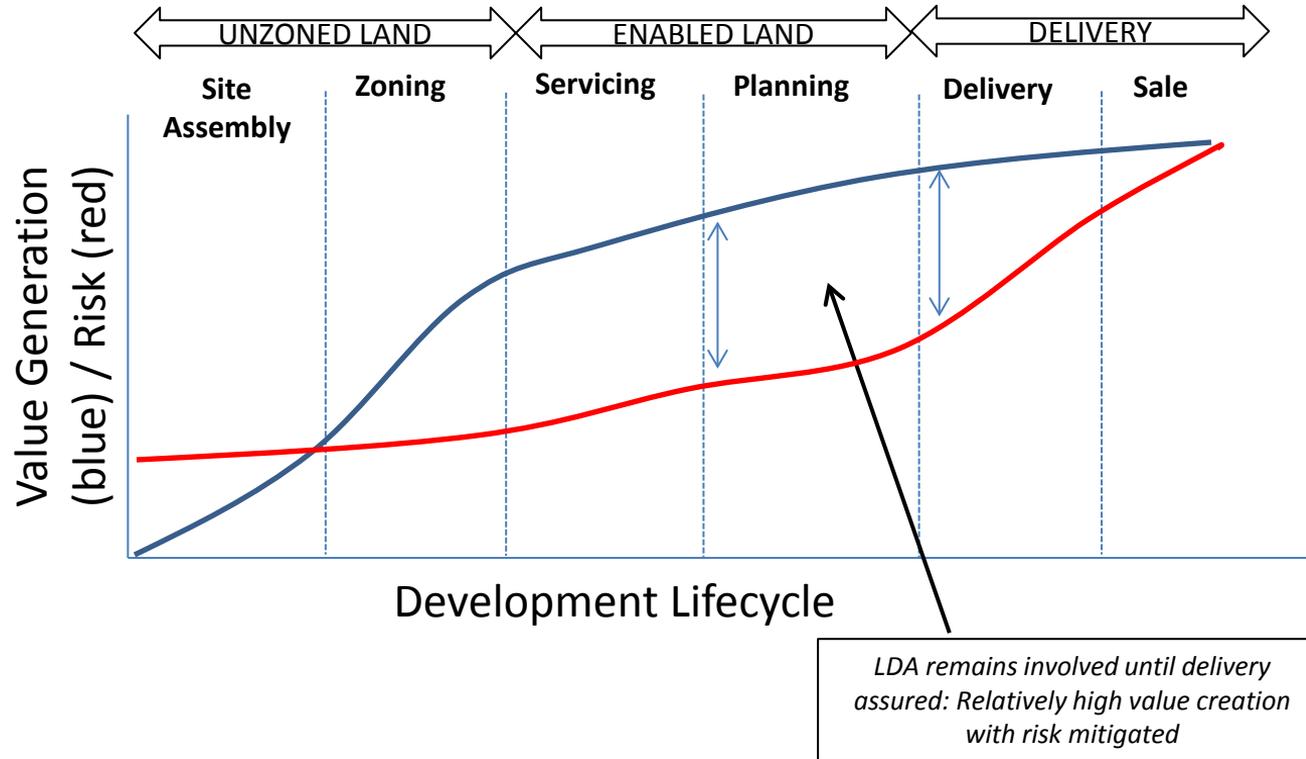
Agreement in
principle to purchase
from HSE and
redevelop



Delivery channels driven by project characteristics / risk



Driving projects to delivery creates value for the State





STRATEGIC OBJECTIVE 2:
LONG-TERM LAND ASSEMBLY

Long-term, strategic approach to land assembly

- LDA will go further than simple increased supply from State land delivery
- Will seek to influence on development land availability – focus is on unblocking development
- Long-term land supply that is transparent, efficient and stable
- **Dependent on legislation (est. April 2019).** Vision is for proactive land enablement: deploy infrastructure upfront; land-pooling / development companies; driving delivery, even where no interest in land
- CPO powers may act as leverage
- Increased visibility on land supply can smooth market in the long-term
- Multiple examples of strategy being deployed successfully in Europe

Lessons from Europe for Ireland's approach to active land management

- European evidence that the State playing a leading role in land assembly results in significantly expedited delivery
- European models include the following features:
 - Starts with designation of specific areas for delivery
 - Land-pooling through joint ventures
 - Finance infrastructure, servicing through land value
 - State should look to take share in land value uplift, where possible
 - Mobilise public land where possible
 - CPO powers to act as inducement to cooperate
- Model can work in Ireland
 - State involvement in land delivery, post zoning and planning, missing in Ireland but present in Europe
 - All subject to LDA's grounding legislation



AHBs AND THE LDA - HOW DO WE WORK TOGETHER?

Interactions between LDA and Social Housing Sector – for discussion

- Higher levels of Social and Affordable housing than standard
 - State lands policy (10%/30% S/A requirement)
- AHB as owner of LDA output?
- Development of cost rental model - equity provider?
 - Off-balance sheet?
- Operator of social and/or cost rental
- Forward purchase / Forward funding
- Input into design of social and/or cost rental



SUMMARY

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- Two clear strategic objectives:
 1. Increased supply of homes through State lands
 2. Systemic market intervention via European model
- Concept to establishment phase completed. Results:
 - Strong initial portfolio (c. 3,000 homes) secured, with larger land-bank accessible
 - Commenced discussions on key pipeline sites
 - Affordability achieved through Government policy on State lands (min 40% social/affordable)
- Large research evidence base supporting LDA concept and establishment (e.g. NESC)
- Funding, delivery and operation of social / affordable homes coming from LDA – open to proposals and discussions from AHBs, LAs