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<b>Title</b>	Planning Gain and Obligations: Promise and Performance of Part V (Social & Affordable Housing)
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<b>Publication date</b>	2021-09-30
<b>Publication information</b>	Hegarty, Orla, Declan Redmond, and Maoiliosa (Mel) Reynolds. Planning Gain and Obligations: Promise and Performance of Part V (Social & Affordable Housing). Clúid Housing, September 30, 2021.
<b>Publisher</b>	Clúid Housing
<b>Item record/more information</b>	<a href="http://hdl.handle.net/10197/25291">http://hdl.handle.net/10197/25291</a>

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# Planning Gain and Obligations: Promise and Performance of Part V



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September 2021

**clúid**  
**housing**

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## Acknowledgments

This research was commissioned by Simon Brooke, who was the Head of Policy of Clúid Housing from 2012 until his untimely death in November 2019. Simon was known for many things but among them were his drive, energy, and enthusiasm. In starting out this research he provided us with this positive energy, and we are grateful for that. He may not have agreed with all we have said in the report, but we know that we would have had some sprightly discussions on its contents.

We would also like to thank the following people in Clúid Housing who gave advice, provided information or commented on the report: Fiona Dunkin; Brian O' Gorman; Fiona Cormican; Antoinette Hayden, Professor David Mullins and Reyhana Cushnan. We would especially like to thank Fiona Dunkin for her meticulous reading of the report and for her patience. Prior to his appointment to An Bord Pleanála, Chris McGarry provided important guidance on the project.

Thanks also to the participants of the European Federation for Living conference held in Dublin in late 2019 where we received valuable feedback from preliminary findings.

We interviewed many officials from Approved Housing Bodies and are grateful for the insights they provided. Likewise, we interviewed senior local authority officials who provided important information and views on the operation of Part V. Several private sector developers were also interviewed and provided key understandings of the process from the development sector.

We would also like to thank Dr. Deirdre Ní Fhloinn BL and Dr. Frank Harrington, Technical University of Dublin for providing information on aspects of the report.

The views expressed in this report are those of the authors and do not necessarily reflect the view of Clúid Housing.



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**The obligation to provide social and affordable housing as part of the Planning process is enshrined in many planning systems.**





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# Foreword

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Clúid Housing first became involved in ‘planning gain’ in the Dublin Docklands, where proportions of new development were reserved for social rented housing. This enabled long term residents of the area to remain living in a community which was rapidly becoming unaffordable for them. Part V put into legislation the process for planning gain to apply to all new developments. The great value of Part V is its ability to generate mixed tenure communities. Clúid holds strongly to the belief that communities comprising households of varied income and stages of the life cycle are essential for viability and sustainability. Part V enabled Clúid and subsequently all Approved Housing Bodies to bring social housing to all areas, including those which had previously been too expensive. Another major advantage to Part V is that private and social housing areas are indistinguishable. Social housing is blended into the schemes and this creates cohesive and mixed communities.

Following the economic crash, the market for affordable sale disappeared. However, the legacy of those unsold affordable homes remains unresolved and is negatively affecting the appetite for new models for affordable home ownership. The reformulation of Part V changed to securing up to 10% for social rented housing. As the report identifies, since the reform of Part V in 2015, on average one fifth of new build social rented housing has been supplied through this mechanism.

Since this research was commissioned in 2018, Covid 19 has interrupted many aspects of life including construction output. However, with the

return to building activity and therefore increasing construction output, we can expect an attendant increase in the delivery of social housing under Part V. At the time of going to print, we welcome that a key recommendation within the report has already been adopted through the recent enactment of The Affordable Housing Bill. This pledges to increase the yield from Part V from 10% to 20%. The possible tenure mix has also changed with the recent introduction of cost rental housing to Ireland. Cost rental brings the benefits of secure, quality, affordable housing to low to middle-income workers. As these issues gather momentum and greater numbers of social homes are delivered through Part V, it is now very timely and critical to review Part V’s operation.

We are delighted to partner with Declan, Orla and Mel in this research. Their reputations for scholarship and challenge will encourage interest in Part V and the potential benefits that can be delivered when it is operating effectively.

This research is the seventh study funded by the Adrian Norridge Housing Research Bursary, established in honour of the founder of Clúid Housing. It was commissioned by the late Simon Brooke, previously Head of Policy and Research at Clúid, who was a valued and much missed colleague. The bursary aims to support applied research on housing issues that will be of relevance to the social housing sector in Ireland.

**Brian O’Gorman**  
Chief Executive, Clúid Housing



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# Executive Summary

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## Context

### Planning gain and planning obligations

**Planning gain is based on the idea that land values are enhanced by the actions of the state or community, for example, through land use zoning and infrastructure provision, both of which increase the value of land.**

Landowners may have done little to cause an uplift in land value and may achieve what are called 'windfall gains' when land is purchased by a developer.

There are many methods of seeking to capture some of this value uplift for the community and one is to impose planning obligations to develop social and affordable housing as a condition of planning consent. Such housing can be on the site of the relevant planning permission or elsewhere in the locality.

As developers will factor in the planning obligations as part of their development appraisal, such obligations will result in a lower land price to the landowner, and planning obligations attempt to capture the difference between the market and existing use value of land. However, this depends on the assumption that the state is paying actual, as opposed to inflated, land values for Part V housing. If the state pays inflated prices this, in turn, inflates land values and undermines the objectives of Part V.



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## The aims of Part V of the Planning and Development Act(s)

In Ireland, planning obligations for the provision of social and affordable housing were first introduced in the Planning and Development Act of 2000. As a condition of planning permission, up to 20% of a scheme was to be transferred to the local authority or Approved Housing Body (AHB) and used for a combination of social rented and/or affordable purchase housing. In 2015, this was changed to a maximum of 10% and only social rented housing was required.

There were three main aims of Part V.

1. To provide an additional means of supplying land for new build social rented housing and, in its original version, of also providing subsidised affordable home ownership.
2. To provide such housing based on the site value being calculated at Existing Use Value (EUV)<sup>1</sup> and not market value, so the state could provide housing with the market price of land reduced.
3. By developing social rented housing and affordable purchase housing on the same site as private market housing, this would 'counteract undue social segregation in housing' (Planning and Development Act, 2000, Section 94 (3) (d)). This was a form of tenure mix, though perhaps expressed in a weak formulation as undue segregation.

Taken together, Part V was a radical and innovative measure, which caused, and continues to cause, controversy. It was the first substantive planning gain measure introduced in Ireland and thus constituted an attempt at land value capture.

## The aims of the study

**The primary aim of this study is to evaluate the effectiveness of Part V of the Planning and Development Act 2000 and, in particular, to assess how it has operated since the major reforms made as part of the Urban Regeneration and Housing Act 2015.**

More specifically, it seeks:

- > To examine the process from pre-planning consultation until the handover of houses to the Local Authority or Approved Housing Body
- > To examine, as far as is possible, the costs of providing social rented housing under Part V
- > To analyse the perspectives of key stakeholders, especially AHBs, Local Authorities and private developers
- > To make recommendations regarding improving the efficacy and efficiency of Part V

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<sup>1</sup> EUV is defined as 'the value of the land calculated by reference to its existing use on the date on which the permission was granted for the development. This is on the basis that on that date it would have been, and would thereafter have continued to be, unlawful to carry out any development in relation to that land other than exempted development'.

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## How Part V works

- > Private developers, as a condition of planning permission, transfer up to 20% of the site (or up to 20% of the completed dwellings) to the local authority for a combination of social rented and/or affordable purchase housing.
- > In 2015, this was changed to a maximum of 10% and applies only to social rented housing.
- > The legislation is based on the state paying what is termed the existing use value (EUV) of the land to the developer, rather than the market value. Developers are also paid construction costs and a builder's (not developer's) profit.
- > Though there are a variety of methods of developers complying with the legislation, the underlying foundation is that developers receive the EUV and not the market value of land.
- > Thus, the state can provide social rented and/or affordable purchase housing without paying the market price for the site.
  - However, EUV varies considerably. The existing use value of agricultural land will be low, while the EUV of a site which was previously commercial, for example, will be high.
  - The difference between market value and EUV varies considerably and thus the 'discount' to the state varies widely.
- > All transfers of land or housing are detailed in a formal Part V agreement



**The legislation is based on the state paying what is termed the existing use value of the land to the developer, rather than the market value. Developers are also paid construction costs and a profit.**

## Flexibility of Part V

When Part V was introduced in 2000, there was an assumption that all planning permissions would be subject to the 20% provision. However, the policy was designed to be flexible.

- > Part V only applies to zoned residential or mixed-use land, so mainly applies in urban areas.
- > In its current form, it only applies to developments of 10 or more units. Moreover, it does not apply to sites of under 0.1 hectares.
- > Local authorities, through their local development plans and housing strategies, can require 'up to' 10% social housing, but may choose a lower yield, depending on local circumstances.
- > From 2000 to 2015, when the provision of 20% applied, local authorities could vary the proportions required between social rented and affordable purchase housing.

## Providing on-site or off-site?

In its original formulation, Part V units had to be provided on the site of the relevant planning permission, thus helping avoid undue segregation. However, since 2015, the following options can now be negotiated with the local authority or AHB.

On the planning permission site:

- > New build units may be purchased by the local authority on the planning permission site.
- > New build units may be leased by the local authority from the developer on the planning permission site.

Outside the planning permission site, but within the local authority jurisdiction:

- > New build units may be purchased by the local authority from the developer.
- > Second-hand units may be purchased by the local authority from the developer.
- > New build units may be leased by the local authority from the developer.
- > Second-hand units may be leased by the local authority from the developer.

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## Findings

### The supply of social rented housing and Part V

Part V has, in comparative terms, provided a relatively modest number of social rented and affordable purchase units since its inception. By comparison, the equivalent measure in England, section 106, has provided almost 50% of affordable housing in recent years.

- > Between 2002 and 2020, a total 19,302 dwellings were provided through the Part V mechanism.
- > Of those, 52% (9,534) were affordable purchase; 29% (5,709) local authority social rented and 19% (3,789) AHB social rented.
- > Over the same time, a total of approximately 70,574 new build social rented units were built, so Part V social rented units account for 13.4% of that total.<sup>2</sup>
- > Since the reform of Part V in 2015, Part V has supplied, on average, one fifth of new build social rented housing.
- > The impact of the COVID pandemic has impacted negatively on all sources of housing supply, including Part V.



# 1/5

Since the reform of Part V in 2015, Part V has supplied, on average, one fifth of new build social rented housing.



The impact of the Covid 19 pandemic has negatively effected all sources of housing supply, including Part V.

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<sup>2</sup> Aquisitions, voids and leases are excluded in the comparison of number of new build dwellings.



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## The cost of providing Part V housing

- > The most difficult aspect of the research was obtaining accurate cost data which was sufficiently detailed to allow comparisons with different methods of delivering social housing. This difficulty is reflective of a wider problem in accessing data on social housing costs. Over the past year or so, there has been considerable public controversy about the cost of developing social housing, with different figures being published.
- > This controversy has, in part, been fuelled by the requirement that developers provide indicative costs of Part V housing as part of their planning application. In the past year or so, these indicative costs have generated headlines about the potentially excessive costs of providing social housing via the Part V mechanism. We argue that there is an inbuilt tendency to establish high costs at the outset, prior to any negotiation. However, indicative costs are just that, and the final costs remain to be negotiated with the local authority.
- > For this study, seven case studies of Part V developments were selected to analyse the costs of provision, and costs were compared to government cost guidelines.
- > Broadly, the Part V homes acquired in the case studies (2016-19) represented good value for money. However, there are very wide disparities between local authorities and projects due to differences of approach and requirements. This is particularly evident in payments for 'soft' development costs, profits and private finance. Consequently, there are opportunities for considerable savings and a reduction in the administrative burden through standardisation and better systems of oversight.
- > Obtaining comprehensive cost data proved difficult in some cases. Current practices lack transparency and there are, we argue, inadequate systems for negotiating, verifying and auditing financial arrangements. In most cases, there was an absence of adequate records. Furthermore, this lack of information and official guidance results in uncertainty, delay, and additional administrative cost for all stakeholders.



**Broadly, the Part V homes acquired in the case studies (2016-19) represented good value for money.**



## While Part V agreements are supposed to be completed before construction begins, this is not always the case due to extended negotiations about cost.

### Stakeholder Perspectives

Interviews were carried out with key stakeholders to garner insight into the efficacy and efficiency of Part V and the results are summarised here.

#### Approved Housing Bodies

- > One of the central points made by AHBs is that, since the reforms of 2015, some local authorities have reduced their involvement with AHBs, preferring to acquire and manage Part V dwellings themselves. Under the legislation, the acquisition of Part V units is entirely within the remit of local authorities, although they are encouraged to involve AHBs.
- > In cases where the local authority does wish to transfer the Part V dwellings to an AHB, it is often the case that AHBs are only involved after the Part V agreement has been concluded. This means that AHBs have little or no input into the dwelling typology, design or quality required. Also, it means

that the AHB has had no input on costs and must ascertain, at a late stage, whether the costs agreed between the local authority and the developer fit their financial model.

- > Some of the larger AHBs are of the view that the protocol<sup>3</sup> in the Dublin area has made it quite difficult to maintain strong relationships with developers and thus inhibits the supply of quality Part V housing. Partnerships, which had been developed over several years, were weakened as local authorities were, in some cases, resistant to allowing AHBs to be involved early in the process. Moreover, in some cases local authorities would resist nominating AHBs who had developed strong relationships with developers and instead nominate a different AHB.

#### Local Authorities

- > Once planning permission has been granted, local authorities issue the developer with a cost template in order to come to an agreement on construction costs. The larger developers tend to respond quickly while others may take months to respond. While Part V agreements are supposed to be completed before construction begins, this is not always the case due to extended negotiations about cost.
- > Interviews with cost professionals in local authorities suggest that elements such as external works, site development works, and abnormal works, are exaggerated and negotiations to agree a final cost for the Part V agreement can take many months. They also suggest that finance costs for developers are, increasingly, a disputed item in cost negotiations.
- > In high-cost urban areas, developers have, in recent years, been submitting very high 'indicative costs' as part of their planning applications. This will put pressure on local authorities to acquire Part V units in off-site locations, perhaps weakening the aim of avoiding undue segregation.
- > While negotiations about construction costs are often prolonged, agreeing the Existing Use Value of land has caused few problems.

<sup>3</sup> The protocol is an agreement between the Dublin local authorities and the ICSH regarding which AHBs are asked to become involved in Part V agreements. Its intention was to ensure fair access by all AHBs, regardless of size, to Part V developments.

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### Private Developers

- > While most developers are not natural supporters of Part V, they are realistic and pragmatic, and their comments often refer to issues of timely responses by local authorities, as well as different approaches to compliance with the various options.
- > Most developers were of the view that there were quite varied levels of expertise in different local authorities with regard to calculating EUV and construction costs, leading to significant differences in the time taken to negotiate agreements.
- > All the developers interviewed were convinced of the importance of meaningful partnerships with AHBs and that AHBs should be involved much earlier in the process.
- > Some developers were of the view that Part V had a negative sales effect on schemes where private units were in proximity to social units. However, others often welcomed Part V agreements, as it guaranteed some up-front sales in challenging market conditions. Put differently, in low value locations Part V was seen as positive but in high-value locations as problematic.



**All the developers interviewed were convinced of the importance of meaningful partnerships with Approved Housing Bodies and that they should be involved much earlier in the process.**



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# Key Recommendations

## 1. Improving Part V

### R1.1 Increase the yield to 20%

The maximum yield currently obtainable from Part V is 10% of a development. Given the current crisis in social and affordable housing supply surpasses the situation in 2000, when Part V was introduced, we recommend that the Part V requirement is increased to 20%. For larger schemes, such as Strategic Development Zones, there is a strong case for increasing the yield to 30%. An Affordable Housing Bill is currently before the Oireachtas (parliament) and when enacted is likely to increase the yield to 20%.

### R1.2 Strengthen the role of AHBs

The protocol of 2016, between the local authorities in Dublin and the ICSH, needs to be amended. Some AHBs have long-standing relationships or partnerships with particular developers and these should be used to speed up the provision of Part V units. Moreover, such partnerships have been shown to secure the quality of Part V housing acquired, as AHBs will have greater influence on the design and specification of housing acquired and should therefore be deployed in Part V schemes.

### R1.3 Part V should apply to cost rental housing

In increasing the yield to 20%, it is recommended that Part V would apply to not only affordable purchase but also to affordable rental and cost rental housing. Cost rental housing comprises part of the Affordable Housing Bill 2021, which is likely to become law later this year.

### R1.4 Standardising Costs

- > There is a strong case for local authorities to issue standardised costs by location and dwelling typology and then require developers to justify deviation from these standard costs. That data currently exists, at least in part, from the Unit Cost Ceilings (UCC) established by the Government.
- > Revise Department Circulars and provide appropriate guidance for cost calculations, in order to ensure consistency and transparency.
- > Explore opportunities for standardising/ benchmarking construction 'rates' and other costs, in order to enable both local authorities and developers to plan and budget within more certain parameters.
- > Reform arrangements for 'profit' calculations, in order to ensure certainty for developers and transparency in public spending.
- > Provide a standard minimum specification for Part V homes and align construction performance standards with local authority specifications.
- > Review local authority and AHB procurement practices, contractual requirements and administrative arrangements, to ensure consistent and efficient practices. This would result in greater consistency of UCC data across local authorities, allowing for the establishment of an accurate 'value for money' benchmark standard for Part V.



# 20%

We recommend that the Part V requirement is increased to 20%. For larger schemes, such as Strategic Development Zones, there is a strong case for increasing the yield to 30%.

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## R1.5 Improving the efficiency and effectiveness of Part V

### Due Diligence

- > Introduce standard Part V agreements (forms of contract) between local authorities and developers, for consistency, clarity and legal certainty.
- > Review these agreements periodically, to account for legislative changes and other changes, in order to ensure standards and mitigate risks to local authorities and AHBs.
- > Include the Approved Housing Body (AHB) that will acquire the Part V homes as a party to these agreements, to improve conditions for redress for future defects, and to avoid potential disputes between the parties.
- > Include arrangements and conditions of handover (of completed homes), including legislative requirements and statutory documentation, in Part V agreements.

### Process

- > Introduce standard documentation for recording and approving costs, in order to ensure consistency, accountability and an audit trail.
- > Publish all Part V Agreements and cost breakdowns for Part V purchases, in order (1) to establish precedents, thereby reducing development risk (2) to ensure parity, in so far as is possible, and (3) to ensure transparency in public spending.
- > Implement spending controls, such as envisaged in the Public Spending Code.

### Establish Shared Services

- > There is a clear case for the establishment of shared services between local authorities. This already exists with regard to the estimation of existing use value, as Dublin City Council undertakes this work for the other Dublin local authorities. However, there are no standard approaches to development costs and contractual arrangements across the local authorities and there is a good case for pooling knowledge and expertise.

### Transparency and Certainty

- > All stakeholders need more certainty in the operation of the Part V system, as protracted negotiations result in administrative costs, consultancy fees and project delays, for both the developer and the local authority/AHB. More specifically, when requirements are unclear or open to negotiation, a developer must 'price in' a range of outcomes at a stage as early as their site acquisition. This impacts on their development proposition: both project viability and risk assessment for financing. A more transparent system would allow developers to accurately account for Part V and to be reassured that the same requirements are being applied consistently across developments. A more transparent and simplified system would also mitigate the risk of irregular practices.

### Standardisation

- > There is a need for standardisation of requirements and consistent due diligence, to reduce the administrative burden for all parties and protect the investment. Stakeholders need more consistency in contractual requirements, including, material specification, design requirements, quality controls and consumer protections. A standardised approach with template documentation would reduce the administrative burden and ensure that local authorities/AHBs have better quality controls, protections, and remedies for defects. Consistency of specification would also ensure more accurate benchmarking of market rates and costs between developments.

### Quality control

- > There is a need for more robust and consistent quality controls. Reliance on contractual obligations and regulatory requirements is not sufficient, as there are shortcomings, particularly in on-site inspections and consumer remedies for defects. Prior to purchase, local authorities/AHBs would benefit from a system of independent inspection to ensure buildings are compliant and free of patent defects. After purchase, consistent and robust protections for remedying latent defects are needed, so that unexpected costs do not fall to the local authority/AHB.

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# Key Recommendations

## 2. Moving Beyond Part V

### R2.1 Zone Land Solely for Social and Affordable Housing

We should proactively zone land specifically for social, cost rental and affordable housing. In some countries, zoning is undertaken for social housing, thereby affecting the underlying land value. This may reduce the cost of land, even if bought on the open market by the state. NESC (2020) give the example of Vienna, which has recently introduced a land use zoning category for 'subsidised housing'. In these zones two thirds of all floor space in developments with more than 50 units must be used for subsidised housing. This approach to zoning should be examined, especially as preliminary evidence from Vienna suggests that land values are falling in these zones.

### R2.2 Land banking

A more fundamental approach would be for the state to acquire land for social housing for immediate and future needs. The Kenny report of 1973 suggested that land be acquired at agricultural value plus 25%. We recommend that this approach be examined anew. Research by Lawson and Ruonavaara (2020) describes several approaches to land banking across the world, all of which have the effect of providing sufficient land for social and affordable housing but, critically, of reducing the cost of land to the state.

### R2.3 Valuing Social and Affordable Housing

Social rented housing comprises about 10% of the entire housing stock in Ireland, one of the lowest in the European Union. As a tenure, it has been marginalised and residualised for several decades. The commentary on social rented housing has paid little attention to the powerful arguments that social rented housing is needed and offers a positive social and economic contribution to society (Australian Housing and Urban Research Institute, 2020). We recommend that the forthcoming Commission on Housing make the case for the positive contribution of social and affordable housing.

### R2.4 Role of the Land Development Agency

In early 2021, a Bill was issued to set up the Land Development Agency (<https://lda.ie/>), on a full statutory footing and this is likely to become law sometime in 2021. We recommend that the Agency is set up so that AHBs can obtain access to land at existing use value in order to develop social and affordable housing.



# 10%

Social rented housing comprises about 10% of the entire housing stock in Ireland, one of the lowest in the European Union.



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## Key Recommendations

### 3. Improving the Knowledge Base

The research team have sourced as much information as was possible in undertaking this report. However, there were significant challenges in obtaining some information, which presented us with limitations. In light of this, it is our view that the following areas require further investigation:

#### R3.1 Existing Use Value

The underlying basis of Part V is that the developers receive the existing use value of the land. There is no information on the pattern of EUVs agreed across locations. We recommend that information is published on EUVs and market values, from a variety of sites, so that the 'discount' to the state is visible to the public. In addition, we recommend that a Land Price Register should be established to record details, location and price of all land sales transactions. This register should be published and made available to the public, similar to the Property Price Register, to ensure full transparency around the market value of land.

#### R3.2 Construction Costs

There has been protracted controversy over the cost of developing new build social housing, with a variety of figures being published, some as industry estimates and others from public sources. However, the public sources that capture actual market rates are not sufficiently detailed to systematically dis-aggregate all costs. Given all costs have to be approved at either local or central state level, we recommend that such a database is established.



**We recommend that a Land Price Register should be established to record details, location and price of all land sales transactions.**



## 1. Introduction

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# 1. Introduction

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## 1.1 Context and Background

### **In 2000, the Planning and Development Act was the first major revision of the Irish planning code since the parent act of 1963.**

The 2000 Act involved amalgamating an array of existing planning legislation, while also introducing some significant new provisions. The most controversial and radical of these new provisions was what has come to be known colloquially as Part V (Part Five), of the legislation. In essence, this new part of the legislation introduced the first planning gain provision into Irish planning legislation and policy. As a condition of obtaining planning permission, developers were required to legally transfer up to 20% of the site of the planning application to the local authority, who would then use the land to provide a combination of social rented housing and/or subsidised affordable purchase housing. Local authorities could transfer this land to AHBs. More generally, government encouraged local authorities to involve AHBs in the acquisition of housing via this new planning measure.

Critically, the 20% of the site had to be transferred to the local authority at existing use value and not at market value. In combination, this provision allowed local authorities, theoretically at least, to provide social rented and affordable purchase housing in a mixed tenure residential scheme, thereby delivering a form of integrated housing. Moreover, as 20% of the site was to be transferred at existing use value, this meant that the local authority could provide the social rented housing through a combination of construction costs at market rates but with a reduced site value. Given the history of the land question in Ireland historically, this mechanism caused significant controversy (Brooke, 2006).





**Imposing planning obligations, such as under Part V, is based on the idea that the actions of the state or community generates an uplift in land values.**

## **1.2 Planning Gain, Planning Obligations and Land**

Imposing planning obligations, such as under Part V, is based on the idea that the actions of the state or community generates an uplift in land values. Public actions such as land use zoning, giving planning permission, and infrastructure provision enhance the value of land and, in many cases, the landowner has done little or nothing to cause this value uplift. If this uplift, or at least part of it, is not recouped by the state, the landowner will obtain a 'windfall' gain when land is purchased by a developer. There are many methods of seeking to capture some of this value and one is to impose planning obligations on developers for social and affordable housing as a condition of planning consent. Such obligations will result in a lower land price to the landowner, thus capturing some of the uplift value. A recent survey of land value capture mechanism by Crook summarises the logic.



**Land values increase for three reasons: (i) the grant of planning permission enabling a higher value or different use, often creating significant development value; (ii) new infrastructure improving the attractiveness of existing locations and property; (iii) increased prosperity creating more demands for housing, shops, and leisure facilities and, hence, higher property and land prices. In many cases owners have done little to create these increases because they result from the activities of others, including local or central government.**

*Crook, 2018<sup>4</sup>*

Developers, in other words, will factor in the need to comply with planning gain obligations in bidding and purchasing land. Intellectually this is a sound approach but, of course, can be politically controversial to implement. When such policies are attempted, the extent and nature of such obligations are often the cause of dispute.

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<sup>4</sup> Local authority land acquisition in Germany and the Netherlands: are there lessons for Scotland? Crook, 2018.

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### Planning obligations: International practice

The obligation to provide social and affordable housing as part of the planning process is enshrined in many planning systems. Since 1990, developers in England have been required to provide affordable housing and other infrastructure as a condition of planning permission. Similar systems exist in Scotland, France, and the Netherlands. The measures are similar in intent but with significant differences in how they operate and are implemented. One obvious difference is in the maximum yield of social and affordable housing that is allowable. Recent legislation in Barcelona, for example, requires up to 30% of developments to be set aside for affordable housing. In England, by contrast, the yield of affordable housing is negotiated on a site-by-site basis and is subject to controversial viability assessments, so the amount of affordable housing obtained by the local authority is highly variable depending on the local housing market.<sup>5</sup> These planning obligations are often referred to as inclusionary zoning, which refers, not only to the planning gain element of the mechanism, but inclusion of social or affordable housing on the same site as private housing.

### 1.3 The Constitution and the Importance of Part V

Opposition regarding Part V from private sector developers was expected, on the basis that it would require more complex judgements on their part about how much they would bid for land, factoring in not only their estimates of how much the private dwellings would sell for but also how the inclusion of social and affordable housing would impact on their sales levels and values. There is no doubt that Part V introduced a significant change to the private model of development. At a broader level, the introduction of this mechanism potentially opened up a deeper battle regarding land ownership and the right to 'unfettered' use of land. When the legislation was initiated, the Government sought to have its constitutionality tested in the Supreme Court of Ireland. Irish law allows the President to submit proposed legislation to the Supreme Court, to test it with regard to its adherence to the written Constitution. If the Supreme Court agrees that the legislation is constitutional, it is generally

not, thereafter, possible to challenge it in the courts. Through this device, the Government sought to pre-empt inevitable challenges by property interests to the constitutionality of the Part V provision. In a detailed judgement, the Supreme Court adjudicated that Part V was constitutional and did not violate private property rights, as the common good of the measure outweighed the rights of private property.

These are important points of stated principal by the Supreme Court, which go to the heart of the debate concerning the balance between property rights versus the common good.



**That, imposing a condition of obtaining planning permission for the development of land for residential purposes whereby the owner was required to cede some part of the enhanced value of the land, derived from its zoning for residential purposes and the grant of permission, in order to provide affordable housing, was an objective of sufficient importance to warrant interference with a constitutionally protected right and impaired that right as little as possible and was proportionate to the objective.**

*Supreme Court of Ireland, 1999*

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<sup>5</sup> There are proposals to change section 106 in England to a system with a fixed levy and not a negotiated one, although this remains to be implemented. See <https://housingevidence.ac.uk/planning-for-the-future-challenges-of-introducing-a-new-infrastructure-levy-need-to-be-addressed/>

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The Supreme Court further stated:



**It can scarcely be disputed that it was within the competence of the Oireachtas to decide that the achievement of these objectives would be socially just and required by the common good. It is accepted on behalf of the State that the use of planning legislation, which has traditionally been concerned with the orderly and beneficial planning and development of the physical environment, for a purely social objective of this nature is novel and even radical. The court is satisfied, however, that it is an objective which it was entirely within the competence of the Oireachtas to decide to attain, as best it could, by the use of planning machinery. The essential question for resolution, in the context of Article 40 and Article 43, is whether the means employed constitute an unjust attack on property rights.**

*Supreme Court of Ireland, 1999*

These judgements were important in allowing Part V to operate, but they are also important in establishing principles relating to the balance between the protection of property rights and the common good.

#### **1.4 Study Aims and Objectives**

The primary aim of the study is to evaluate the effectiveness of Part V of the Planning and Development Act 2000, including how it has operated since the major reforms made as part of the Urban Regeneration and Housing Act 2015. More specifically, it seeks to:

- a. Examine the process of acquiring housing from pre-planning consultation until the handover of houses to the local authority or the Approved Housing Body.
- b. Investigate how Part V agreements are negotiated and concluded between local authorities, AHBs and developers.
- c. Examine, as far as is possible, the costs of Part V provision in comparison to other social housing procurement methods.
- d. Examine the perspectives of key stakeholders, especially AHBs, local authorities and private developers on the operation of Part V.
- e. Make recommendations for the future operation of Part V and to consider more general policies on land value capture.

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### The aims of Part V of the Planning and Development Act

In Ireland, planning obligations for the provision of social and affordable housing were introduced in the Planning and Development Act of 2000. Part V of the Act set out the detailed requirements for local authorities and developers.

- > The primary purpose of the legislation was, as a condition of planning permission, to provide additional land for social rented housing and/or affordable purchase housing. Part V was enacted in 2000 during a housing and construction boom, where house prices were increasing by an average of 10% per year and land prices were also increasing significantly. For both AHBs and local authorities, land was difficult and expensive to purchase, so this mechanism was an additional way of obtaining sites for social and affordable housing.
- > To ease the costs on local authorities and AHBs, land was to be transferred at existing use value and not market value, thereby reducing the cost to the Exchequer. This was the first implementation of planning gain or land betterment in Ireland.
- > A third element was, by developing social rented housing and affordable purchase housing on the same site as private market housing, this would 'avoid undue social segregation' (Planning and Development Act 2000, S94 (3) (d)). This was a form of tenure mix, though expressed in a weak formulation as undue segregation.



**To ease the costs on local authorities and AHBs, land was to be transferred at existing use value and not market value... This was the first implementation of planning gain or land betterment in Ireland.**



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## 1.5 Research Approach

### The research brief

The research brief from Clúid was as follows:



**The primary research objective is to evaluate the effectiveness of the development processes involved in the delivery of social housing through Part V of the Planning and Development Acts and other developer-led AHB social housing initiatives. The research will aim to identify blockages, barriers, obstacles and inconsistencies that inhibit the effective operation of these delivery mechanisms, and to make recommendations that will aim to improve their effectiveness and efficiency. There will be a particular emphasis on developers and AHBs like Clúid that work with a number of different local authorities.**

Key issues explored include:

- > The extent to which different options for complying with Part V are used, and in what circumstances.
- > An analysis of the cost of social housing delivered through Part V, compared with social housing directly procured or constructed by an AHB or local authority.
- > The development of partnerships between AHBs and developers for the delivery of Part V and the role that local authorities play in this.
- > The quality of relationships between AHBs and developers and the ability to ensure design quality and fitness for social housing occupancy.
- > Examination of the differing and sometimes conflicting timelines of local authorities, developers and AHBs when finalising Part V agreements.
- > How building regulation compliance issues, including occupant health and safety and environmental protections, can be assured.
- > How problems with latent defects, weak consumer protections and lack of redress, risks of low specifications and poor workmanship can be minimised for AHBs, through more robust and consistent quality control measures and contractual arrangements.
- > In the case of developer-led schemes, (where the relationship between the developer and the AHB is, in contrast to Part V, established on a voluntary basis), what can be done to maximise their effectiveness and efficiency.

## Research methods

In considering the brief, the research methods comprised three main elements.

### 1: Detailed examination of the legal and policy documents.

In this respect, the following were of critical importance, as they set out the detailed requirements for how Part V operates.

- > The Planning and Development Act 2000 and its amendments [The parent act where Part V was introduced]
- > The Planning and Development Regulations
- > Urban Regeneration Act 2015 [where major reforms were made to Part V]
- > Housing Circular 33/2015 [summarises and explains the key changes of the 2015 Act]
- > Planning Circular PL 10/125 and Housing Circular 36/2015 [advice on validating Part V Planning applications]
- > Housing Circular 43/2017 [Unit Cost Ceilings] and related circulars in 2016 and 2019.
- > Guidelines on Part V (January 2017) [Guidelines on how to implement the reforms made in 2015]
- > Planning and Development (Amendment) (No3) Regulations 2015 [regulations were updated to take account of the 2015 reforms]
- > Housing Circular 04/2020 [details how local authorities can lease housing under Part V].
- > Housing Agency Part V Resource Pack [guide to producing Part V agreements, 2021].

### 2: An examination of supply and costs via case studies

In conjunction with an advisory board, seven case study developments were selected to analyse costs in as much detail as possible.

- > Detailed information for these Part V case studies was obtained from public records for planning permissions, planning appeals (including conditions) and the Building Control Management System (BCMS).
- > To try and obtain cost data, Freedom of Information (FOI) requests were made to local authorities to obtain Part V Agreements and cost data. This information was standardised, in so far as was possible, for comparison.

- > Unit Cost Ceilings (UCC) data was obtained from the Department of Housing, Local Government and Heritage, for comparison with local authority costs. This data is drawn from competitive tenders for social housing developments and is revised, usually annually, with an allowance for inflation. In our analysis of costs, we used the Unit Cost Ceilings issued with Housing Circular 43/2017 in December 2017.
- > Other industry sources were used as a benchmark for market rates.
- > Sales prices in the relevant case study developments were obtained from the Property Price Register (PPR).

### 3: Stakeholder Perspectives

With regard to the process of making a Part V agreement, we examined the development process, from pre-application negotiations, to completion and handover. Key issues to be examined were:

- > Pre-application negotiations
- > Indicative costings submitted by developers
- > Social housing procurement (the process of securing funding; relations between AHBS, developers, local authorities, and the Department of Housing, Local Government and Heritage).
- > The drafting of the Part V agreement
- > Controls (including quality, delivery programme, costs) and protections (including default by contractor, future defects, management and maintenance, changes in tenure etc).

In order to gain different perspectives on these issues, we undertook a series of interviews with key stakeholders. The table below shows the number and category of interviews held.

Table 1.1 Interviews

Interview Category	Interviews
AHB Officials	10
Local Authority Officials	11
Developers/Investors	9
Property Industry Representatives	3
Social Housing Representatives	1



## **2. Process and Procedures for Part V**

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# 2. Process and Procedures for Part V

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## 2.1 Introduction

**This section sets out how Part V should operate, based on the relevant legislation, government circulars and associated guidance. While it traces the evolution of Part V, the focus is on the reforms adopted in 2015.**

## 2.2 When Part V Applies

Table 2.1 summarises how Part V is applied, showing the criteria set out in the original 2000 Act and subsequent changes. The underpinning for applying Part V is that local authorities must show, in their housing strategy, that there is a demonstrable need for social rented and affordable housing. Housing strategies are part of the county development plan and provide a framework for the application of Part V. Once housing need has been demonstrated, the local authority must then specify the yield they wish to obtain from each planning permission site in the housing strategy/development plan. This was set at 'up to' 20% in the 2000 Act and applied to social rented and affordable purchase housing but was reduced to 'up to' 10% as a result of the reforms of 2015. From 2015 onwards, Part V only applied to social rented housing and the affordable purchase element was stood down.

Between 2000 and 2015, when both social rented and affordable purchase housing could be required, local authorities could specify their preferred proportions in their housing strategy. For example, they could specify that they required a 20% yield from all planning permissions and that they wanted a 50:50 split between social rented and affordable housing. So, for a planning permission for 100 units, with a 50:50 split, they would receive 10 social rented units and 10 affordable purchase units.

Alternatively, rather than specify the proportions in the housing strategy, they could decide at the planning permission stage for each scheme. In these cases and using the same example of a scheme with planning permission for 100 dwellings, the local authority would require a total of 20 units but could decide to acquire 15 affordable purchase and 5 social rented units.

Table 2.1 When Part V Applies

2000 Act	Key Changes of 2015 Act
Where a housing strategy shows there is a need for social and affordable housing	No change
Local authority may require up to 20% of housing for social rental and affordable purchase	Local authority may require up to 10% of housing for social rental
Local authorities may specify the split between social rented and affordable housing required in the housing strategy or else apply at the planning permission stage	Local authorities may specify the social rented requirement in the housing strategy or else apply at the planning permission stage
On zoned residential or mixed residential land	No change
On sites of 0.2 hectares or more	On sites of 0.1 hectares or more (2002 onwards)
On developments of 5 more dwellings, with schemes of 4 or less exempt	On developments of 10 or more dwellings, with schemes of 9 or less exempt (2015 onwards)



**Local authorities must show, in their housing strategy, that there is a demonstrable need for social rented and affordable housing.**



Table 2.2 Housing Strategies and Yields, Examples of Interpretation

2000-2015		2015 onwards		
	Council A	Council B	Council A	Council B
	Part V requirements for every 100 dwellings			
<b>Yield</b>	20%	7%-15%	10%	3-6%
<b>Split</b>	10 social and 10 affordable units	7 affordable units	10 social units	Between 3 and 6 social units

Table 2.2 outlines the different yields and outcomes that are possible from housing strategies by comparing possible differences in overall yields depending on how the strategy was designed. Theoretically, in the original Act, a local authority has no obligation to require any social rented housing and could require only affordable purchase housing. This points to a weakness in the Act regarding social housing requirements and leakage.

Another important criterion for the application of Part V is that it only applies to zoned residential and mixed-use land, thereby applying primarily in urban areas. There are also important thresholds at which Part V applies, the first being the size of the planning application site. In 2000, sites of under 0.2 hectares were exempt from the requirements of Part V, but this was changed to under 0.1 hectares in 2002. In addition, in 2000, Part V applied to proposed development schemes of five dwellings or more, but this was changed to 10 or more dwellings in 2015. Taken together, all such criteria demonstrate significant flexibility in how Part V was applied, leading to differential outcomes in terms of overall yields and the split between social rented and affordable rented housing.

The exemptions to Part V include:

- > Provision of houses by an approved body for social housing and/or affordable housing.
- > The conversion of an existing building or the reconstruction of a building to create one or more dwellings provided that at least 50% of the external fabric is retained.
- > Carrying out works to an existing house.
- > Development of houses under a Part V agreement.

### 2.3 Housing Strategies and Planning Contexts

There are several important contexts for the operation and implementation of Part V and they are summarised in Table 2.3. All of these issues are contained in the original Part V legislation and subsequent amendments, as well as circulars and guidance, and have a bearing on the implementation of Part V.

Table 2.3 Contexts for Part V

Key Contexts and Constraints
Whether the proposed agreement will contribute effectively and efficiently to the achievement of the objectives of the housing strategy
The need to counteract undue segregation in housing between persons of different social background in the area of the authority
The need to ensure the overall (design) coherence of the development to which the application relates, where appropriate
The views of the applicant in relation to the impact of the agreement on the development
Whether the agreement will constitute the best use of the resources available to it to ensure an adequate supply of housing and any financial implications of the agreement for its functions as a housing authority
The proper planning and sustainable development of the area to which the application relates
The time within which housing referred is likely to be provided as a consequence of the agreement



## **There should be no design differences between private market housing and social housing.**

One of the most important contexts is that local authorities must take into account the value for money of acquiring Part V units and, in general, they must adhere to the cost guidelines issued by government (Part V Guidance 2017). In locations where developers are building high-cost schemes, the acquisition of Part V units on the site of the planning permission may be prohibitively expensive, and local authorities may seek to acquire units off-site at a lower cost, though this may well negate the aim of reducing undue social segregation.



### **Part V and Value for Money**

**..... the local authority is also required to consider whether the agreement constitutes the best use of financial resources, and in some cases it may be that acquiring units in the development would not be an efficient use of resources. These situations might occur where the size of units is unsuitable for the local authority; the land or development costs are particularly high; the units are of significantly higher specification than would be the case in a local authority own housing project; or there are excessive annual management fees associated with the development.**

*Part V Guidance 2017*

The phrase, 'counteract undue social segregation', has been variously interpreted as meaning that Part V should be always on the planning permission site and integrated into a scheme in a 'tenure-blind' manner. In other words, there should be no design differences between private market housing and social housing. There is no doubt that this is a key intention of the legislation, although the phrase 'undue social segregation' could be interpreted as a weak formulation of the idea of integrated housing.

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Moreover, it is clear, from the design of the policy, that the ability, in the past, of developers to pay a financial contribution and, more recently, to lease units off-site, instead of providing units on-site, as well as the compliance measures which allow off-site provision, always mitigated the aim of full integration.

#### AHBs and Part V

While the guidelines issued in 2017 emphasise the importance of AHBs in delivering Part V housing, as per the quote below, the actual implementation of policy has not adhered to this, especially in the Dublin area, where the protocol, referenced above, has sometimes led to a reduction of AHB involvement.



#### AHBs and Part V

**In view of the track-record of the voluntary and cooperative housing sector, and of the fact that approved housing bodies are uniquely placed to help overcome vertical segregation in housing, approved housing bodies remain at the heart of the Government's vision for housing provision. This was recognised in the enhanced role given to AHBs in the Social Housing Strategy 2020. Accordingly, local authorities should strongly consider the involvement of AHBs in its implementation of Part V.**

*Part V Guidance 2017*

## 2.4 Changing Compliance Options

Part V allows developers to satisfy the required social and affordable housing obligations to the local authority through several options, although these changed significantly in 2002 and later in 2015. In the original Act, the default position was that the site or land be transferred to the local authority, and this remains the case. However, generally, this has not been and is still not the preferred option, as local authorities and AHBs often prefer completed units to be transferred.

Guidance documents by the Department of the Environment, Heritage and Local Government in 2006, for example, note that the provision of completed housing units on a development was the preferred method to satisfy Part V obligations, while financial contributions should "only be accepted in exceptional circumstances" (DoECLG 2006, pg. 2). The financial contribution was not in the original Act of 2000 but due to pressure from the construction and development lobbies, was amended in 2002. Some local authorities also had concerns about implementing the scheme in what were considered high value locations.

The principal change, and a controversial one, was to allow developers to comply with their Part V obligations via a financial contribution, being the difference between the market value of the land and its existing use value. The argument against the compliance options in the original Act of 2000 was that developers found it difficult to integrate social rented housing in what were termed high-value locations or schemes. The Act also made a change to the size of site to which Part V applied, it now applying to sites of 0.1 hectares or more.



**The financial contribution to satisfy Part V was not in the original Act of 2000 but due to pressure from the construction and development lobbies, was amended in 2002.**

Table 2.4 Compliance Options 2002-2015

Options	Explanation
Transfer up to 20% of the land /site to the local authority	Land is transferred to local authority from the developer, who receives existing use value for the site
Submission of dwelling units on development site where planning permission applied for	Developer transfers completed dwellings units to the local authority. Up to 20% of the dwelling units on the development. In return, the developer receives construction costs, builder's profit and existing use value of the land
Transfer up to 20% of developed or partially developed sites to the local authority	Developer receives existing use value of land plus compensation for the construction costs of the sites
Land off-site	Developer may contribute land off-site, but still in the local authority area and receives existing use value
Dwelling Units off-site	Developer may contribute completed units off-site, but still in the local authority area and in return the developer receives construction costs, builder's profit and existing use value of the land
Monetary Submission	Instead of transferring land or sites, the developer may pay a financial contribution to the local authority and this is calculated as follows: Development Value less Existing Use Value x 20%= Value of Compensation
A Combination of the above	Local authorities may implement requirements in a flexible manner and may acquire a combination of all 3 choices

Table 2.4 shows the compliance options available to developers from 2002 until the reforms of 2015. In addition to the default of transferring the site to the local authority, other methods included transferring completed dwellings or transferring partially or fully developed sites on the planning permission site. There was also the option of transferring an equivalent site or completed dwelling units to the local authority, not on the planning permission site but elsewhere in the functional area of the local authority. The other method was the aforementioned financial contribution. No detailed statistical information is collated on compliance methods, and so it is not possible to reach any definitive conclusions on which compliance methods were most favoured. However, most local authorities and AHBs preferred completed dwellings on-site. In some areas, the provision of Part V off-site in other parts of the local authority area led to over-concentrations in areas with lower land values.



**In some areas, the provision of Part V off-site in other parts of the local authority area led to over-concentrations in areas with lower land values.**

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In the aftermath of the Global Financial Crisis, the construction of private sector housing practically ceased, and, with it, the supply of Part V housing. A review of Part V was published in 2012 and quite significant changes were made to the legislation in 2015. The principal changes were as follows:

- > The yield allowed is now a maximum of 10% and only applies to social rented housing
- > Affordable purchase schemes were stood down and no longer apply (though likely to be re-introduced later in 2021)
- > The threshold at which Part V applied was increased, so Part V only applies to developments of 10 or more dwellings, with schemes of 9 or less units exempt
- > The financial calculation is clarified as Net Monetary Value, being the difference between the market value and the existing use value
- > There was also a facility to renegotiate previously agreed Part V agreements, on some existing planning permissions

Several options previously available were removed.

- > The option of transferring ownership to the local authority, or persons nominated, of fully or partially serviced sites on land, subject to the planning permission application,
- > The option of transferring ownership to the local authority of land within its functional area, other than the land subject to the planning permission application
- > The option of transferring ownership to the local authority, or persons nominated, of fully or partially serviced sites on land, other than the land subject to the planning permission application; and
- > The option of providing a cash payment in lieu of social housing



## **A review of Part V was published in 2012 and quite significant changes were made to the legislation in 2015.**



Table 2.5 Options for Compliance 2015 onwards

Options for Compliance	Requirements for planning authority
1. Transfer to the ownership of the planning authority of a part or parts of the land subject to the planning application	Land is transferred to local authority from the developer, who receives existing use value for the site
2. Build and transfer to the ownership of the planning authority, or persons nominated by the authority, of a number of housing units on the site subject to the planning application (Up to 10% of the units in the development).	A map, to the same scale as the site location map, indicating the part or parts of the site proposed for transfer to the planning authority.
3. Transfer to the ownership of the planning authority, or persons nominated by the authority, of housing units on any other land in the functional area of the planning authority	A list of the units and types of housing within the proposed development that are proposed to be transferred to the planning authority.
4. Grant a lease of housing units to the planning authority, or persons nominated by the authority, either on the site subject to the application or in any other area within the functional area of the planning authority	A list of the units and types of housing elsewhere in the functional area of the planning authority that are proposed to be transferred, and the indicative location of such units.
5. A combination of a transfer of land and one of more of the other options.	A list of the units and types of housing within the proposed development or elsewhere in the functional area of the planning authority that it is proposed to lease, and, in the case of proposed units outside the application site, the indicative location of such units.
6. A combination of options not involving a transfer of the ownership of land	Appropriate combination of the minimum information requirements above.

Table 2.5 shows the compliance options available from 2015 onwards. The default remains the same and the option of transferring completed dwellings on-site also remains. The option of transferring units off-site also remains. However, developers can purchase existing units, whether new or second hand, and transfer them to the local authority. If transferring second-hand units, they must ensure they are of a proper standard, so if they need renovation or improvement, that is the responsibility of the developer. The final method of compliance is new and allows the developer to lease dwellings, on or off-site, to the local authority. This new option has

come about as it is now government policy to promote the build-to-rent apartment sector, and such units must be rented for a minimum of 15 years. Initially formulated in a government circular (Circular PL/2016), this policy of promoting the Build-to-Rent (BTR) sector was further developed in the revised planning guidelines for apartment development. It should be noted that standards for BTR are lower than general apartment standards in a number of respects. More generally, in recent years, government has introduced a number of leasing schemes, not specific to Part V, but which can be used by developers.

Another way of looking at these various compliance options is whether they are on-site, that is on the site of the planning permission, or off-site, that is not on the site of the planning permission but in the functional area of the local authority. Table 2.6 summarises the various on and off-site options.

Table 2.6 On and Off-site Compliance

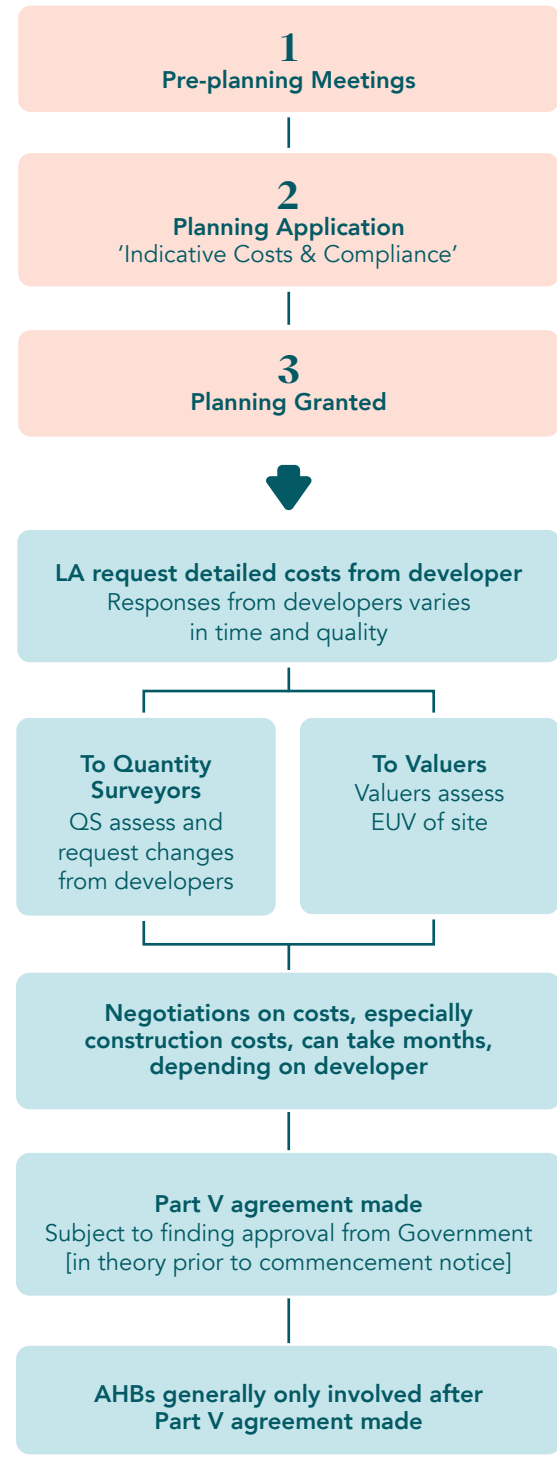
On-site compliance	Off-site compliance
New build dwellings acquired by LA or AHB	New build dwelling in functional area of the local authority, acquired or leased by LA or AHB
New build dwellings leased by LA or AHB from the developer through government lease schemes	Second-hand dwelling in the functional area of the local authority, leased by the LA or AHB on standard lease
New build dwellings leased by LA or AHB on lease with Build to Rent specifically	Second-hand dwelling in the functional area of the local authority, leased by the LA or AHB on Build to Rent lease

## 2.5 The Planning Process and Part V Agreements

Figure 2.1 summarises the planning process in relation to Part V and is based on a combination of the legislation, circulars, guidance and also interviews with AHB and local authority officials. While the guidance encourages pre-planning meetings and consultation between developers and the local authority, it is not compulsory. It is strongly recommended, however, in order to gain an initial understanding of how the developer will comply with Part V - most developers avail of this option.

One of the key changes, on foot of the 2015 reforms, is that developers must include what are termed 'indicative costs' in their planning application. These are, in essence, approximations of the cost of transferring completed dwellings to the local authority, so the developer will estimate the existing use value of the site, as well as construction costs. Of necessity, these are an opening position for negotiation, which tends to be inflated due to the uncertainty of future market conditions, and only provide a rough guide to the eventual costs.

Figure 2.1 Part V and the Planning Process



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Indicative costs are defined as the 'details of the calculations and methodology for calculating values of land, site costs, normal construction and development costs and profit on those costs and other related costs' (Part V Guidance, 2017). Developers must also provide a detailed account of the compliance options that they wish to use. The quote from Part V guidance sums up the aims of these new measures, which is to front-load negotiations.



### Planning Applications and Front-Loading Part V Process

**This measure is meant to have the effect of front-loading negotiations in relation to Part V arrangements – optimizing the pre-planning consultation phase, and ultimately ensuring that all parties are clear on their Part V obligations, primarily to deliver social housing units, before development works commence.**

*Part V Guidance 2017*

Once planning permission has been granted, local authorities issue a detailed cost template, requiring developers to complete and return as soon as possible. This is then assessed by the quantity surveyors and the valuers in the local authority (this may be contracted out in smaller authorities). Once assessed by the local authority, against government cost guidelines and their own in-house knowledge, negotiations ensue with the developer. These can take several months. Once there is agreement in principle, the local authority seeks approval of the costs from the Department of Housing before a Part V agreement can be signed. One significant change, made in 2015, is that a Part V agreement is to be reached between the developer and the local authority prior to the lodgement of a commencement

notice. A commencement notice is a requirement of legislation outside the planning system and may be difficult to enforce.

### Favoured compliance options

While there are several compliance options available, government guidance has generally been clear that the preferred option is the provision of social housing on-site, and this has been emphasised in guidance and several circulars.



### Social Rented Housing On-Site as the Preferred Option

**It is considered that the priority option which should be pursued by local authorities is the acquisition of social housing on the development site, by means of transfer of ownership to the local authority or to an AHB. While the option of leasing was inserted into the Act in 2015, the main purpose of this was to enable Part V agreements to continue to be made in cases where insufficient capital funding is available for the acquisition of units. As units leased may revert to the developer at the end of the lease period, and hence be removed from the local authority's social housing stock, the aims of Part V, and of the Government's social housing policy, will be better achieved by the acquisition of houses, rather than leasing. Accordingly it is recommended that where capital funding is available, including through AHBs, the local authority should seek the acquisition of houses on the development site.**

*Part V Guidance 2017*

### Off-site provision of Part V

However, while on-site provision is the favoured compliance option, the legislation allows for the transfer of completed units on other land not subject to the planning permission. In situations where the cost of acquiring Part V units is prohibitive and seen as poor value for money, local authorities can seek to acquire dwellings elsewhere in their functional area. Development in locations where the existing use value of land is high and where the development costs are also high may discourage the purchase of expensive on-site units. However, while achieving better value for money such an approach can undermine the argument of a reduction in undue social segregation. It is notable that high-value locations tend to be denser city sites, by their nature in more mixed communities and therefore perhaps social segregation is not as great an issue as it would be in large suburban developments, though this is quite variable.

### Acquisition versus Leasing

As referenced earlier, changes made to the compliance options in 2015 allow local authorities to lease rather than acquire (purchase) Part V units. According to the guidance, 'the option of leasing was...to enable Part V agreements to continue to be made in cases where insufficient capital funding is available for the acquisition of units. As units leased may revert to the developer at the end of the lease period, and hence be removed from the local authority's social housing stock, the aims of Part V, and of the Government's social housing policy, will be better achieved by the acquisition of houses, rather than leasing' (Part V Guidelines, January 2017). It is worth considering the implications for social housing residents when the lease ends. If leases cannot be renewed, this will put pressure on social landlords to find alternative accommodation for residents.

## 2.6 Calculating costs

One of the main objectives of Part V is to obtain social rented housing at a discount, by reducing the site costs to existing use value as opposed to open market value. This section explains how costs, of both land and construction, should be calculated for Part V housing. This section also describes some changes made in this regard as part of the 2015 Act. Firstly, a summary from a developer's standpoint is provided:

Scenario 1	Scenario 2
10% of the site is to be transferred to the local authority	The developer is to transfer completed dwellings (on or off site) to the local authority
The developer will receive the Existing Use Value of the site, not the market value	The developer will receive the Existing Use Value of the site AND the development costs

In either case, the local authority receives the benefit of a discounted land price and, theoretically, the saving from capping the developer's profit margin. This is what is common to each compliance measure utilised.

### Existing use value

The 'existing use value' of land is defined in Part V guidance (as quoted below). The reference to exempted development, in effect, means that, once planning permission has been granted, the legal status of the land, for the purposes of valuation, is reduced to only allowing exempted development. Put differently, any 'hope' value is extinguished.



### Existing Use Value

**the value of the land calculated by reference to its existing use on the date on which the permission was granted for the development on the basis that on that date it would have been, and would thereafter have continued to be, unlawful to carry out any development in relation to that land other than exempted development.**

*Part V Guidance 2017*

This definition is of some significance, as it changes the specific time at which the EUV of the site is calculated. Prior to the reforms in 2015, the EUV was calculated as the date when the ownership of the land was transferred to the local authority. Since 2015, EUV is calculated as of the date on which planning permission was granted. In a rising market, this is obviously beneficial to developers, however, in a falling market or a recession, this could be significant.



According to the official guidance, this amendment is intended to speed up the completion of Part V agreements and to minimise local authorities' exposure to rising land prices. Table 2.7 offers an illustrative example of the application of the default position – that is, where the site is transferred to the local authority. With the market value of the land valued at €500,000 and the EUV at €100,000, the EUV of 10% of the site is €10,000. In short, the local authority can purchase the site for €10,000 and then use the site to build social rented housing.

**Table 2.7 Default- Transfer of 10% of site to local authority**

Market value for site paid by developer	€500,000
Existing use value of the site	€100,000
EUV of land * 10% on date planning permission granted	€10,000
If land transferred to LA, it pays	€10,000

Source: Reproduced from Part V Guidance, 2017

### Net monetary value

Where the default option is not being used, then the local authority must obtain either:

- the net monetary value of the property transferred, or
- the reduction in the rent payable by the local authority over the term of a lease

This must be equivalent to the “net monetary value” of the land that the local authority would receive, if the Part V agreement had provided for a transfer of land. For instance, as Table 2.8 shows, where the market value of the site on the date of planning permission is €500,000 and the existing use value of the site is €100,000, then the net monetary value to be achieved by the local authority is €40,000 [500,000 less 100,000 \* 10%].

**Table 2.8 Calculating Net Monetary Value**

Market value for site paid by developer		€500,000
Existing use value of the site		€100,000
Net Monetary Value	€500,000 less €100,000	€400,000
Net monetary value by 10%	€400,000*10%	€40,000
LA must receive		40,000

Source: Reproduced from Part V Guidance, 2017

### Housing developments

The official guidance gives more detailed examples of the application of the net monetary value rule - these are replicated in Boxes 6 and 7. The examples in the boxes apply the net monetary value by attributing appropriate site costs to each unit being transferred.

#### Housing Development and Net Monetary Value

- > A development of 20 houses on a site of 6000 sq. m.
- > Existing use value of site €100,000 and the Market value €400,000
- > Net monetary value to be achieved by local authority €30,000, that is, 10% of €300,000 (€400,000 - €100,000) - the difference between the market value and the net monetary value of the site.
- > Assume each house sits on a plot of 210 sq. m. (the houses comprise 70% of the site, 4200 sq. m, i.e. each plot comprises 3.5% of the site). Each house is therefore deemed to have an apportioned land cost of €5,000 (€100,000 ÷ 20) existing use value and €20,000 (€400,000 ÷ 20) market value, and for each house the local authority acquires via payment of the existing use value for the plot, it makes a gain of €15,000.
- > In taking 2 houses – 10% of the houses – the local authority gains €30,000, which is the net monetary value.

Source: Reproduced from Part V Guidance, 2017



### Apartment Development and Net Monetary Value

Where the apartments are of equal size, we can say the attributable land costs for each apartment is €240 existing use value ( $€48,000 \div 200$ ), and €2,400 market value ( $€480,000 \div 200$ ). In acquiring 20 apartments, paying a land cost of €240 per apartment, the planning authority is making a gain of €2160 per apartment ( $€2,400 - €240$ ) or a total gain of €43,200 ( $€2,160 \times 20$ ). That is, it has achieved the required net monetary value.

*Reproduced from Part V Guidance, 2017*

#### Leasing arrangements

The reforms of 2015 introduced, for the first time, the possibility of developers leasing dwellings to the local authority to comply with their Part V obligations. Guidance was issued on this in January 2020 and the principle of achieving net monetary value still holds. However, the manner by which this can be achieved is somewhat more complex, as, of necessity, it requires forecasting over the term of the lease. It should be noted that the discount from the calculation of net monetary value is in addition to the normal discount obtained by the local authority in respect of long-term leases. However, these leases will be unlikely to have regular periods of vacancy, as would apply in the PRS, thus making a guaranteed rent for between 15 to 25 years and the saving on maintenance, where it is to be paid by LA/ AHB, an attractive option for developers. While the acquisition of Part V units remains the preferred option, the use of leases is likely to increase. A recent and notable example is the application to develop high-density apartment schemes on the site of the former Player Wills tobacco factory.



**The reforms of 2015 introduced, for the first time, the possibility of developers leasing dwellings to the local authority to comply with their Part V obligations.**



## Long Term Leasing & Part V

**Where capital funding is not available, long-term leasing arrangements continue to offer a flexible mechanism for local authorities in the context of fulfilment of Part V obligations. When entering into such leasing arrangements, local authorities should ensure that a minimum lease period of ten years is agreed. Overall, local authorities should aim to balance the provision of Part V units in their area, cognisant of the need to ensure the delivery of as many permanent units for social housing as possible within the financial resources available.**

*Reproduced from Housing Circular 04/2020*

The following boxes replicate examples from the guidance issued in January 2020, the first being an example of how the net monetary value is realised through an up-front period where no rent is paid and the second where it is spread over the period of the lease.

### Up-Front Rent-free Period

- > Suppose a Part V agreement has been made whereby a developer will lease one house to a Local Authority for a 25-year term to achieve a Net Monetary Value of €14,000. The initial agreed open market rent is €900 per month.
- > A Local Authority must first apply the standard leasing discount. In this case, the standard lease rent would be  $€900 \times 80\% = €720$ .
- > The Developer has opted for an up-front rent-free period to satisfy the Net Monetary Value requirement. Therefore, the Local Authority would make no lease payment for the first 19.4 months and would then pay €320 for month 20 ( $€14,000 - [€720 \times 19]$ ) and then €720 per month until the next rent review date.

*Source: Reproduced from Housing Circular, 04/2020*

### Discounted Rent over the Term of the Lease

Suppose a Part V agreement has been made whereby a developer will lease one house to a Local Authority for a 25-year term to achieve a Net Monetary Value of €14,000. The initial agreed market rent is €900 per month.

- > A Local Authority must first apply the standard leasing discount. In this case, the standard lease rent would be  $€900 \times 80\% = €720$ .
- > The Developer has opted for an additional discount to be applied to the standard long-term leasing rent for the full term to satisfy the Net Monetary Value requirement. The Local Authority will then input the relevant figures into the calculator to determine the additional Part V discount to be applied. This is calculated as a fixed amount that must be deducted from every payment.
- > The assumption in the calculator, which is consistent with that set out in the Public Spending Code, is that the value of the additional discount will decrease at a rate of 4% per annum.
- > Based on the figures above, the additional Part V discount to be applied to the monthly lease rent is €71.81 which means that the initial monthly lease rent amount will be set at €648.19. The amount to be deducted from the lease rent annually is €861.70.
- > The total saving over the full/partial lease term is calculated as the sum of the additional annual discounts applied for the full/partial term of the lease. In this example the total nominal undiscounted saving is predicted to be €21,542.39.
- > When the discount rate of 4% is applied the Net Present Value of the total savings is €14,000, which is the Net Monetary Value to be achieved.

*Source: Reproduced from Housing Circular, 04/2020*

Table 2.9 Calculating Construction Costs

Cost Component	Methodology
1. Construction costs	Estimated by reference to the expected costs of the quantities and materials for the development, excluding VAT and builder's profit.
2. Development costs	Includes component costs of the development, including design fees, service connections, development contributions, site investigation, financing charges, legal expenses, structural guarantee, planning fees certification of compliance and supporting open space and infrastructure costs as apportioned to the units.
3. Profit on costs	Appropriate percentage to be agreed with the planning authority by reference to the likely cost that would be incurred by the authority, had it engaged a builder directly to construct the units.
4. Land costs	Determined by estimated valuation of the existing use value on the date the planning permission is expected to be granted.
5. VAT	Determined by reference to the prevailing VAT rate at the time an agreement is signed.
Total Estimated Cost	Sum of Items 1 to 6

Source: *Housing Circular, 36/2015*

### Construction and development costs

Under the legislation, developers are reimbursed for the full development costs of any dwellings transferred to the local authority or AHB. The costs to be paid to the developer are defined in Part V guidance (as highlighted below). This was a new definition in the 2015 reforms.



### Definition of Development Costs

**“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, including the appropriate share of any common development works, as agreed between the authority and the developer.”**

*Part V Guidance, 2017*

Table 2.9, taken from Part V guidance, lists the elements that are used in calculating costs. In theory, this is all agreed and signed off in a Part V agreement prior to the lodgement of a Commencement Notice.

### 2.7 Summary

Part V is a progressive piece of planning law which seeks to enable the provision of social and affordable housing at a discount on sites developed by private developers. The financial underpinning of Part V is that local authorities only pay the existing use value for land and not the market value, this being a form of land value capture or betterment. Developers thus receive the existing use value for a site plus the development costs of constructing houses. The original legislation allowed local authorities to seek up to 20% of a development for social and affordable housing but this was reduced to 10% in reforms enacted in 2015. A common misconception is that every planning permission will yield 20% or latterly, 10%, social and affordable housing. However, there are a series of flexibilities built into the legislation which mean that actual yields may often be less than these headline rates.





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# 3. Social Housing Supply and Part V

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## 3.1 Introduction

**This section of the report describes, in detail, the supply of Part V housing and places it in the wider context of social housing provision and the Rebuilding Ireland: An Action Plan for Housing and Homelessness national housing strategy.**

### 3.2 Social Housing Provision in Ireland

As Table 3.1 shows, a variety of different schemes provide new build social housing in Ireland. It is not the purpose here to describe the intricacies of each scheme, but it is worth recognising that each scheme has a different set of rules and regulations and is often managed by different sections of central government. Put another way, there is no single procurement scheme for Part V – there are differing rules for local authorities and AHBs, and differing approaches regarding the purchase or leasing of Part V units.

Table 3.1 Sources of New Build Social Housing Provision

BUILD	Funding Route	Type of Provision
SHIP [Social Housing Investment Programme]		Direct build
		Turnkey
		Rapid
		Regeneration
		CPO
		Part V (local authorities)
CALF [Capital Advanced Leasing Facility]		Construction
		Turnkey
		Part V (AHBs)
SHCEP [Social Housing Current Expenditure Programme]		LA leased Part V
		AHB leased Part V
CAS [Capital Assistance Scheme]		Construction
		Turnkey
		Part V (AHBs)

Source: Irish Government Economic and Evaluation Service, 2020)



**There is no single procurement scheme for Part V – there are differing rules for local authorities and Approved Housing Bodies, and differing approaches regarding the purchase or leasing of Part V units.**

### Rebuilding Ireland and social housing

Rebuilding Ireland: An Action Plan for Housing and Homelessness was a national housing strategy document, launched in July 2016. It comprises five pillars designed to: address homelessness; accelerate social housing supply; build more homes; improve the rental sector and utilise existing stock better. The original target was to provide 47,000 long-term social housing homes through Build, Acquisition and Leasing programmes and, in addition, to provide a further 87,000 flexible housing supports through the HAP and RAS between 2016 and 2021. This has since been revised and Table 3.2 and Figure 3.1 show the most up-to-date iteration of the Rebuilding Ireland targets. The 'build' target of 34,210 represents 23% of the overall target, while it is envisaged that 5% will be comprised of acquisitions and 7% of leases. Almost two-thirds of the targets for Rebuilding Ireland are based on the current funding of Housing Assistance Payment (HAP) and Rental Accommodation Scheme (RAS), which are forms of housing benefit. It is important to note that the category of 'build' includes not only new build dwellings by social housing providers, but also what are called 'turnkey' developments and the bringing of void properties back to use. Turnkey developments are where dwellings are purchased directly from private developers.



# 47,000

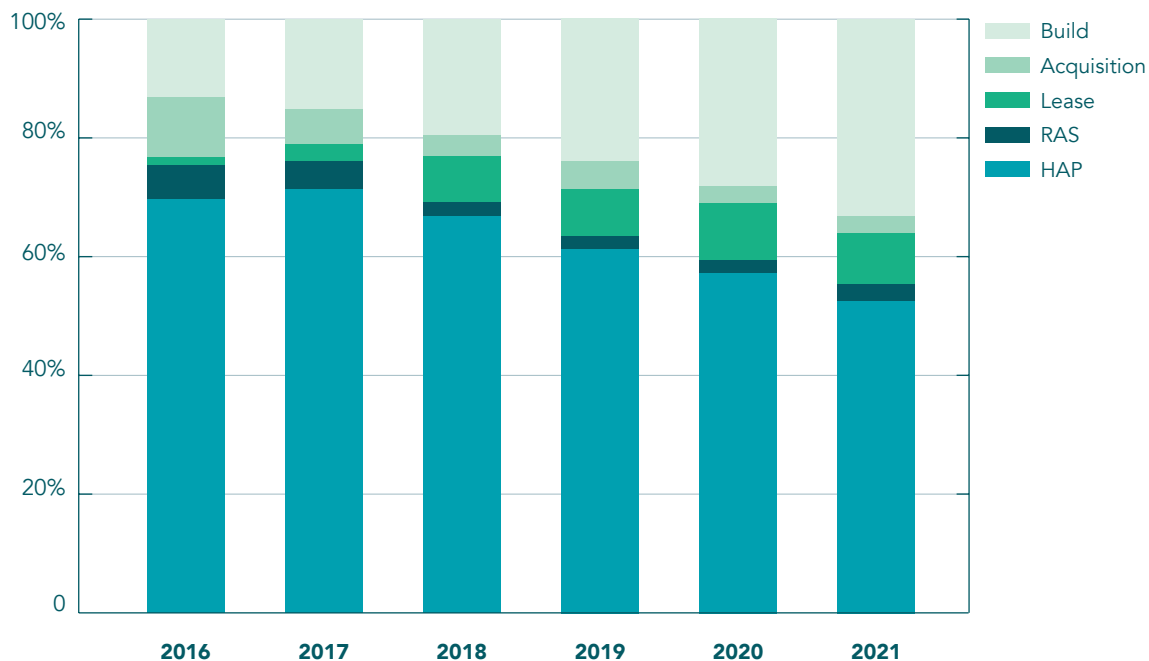
**Target of Rebuilding Ireland was to provide 47,000 long-term social housing homes through Build, Acquisition and Leasing**

Table 3.2 Rebuilding Ireland Targets 2016-2021

Category	2016	2017	2018	2019	2020	2021	2016-2021	%
Build	2,260	3,200	4,969	6,545	7,736	9,500	34,210	23.2
Acquisition	1,755	1,250	900	1,325	800	800	6,830	4.6
Lease	225	600	2,000	2,130	2,631	2,450	10,036	6.8
<b>Subtotal</b>	<b>4,240</b>	<b>5,050</b>	<b>7,869</b>	<b>10,000</b>	<b>11,167</b>	<b>12,750</b>	<b>51,076</b>	<b>34.7</b>
RAS	1,000	1,000	600	600	600	800	4,600	3.1
HAP	12,000	15,000	17,000	16,760	15,750	15,000	91,510	62.2
<b>Subtotal</b>	<b>13,000</b>	<b>16,000</b>	<b>17,600</b>	<b>17,360</b>	<b>16,350</b>	<b>15,800</b>	<b>96,110</b>	<b>65.3</b>
<b>Overall Total</b>	<b>17,240</b>	<b>21,050</b>	<b>25,469</b>	<b>27,360</b>	<b>27,517</b>	<b>28,550</b>	<b>147,186</b>	<b>100</b>

Source: <https://www.gov.ie/en/collection/6060e-overall-social-housing-provision/>

Figure 3.1 Rebuilding Ireland Targets 2016-2021



Source: <https://www.gov.ie/en/collection/6060e-overall-social-housing-provision/>

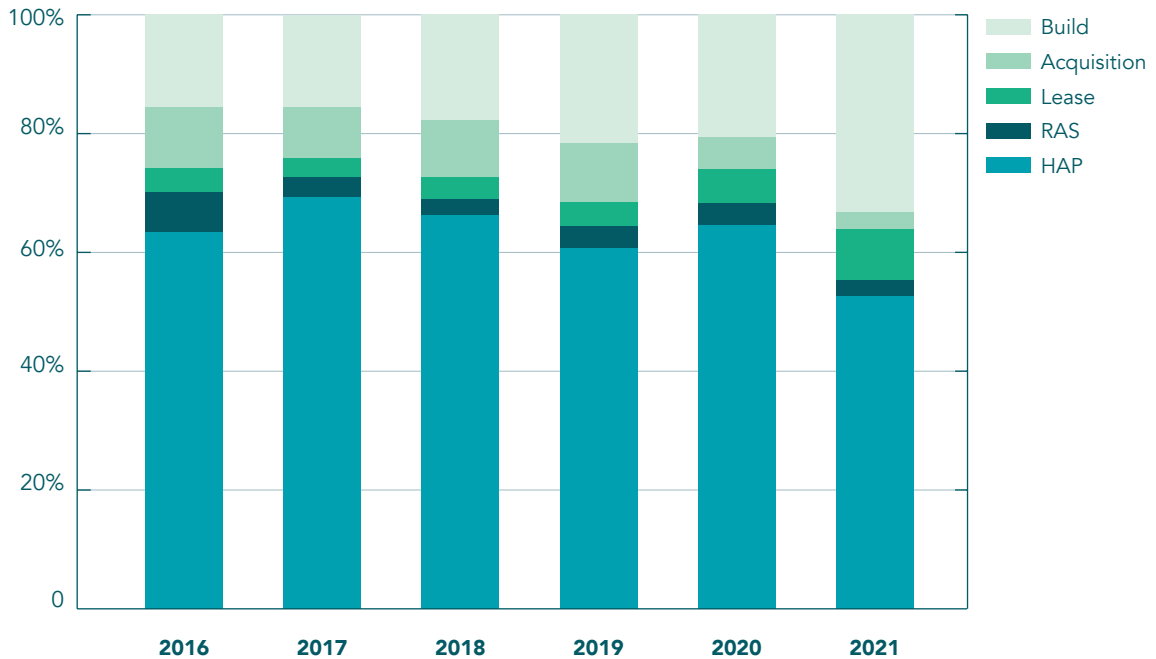
Table 3.3 Rebuilding Ireland- Output, 2016- 2020

Category	2016	2017	2018	2019	2020	2016-2020	%
<b>Building and Acquisition of dwellings</b>							
Build	2,965	4,054	4,811	6,074	5,073	22,977	18.42
Net Build (less voids)	657	2,297	4,238	5,771	5,073		
Acquisition	1,957	2,214	2,610	2,772	1,314	10,867	8.71
Lease	792	827	1,001	1,161	1,440	5,221	4.19
Subtotal	5,714	7,095	8,422	10,007	7,827	39,065	31.31
<b>Tenancy schemes</b>							
RAS	1,256	890	755	1,043	913	4,857	3.89
HAP	12,075	17,916	17,926	17,025	15,885	80,827	64.79
Subtotal	13,331	18,806	18,681	18,068	16,798	85,684	68.69
<b>Overall Total</b>	<b>19,045</b>	<b>25,901</b>	<b>27,103</b>	<b>28,075</b>	<b>24,625</b>	<b>124,749</b>	<b>100.00</b>

Note: The build category included significant amounts of voids in the totals for 2016 and 2017, but from 2020 voids are no longer included as part of the build total.

<https://www.gov.ie/en/collection/6060e-overall-social-housing-provision/>

Figure 3.2 Rebuilding Ireland Output 2016-2021



<https://www.gov.ie/en/collection/6060e-overall-social-housing-provision/>

Table 3.3 depicts actual output and completions. It is important to note that 'build' figures between 2016 and 2019 have included void social housing properties that have been brought back to use. Our view is that such voids should not be counted as new dwellings, as they are existing dwellings that have been refurbished to some degree and are, once again, available to let. Thus, if we examine what we term net 'build', that is excluding voids, we can see that overall social housing provision has been modest, at best. The programme of acquisitions has performed better. This is not surprising, as it refers to the purchase of new and second-hand units.

Table 3.4 displays the difference between the targets and outputs of the Rebuilding Ireland programme by comparing targets and outputs between 2016 and 2020. The build programme has underperformed, while there has been a much greater reliance on the direct acquisition of dwellings. The leasing programme has also underperformed, while the use of the Housing Assistance Payment (HAP) has expanded.

Table 3.4 Difference between Targets and Output

	Target 2016-2020	Output 2016-2020	Difference
Build	24,710	22,977	-1,733
Acquisition	6,030	10,867	4,837
Lease	7,586	5,221	-2,365
RAS	3,800	4,857	1,057
HAP	76,510	80,827	4,317
<b>Total</b>	<b>11,8636</b>	<b>12,4749</b>	<b>6,113</b>

<https://www.gov.ie/en/collection/6060e-overall-social-housing-provision/>



Table 3.5 Breakdown of Rebuilding Ireland Output Nationwide 2016- 2020

<b>NATIONWIDE: Rebuilding Ireland 2016- 2020 Social Housing Completion Reports</b>					
	<b>Local Authority Builds</b>	<b>Local Authority 'Turnkey' Purchases</b>	<b>AHB Builds</b>	<b>AHB 'Turnkey' Purchases</b>	<b>Totals</b>
2020	1343	899	237	2235	<b>4,714</b>
2019	1088	1183	350	2543	<b>5,164</b>
2018	1238	767	415	1333	<b>3,753</b>
2017	394	386	270	654	<b>1,704</b>
2016 (q3&q4)	263	28	130	206	<b>627</b>
<b>Total 2016-2020</b>	<b>4,326</b>	<b>3,263</b>	<b>1,402</b>	<b>6,971</b>	<b>15,962</b>
<b>Total Builds (LA + AHB) 2016- 2020 Incl.</b>			<b>5,728</b>		
<b>Total Turnkey Purchases (LA + AHB) 2016- 2020 Incl.</b>			<b>10,234</b>		

Source: Department of Housing, Local Government & Heritage

In order to get a greater understanding of the 'Build' category in the Rebuilding Ireland statistics, we undertook an examination of the very detailed 'Social Housing Construction Status Reports', which gives details of each social housing scheme, whether it be a direct build by the local authority of the AHB or a 'turnkey' purchase from a developer. As can be seen

from Table 3.5, 'turnkey' new home purchases make up the bulk of new social housing in this period (65%). In total nationwide, 5,728 new social homes have been built in the 2016-2020 period. In the same period 10,234 new homes have been purchased for social housing from the private sector.



**5,728**

Nationwide, 5,728 new social homes have been built in the 2016-2020 period.



**10,234**

In the same period 10,234 new homes have been purchased for social housing from the private sector.

### 3.3 Overview of Part V Supply

Since its inception, the contribution of the Part V mechanism to supply has been modest. Between 2002 and 2020, a total of 19,302 Part V dwellings have been provided (Table 3.6 and Figure 3.3). As Figure 3.4 demonstrates, just over half were affordable purchase units, almost 30% were local authority social rented units and almost 20% were AHB social rented units. It is also important to place this in the context of overall new build social housing provision, as Part V represents just one source of social housing supply. Over the same time period, a total of 70,574 new build social rented units were built, with Part V accounting for 13.4% of that total.



# 19,302

**Between 2002 and 2020,  
a total of 19,302 Part  
V dwellings have been  
provided under Part V**

Table 3.6 Part V Dwellings Acquired 2002-2020

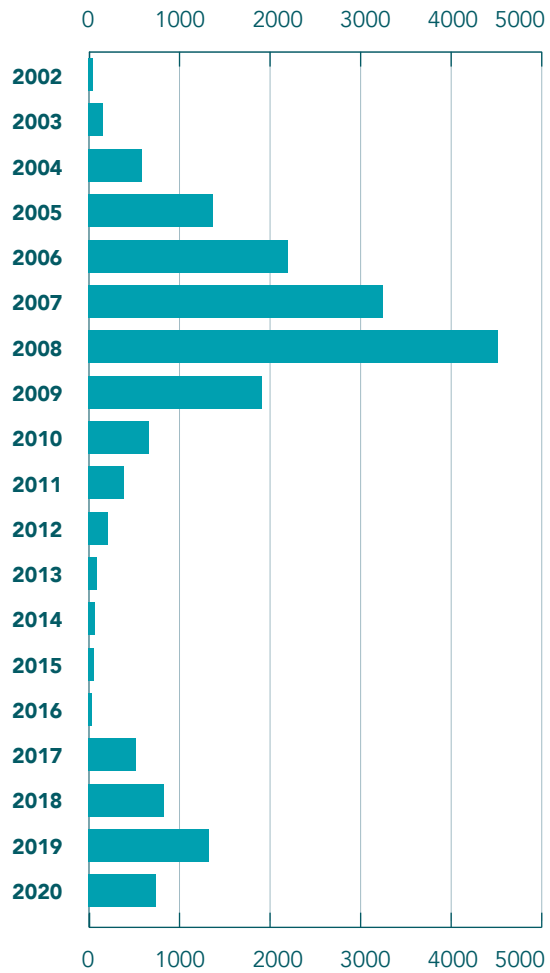
	AHB	LA	Total social rented	Affordable Purchase	Total
2002	0	0	0	46	46
2003	0	75	75	88	163
2004	82	135	217	374	591
2005	206	203	409	962	1,371
2006	90	508	598	1,600	2,198
2007	393	790	1,183	2,063	3,246
2008	362	1,075	1,437	3,081	4,518
2009	552	535	1,087	827	1,914
2010	107	311	418	254	672
2011	172	125	297	98	362
2012	4	117	121	99	220
2013	32	52	84	10	94
2014	0	35	35	32	67
2015	38	40	64	0	64
2016	0	36	36	0	36
2017	317	205	522	0	522
2018	340	488	841	0	841
2019	723	603	1,326	0	1,326
2020	371	371	742	0	742
<b>Totals</b>	<b>3,789</b>	<b>5,709</b>	<b>9,498</b>	<b>9,534</b>	<b>19,302</b>

Source: <https://www.gov.ie/en/collection/fd048-affordable-housing-and-part-v-statistics/>



**Part V had made a significant contribution to overall new build social housing provision, averaging just over one fifth of all new build social housing provision.**

Figure 3.3 Total Part V Provision



<https://www.gov.ie/en/collection/fd048-affordable-housing-and-part-v-statistics/#part-v-scheme>

Figure 3.4 Part V Provision by Sector 2000-2020



### 3.4 Recent Part V Provision

Given the major changes to the legislation in 2015, it is important to examine the role of Part V in more recent social housing provision. As Table 3.7 shows, Part V had made a significant contribution to overall new build social housing provision, averaging just over one fifth of all new build social housing provision.

Turning to the geographical location of recent Part V provision, it is no surprise that the Dublin local authorities, along with Kildare and Meath, have provided almost 70% of Part V dwellings - see Table 3.7. This reflects a combination of a high level of market activity and social housing need.

<https://www.gov.ie/en/collection/fd048-affordable-housing-and-part-v-statistics/#part-v-scheme>

Table 3.7 Recent Trends in New Build Social Rented Housing (excludes Voids)

Year	Local Authority	AHB-CAS	AHB-CALF	Part V	Total New Build Social	Part V as % of total social new build
2016	320	54	283	n/a	657	n/a
2017	1,014	70	691	522	2,297	22.7
2018	2,022	183	1,205	841	4,251	19.8
2019	2,271	142	2,032	1,326	5,771	23.0
2020	2,230	156	1,945	742	5,073	14.6

Source: <https://www.gov.ie/en/collection/fd048-affordable-housing-and-part-v-statistics/>

Table 3.8 Geography of Part V Provision

County Councils	2017		2018		2019		2020		Totals 2017- 2020
	LA	AHB	LA	AHB	LA	AHB	LA	AHB	
Fingal County Council	35	66	76	49	42	129	14	83	494
South Dublin County Council	20	60	75	72	49	86	41	67	470
Dublin City Council	56	0	77	27	35	84	18	63	360
Meath County Council	11	12	50	46	88	46	53	35	341
Dun Laoghaire-Rathdown County Council	5	132	13	34	22	79	20	18	323
Kildare County Council	24	0	29	55	68	86	41	9	312
Cork County Council	7	0	83	0	52	0	13	14	169
Cork City Council	0	0	3	0	82	22	33	12	152
Louth County Council	1	0	4	14	0	115	6	5	145
Wicklow County Council	1	0	10	35	17	29	15	17	124
Wexford County Council	0	6	1	0	25	7	38	5	82
Limerick City and County Council	9	0	10	0	24	0	20	0	63
Galway County Council	0	0	18	0	27	0	15	0	60
Waterford City and County Council	13	0	19	0	16	0	9	0	57
Galway City Council	2	32	0	3	6	9	0	1	53
Kerry County Council	0	0	3	5	4	4	8	18	42
Kilkenny County Council	0	3	2	0	0	17	4	0	26
Laois County Council	1	0	0	0	6	0	6	10	23
Monaghan County Council	5	0	4	0	10	0	4	0	23
Clare County Council	4	0	0	0	0	8	0	9	21
Sligo County Council	0	6	3	0	7	0	0	0	16
Carlow County Council	10	0	0	0	5	0	0	0	15
Mayo County Council	0	0	3	0	8	2	2	0	15
Tipperary County Council	0	0	5	0	4	0	5	0	14
Westmeath County Council	0	0	0	0	6	0	3	5	14
Donegal County Council	0	0	0	0	0	0	2	0	2
Cavan County Council	1	0	0	0	0	0	0	0	1
Offaly County Council	0	0	0	0	0	0	1	0	1
Leitrim County Council	0	0	0	0	0	0	0	0	0
Longford County Council	0	0	0	0	0	0	0	0	0
Roscommon County Council	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>205</b>	<b>317</b>	<b>488</b>	<b>340</b>	<b>603</b>	<b>723</b>	<b>371</b>	<b>371</b>	<b>3,418</b>

Source: <https://www.gov.ie/en/collection/fd048-affordable-housing-and-part-v-statistics/>



Table 3.9 Leased Part V Dwellings 2017- 2020

<b>Summary 2016- 2018 Nationwide Part V - Leased only</b>					
<b>Local authority</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
D/L Rathdown	124		9		<b>133</b>
Kerry				1	<b>1</b>
Kildare		2			<b>2</b>
South Dublin	18			3	<b>21</b>
Tipperary		1			<b>1</b>
Westmeath			1		<b>1</b>
Dublin City Co		6	4	12	<b>22</b>
<b>Totals</b>	<b>142</b>	<b>9</b>	<b>14</b>	<b>16</b>	<b>181</b>

Source: <https://www.gov.ie/en/collection/fd048-affordable-housing-and-part-v-statistics/>

In addition to Part V dwellings purchased in the period, a further 181 long-term leased units were provided in compliance with Part V in this period (Table 3.9). While a total of 181 Part V units have been leased in period 2016- 2020 it appears that this trend has significantly increased, with more than 100 part V leases agreed from January to May 2021. The 25 year cost of the most expensive Part V lease in Dun Laoghaire-Rathdown is €28,000 per year, a 25 year cost per unit of €700,000. The role of leasing in Part V is currently being assessed by Government.<sup>6</sup>

### 3.5 Summary

Part V has been in operation since 2000 and, in that time, has made a modest but significant contribution to the provision of new social rented and affordable purchase housing. A total of just over 18,000 dwellings have been provided, with half being affordable purchase, 30% local authority social rented and 20% AHB social rented. Taking Part V social rented units and comparing that with the total new build social rented provision over the period to 2020, we can see that Part V contributed 13% of the total.

<sup>6</sup> Priority Questions – Dáil Éireann (33rd Dáil) – Wednesday, 5 May 2021 – Houses of the Oireachtas.  
Link: <https://www.oireachtas.ie/en/debates/debate/dail/2021-05-05/16/?highlight%5B0%5D=part&highlight%5B1%5D=v&highlight%5B2%5D=leases&highlight%5B3%5D=part&highlight%5B4%5D=v&highlight%5B5%5D=leases&highlight%5B6%5D=part&highlight%5B7%5D=v&highlight%5B8%5D=part&highlight%5B9%5D=v&highlight%5B10%5D=leases#s17>



#### **4. An Analysis of Part V Costs**

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# 4. An Analysis of Part V Costs

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## 4.1 Introduction: The Cost Controversy

**Housing affordability is very closely connected to the cost of housing delivery and there is much discussion in the media and in the political sphere regarding both construction and development costs.**

In this context, it is important to note that construction is complex and that costs fluctuate due to a range of factors, including features of the development (design, location, site conditions); the efficiency of the procurement process (development model, regulatory systems, taxation); and local economic and market conditions (land, labour, skills, materials, finance).

As previously detailed, Part V is a mechanism for acquiring housing from developers at the cost of

delivery rather than at market prices. This sets up a tension between the public objectives of transparency and value for money, and the legitimate interests of property developers to protect the confidentiality of their commercial undertakings and maximise profits. The public debate, therefore, can be confused by claims and conflicting evidence, without an understanding of the forces at play and the operation of commercial property development.

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However, the Public Spending Code,<sup>7</sup> requires local authorities to achieve value for money through the evaluation, planning and management of public investment projects. In this context, Part V housing is a significant capital investment (in excess of €300 million in 2019), which demands transparency and systematic audit. Transparency is also a means of ensuring that there is consistency and that all stakeholders are operating within the same or similar conditions. This certainty can reduce both administrative burden and development risk. In the context of this report, an analysis of the case study developments is benchmarked to available cost data and updated to a broader review of apartment construction costs in the Dublin region.



## €300m

**Part V housing is a significant capital investment (in excess of €300 million in 2019), which demands transparency and systematic audit.**

### 4.2 Part V Costs: Legislative basis

As referenced earlier in the report, under Part V, houses are purchased from developers and construction costs are paid at 'open market rates that would have been incurred by the planning authority had it retained an independent builder to undertake the work including the appropriate share of any common development works, as agreed between the authority and the developer'.<sup>8</sup>

In broad terms, there are five principal components that make up the purchase price for Part V homes:

- > Construction 'hard' costs, including labour and materials for the construction of the homes, and generally including normal site works and preliminaries.
- > Development 'soft' costs, including professional and legal fees, site investigations and surveys, utility connections, planning fees and development contributions, finance costs, and other costs related to delivering the development.
- > Land costs, calculated on the basis of Existing Use Value (EUV).<sup>9</sup>
- > Profit, calculated as a percentage of costs. The basis for calculating profit differs under the 2000 and 2015 Acts<sup>10</sup> and in practice seems to vary between local authorities and developments. It is also likely that elements of profit that are difficult to disaggregate are included in both construction and development costs.
- > VAT (value added tax),<sup>11</sup> calculated as a percentage of costs.

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<sup>7</sup> (DPER, 2019) Public Spending Code <https://www.gov.ie/en/publication/public-spending-code/>

<sup>8</sup> Urban Regeneration and Housing Act (2015)

<sup>9</sup> Planning and Development Act 2000, Section 96.

<sup>10</sup> The Planning and Development Act (2000) provides for profit on the 'attributable development costs as agreed between the authority and the developer'. Housing Circular PL.10.2005 issued at that time (Fig B) suggests that profit includes both builder profit (indicative 7.5%) and developer profit (indicative 15%), calculated on the 'hard' construction costs. The Urban Regeneration and Housing Act (2015) refers to development costs based on 'market rates' and suggests that builder profit only is payable. In industry terms, developer profit is a factor of the 'margin' required to manage the risk associated with land development in a cyclical market and the speculative nature of the traditional residential development sector.

<sup>11</sup> VAT generally 13.5% rate for construction works and 23% rate for professional fees.



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### 4.3 Part V Costs: Analysis of case study developments

Seven case study schemes, where Clúid Housing acquired houses and apartments through Part V, were selected. In total, this analysis covers 168 homes (13 houses, 155 apartments). Six of the case study developments were constructed in recent years (2016-2019) and one development (2008) was included as an historical comparison. The recent case study developments include both apartments and houses, ranging from one house [Scheme B] to fifty-four apartments [Scheme A]. The schemes are all in the Greater Dublin Area (GDA), across five local authorities. In all cases, the principal planning applications were made under the Planning and Development Act, (2000).<sup>12</sup>

Local authorities were requested,<sup>13</sup> under Freedom of Information (FOI), to provide the Part V Agreements<sup>14</sup> and a cost breakdown in a specified format.<sup>15</sup> In most cases, this format was unavailable, and the information provided has been standardised under these headings, insofar as is possible.<sup>16</sup> For the purpose of this analysis, no adjustment was made for construction cost inflation or tender inflation in the period 2016-18.<sup>17</sup>



# 168

This analysis covers  
168 homes (13 houses,  
155 apartments).

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**12** Planning & Development Act 2000, Section 96 <http://www.irishstatutebook.ie/eli/2000/act/30/section/96/enacted/en/html> The principal Planning Application, in all cases, preceded the Urban Regeneration and Housing Act that came into operation on 1 September 2015, and, in six cases, continued after this change. One development ([Scheme F]) comes within the scope of transition arrangements for re-negotiation of Part V agreements set out in Section 28 Guidelines (2016). In five cases, Part V arrangements related to more than one Planning Permission, and one had more than seven relevant permissions ([Scheme A]).

**13** FOI requests were variously granted, partially granted and refused. A number were overturned on appeal and one case was appealed to the Office of the Information Commissioner (OIC); the outcome established the principle that financial information related to Part V agreements cannot be withheld on the basis of commercial sensitivity. Office of the Information Commissioner 2018 Ms. O and [Scheme D] County Council <https://www.oic.ie/decisions/ms.-o-dun-laoghaire-rathd/index.xml> (Case No 1180443)

**14** 'Part V Agreements' are legal agreements between the planning authority and applicants (as a condition of planning permission) for the provision of social housing within the meaning of the Planning & Development Act 2000, Part V Section 96 (2)

**15** (DHPLG, 2005) Circular 02/05.

**16** In one case [Scheme A] all cost information was redacted and, in another costs had been negotiated for construction works to an existing building. The analysis of the historic case study [Scheme D] (2008) was limited to areas of comparison with recent cases.

**17** The rationale for this is that Part V negotiations were protracted in most cases, and all of the recent case studies were concluded by 2017, with the exception of one concluded in June 2018. During this time CSO (Central Statistics Office) House construction cost (labour and materials) index indicates low increases (<1% p.a) in the years 2011-2016. No index is available for 2017 and later years. <https://www.cso.ie/px/pxeirestat/Statire/SelectVarVal/saveselections.asp> SCSi (Society of Chartered Surveyors) tender price (competitive bids for construction contracts) inflation indicates >5% p.a in the years 2011-16, and >7% in 2017 [https://www.scsi.ie/documents/get\\_lob?id=1474&field=file](https://www.scsi.ie/documents/get_lob?id=1474&field=file)



Relevant public records for the case study developments were also inspected. These included local authority planning registers, the An Bord Pleanála (ABP) planning appeals register, the Property Price Register (PPR), the Building Control Management System (BCMS) building control registers and Department of Housing, Local Government and Heritage reports.

#### Purchase prices

The purchase prices for the case study developments ranged from €164,841 for a 1-bedroom apartment [Scheme G] to €316,369 for a 3-bedroom house [Scheme B] (all incl. VAT). In most cases, the purchase price paid was lower than market prices. However, in one case [Scheme C], the Part V purchase was at a higher price than had been paid by private purchasers of houses in the estate in the same year. Across the case studies, the purchase prices (ex. VAT) are broadly accounted for as 'hard' construction costs (62-76%), development costs (21-30%), profit (4-12%), and land (1-14%).

It should be noted that inconsistencies in Part V methodology across developers and local authorities may account for some variation (i.e. costs attributed to a different heading; abnormal costs; variations in specification; local market conditions, etc.).

#### Construction 'hard' costs

Construction 'hard' costs represent the largest component of the price paid for Part V and can comprise up to three quarters of costs (excluding land). These costs consist primarily of labour and building materials. However, they frequently also include some preliminaries,<sup>18</sup> elements of 'profit' and other costs which are difficult to disaggregate.<sup>19</sup> Costs presented by developers are not subject to itemised audit, due to the complexity of construction supply chains, although some components of price may be verifiable. State authorities make an assessment of costs based on a developer's proposal and with an industry knowledge of particular development conditions ('abnormals'), market rates and market conditions.



€164,000 -  
€316,000

Purchase prices for the case study developments ranged from €164,841 for a 1-bedroom apartment [Scheme G] to €316,369 for a 3-bedroom house

<sup>18</sup> Preliminaries generally add approx. 10% to labour and material costs, defined by Chartered Institute of Building as: 'the cost of administering a project and providing general plant, site staff, facilities, and site-based services and other items not included in the [construction] rates'

<sup>19</sup> UCC 'construction costs' are inclusive of builder profit, whereas Part V 'construction costs' are exclusive of builder profit. Industry report indicates builder margin of approx. 5% in 2016. (Turner & Townsend, Ireland Dublin Market, 2016) [http://www.turnerandtowntsend.com/media/2361/ireland\\_dublin\\_market\\_pages.pdf](http://www.turnerandtowntsend.com/media/2361/ireland_dublin_market_pages.pdf)

Figure 4.1 Typical cost breakdown for case study 3-bedroom houses (excluding land)



#### Development 'soft' costs

Development costs include: professional and legal fees, site investigations and surveys, utility connections, planning fees and development contributions, finance costs, and other costs related to delivering the development.

A breakdown was provided for four recent developments<sup>20</sup> [Scheme B], [Scheme C], [Scheme E] and [Scheme G], where the finance costs are identifiable and they range from €4,500 [Scheme G] to €18,683 [Scheme E], to €19,090 [Scheme B], (all ex VAT).

Professional and legal fees are identified as a separate cost in three of the recent case studies, ranging

from €18,839 [Scheme B] to €11,736 [Scheme E] and €14,865 [Scheme G] (all ex. VAT). Professional fees include the services of architects, engineers and surveyors. Other specialist consultants and regulatory costs<sup>21</sup> may also be included.

In some cases, development costs were paid that are not included for in the legislation, such as marketing costs, including a show-unit (€3,247 ex. VAT [Scheme E]), and others that were 'rounded' or averaged across developments.

#### Land costs

As outlined previously, under Part V, land costs are calculated on the basis of Existing Use Value (EUV).<sup>22</sup> The site cost, per home, for the six recent case studies ranged from €2,235 to €39,944 per site (ex. VAT).

In the cases of the four traditional-style estate houses, the site cost ranged between €2,235 ([Scheme C], green-field), €2,700 ([Scheme E]- green-field), €9,984 ([Scheme G]-, industrial lands) and €39,944 ([Scheme B], residential). In one of the recent case studies [Scheme A], the site cost was not available and, in another [Scheme F] the new homes were built within an existing building.

Existing use values (EUV) of green-field (agricultural) sites are relatively low, while the industrial and residential sites are higher. In the case with the highest land value [Scheme B], the EUV was €39,944 (ex. VAT) per site, for an eleven-house development (i.e. calculated as 1/11th of the value of an existing residential property site).

<sup>20</sup> Insufficient information was provided to identify these costs in one development [Scheme A], one is not comparable, as costs were negotiated for an existing building [Scheme F] and one is historic, built in 2008 [Scheme D].

<sup>21</sup> Four statutory appointments are required for regulatory compliance, under Building Control regulations and Health & Safety regulations. The six recent developments were all constructed after the introduction of the Building Control (Amendment) Regulations in March 2014 and professional fees likely include costs for statutory inspection, certification, and associated administration. All schemes were constructed under Safety, Health & Welfare at Work (Construction) legislation and likely include fees for the statutory appointments for Project Supervisor (Design Process) and Project Supervisor (Construction Stage), the latter likely being included within the 'hard' construction costs, as these duties are often undertaken by the main contractor.

<sup>22</sup> Planning and Development Act 2000, Section 96. EUV is defined as the site cost calculated "as if it was equal to the cost of land transferred to the authority", under provisions in Section 96 of the Planning and Development Act (2000).

### Profit

Where available, the methodologies for calculation of profit, by the local authorities included in the case studies, were very inconsistent. In the higher range, one local authority [Scheme B] calculated 10% of construction costs (€17,198 ex. VAT), whereas another [Scheme C] calculated 7.5% of both construction costs and development costs (€16,746 ex. VAT). In the lower range, one local authority calculated profit at 5.7% & 6.1% (€8,466 ex. VAT) and 7.5% & 7.8%

(€8,202 & €10,000 ex. VAT) [Scheme E] and [Scheme G]. For comparison, the historical case study [Scheme D] (2008) included 12% profit on construction costs (€24,125 ex. VAT) per apartment.

### VAT (Value Added Tax)

This tax is generally calculated as 13.5% of all costs and is included in the purchase price. VAT is payable at 23% for professional services, and in part for 'Homebond' (structural warranty).

Table 4.1 Comparative Tables, Case Study costs and Unit Cost Ceilings- 3 bedroom houses

	DHPLG Part V example €	Scheme B €	Scheme C €	Scheme E €
<b>'Hard' construction costs</b> Normal Construction Costs (ex. VAT & builders profit)	€140,000.00	171,979	€165,583	€147,467
<b>Profit</b> (dependent on tender climate)	€10,500.00	17,198	€16,745	€8,466
<b>Soft' development costs</b> (as applicable)			€53,687	
Professional Fees including Legal Fees	€5,000.00	18,839		€11,736
Services Connections	€3,000.00	3,338		€1,596
Development Contributions	€1,000.00	7,602		
Site Investigations	€500.00			
Planning Fees and Charges	€500.00			
Financing Charges	€5,000.00	19,090		€18,683
Other (not incl. in DHPLG example)		750		€18,399
<b>Sub-total (ex. land)</b>	<b>€165,500.00</b>	<b>238,796</b>	<b>€236,015</b>	<b>€206,347</b>
<b>Land (EUV, existing use value)</b>		<b>39,994</b>	<b>€2,235</b>	<b>€2,700</b>
<b>Sub-total (ex. VAT)</b>		<b>278,790</b>	<b>€238,250</b>	<b>€209,047</b>
<b>VAT (Value added tax)</b>		<b>37,579</b>	<b>€32,704</b>	<b>€28,221</b>
<b>Total (Purchase Price)</b>		<b>316,369</b>	<b>€274,954</b>	<b>€237,268</b>

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## 4.4 Benchmarking of case studies to market rates

### Houses

#### Government-reported market prices

The case study costs were first benchmarked to Unit Cost Ceilings (UCCs)<sup>23</sup> obtained from the Department of Housing, Local Government and Heritage (DLGH). UCC tables capture market prices for building a house or apartment, drawn from local authority construction projects tendered through public procurement. Therefore, they are a good indicator of what it would cost a local authority to direct build under a traditional construction contract in the local market.

UCC tables comprise both 'construction costs' (inclusive of builder profit) and 'all-in' costs (inclusive of construction, profit, land, fees, etc) for new-build houses and apartments. The rates for 2017 (Housing Circular 43.2017) were selected as an appropriate benchmark for comparison.

In two of the case study developments ([Scheme B] and [Scheme C]), construction costs were up to 16% higher than comparable UCC rates. In two cases ([Scheme E] and [Scheme G]), construction costs were up to 20% lower.

#### Industry-reported market rates

Both the case study costs and UCC costs were next benchmarked against other industry publications in 2016-18 market conditions.

The 'hard' construction costs for the 3-bedroom houses in the Dublin region were €187,937 [Scheme C], €167,375 [Scheme E] and €195,196 [Scheme B], (all incl. VAT). However, for further analysis, a basis of construction costs per m<sup>2</sup> was used, although this has some limitations.<sup>24</sup>



**Unit Cost Ceilings  
are a good indicator  
of what it would cost  
a local authority  
to direct build  
under a traditional  
construction contract  
in the local market.**

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**23** 'Unit Cost Ceilings' (UCCs) are tables of Construction Costs (and 'All-In' Costs) updated annually by the DHPLG for new-build houses and apartments, on the basis of tender prices/ market rates.

**24** Floor area (3-bedroom houses): [Scheme C] 135m<sup>2</sup>, [Scheme B] 108m<sup>2</sup>, [Scheme E] 106m<sup>2</sup>. One house was 30% larger than local authority minimum standard for a 3-bedroom, six-person home. However, it should be noted that 30% additional floor area does not correspond to 30% higher construction costs, as high-value components (incl. kitchen, bathroom, heating, electrical, water and drainage installations, windows, doors, etc.) are common regardless of floor area. Room sizes that are larger than minimum floor areas give local authorities and AHBs flexibility to adapt homes for disability, to increase the occupancy of the home, or to meet other specific requirements.

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For the case studies, Part V construction costs were in the range of €1,400-€2,200 per m2 (incl. VAT). The comparable average UCC (non-rural)<sup>25</sup> rate per m2 for a 3-bedroom local authority house at the time was €1,672, inclusive of VAT and normal site works.<sup>26</sup> Rural UCCs per m2 were lower at rural UCC average €1,540, inclusive of VAT and normal site works.<sup>27</sup> A Department of Public Expenditure and Reform (DPER) report<sup>28</sup> in the same market indicates construction costs in the range of €1,520-1,680/ m2 (incl. VAT), and a development in Dublin by O’Cualann Co-operative indicates a cost of €1,436 per m2, inclusive of VAT.<sup>29</sup> For comparison, ‘indicative’ costs from a range of five industry sources for Ireland at the time suggest an industry average of €1,600 per m2. These costs are industry estimates published as guidance for early-stage project budgets and adjusted annually for market trends, generally with an allowance for inflation (in the region of 6% at the time).

In summary, across the three Part V case studies for houses, the average ‘hard’ construction costs were approximately 12% higher than the average across all other sources, and 7.6% higher than social housing tenders nationally. However, comparing Part V case study construction costs to direct build in the same local authority, they were within +/- 10% of the UCC, which may be accounted for by house size, site conditions, local market conditions, contractual terms, etc.



## Comparing Part V case study construction costs to direct build in the same local authority, they were within 10% of the Unit Cost Ceilings (UCC).

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**25** Basis: 100m2 floor area (3-bedroom 6- person house), average construction cost €167,244 (incl. VAT)

**26** UCC non-rural range ranged from €1,429 (Cavan, Leitrim, Longford, Monaghan, Roscommon) to €2,423 (Dublin City),

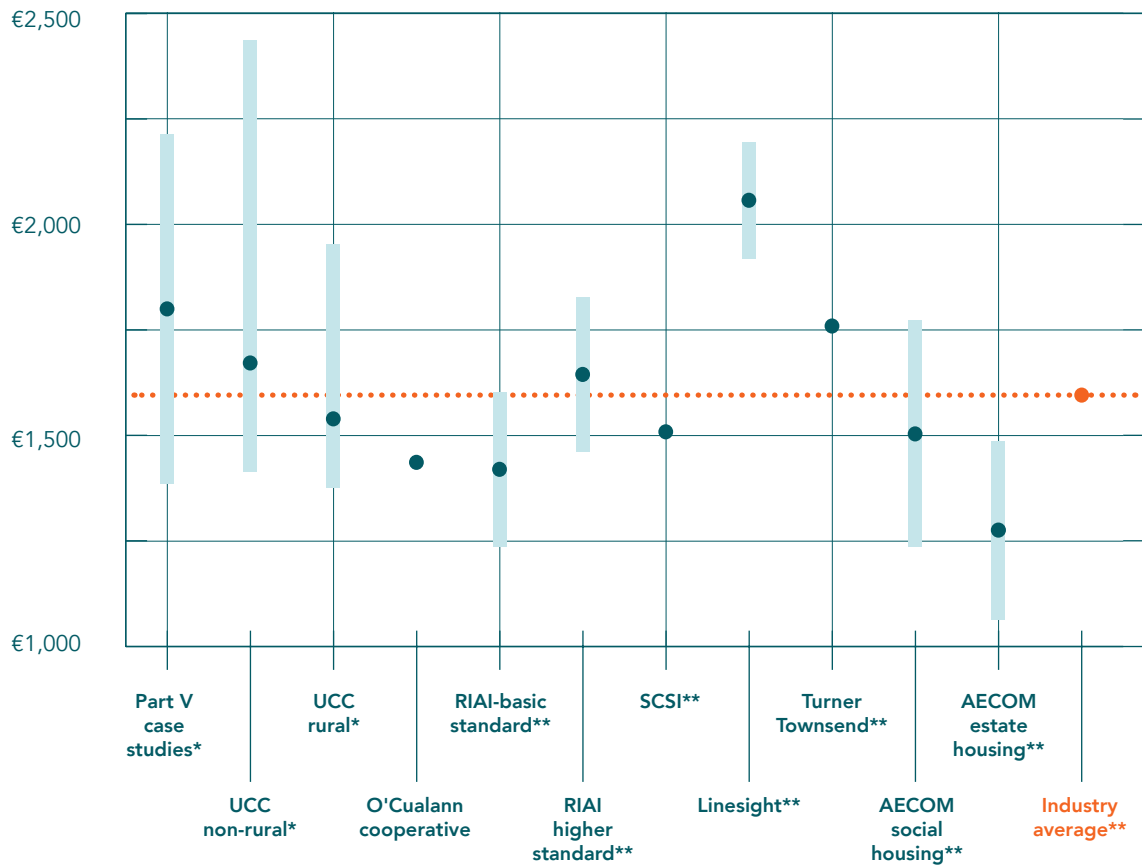
**27** Rural UCC range: €1,390 (Cavan, Longford, Monaghan, Roscommon) to €1,940 per m2 [Scheme D].

**28** (DPER, 2018) Irish Government Economic and Evaluation Services (IGEES)- ‘Current and Capital Expenditure on Social Housing Delivery Mechanisms’ “provided by DHPLG based on the construction cost for units delivered between 2016 and 2017, cost guidelines for units in Q4 2017 and the average tendered costs for units being delivered in 2018. The estimated unit all-in costs (i.e. including land costs and excluding abnormals) within the analysis range from €175,000 to €195,000 for a 2 bed [house] and €190,000 to €210,000 for a 3 bed [house]”. A 3-bedroom, 6-person 2-storey house is approx. 100m2, and 25% has been deducted for soft costs.

<https://static.rasset.ie/documents/news/2018/07/19.-current-and-capital-expenditure-on-social-housing-delivery.pdf>

**29** (O’Cualann Housing Co-operative, 2019) Poppintree, Dublin- Phase 1

Figure 4.2 Three bedroom house, comparative construction costs per m2 (incl VAT) (2016-17)



\*inclusive builder profit (region 5%) \*\*estimate, inclusive allowance for tender inflation (region 6%)





# 65%

Construction costs for higher rise urban apartments can be up to 65% more than low rise apartments in the suburbs.

## Apartments

### Government-reported market prices

Case study information was available for two low-rise suburban developments without basement parking. The 2-bedroom apartment construction 'hard' costs were €157,296 [Scheme E] and €145,119 [Scheme G]) (incl. VAT), and €114,729 (incl. VAT) for a one-bedroom apartment.

On the basis of floor area, the construction costs for the 2-bedroom apartment case studies were in the range of €1,813-1,966<sup>30</sup> per m2 (incl. VAT).

At the time, the comparable average UCC (non-rural)<sup>31</sup> rate per m2 for a 2-bedroom local authority apartment<sup>32</sup> was €1,963,<sup>33</sup> inclusive of VAT and normal site works. Construction costs for the two case studies [Scheme E] and [Scheme G] correspond closely to the average, although the UCC for this local authority is higher (€2,465 per m2). This higher rate may be more appropriate for higher rise apartments with more common areas.

For comparison, 'indicative' costs from a range of five industry sources for Ireland show an industry average of €2,100 per m2. These costs are industry estimates published as guidance for early stage project budgets and adjusted annually for market trends, generally with an allowance for inflation (region 6% at the time).

**30** Basis: 72m2 floor area (2-bedroom, 4-person apartment) + 8m2 common area-average construction cost €157,065 (incl VAT).

**31** Basis: 100m2 floor area (3-bedroom, 6-person house), average construction cost €167,244 (incl. VAT)

**32** Basis: 73m2 floor area (2-bedroom, 4-person apartment) [https://www.housing.gov.ie/sites/default/files/publications/files/apartment\\_guidelines\\_21122015.pdf](https://www.housing.gov.ie/sites/default/files/publications/files/apartment_guidelines_21122015.pdf)

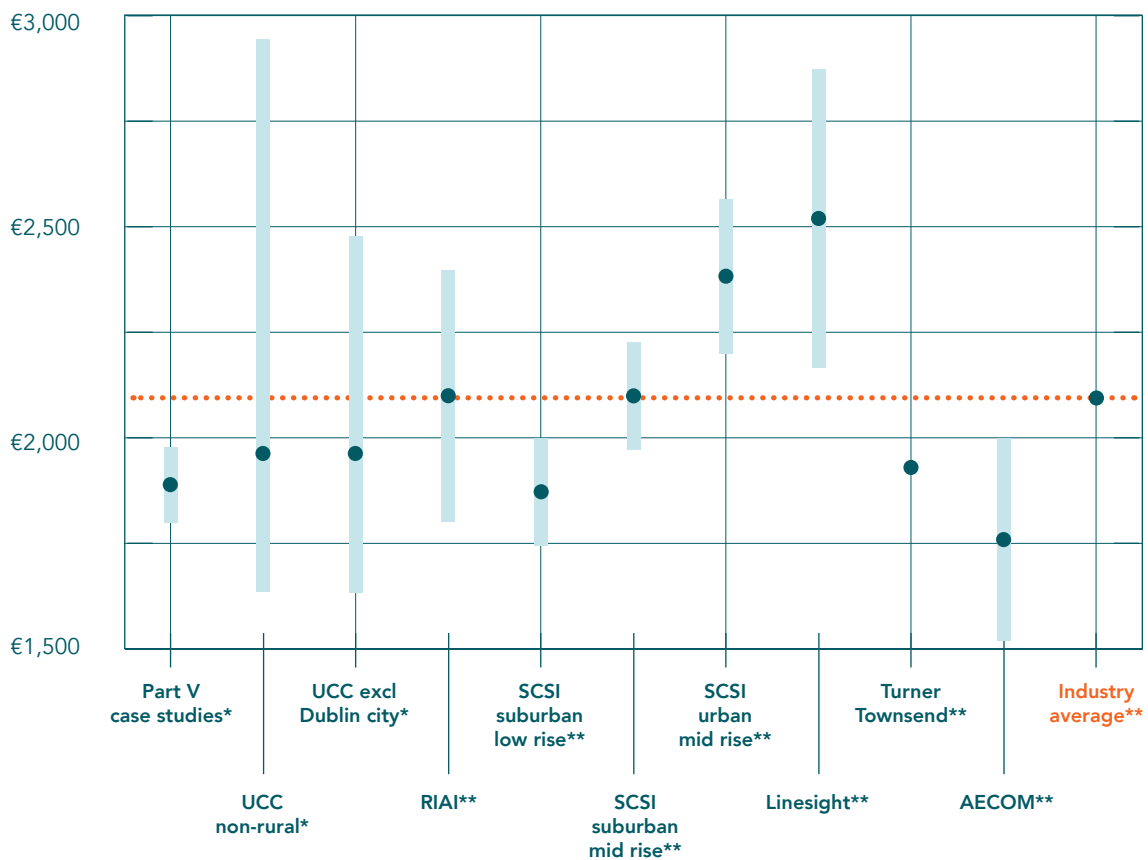
**33** UCC (non-rural) range: €1,648 (Cavan, Leitrim, Longford, Monaghan, Roscommon) to €2,930 per m2 (Dublin City)

The average of industry sources was €2,100/m<sup>2</sup> (incl. VAT) and this is confirmed by an international market report<sup>34</sup> (for apartments 7-12 storey) in the following year. Construction costs for higher rise urban apartments can be up to 65%<sup>35</sup> more than low rise apartments in the suburbs. The Part V case studies are in a higher range than would be expected. However, these two developments had lower profit

calculations, so some elements of profit may be included in the construction costs.

In summary, the construction costs across the two case studies for apartments were close to the national average UCC, and approximately 10% lower than the average across all sources, likely a factor of being low-rise, suburban development.

Figure 4.3 Two-bedroom apartment, comparative construction costs per m<sup>2</sup> (incl. VAT) (2016-17)



\*inclusive builder profit (region 5%), \*\*estimate, inclusive allowance for tender inflation (region 6%).  
 Note: Dublin City apartments costs, excluded here are discussed in Section 4.5.

<sup>34</sup> (RLB, 2018) European Market Intelligence Report [https://www.rlb.com/wp-content/uploads/2018/07/European\\_Construction\\_Intelligence\\_2018.pdf](https://www.rlb.com/wp-content/uploads/2018/07/European_Construction_Intelligence_2018.pdf)

<sup>35</sup> (SCSI, 2017)

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## 4.5 Apartment development costs in Dublin

As the number of case study apartment developments is limited, a broader analysis of apartment construction costs is included, with more recent data for Dublin City, the area with the highest costs and the highest apartment demand.

In making comparisons, it is important to note that design, specification, site conditions, procurement arrangements, contract terms, and, indeed, local market conditions, vary between developments and that these all impact on costs. Higher-rise urban apartments, with common areas, complex services and basements are more expensive to build.<sup>36</sup>

For the purpose of analysis, a 2-bedroom apartment and construction costs for Dublin City (UCC, 2017) were used. At the time, there was limited apartment building, and, outside the city, new apartments were predominantly low-rise traditional construction.

The Dublin City UCC cost of €234,400 compares to €197,200 Dun Laoghaire-Rathdown (16% lower), €186,200 (Cork City, 20% lower), €181,200 (Fingal, 23% lower) €175,800 (Limerick and Galway, 25% lower) and €151,900 (Waterford, 35% lower), all inclusive of VAT and normal site works.

Adjusted for floor area rates, in 2017 and in 2019 the construction cost of Dublin City (€2,930 & €3,588 per m<sup>2</sup>) were 40% higher than indicative costs from a range five of industry sources (€2,092 and €2,560 per m<sup>2</sup>).

More broadly these sources indicate an increase of 22% in three years, in line with the national average UCC increase of 25%.<sup>37</sup> For context tender inflation was approximately 7% per annum at this time, although inflation in construction input costs was lower.

Dublin City Council has recently reported high costs for apartment development<sup>38</sup> (in excess of €450,000<sup>39</sup>). Two recent industry reports set out development costs for Dublin (€435,000-518,000)<sup>40</sup> and Cork (€389,000-486,000)<sup>41</sup>. As noted previously, industry reports are estimates made by developers, rather than audited costs of completed developments. In tandem with these reports, developers have more recently proposed high purchase prices for Part V apartments in the city (typically in excess of €450,000 and up to €950,000 in one case<sup>42</sup>). These costs are considerably in excess of industry norms, although a portion may be factor of higher rise, dense developments that are difficult to phase and result in more development risk and higher finance costs.

A recent Dublin City Council report<sup>43</sup> for seven projects points to other possible reasons why Dublin city is an outlier. Firstly, four of the projects (60% of the units) are not traditional construction contracts, but Design & Build procurement, that include other costs including professional fees, and a requirement for innovative volumetric construction. The cost base is therefore not directly comparable to traditional construction contracts or other UCC costs. In addition, professional fees of up to €54,00 per unit are included, which are very considerably in excess of industry norms.

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**36** (SCSI, 2017) Real cost of Apartment Delivery defines three construction cost bands for apartments: Category 1: low rise suburban, Category 2- medium rise suburban, Category 3- medium rise urban [https://www.scsi.ie/documents/get\\_lob?id=1338&field=file](https://www.scsi.ie/documents/get_lob?id=1338&field=file)

**37** UCC apartments Dublin City: 2016 €213,000; 2017 €234,400; 2019 €287,100.

**38** For the purpose of this analysis a standard 2-bedroom apartment is used as a basis for comparison, although costs are sometimes averaged across unit sizes in a development.

**39** Irish Examiner <https://www.irishexaminer.com/news/politics/arid-40213943.html>

**40** (SCSI, 2021) The Real Cost of Apartment Delivery [https://mk0societyofchag3d3v.kinstacdn.com/wp-content/uploads/2021/01/SCSI\\_RealCostofNewApartmentDelivery\\_final.pdf](https://mk0societyofchag3d3v.kinstacdn.com/wp-content/uploads/2021/01/SCSI_RealCostofNewApartmentDelivery_final.pdf)

**41** (CIF/ Cork Chamber 2019) Viability & Affordability of Cork Apartment Building

**42** BreakingNews.ie 4 Feb 2021 <https://www.breakingnews.ie/ireland/ronan-groups-e66m-price-tag-to-council-for-101-apartments-in-docklands-scheme-1075984.html>

**43** (Dublin City Council, 2020) <https://councilmeetings.dublincity.ie/mgConvert2PDF.aspx?ID=30718>

Figure 4.4 Two-bedroom apartment, comparative construction costs per m2 (incl VAT) (2016-17)

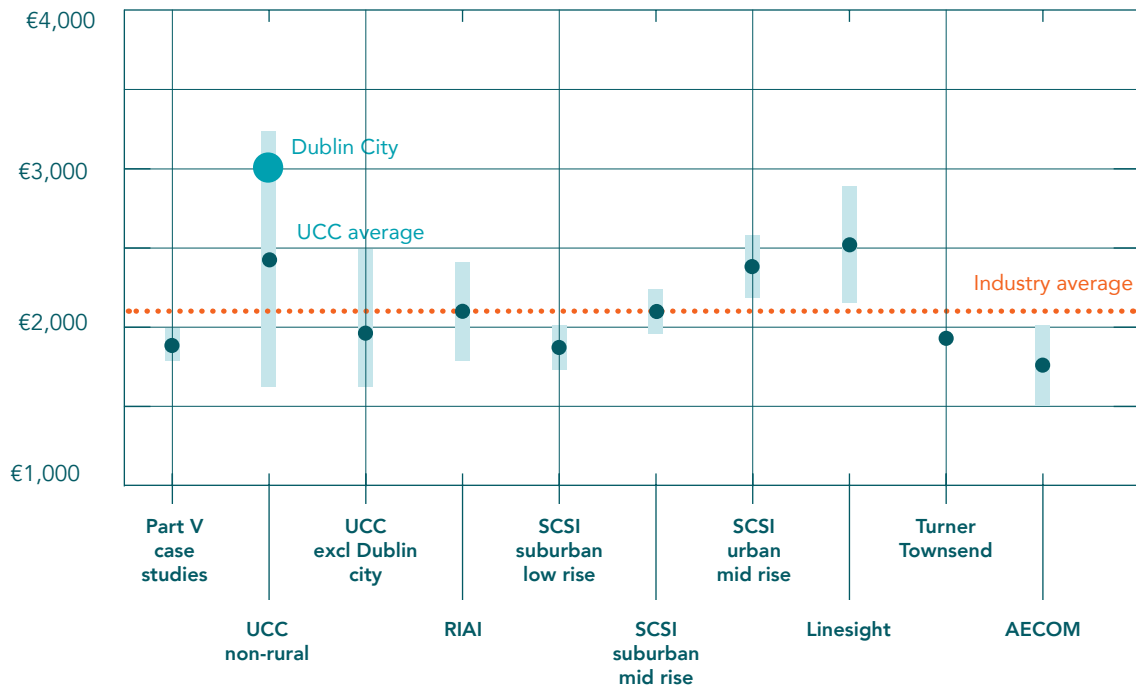


Table 4.2 Social housing construction unit costs in Dublin City Council

Year	2018	2018	2018	2019	2019	2019	2019
Scheme	1	2	3	4	5	6	7
Dwelling Types	Houses & Apts	Houses & Apts	Houses	Apts	Apts	Houses & Apts	Houses & Apts
No. of Units	54	56	88	55	57	78	73
Construction Unit Cost (Tender)	€372,842	€303,636	€215,316	€334,238	€351,814	€326,703	€357,230
Other Costs (Soft)	-	-	-	-	-	-	-
Utilities/Levies	€5,850	€5,850	€5,850	€5,850	€5,850	€5,850	€5,850
Construction VAT at 13.5%	€50,334	€40,991	€29,068	€45,122	€47,495	€44,105	€48,226
Professional/Design Fees	€54,062	€44,027	€31,221	€48,464	€51,013	€47,372	€51,798
Vat on Design Fees at 21%	€11,353	€9,246	€6,556	€10,178	€10,713	€9,948	€10,878
Construction Unit All-in Cost	€494,441	€403,750	€288,011	€443,852	€466,885	€433,978	€473,982

Source: Kenny, B. (2021) Construction costs for direct-build Dublin City Council residential developments - The Facts in Hooke and McDonald (2021) The Dublin Residential Investment Report H2 2020. Pp36-38.

In summary, city apartment development is generally more complex, particularly for higher rise development. However, recent cost reports are in excess of market rates and this may be a factor of

public procurement practices. In parallel, industry reports that support these high costs set a benchmark for developers to propose high purchase prices for Part V units.

Table 4.3 Cost Summary (Part V Case Studies)

Case Study Scheme	No	Type	Actual Part V (Construction hard costs) € incl VAT	Comparable UCC Cost <sup>44</sup> (Construction hard costs) € incl VAT	Part V Purchase Price <sup>45</sup> (incl. land) € incl VAT	Comparable Market Price <sup>46</sup> (All costs incl. land) € incl VAT
Scheme A	4	1-bed apt	not available	175,100	206,542 <sup>47</sup>	no sales
	49	2-bed apt		181,200		
	1	3-bed apt		199,300		
Scheme B	1	3-bed house	195,196	173,500	315,000	370,000- 545,000
Scheme C	4	3-bed house	187,936	162,700	274,955	246,696- 348,017
Scheme D	19	1-bed apt	235,881	excluded <sup>48</sup>	183,258	not available
	39	2-bed apt			254,613	
	6	3-bed apt			274,901	
Scheme E	6	2-bed apt	157,296	197,200	227,189 <sup>49</sup>	285,859-409,207
	8	3-bed house	167,375	205,300	237,268	
Scheme F	22	1-bed apt	not available	191,100	180,250	199,422- 320,685
		2-bed apt		197,200	209,997	
Scheme G	3	1-bed apt	114,729	191,100	164,841	170,000- 250,000
	3	1-bed apt	145,119	197,200	195,000	

<sup>44</sup> Department of Housing, Planning & Local Government Unit Cost Ceiling (Housing Circular 43.2017, 2017).

<sup>45</sup> Total payment as indicated in Part V Agreement with relevant local authority, where provided.

<sup>46</sup> Market prices as listed on Property Price Register (for similar homes in the same scheme within 2 years of the Part V Agreement). <https://www.propertypriceregister.ie/website/npsra/pprweb.nsf/PPR?OpenForm>

<sup>47</sup> Property Price Register lists the same price for 1-, 2- and 3-bed homes.

<sup>48</sup> This project was completed in 2008, UCC for 2017 is not relevant.

<sup>49</sup> Averaged across different prices for the same size unit.

## 4.6 Process

### Length of Time

There was an extended length of time in negotiating the Part V agreement in all of the case studies. Of the six recent case studies, the average time was 15.8 months<sup>50</sup>, from granting of planning permission to signing of the Part V agreement. This ranged from nine months [Scheme C] to thirty-two months [Scheme G]. The historic case study [Scheme D] (2008) had a delay of 118 months from granting of planning permission to Part V agreement. It should be noted that all of the case studies related to planning applications made before the 2015 changes, which were intended to reduce delays in negotiating agreements.

### Funding

It is notable that five of the recent case studies were acquired by the AHB under CALF (Capital Advance Leasing Facility) funding arrangements, where some development costs payable under Part V are ineligible. For example, legal fees and 'structural insurance' may not be eligible under some funding mechanisms. This situation may give rise to administrative complexity and delay.

Figure 4.5 Indicative list of eligible and ineligible costs- CALF funding<sup>51</sup>

Eligible Costs
Acquisition Price
Site Cost - where incurred
Construction Cost
Planning Fees
Design Fees
Site Investigation Costs
Cost of Construction Related Bridging Finance

Ineligible Costs
Legal Fees
Valuation Fees
Structural Insurance
Non-accommodation Facilities (e.g. community facilities)
Internal Administrative Costs



# 15.8 months

Of the six recent case studies, the average time was 15.8 months, from granting of planning permission to signing of the Part V agreement.

<sup>50</sup> Delay from Decision to Grant to signing of Part V Agreement: [Scheme A] 13 months; [Scheme B] 12 months; [Scheme C] 9 months; [Scheme D] 118 months (in 2008); [Scheme E] 32 months; [Scheme F] 28 months, 13 months & 16 months (supplemental agreement); [Scheme G] 32 months.

<sup>51</sup> (Housing Agency, 2016)- Guidance Note on the Capital Advance Leasing Facility [https://www.icsh.ie/sites/default/files/attach/icsh-news/1035/calf\\_guidance\\_april\\_2016.pdf](https://www.icsh.ie/sites/default/files/attach/icsh-news/1035/calf_guidance_april_2016.pdf)



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### Value for Money

In all of the case study developments, the Part V units were purchased rather than leased. In accordance with the legislative requirements, Part V units should be purchased at 'open market rates that would have been incurred by the planning authority had it retained an independent builder to undertake the work'<sup>52</sup>, which correspond to 'LA (local authority) construction. According to a 2018 IGEES report<sup>53</sup>, this has the lowest Net Present Cost (NPC) in comparison to the leasing and rent supports Rental Accommodation Scheme (RAS) and Housing Assistance Payment (HAP). Since 2015, leasing has been a Part V option for developers, and it is evident from recent planning applications that this is becoming more common.

High-density apartment developments generally have higher costs than schemes with lower densities. This is related to methods of

construction, the requirement for basements and common areas, and higher finance costs, on the basis of larger phases and slower occupation. These issues are further exacerbated in high-rise development.

A 2018 DHPLG<sup>54</sup> report confirms that 6 storeys is 'cost optimal' for apartment buildings, contrary to common understanding, higher rise development (particularly 6 storeys+) can be a more expensive form of development. This is due to increased costs for structural, services, fire safety and also additional finance costs (for phasing). In this regard, high rise does not necessarily improve matters where affordable delivery is the focus, nor does it always translate into increased density. Notwithstanding this, there is evidence that 6-storeys is an optimum height from a viability perspective at present, for the delivery of apartment schemes at sales prices within the affordable range specified above.

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**52** Urban Regeneration and Housing Act (2015)

**53** IGEES, 2018 <https://assets.gov.ie/7306/1c928b26874e4433b3d11c1172702528.pdf>

**54** (DHPLG, 2018) Review of Delivery Costs and Viability for Affordable Residential Developments [https://www.housing.gov.ie/sites/default/files/publications/files/review\\_of\\_delivery\\_costs\\_and\\_viability\\_for\\_affordable\\_residential\\_developments.pdf](https://www.housing.gov.ie/sites/default/files/publications/files/review_of_delivery_costs_and_viability_for_affordable_residential_developments.pdf)

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## 4.7 Findings

### Documentation, record-keeping and transparency

**Documentation:** Generally, the documentation and ‘paper trail’ for the case study Part V purchases appears inconsistent and incomplete. In most cases, the documentation provided was inadequate in terms of auditing the costs, confirming the contractual arrangements, or demonstrating compliance with the legislation and DHPLG Circulars.<sup>55</sup> In many cases, a cost breakdown and methodology were not available in the format set out in Department circulars.

Where Part V Agreements (contracts between the local authority and the developer) were available, they were not in a common format and terms varied between local authorities.

**Record-keeping:** In one case there was no Part V Agreement. The local authority advised that “the Chief Executive’s Order is the only formal record of the Part V agreement – the agreement was not formalised by way of legal contract”.<sup>56</sup> This Chief Executive’s Order confirms a payment of €10.7m to the developer for 54 apartments. In the absence of an agreement with the developer, there were no conditions attached to the payment.

**Transparency:** More generally, the methodology and basis for calculating profit appears to lack legal certainty and, consequently, methodologies are inconsistent and are not presented in accordance with Department circulars.<sup>57</sup> This gives rise to situations where payment of substantial public monies are negotiated outside the public procurement process and systems of oversight for items, including substantial profit payments that cannot be evidenced or audited. It is evident, from recent Part V proposals for Strategic Housing Developments (to An Bord Pleanála), that this persists as there is no consistency in how Part V proposals are formulated or presented, despite the fact that these proposals have been through a 12-week process of pre-application consultation.



**The ‘paper trail’ for the case study Part V purchases appears inconsistent and incomplete. In most cases, the documentation provided was inadequate in terms of auditing the costs, confirming the contractual arrangements, or demonstrating compliance with the legislation.**

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<sup>55</sup> Part V of the Planning & Development Act 2000: Guidelines issued by the Minister for Housing, Planning and Local Government under Section 28 of the Planning & Development Act, January 2017 [https://www.housing.gov.ie/sites/default/files/publications/files/part\\_v\\_of\\_the\\_planning\\_development\\_act\\_2000\\_guidelines\\_jan\\_2017.pdf](https://www.housing.gov.ie/sites/default/files/publications/files/part_v_of_the_planning_development_act_2000_guidelines_jan_2017.pdf)

<sup>56</sup> [Scheme A] County Council email 16 November 2018.

<sup>57</sup> (DHPLG, 2005) Circular 2/2005 “Profit on Costs”, DHPLG Circular 10/2015



**Unlike all other planning conditions, there are no records of Part V arrangements on the public planning registers. Planning permission attaches to land and not to the owner or developer, so incomplete registers have implications for valuations, compliance and enforcement.**

#### **Legislative Compliance, Delay, procedures and practices**

**Legislative Compliance:** In all of the case studies, the relevant conditions attached to the Planning Permissions refer to Part V agreements in very general terms, referencing the legislation or the local authority Housing Strategy. Consequently, unlike all other planning conditions, there are no records of Part V arrangements on the public planning registers. Planning permission attaches to land and not to the owner or developer, so incomplete registers have implications for valuations, compliance and enforcement. Furthermore, the local authority may have more limited remedies available (under contractual arrangements with the current owner), than under statutory enforcement provisions. This is compounded by situations with multiple concurrent planning permissions relating to the same development and where there are changes of ownership. It is therefore recommended that specific details and undertakings of Part V Agreements be included as Planning Conditions, published on the Planning Register and available for oversight, enforcement, and land valuation.

**Length of Time:** In all of the case studies, there were lengthy negotiations for Part V Agreements. Furthermore, the Part V arrangements were not concluded during the determination of the principal planning applications and, consequently, the Part V arrangements were not included in the conditions of permissions, or available before subsequent applications. Protracted negotiations add to the administrative burden and result in additional costs for both parties. Delays also cause difficulties in budgeting and financing, for both the local authority (or AHB) and the developer.

It is thus recommended that the process be expedited and that the requirement to conclude the Part V agreement 'before a Commencement Notice is lodged' be reviewed, as this may be unenforceable in practical terms. A Commencement Notice is made under Building Control legislation and cannot be rejected as invalid for reasons of non-compliance with planning legislation.

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**Timing:** A DHPLG Circular<sup>58</sup> that followed the Urban Regeneration and Housing Act (2015)<sup>59</sup> states that: “It is not realistic at planning application stage for an applicant to provide detailed actual costs for a development for which permission has not yet been granted, for which a detailed design has not yet been settled and for which site valuations are not required until the date of the grant of planning permission”.

The requirement to provide outline costs with a planning application allows the local authority to anticipate budgeting and funding requirements. However, developer estimates at this point are unlikely to be either detailed or accurate, or they may be inflated to account for future market conditions, given that development may not take place for several years. It is recommended that a more transparent system be considered, to ensure a greater degree of certainty for both local authority (or AHB) and developer, and that there are safe-guards to ensure value for money. This could be based on market rates, established through the UCCs, and a fixed schedule of other known costs. It is recommended that UCCs be issued annually to a set timetable, and that consideration be given to further breakdowns of ‘all-in’ costs paid by local authorities.

**Negotiations:** During the determination of a planning application, the local authority has leverage to negotiate both the Part V provision and the costs, in the context of other aspects of the development. Once permission is granted, and particularly, where the development is under construction without agreement, the local authority has very limited powers in any negotiation. This is compounded by the fact that outline costs (lodged some time earlier with the planning application) become the starting point for future negotiations. This may be a factor in further delay, particularly in the absence of other information, published precedents or changed market conditions. There is a flaw in the Strategic Housing Development (SHD) planning process whereby the Planning Application is determined by An Bord Pleanála (ABP), while proposed Part V arrangements are submitted to the local authority. There are therefore limited opportunities for constructive engagement. In a planning negotiation the local authority has some leverage, so there is early discussion about

the type, location, requirements and cost of Part V, and gains might be offset with compromises on amenity or other issues. This isn’t possible in SHD.

**Specifications:** The current arrangements for Part V mean that there is considerable variation in the materials, specifications and sizes of homes provided by developers. Whilst variety of design size and layout is desirable there is no minimum, standard Part V technical specification provided to developers, and this introduces other areas for cost negotiation. In the absence of a standard specification, there are risks that standards and material specifications may be lowered, both during negotiations and at construction. It is therefore recommended that a standard technical specification and other guidance be provided, for consistency, to control standards and compliance and to reduce the administrative burden.

**Contracts:** It appears that a national standard Part V Agreement (contract between the local authority and the developer) does not exist. Consequently, legal costs and delay are likely incurred by local authorities and developers in drafting bespoke agreements and negotiating terms and conditions. It is recommended that a standard contract, reviewed periodically and publicly available, be provided, to reduce legal costs and to provide more certainty to all parties, including developers and AHBs.

**Parity:** It is evident that developers of larger schemes have more flexibility, particularly across multiple sites, and that they are advantaged in negotiations over smaller developers. These include opportunities to arrange favourable phasing, to provide Part V homes in other locations, and to offer small Part V homes (1 & 2-bed apartments) as a 10% contribution as against offering much larger homes (3, 4, & 5 bed homes). On larger sites, developers may also seek to increase the number of homes after the 10% Part V component has been agreed, thus reducing the contribution to below 10%. Where a developer has multiple sites, they may seek to concentrate the Part V homes in more marginal locations, contrary to a stated Part V aim of social integration. Developers are increasingly offering Part V in other locations off-site.

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<sup>58</sup> (DHPLG, 2015) Circular 10/2015

<sup>59</sup> Urban Regeneration and Housing Act 2015 <http://www.irishstatutebook.ie/eli/2015/act/33/enacted/en/html>

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### Costs, effectiveness and value for money

**Value for money:** Of the six recent case studies, there was considerable variance between Part V purchase prices and the likely equivalent cost of development by the local authority. Part V costs were lower than UCC costs in four schemes ([Scheme B], [Scheme E], [Scheme F] and [Scheme G], ranging from 67-90% of 'all in' UCC), but were higher in two schemes [Scheme C] & [Scheme B], comprising 137-147% of 'all in' UCC). However, it is important to note that UCCs do not include abnormal site costs, which could account for some additional costs. In some cases, the purchase prices negotiated represent good value for money in the market. In one case [Scheme B], costs were almost 50% more than might have been incurred via a local authority build, although the high site value in this scheme may account for some of this difference.

For some of the case studies, sales prices for equivalent homes in the same schemes are listed on the Property Price Register (PPR). Generally, Part V purchase prices appear lower than the lowest market prices. However, it is not possible to make direct comparisons, as the PPR does not record the property type and size. In one case study [Scheme C], which is a small development of 3-bedroom houses, the purchase price paid for four Part V houses (€274,995 incl. VAT each) was higher than fifteen other houses sold in the open market in the previous year (€246,696 to €270,300 incl. VAT).

**'Soft' costs:** While the 'hard' construction costs appear to align with market rates, it is evident that there are very inconsistent approaches to calculating 'soft' development costs and profit. The information provided is not adequate for a full analysis of the costs and may indicate that these costs have not been evidenced or audited by the local authority. In some cases, costs are included that were ineligible (marketing and a developer's show house) and, in another, professional and legal fees amounted to over €20,000. Consequently 'profit' may be in excess of the declared amount, particularly as 'construction costs' likely include some element of margin and as 'development costs' are sometimes rounded into a rate per unit, without a breakdown.

From the information available, it is evident that private finance represents a significant cost (up to €20,000 per home). These costs are incurred because developers are required to finance the development until completion, at a time when interest rates for private borrowers are high. Private finance costs may not be incurred when a local authority (or AHB) engages a builder under contract with monthly stage payments. There is potential to introduce reforms in this area and to make savings in the capital cost of acquiring Part V units. For example, under 'traditional procurement' the contractor is paid monthly and does not bear the cost of financing the development. This also has the benefit of giving more flexibility in the contract and a means of quality control.



**Private finance represents a significant cost (up to €20,000 per home)... because developers are required to finance the development until completion, at a time when interest rates for private borrowers are high.**

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**Profit:** The calculation of 'profit' is inconsistent. For example, €8,466 and €16,745 (both excl. VAT) were paid as profit margins on two 3-bedroom houses in different local authorities, in the same year. In two of the six recent case studies, no documentation was available to substantiate the basis for the profit to the developers.

Analysis of a random sample of ten recent (2019) Strategic Housing Development (SHD) planning applications<sup>60</sup> indicates ongoing inconsistency in applications submitted after the conclusion of a 9-week pre-application process with An Bord Pleanála and the local authority. In relation to 2-bedroom apartments (excl VAT), developer proposals for profit in this sample range from €69,000 (as 15% profit), to €22,000 as (10% profit). In two of the ten SHD schemes examined, there were no proposals for profit, and in three others no Part V cost proposals were included in the applications. It seems to be increasingly common for developers to propose leasing (rather than purchase) arrangements and not to include a cost breakdown.

The absence of standard methodologies across local authorities, and, in particular, in An Bord Pleanála dealing with the SHD pre-consultation process, results in uncertainty and delay for all parties. There are opportunities for improvements to make the system more consistent, efficient and transparent.

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<sup>60</sup> An Bord Pleanála, Strategic Housing Development (SHD), random sample of current (2019) planning applications.





**Unit Cost Ceilings  
... have the potential  
to be a basis for  
benchmarking  
payments for Part V  
homes and... could  
be used to streamline  
the process, giving  
certainty to  
developers, reducing  
the administrative  
burden, introducing  
transparency and  
ensuring consistent  
standards.**

**Finance costs:** More broadly, the cost of developer finance payable in Part V purchases is significant. In one case study, the developer profit and finance cost amounted to over €40,000 (incl. VAT) - more than 12% of the purchase price. These costs would not have been incurred in 'traditional procurement', where social housing is procured under standard building contracts by the local authority (or AHB) through public procurement of competitive tenders.

**Market conditions:** It is evident from the UCCs that 'tender prices' for local authority construction contracts vary considerably between local authorities. Tenders (competitive bids) are a factor of the market and fluctuations are distinct from input costs. Construction costs (labour and materials) increased by only 3% between 2008 and 2016, whereas tender prices dropped by more than 30% and did not reach 2007 levels until early 2018.<sup>61</sup> Developers operate within these economic cycles and the timing of Part V negotiations and agreements are critical to development proposals and project finance. Improvements to Part V procedures should seek to 'de-risk' the process for developers, insofar as is possible.

**Effective procurement:** The above indicates the requirement for mechanisms to optimise procurement strategies – particularly, to widen participation, support expansion of industry capacity, increase competition, improve contract terms and administrative arrangements.

The UCCs published by DHPLG have the potential to be a basis for benchmarking payments for Part V homes and, coupled with standard specifications and contract terms, could be used to streamline the process, giving certainty to developers, reducing the administrative burden, introducing transparency and ensuring consistent standards. However, it is important that the UCCs are established on the basis of comparable contracts, as opposed to other forms of procurement.

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61 (SCSI, 2019) Tender Price Index [https://www.scsi.ie/documents/get\\_job?id=1474&field=file](https://www.scsi.ie/documents/get_job?id=1474&field=file)

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### Due diligence and legal issues

**Due diligence:** Part V agreements are contracts between developers and local authorities that describe the homes to be built and the payments due. These legal agreements relate to substantial sums of money, yet, in all cases, they do not include the protections that are common to other building contracts<sup>62</sup> entered into by state authorities. Across the case study schemes, it is evident that the contract terms are inconsistent and inadequate in ensuring that both the capital investment and future residents are adequately protected.

In one case there was no written agreement with the developer for a payment of €10.7m for fifty-four apartments. This arrangement related to two sites and at least seven relevant Planning Permissions.

The most robust agreement extends to three pages and includes an inspection by the local authority, a requirement for 'Homebond' (structural warranty), a building contract, a contract for sale and basic specification requirements. In another case [Scheme B], the agreement requires that "the development... be fully certified by a competent, qualified professional with professional indemnity insurance" and that, "during the course of construction council staff shall be provided with reasonable access... to carry out inspections". Although these two agreements make some provision for quality control, neither require the developer to build to a minimum specification or offer the local authorities (and AHB) any means of rejecting works for poor quality, substandard materials or non-compliance. This may leave the local authority (and AHB) at risk of bearing the costs of future defects.

The historic case study [Scheme D] (2008) included a development agreement in excess of €20m, for both social and affordable housing. It did not include warranties of quality or due diligence (such as 'snagging'<sup>63</sup>) that would have generally been included in agreements with private purchasers in this scheme

at the time. The 2008 apartment construction costs for the historical apartment development [Scheme D] are higher than more recent rates, although the scheme was higher rise (up to seven storeys, with basement parking). Construction inflation, as distinct from tender inflation, was not significant between 2008 and 2016.

The Part V agreements available do not make reference to statutory obligations, such as the provision of a Safety File, the requirement for a Certificate of Compliance and a Building Energy Rating Certificate, prior to the homes being occupied. The developer (as current owner) has legal obligations which transfer to the local authority (or AHB) as future owners.

In parallel, the local authority, as Planning Authority and Building Control Authority, has certain legal duties and powers. It is important therefore, that the roles and responsibilities of the parties in relation to this are clear, particularly the sequence and timing of handover.

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<sup>62</sup> Capital Works Framework (CWF), Government Contracts Committee for Construction (GCCC), Public Works Contracts (PWC) <https://constructionprocurement.gov.ie/contracts/>

<sup>63</sup> 'Snagging' is an industry term for a detail inspection at completion for a schedule of defects to be remedied by the developer before payment is released.





**5. Stakeholders Perspectives**

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# 5. Stakeholders' Perspectives

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## 5.1 Introduction

**This section summarises some of the key issues which emerged from the interviews with officials from Approved Housing Bodies and local authorities and with private sector developers.**

## 5.2 Local Authority Perspectives

### Establishing Part V agreements

Under the legislation, the Part V agreements are made between the local authority and the developer. Tables 5.1 illustrates the level of information required by the local authority in order to negotiate a Part V agreement for different scenarios:

According to interviews with local authority officials, the most critical issues are; the number of types of dwellings to be acquired, whether they are located on the planning permission site or off-site, and the costs payable to the developer (site costs and construction costs). One of the most consistent messages from officials was that negotiations can be quite protracted, that it can take from 3 to 12 months to reach sign-off on a Part V agreement. Indeed, commencement notices will often be issued before a Part V agreement is signed.



**The most critical issues are; the number of types of dwellings to be acquired, whether they are located on the planning permission site or off-site, and the costs payable to the developer.**

Table 5.1 Information required by the local authorities.

Provision of Housing Option
<ul style="list-style-type: none"><li>• Location and area of land subject to planning permission (map).</li><li>• Drawings and outline specification of units to be transferred to planning authority.</li><li>• Number and location of Part V units.</li><li>• Time-scale for delivery of Part V units.</li><li>• Design Standards – standards in relation to layout, size and design.</li><li>• Outline specification (size, building materials, finishes and fittings).</li><li>• Provision of car parking spaces for Part V units.</li><li>• Details of management/maintenance agreement.</li><li>• Infrastructural services to apartments/houses.</li><li>• Cost for each apartment /house.</li><li>• Basis on which land value and building/attributable development costs have been determined.</li><li>• Financial compensation i.e. price agreed that the planning authority will pay for housing units.</li><li>• Details of the proposed or indicative service charges in multi-unit developments.</li></ul>
Provision of Lands Option
<ul style="list-style-type: none"><li>• Location and area of land subject to planning permission (map).</li><li>• Location and area of land proposed to transfer to planning authority (map).</li><li>• Details of any encumbrances e.g. rights of way.</li><li>• Proposals for boundary treatment of land.</li><li>• Details of site investigation undertaken and/or any other relevant information in relation to the land.</li><li>• Confirmation of legal basis on which it is proposed to transfer title to the local authority.</li><li>• Open space and landscaping proposed.</li><li>• Financial compensation i.e. the price agreed that the planning authority will pay for the land.</li></ul>
Provision of Housing by way of a Lease
<ul style="list-style-type: none"><li>• In addition to the location and specification details listed above, the following financial information should be included:<ul style="list-style-type: none"><li>• Market rents of the units proposed</li><li>• Lease rent proposed including additional discount to meet equivalent net monetary value</li></ul></li></ul>

Source: *Part V Guidance 2017*

### Negotiating Costs

Developers are entitled to the existing use value of the site to be transferred, as well as the construction costs of the units. In practice, there are two separate sets of negotiations - one relating to calculating the existing use value of land, and the second relating to the calculation of construction costs, this latter being much more complex. The calculation of the existing use value of sites did not appear to cause much difficulty for local authorities. In Dublin, the valuation department of Dublin City Council undertakes EUV calculations for the other three authorities. In other cases, this is often contracted to a local estate agent or valuer.

However, there is much greater complexity involved in agreeing construction costs between developers and local authorities. Once planning permission has been granted, local authorities issue the developer with a detailed cost template (See Table 5.2 for a summary of Dublin City Council's cost template). Larger developers tend to respond quickly, while others may take months to respond. Interviews with cost professionals in local authorities suggest that elements such as external works, site development works, and abnormal works are exaggerated and that negotiations to agree a final cost for the Part V agreement can take many months. They also suggest that finance costs for developers are an increasingly contested item in cost negotiations. Furthermore, while Part V costs can often be agreed in principle, it is important to note that they are still subject to approval by the Department of Housing and that this may often take extra time.

Table 5.2 Dublin City Council Cost Template

<b>Part V Compensation Cost Claim</b>		
<b>Main Cost Summary</b>		<b>Total Cost €</b>
<b>Building Costs</b>		
Substructures - Basement Car-Parking		0.00
Substructures Generally		0.00
Superstructures		0.00
External Works		0.00
Site Development Works		0.00
Abnormal Works		0.00
Indirect Project Costs		0.00
Total:	1	0.00
<b>Development On Costs</b>		
Professional Fees		0.00
Development Contributions		0.00
Finance Costs		0.00
Total:	2	0.00
<b>Profit</b>		
On Building Costs %	3	0.00
<b>Land Costs</b>		
Existing Land Use Value	4	0.00
<b>Sub-Total:</b>	<b>1-4 above</b>	<b>0.00</b>
add:		
Value Added Tax		0.00
<b>Total Costs:</b>		<b>0.00</b>

Source: Dublin City Council



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### High-Cost sites and Developments

Local authorities must negotiate developer compensation costs broadly in line with government guidelines. However, in recent years, especially in what may be termed ‘high value’ locations in urban areas, there exists evidence that developers have submitted cost claims which are significantly outside the cost parameters of local authorities. The cost of social housing on certain sites is so high that it is well above the recommended Government cost guidelines. For example, in Dublin Docklands, the costs are well over the unit cost guidelines. In these cases, the local authority is faced with a situation where they may seek to persuade central government to pay over the odds for these dwellings, not on the basis of value-for-money, but rather on the basis of complying with the other aim of the legislation, the development of social or tenure mix. Central government are, however, in general, unlikely to sanction very high costs and therefore, it is more likely that the local authority will seek the required 10% of dwellings via an off-site solution. This may involve the construction of new dwellings in the local authority or the acquisition of second-hand dwellings in the local authority area.



**One of the central points made by AHBs was that, since the reforms of 2015, some local authorities have reduced their involvement with AHBs, preferring to acquire and manage Part V dwellings themselves.**

### 5.3 Approved Housing Bodies

#### AHB and Local Authority Relationships

A series of interviews were held with AHB officials. One of the central points made by AHBs was that, since the reforms of 2015, some local authorities have reduced their involvement with AHBs, preferring to acquire and manage Part V dwellings themselves. Under the legislation, the acquisition of Part V units is entirely within the remit of local authorities, although they are encouraged to involve AHBs. In cases where the local authority does wish to transfer the Part V dwellings to an AHB, it is often the case that AHBs are involved after the Part V agreement has been concluded. This means that AHBs have little or no input into the dwelling typology, specification or quality that may be needed by the AHB. Additionally, it means that the AHB have had no input on costs and must ascertain, at a late stage, whether the costs agreed between the local authority and the developer fit into their financial model. In other cases, while local authorities have undertaken all the negotiations up to and including the conclusion of the Part V agreement, and have acquired the dwellings, they have then sought to enter into a service level agreement with an AHB to manage the schemes.

#### The Protocol

A protocol was negotiated by the Irish Council for Social Housing (ICSH) and the Dublin local authorities, the purpose of which was to establish a transparent system whereby local authorities would select AHBs to become involved in Part V (and other) developments. It was also intended to ensure that the larger AHBs were not unduly favoured and that smaller AHBs would receive some development opportunities.

However, some of the larger AHBs were of the view that the protocol in the Dublin area has made it quite difficult to maintain strong relationships with developers and thus inhibits the supply of quality Part V housing.<sup>64</sup> Partnerships which had been developed over several years were weakened, as local authorities, in some instances, were resistant to allowing AHBs to be involved at an early stage of the process. AHBs argued that, by becoming involved at this later stage, they had less influence on: dwelling typology; external design; location on the site; quality; and costs.

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<sup>64</sup> Interviews concentrated on the larger AHBs

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### Clustering and Pepper potting

As previously referenced, one of the aims of Part V is to 'avoid undue social segregation'. This leads to the question of the location of Part V units. In empirical terms, we are hindered by a lack of information on the micro geography of Part V units.<sup>65</sup> Nonetheless, there were quite divergent views among AHBs (and local authorities) as to where such units should be located. Some AHBs strongly believed that Part V accommodation should be clustered, as it makes for more efficient and cost-effective management. By contrast, some local authorities had a strong preference towards the pepper-potting or dispersal of units.



## All respondents cited concerns regarding a lack of consistency in the application of Part V by local authorities.

### 5.4 Developers

As part of the report, a number of developers were also interviewed about their experiences with Part V. Some of the those interviewed had experience in dealing with Clúid, and all were active in the housing sector at the time of interview. The sample included well-established developers, with more than 30 years' experience, to smaller developers active in only the Dublin housing market, to more recent companies operating at mid-level in the commuter areas and outside Dublin. Some respondents had only been active for less than five years, and thus were unable to draw comparisons between the older forms of Part V compliance and current system. The following is a key summary of areas discussed.

#### Indicative Costs

Costs submitted with the planning application are indicative, as there are a lot of unknown elements. Therefore, it does not represent a proper basis for accurate construction cost estimates. Such costs are not assessed until after planning is granted. In some developments, especially larger ones, there may be changes to the original application in terms of number of units.

#### Different methods of assessment from LA to LA

Many developers, who operate across local authorities, cited the existence of different submission templates, different compliance criteria (land; units; floor area), different skill sets across local authority officials and, in some cases, a lack of appreciation of the developer perspective.

#### Consistency

All respondents cited concerns regarding a lack of consistency in the application of Part V by local authorities. Some developers felt that, even within individual local authorities', negotiation outcomes depended on official that was dealing with the Part V process. The main issue referenced in relation to this lack of consistency of application was the ability of developers to accurately account for Part V costs from the outset. All noted that, if Part V was properly quantified, this could be reflected in the feasibility of schemes and site values. Transparency and consistency of application, to ensure that no one was at a competitive advantage, was a recurring theme across all developers interviewed.

#### Simplicity and Site Value

Most respondents suggested that the basic formula for Part V was simple - market value of land less existing use value x 10%. While it would appear that this could be easily assessed, application in each local authority was described as complex and lacked clarity. According to some developers, for example, overall site costs, such as drainage and infrastructure, were permitted as costs, while, for others, only the cost of the dwelling was permitted. This has given rise to the impression that some are doing better than others etc, and that not all are competing in a fair way in the market. Some complained that inflated site market values were leading to larger discounts on schemes, which were not necessarily supported by realistic sales prices.

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<sup>65</sup> A study funded by the Housing Agency and the ICSH is underway

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### Flexibility

Half of all respondents suggested that local authorities were very rigid in their requirement for the provision of Part V units on site. In some instances, where developers wanted to relocate Part V units to adjacent sites, this was not entertained. Part V, by its nature is location dependent, and thus it was deemed that there was no 'one size fits all' approach. The current requirement for 10% housing on all sites was seen as unduly inflexible.

### Negative Sales Effect

All respondents noted issues with sluggish sales in schemes where units were in proximity to Part V units. 'Pepper-potting' of Part V was viewed as problematic, due to a cited negative effect on sales. In one example, one developer had suggested decanting Part V units to a self-contained adjacent site, with a separate entrance. This was not deemed acceptable to the local authority concerned.

### Location

One developer, currently developing a number of commuter and outer urban sites, was quite happy with the provision of Part V on site, as in these lower demand locations, market price and sales price were closer. In such locations, Part V may be viewed by a developer as 'pre-sales', effectively de-risking developments in the sale of 10% of completed units.

However, another developer of a Co. Dublin scheme of twenty luxury units cited negative sales effect as an issue. In urban, high value locations, the existing use value discount on market price is less pronounced, and therefore, prices for Part V will be higher. This can lead to perceived excessive purchase prices, as seen

in some schemes recently in Dublin City Council. High value locations were always problematic in relation to Part V, and the current preference for the provision of Part V onsite, and a lack of flexibility with regard to compliance are issues for both developers and local authorities alike.

One example of a successful application of on-site Part V was represented by Gallery Quay in Dublin. In this instance, Part V was on part of the site but were all own-door units, not part of the main development and not subject to the same high management and service charges.

### Cash Contribution

Most respondents were supportive of the reintroduction of cash contributions. One developer was against this, on the basis that 10% on-site Part V was beneficial to the scheme, representing 'pre-sales', as referenced above. Most felt that cash contributions, fairly and consistently applied, were a transparent and clear method of applying Part V. One suggestion was to revert to cash contributions, ring-fenced for social housing. This would give local authorities the autonomy to decide how, where and in what way funds would be applied for maximum effect.

### Transfer of Land Ownership

Just one developer mentioned this as forming part of negotiations. In one commuter county, the transfer of ownership of part of the site in question was suggested by a local authority in discussions. This was seen as undesirable for the developer due to a shared entrance and a possible negative effect on sales of Part V in proximity to the main entrance to the private scheme.



**In lower demand locations Part V may be viewed by a developer as 'pre-sales', effectively de-risking developments in the sale of 10% of completed units**

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### Leasing Units

No respondents had engaged in long-term leasing as a method of Part V compliance. Most developers interviewed were dealing with older sites, where Part V had been agreed under the prior rules.

In fact, some were unaware that this was a possible option under Part V. One respondent suggested that this was a 'no brainer' and given that, after a minimum period of 10 years, title did not transfer to the local authority, this could be a very lucrative arrangement in lieu of sale of units.

### Involvement of AHB

All respondents suggested that early involvement of AHBs in the process of design, designation and planning was beneficial. In many situations, specifications and layouts were determined in advance of AHB involvement, and, therefore, issues including unit type, location and internal specification, such as the provision of en-suites, were determined by the time AHBs were involved. Developers expressed a preference to working with AHBs where there was a pre-existing relationship, where both parties 'knew what the other was looking for'. A delayed involvement of AHBs in the Part V process was suggested as 'the worst of both worlds' - developers ended up opting for more expensive specifications that were not needed and AHBs were not always provided with units suitable to specific end-users.

### Other responses

One developer suggested that Part V should be abolished and did not agree with the measure whatsoever. His position was that VAT, Part V and increased regulation was driving up costs, while, on the other hand, government inactivity in addressing affordability was effectively shutting the door on first-time-buyers. Part V was suggested as adding complexity and cost, which effectively was being paid by private buyers on the remainder of the scheme.



**All respondents suggested that early involvement of AHBs in the process of design, designation and planning was beneficial... and developers expressed a preference to working with AHBs where there was a pre-existing relationship**



**There are quite significant differences across local authorities in the overall yield of Part V units, in the split between social rented and affordable purchase units, whether units are delivered on or off-site, and between clustering and pepper potting of units in schemes.**

### **5.5 Part V Policy Design and Policy Flexibility**

In order to set a context for the interview results, it is important to outline two structural factors which dictate how Part V operates. The first involves the implications of the dependence of Part V on the market, while the second relates to the inherent flexibility of Part V as a mechanism.

#### **A Market-Dependent Mechanism**

It is worth emphasising what is an obvious point - that as a mechanism for securing planning gain, Part V is entirely market-dependent and thus, in times of recession, is of limited use. Firstly, the provision of Part V units is dependent on the availability of private developers, which varies according to the prevailing stage of the property cycle, which, in turn, influences the scale and timing of development. Secondly, the typology of units available for social housing is partly dependent on the market the private developer is serving. Therefore, local authorities have limited control over the type of units or the specifications and quality controls required for social housing. Where AHBs are involved in a partnership with developers, they have more influence over dwelling typologies and quality than in situations where they are only brought into the process at late stage.

Thirdly, the pace of development on a scheme and the timing of phases of a scheme impacts on the provision of social housing units. Local authorities may seek Part V units to be provided as part of the first phase of a scheme (front-loading), but cannot require it. In fact, more generally, the local authority cannot control when/if there is delivery of Part V, as planning permissions generally are for 5 years and may not be activated if market conditions are unfavourable. Finally, regarding ongoing costs of apartment schemes, for example, the market determines service charges, sinking funds, and scheme management (Owners Management Companies) is determined by the national legislation. This can make for a very uncertain situation for AHBs budgeting for future costs. Some local authorities have entered into service level agreements with AHBs, with the latter managing the Part V local authority units. However, some AHBs are reluctant to do so, given the costs involved.

Regarding the issue of social segregation, developers tend to prefer the clustering of social rented units, so as to distinguish them from the private units for sale. On the other hand, some local authorities, but by no means the majority, prefer what is termed pepper-potting. AHBs, in the main, prefer clustering of units on site. The general policy, at least the implied policy, is that developments should be 'tenure-blind' from the design perspective. To date, there exists no research on the design and social segregation outcomes of Part V housing.

#### **Policy Design and Part V Flexibility**

Under the Part V legislation, it was never the case that every planning permission would result in the delivery of 20% social and/or affordable housing. Part V has an in-built series of limitations or constraints and thus, there are very significant differences in terms of yield. The following legal and policy issues are worth highlighting. Firstly, Part V only applies if the housing strategy of the local authority demonstrates a need for social and affordable housing. Secondly, the legislation provided local authorities with the flexibility to require 'up to' 20% of units and, since the changes in the legislation in 2015, 'up to' 10% of units. Local authorities thus have discretion as to the yield of housing they require. While, admittedly, there are no known cases of a local authority requiring nothing from Part V, the strategy is flexible, and an authority could require a low yield from each planning permission.

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In some of the early housing strategies, such as that of Dublin City Council, the local authority required solely affordable purchase housing and not social rented housing, due to high concentration of social housing in certain neighbourhoods. Thirdly, as it applied between 2000 and 2015, local authorities had discretion regarding the percentage of social rented units required as against affordable purchase units, at planning permission stage. Moreover, they had, and still do have the ability to apply different yields to sub-areas within the local authority.

In addition, Part V only applies to zoned residential land or mixed residential zoning. Therefore, in effect, it applies mainly to urban areas. Furthermore, the legislation only applies to sites of 0.1 Hectares or over, and, with the change in the legislation in 2015, Part V only applies to developments of 10 units or above. Between 2000 and 2015, it applied to developments of 5 units or more.

While the size of units themselves is not specified in the legislation, it is common practice that local authorities would achieve approximately 10% of the gross floor area of the development. There are different approaches to this, with some local authorities seeking 10% of the gross floor area of a proposed

scheme, while others seek a similar outcome through negotiating a mix of dwelling typologies and sizes. The cumulative effect of these policy issues is such that there are quite significant differences across local authorities in the overall yield of Part V units, in the split between social rented and affordable purchase units, whether units are delivered on or off-site, and between clustering and pepper potting of units in schemes.

## 5.6 Summary

Interviews with the various stakeholders were revealing in showing how Part V operates in practice. One of the key findings, from the viewpoint of AHBs, is that since the 2015 reforms, it has been harder for them to use existing partnerships with developers. AHBs argue that such partnerships speed up the process and also delivers higher quality housing. Developers, certainly the larger developers, tend to concur and support having partnerships with AHBs. Local authorities face challenges in completing Part V agreements, in part because of the potential of protracted negotiations around constructions costs, and also because in recent years, the indicative costs submitted by developers in some urban locations have pressured them to seek Part V units off-site.



**Since the 2015 reforms, it has been harder for Approved Housing Bodies to use existing partnerships with developers.**





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# 6 Conclusions and Recommendations

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## 6.1 The Importance of Part V and Planning Obligations

**Part V represented the first serious attempt in Ireland to achieve a form of planning gain by way of allowing local authorities to acquire land at existing use value.**

It thus enabled the provision of social rented and affordable purchase housing at the cost of construction plus the existing use value of land. In an Irish context, this was a hard-won achievement and should not be lightly jeopardised. Indeed, Part V should be retained as part of a toolkit of measures to address the affordable and social housing supply crisis in Ireland.

Starting with the Kenny Report in 1973, there have been various calls to institute policies on land betterment or planning gain, and Part V was the first to be implemented. While there exist a variety of mechanisms for land value capture or betterment, Part V is now embedded in the planning and housing system. The challenge now is to enhance the measure so that it delivers more social and affordable housing in an effective manner which is value for money for the state.

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## 6.2 Recommendations

# Key Recommendations

## 1. Improving Part V

### R1.1 Increase the yield to 20%

The maximum yield currently obtainable from Part V is 10% of a development. Given the current crisis in social and affordable housing supply surpasses the situation in 2000, when Part V was introduced, we recommend that the Part V requirement is increased to 20%. For larger schemes, such as Strategic Development Zones, there is a strong case for increasing the yield to 30%. An Affordable Housing Bill is currently before the Oireachtas (parliament) and when enacted is likely to increase the yield to 20%

### R1.2 Strengthen the role of AHBs

The protocol of 2016, between the local authorities in Dublin and the ICSH, needs to be amended. Some AHBs have long-standing relationships or partnerships with particular developers and these should be used to speed up the provision of Part V units. Moreover, such partnerships have been shown to secure the quality of Part V housing acquired, as AHBs will have greater influence on the design and specification of housing acquired and should therefore be deployed in Part V schemes.

### R1.3 Part V should apply to cost rental housing

In increasing the yield to 20%, it is recommended that Part V would apply to not only affordable purchase but also to affordable rental and cost rental housing. Cost rental housing comprises part of the Affordable Housing Bill 2021, which is likely to become law later this year.

### R1.4 Standardising costs

- > There is a strong case for local authorities to issue standardised costs by location and dwelling typology and then require developers to justify deviation from these standard costs. That data currently exists, at least in part, from the Unit Cost Ceilings established by the Government.
- > Revise Department Circulars and provide appropriate guidance for cost calculations, in order to ensure consistency and transparency.
- > Explore opportunities for standardising/ benchmarking construction 'rates' and other costs, in order to enable both local authorities and developers to plan and budget within more certain parameters.
- > Reform arrangements for 'profit' calculations, in order to ensure certainty for developers and transparency in public spending.
- > Provide a standard minimum specification for Part V homes and align construction performance standards with local authority specifications.
- > Review local authority and AHB procurement practices, contractual requirements and administrative arrangements, to ensure consistent and efficient practices. This would result in greater consistency of UCC data across local authorities, allowing for the establishment of an accurate 'value for money' benchmark standard for Part V.



**It is recommended that Part V would apply to not only affordable purchase but also to affordable rental and cost rental housing.**



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## R1.5 Improving the efficiency and effectiveness of Part V

### Due Diligence

- > Introduce standard Part V agreements (forms of contract) between local authorities and developers, for consistency, clarity and legal certainty.
- > Review these agreements periodically, to account for legislative changes and other changes, in order to ensure standards and mitigate risks to local authorities and AHBs.
- > Include the Approved Housing Body (AHB) that will acquire the Part V homes as a party to these agreements, to improve conditions for redress for future defects, and to avoid potential disputes between the parties.
- > Include arrangements and conditions of handover (of completed homes), including legislative requirements and statutory documentation, in Part V agreements.

### Process

- > Introduce standard documentation for recording and approving costs, in order to ensure consistency, accountability and an audit trail.
- > Publish all Part V Agreements and cost breakdowns for Part V purchases, in order (1) to establish precedents, thereby reducing development risk (2) to ensure parity, in so far as is possible, and (3) to ensure transparency in public spending.
- > Implement spending controls, such as envisaged in the Public Spending Code.

### Establish Shared Services

- > There is a clear case for the establishment of shared services between local authorities. This already exists with regard to the estimation of existing use value, as Dublin City Council undertakes this work for the other Dublin local authorities. However, there are no standard approaches to development costs and contractual arrangements across the local authorities and there is a good case for pooling knowledge and expertise.



**All stakeholders need more certainty in the operation of the Part V system.**

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### Transparency and Certainty

- > All stakeholders need more certainty in the operation of the Part V system, as protracted negotiations result in administrative costs, consultancy fees and project delays, for both the developer and the local authority/AHB. More specifically, when requirements are unclear or open to negotiation, a developer must 'price in' a range of outcomes at a stage as early as their site acquisition. This impacts on their development proposition: both project viability and risk assessment for financing. A more transparent system would allow developers to accurately account for Part V and to be reassured that the same requirements are being applied consistently across developments. A more transparent and simplified system would also mitigate the risk of irregular practices. It is noted that some guidance has more recently been provided by the Housing Agency.

### Standardisation

- > There is a need for standardisation of requirements and consistent due diligence, to reduce the administrative burden for all parties and protect the investment. Stakeholders need more consistency in contractual requirements, including material specification, design requirements, quality controls and consumer protections. A standardised approach with template documentation would reduce the administrative burden and ensure that local authorities/AHBs have better quality controls, protections, and remedies for defects. Consistency of specification would also ensure more accurate benchmarking of market rates and costs between developments.

### Quality control

- > There is a need for more robust and consistent quality controls. Reliance on contractual obligations and regulatory requirements is not sufficient, as there are shortcomings, particularly in on-site inspections and consumer remedies for defects. Prior to purchase, local authorities/AHBs would benefit from a system of independent inspection to ensure buildings are compliant and free of patent defects. After purchase, consistent and robust protections for remedying latent defects are needed, so that unexpected costs do not fall to the local authority/AHB.

### R1.6 Require floor area instead of units

Part V requires the transfer of dwelling units and this can lead to disputes between developers and local authorities. 10% of dwelling units may be less than 10% of total residential floorspace. Requiring developers to transfer 10% of residential floorspace would give local authorities the ability to maximise the benefits of Part V. We recommend that local authorities be allowed to use floor area when required.

### R1.7 Close the loophole

Since 2015, Part V has applied to schemes of 10 units or more. However, it does not apply to developments on sites of less than 0.1 hectares. The question arises, therefore, as to whether Part V applies to schemes of 10 or more dwellings on sites of under 0.1 hectares. A number of recent high-density schemes of about 30 to 40 units on sites of under 0.1 hectares have been exempt from Part V requirements. Thus, though over the 10-unit threshold, Part V has not been applied. This was not envisaged when the legislation was passed, and we consider this a loophole. It is a matter of urgency that this loophole is closed, and that Part V applies in these cases.

### R1.8 Widen the provisions

The planning obligations of Part V only apply to what we term standard residential development. Currently, the provision of student accommodation is not subject to Part V requirements. While this is partly understandable, as such accommodation may not be suitable for social rented households, a financial levy could be applied to such developments and ring-fenced for social housing purposes.

### R1.9 Need to assessing the costs and benefits of leasing

We are of the view that the leasing of Part V units is a very expensive way of utilising Part V, that it does not lead to the acquisition of an asset by the state at the end of the lease and that it risks disruption to established communities at the end of the lease. The use of leasing should, in our view, be limited.

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## Key Recommendations

### 2. Moving Beyond Part V

#### R2.1 Zone Land Solely for Social and Affordable Housing

We should proactively zone land specifically for social, cost rental and affordable housing. In some countries, zoning is undertaken for social housing, thereby affecting the underlying land value. This may reduce the cost of land, even if bought on the open market by the state. NESCC (2020) give the example of Vienna, which has recently introduced a land using zoning category for ‘subsidised housing’. In these zones two thirds of all floor space in developments with more than 50 units must be used for subsidised housing. This approach to zoning should be examined, especially as preliminary evidence from Vienna suggests that land values are falling in these zones.

#### R2.2 Land banking

A more fundamental approach would be for the state to acquire land for social housing for immediate and future needs. The Kenny report of 1973 suggested that land be acquired at agricultural value plus 25%. We recommend that this approach be examined anew. Research by Lawson and Ruonavaara (2020) describes several approaches to land banking across the world, all of which have the effect of providing sufficient land for social and affordable housing but, critically, of reducing the cost of land to the state.

#### R2.3 Valuing Social and Affordable Housing

Social rented housing comprises about 10% of the entire housing stock in Ireland, one of the lowest in the European Union. As a tenure, it has been marginalised and residualised for several decades. The commentary on social rented housing has paid little attention to the powerful arguments that social rented housing is needed and offers a positive social and economic contribution to society (Australian Housing and Urban Research Institute, 2020). We recommend that the forthcoming Commission on Housing make the case for the positive contribution of social and affordable housing.

#### R2.4 Role of the Land Development Agency

In early 2021, a Bill was issued to set up the Land Development Agency (<https://lda.ie/>) on a full statutory footing and this is likely to become law sometime in 2021. We recommend that the Agency is set up so that AHBs can obtain access to land at existing use value in order to develop social and affordable housing.



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## Key Recommendations

### 3. Improving The Knowledge Base

The research team have sourced as much information as was possible in undertaking this report. However, there were significant challenges in obtaining some information, which presented us with limitations. In light of this, it is our view that the following areas require further investigation:

#### R3.1 Existing Use Value

The underlying basis of Part V is that the developers receive the existing use value of the land. There is no information on the pattern of EUVs agreed across locations. We recommend that information is published on EUVs and market values, from a variety of sites, so that the 'discount' to the state is visible to the public. In addition, we recommend that a Land Price Register should be established to record details, location and price of all land sales transactions. This register should be published and made available to the public, similar to the Property Price Register, to ensure full transparency around the market value of land.

#### R3.2 Construction Costs

There has been protracted controversy over the cost of developing new build social housing, with a variety of figures being published, some as industry

estimates and others from public sources. However, the public sources that capture actual market rates are not sufficiently detailed to systematically disaggregate all costs. Given all costs have to be approved at either local or central state level, we recommend that such a database is established.

#### R3.3 Cost and Benefits of Leasing

There may be an increasing wish, on the part of developers, to lease Part V dwellings to local authorities. However, it is important that the costs of leasing are subject to a cost-benefit analysis and review of the broader inflationary effects and future social implications. We recommend that the costs and benefits of leasing for Part V be assessed by government.

#### R3.4 Spatial Data

The provision of Part V housing is recorded only at local authority level. However, given the one of the aims of Part V is to reduce undue social segregation, we think it important that it be possible to analyse the provision of Part V at a scheme or estate level and to determine whether it was 'on' or 'off site'. This data should be collected.



**We recommend that a Land Price Register should be established to record details, location and price of all land sales transactions**

Table 6.1 Overall Assessment of Part V

Criteria	Benefits	Challenges
1. <b>Provision of social rented housing</b>	<ul style="list-style-type: none"> <li>An additional method of providing social rented houses</li> <li>Part V has provided a modest amount of much-needed social housing</li> </ul>	<ul style="list-style-type: none"> <li>Cyclical, as it depends on the market and developer intentions</li> <li>Policy flexibility means that not all planning permissions yield 10% social housing</li> <li>Leasing may be more expensive than acquisition and does not lead to the ownership of an asset by the state</li> </ul>
2. <b>Provide social housing at a subsidy by paying only EUV for the site</b>	<ul style="list-style-type: none"> <li>In some locations, the EUV is low, so the subsidy is significant, thus allowing the state to deliver good value for money</li> </ul>	<ul style="list-style-type: none"> <li>In high-value locations, the difference between the EUV and the market value may be minimal, thus diluting the aim of the measure.</li> <li>Construction costs in some locations may prohibit acquisition on-site</li> </ul>
3. <b>Avoiding undue social segregation</b>	<ul style="list-style-type: none"> <li>Contributes to mixed tenure and integration.</li> <li>The debate on clustering or pepper potting on-site is ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Off-site provision may obviate the social integration intention</li> </ul>

### 6.3 Final Conclusion and Assessment

Part V is a progressive element of planning policy. It is not perfect and can be improved, but it is essential. Table 6.1 provides a broad summary of the benefits and challenges of Part V. While, admittedly, the contribution of Part V to social housing has been modest, it has been undoubtedly important, particularly in locations of high demand, such as Dublin. Its contribution is dependent on the state of the general housing market, as well as the design of the policy. The evidence suggests that the cost of Part V provision is broadly in line with other procurement routes, but that the Existing Use Value of land varies considerably, leading to differential impacts in terms of value for money.

Moving beyond Part V, it is noteworthy that the National Economic and Social Council (2020) argue that our housing system ‘must evolve from a speculative and highly cyclical system to a permanently affordable, stable and more sustainable system of housing’. This analysis by NESC is backed up by recent policy reports by the OECD (2020, 2021) which also stress the need to shift from current systems to providing social and affordable housing at scale.<sup>66</sup> The Programme for Government proposed a Housing Commission, which is likely to be formed in late 2021. Depending on the terms of reference, this is potentially a good opportunity to put social and affordable housing at the centre of a new vision for housing.

<sup>66</sup> The first cost rental schemes have been announced <https://rebuildingireland.ie/news/minister-obrien-announces-first-cost-rental-schemes/>

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# Appendices

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## **Appendices**

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# Appendix A

## Analysis of Rebuilding Ireland Social Housing Completion Reports 2017-2020

Table A1: All New Social Housing Output 2020

<b>NATIONWIDE: Rebuilding Ireland Q1-Q4 2020 Social Housing Completion Report</b>					
<b>Local Authority</b>	<b>Local Authority Builds</b>	<b>Local Authority 'Turnkey' Purchases</b>	<b>AHB Builds</b>	<b>AHB 'Turnkey' Purchases</b>	<b>Totals</b>
Carlow	28	22	0	54	<b>104</b>
Cavan	2	9	0	12	<b>23</b>
Clare	30	4	15	37	<b>86</b>
Cork	50	191	86	126	<b>453</b>
Donegal	6	43	10	14	<b>73</b>
D/L Rathdown	0	0	11	25	<b>36</b>
Fingal	24	22	0	253	<b>299</b>
Galway	8	50	22	20	<b>100</b>
Kerry	30	8	4	181	<b>223</b>
Kildare	86	114	0	130	<b>330</b>
Kilkenny	59	4	0	28	<b>91</b>
Laois	8	13	0	95	<b>116</b>
Leitrim	0	8	0	0	<b>8</b>
#Limerick City & Co	17	2	0	68	<b>87</b>
Longford	0	45	0	0	<b>45</b>
Louth	87	131	2	59	<b>279</b>
Mayo	61	14	0	0	<b>75</b>
Meath	68	30	0	162	<b>260</b>
Monaghan	6	38	0	11	<b>55</b>
Offaly	14	2	0	0	<b>16</b>
Roscommon	14	2	0	0	<b>16</b>
Sligo	28	0	8	0	<b>36</b>
South Dublin	109	0	4	219	<b>332</b>
#Tipperary	35	21	0	50	<b>106</b>
#Waterford City & Co	26	44	9	69	<b>148</b>
Westmeath	33	8	0	51	<b>92</b>
Wexford	18	29	0	97	<b>144</b>
Wicklow	214	16	0	78	<b>308</b>
<b>City Councils</b>					
Cork	68	8	45	141	<b>262</b>
Dublin City Co	136	0	21	156	<b>313</b>
Galway	78	21	0	99	<b>198</b>
<b>Totals</b>	<b>1,343</b>	<b>899</b>	<b>37</b>	<b>2,235</b>	<b>4,714</b>

Table A1: All New Social Housing Output 2020 (continued)

CO DUBLIN ONLY: Rebuilding Ireland Q1-Q4 2020 Social Housing Completion Report					
Local Authority	Local Authority Builds	Local Authority 'Turnkey' Purchases	AHB Builds	AHB 'Turnkey' Purchases	Totals
D/L Rathdown	0	0	11	25	<b>36</b>
Fingal CoCo	24	22	0	253	<b>299</b>
South Dublin	109	0	4	219	<b>332</b>
Dublin City Co	136	0	21	156	<b>313</b>
<b>Totals</b>	<b>269</b>	<b>22</b>	<b>36</b>	<b>653</b>	<b>980</b>

Table A2: All New Social Housing Output 2019

<b>NATIONWIDE: Rebuilding Ireland Q1-Q4 2019 Social Housing Completion Report</b>					
<b>Local Authority</b>	<b>Local Authority Builds</b>	<b>Local Authority 'Turnkey' Purchases</b>	<b>AHB Builds</b>	<b>AHB 'Turnkey' Purchases</b>	<b>Totals</b>
Carlow	34	12	0	77	<b>123</b>
Cavan	8	3	0	37	<b>48</b>
Clare	25	0	8	52	<b>85</b>
Cork	67	194	13	48	<b>322</b>
Donegal	25	34	0	0	<b>59</b>
D/L Rathdown	17	0	0	82	<b>99</b>
Fingal	54	74	0	333	<b>461</b>
Galway	60	40	18	0	<b>118</b>
Kerry	59	3	0	93	<b>155</b>
Kildare	50	78	0	257	<b>385</b>
Kilkenny	4	0	49	58	<b>111</b>
Laois	1	0	0	10	<b>11</b>
Leitrim	0	16	0	10	<b>26</b>
#Limerick City & Co	57	20		0	<b>77</b>
Longford	5	74	0	0	<b>79</b>
Louth	26	5	15	303	<b>349</b>
Mayo	62	21	0	12	<b>95</b>
Meath	69	47	0	147	<b>263</b>
Monaghan	51	10	0	50	<b>111</b>
Offaly	33	14	10	0	<b>57</b>
Roscommon	0	20	0	10	<b>30</b>
Sligo	33	2	0	0	<b>35</b>
South Dublin	112	34	0	233	<b>379</b>
#Tipperary	0	38	15	53	<b>106</b>
#Waterford City & Co	16	74	0	40	<b>130</b>
Westmeath	0	25	0	8	<b>33</b>
Wexford	38	42	0	59	<b>139</b>
Wicklow	27	70	0	159	<b>256</b>
<b>City Councils</b>					
Cork	110	159	8	144	<b>421</b>
Dublin City Co	45	45	205	181	<b>476</b>
Galway	0	29	9	79	<b>117</b>
<b>Totals</b>	<b>1,088</b>	<b>1,183</b>	<b>350</b>	<b>2,535</b>	<b>5,156</b>
<b>CO DUBLIN ONLY: Rebuilding Ireland Q1-Q4 2019 Social Housing Completion Report</b>					
D/L Rathdown	17	0	0	82	<b>99</b>
Fingal CoCo	54	74	0	333	<b>461</b>
South Dublin	112	34	0	233	<b>379</b>
Dublin City Co	45	45	205	181	<b>476</b>
<b>Totals</b>	<b>228</b>	<b>153</b>	<b>205</b>	<b>829</b>	<b>1,415</b>

Table A3: All New Social Housing Output 2018

<b>NATIONWIDE: Rebuilding Ireland Q1-Q4 2018 Social Housing Completion Report</b>					
<b>Local Authority</b>	<b>Local Authority Builds</b>	<b>Local Authority 'Turnkey' Purchases</b>	<b>AHB Builds</b>	<b>AHB 'Turnkey' Purchases</b>	<b>Totals</b>
Carlow	36		0	39	<b>75</b>
Cavan	12		0	11	<b>23</b>
Clare	0	2	8	33	<b>43</b>
Cork	25	97	43	21	<b>186</b>
Donegal	19	39	16	0	<b>74</b>
D/L Rathdown	120	14	0	35	<b>169</b>
Fingal	75	92	14	143	<b>324</b>
Galway	20		0	10	<b>30</b>
Kerry	65	23	9	14	<b>111</b>
Kildare	26	39	0	131	<b>196</b>
Kilkenny	6	39	24	21	<b>90</b>
Laois	33		13	45	<b>91</b>
Leitrim	7		0	0	<b>7</b>
#Limerick City & Co	45		45	10	<b>100</b>
Longford	4	47	0	0	<b>51</b>
Louth	23		11	133	<b>167</b>
Mayo	36	2	18	0	<b>56</b>
Meath	36	40	17	176	<b>269</b>
Monaghan	16	11	6	0	<b>33</b>
Offaly	0	12	0	0	<b>12</b>
Roscommon	0	14	0	25	<b>39</b>
Sligo	16		0	0	<b>16</b>
South Dublin	238	28	0	134	<b>400</b>
#Tipperary	7	13	0	9	<b>29</b>
#Waterford City & Co	6	113	0	0	<b>119</b>
Westmeath	10		0	0	<b>10</b>
Wexford	21	37	0	51	<b>109</b>
Wicklow	28	4	0	41	<b>73</b>
<b>City Councils</b>					
Cork	93	20	17	109	<b>239</b>
Dublin City Co	201	63	170	139	<b>573</b>
Galway	14	18	4	3	<b>39</b>
<b>Totals</b>	<b>1,238</b>	<b>767</b>	<b>415</b>	<b>1,333</b>	<b>3,753</b>
<b>CO DUBLIN ONLY: Rebuilding Ireland Q1-Q4 2018 Social Housing Completion Report</b>					
D/L Rathdown	120	14	0	35	<b>169</b>
Fingal CoCo	75	92	14	143	<b>324</b>
South Dublin	238	28	0	134	<b>400</b>
Dublin City Co	201	63	170	139	<b>573</b>
<b>Totals</b>	<b>634</b>	<b>197</b>	<b>184</b>	<b>451</b>	<b>1,466</b>

Table A4: All New Social Housing Output 2017

<b>NATIONWIDE: Rebuilding Ireland Q1-Q4 2017 Social Housing Completion Report</b>					
<b>Local Authority</b>	<b>Local Authority Builds</b>	<b>Local Authority 'Turnkey' Purchases</b>	<b>AHB Builds</b>	<b>AHB 'Turnkey' Purchases</b>	<b>Totals</b>
Carlow	43	0	0	0	<b>43</b>
Cavan	2	0	0	0	<b>2</b>
Clare	0	0	0	28	<b>28</b>
Cork	10	113	6	3	<b>132</b>
Donegal	11	0	0	0	<b>11</b>
D/L Rathdown	10	28	0	8	<b>46</b>
Fingal	83	16	9	111	<b>219</b>
Galway	1	30	23	0	<b>54</b>
Kerry	6	4	0	0	<b>10</b>
Kildare	6	22	37	29	<b>94</b>
Kilkenny	6	23	6	16	<b>51</b>
Laois	0	0	0	0	<b>0</b>
Leitrim	0	0	2	0	<b>2</b>
#Limerick City & Co	4	0	0	7	<b>11</b>
Longford	0	14	0	7	<b>21</b>
Louth	25	0	1	92	<b>118</b>
Mayo	2	1	7	0	<b>10</b>
Meath	16	0	9	104	<b>129</b>
Monaghan	0	39	7	0	<b>46</b>
Offaly	0	5	0	0	<b>5</b>
Roscommon	16	0	0	0	<b>16</b>
Sligo	8	0	0	0	<b>8</b>
South Dublin	0	0	10	71	<b>81</b>
#Tipperary	1	0	12	0	<b>13</b>
#Waterford City & Co	4	0	10	0	<b>14</b>
Westmeath	0	21	0	2	<b>23</b>
Wexford	1	8	7	31	<b>47</b>
Wicklow	0	0	0	0	<b>0</b>
<b>City Councils</b>					
Cork	0	4	0	0	<b>4</b>
Dublin City Co	139	58	124	90	<b>411</b>
Galway	0	0	0	55	<b>55</b>
<b>Totals</b>	<b>394</b>	<b>386</b>	<b>270</b>	<b>654</b>	<b>1,704</b>
<b>CO DUBLIN ONLY: Rebuilding Ireland Q1-Q4 2017 Social Housing Completion Report</b>					
D/L Rathdown	10	28	0	8	<b>46</b>
Fingal CoCo	83	16	9	111	<b>219</b>
South Dublin	0	0	10	71	<b>81</b>
Dublin City Co	139	58	124	90	<b>411</b>
<b>Totals</b>	<b>232</b>	<b>102</b>	<b>143</b>	<b>280</b>	<b>757</b>



Table A5: All New Social Housing Output 2016 (q3 and q4)

<b>NATIONWIDE: Rebuilding Ireland Q3+Q4 2016 Social Housing Completion Report</b>					
<b>Local Authority</b>	<b>Local Authority Builds</b>	<b>Local Authority 'Turnkey' Purchases</b>	<b>AHB Builds</b>	<b>AHB 'Turnkey' Purchases</b>	<b>Totals</b>
Carlow	0	0	6		<b>6</b>
Cavan				16	<b>16</b>
Clare			3		<b>3</b>
Cork				10	<b>10</b>
Donegal				4	<b>4</b>
D/L Rathdown	54				<b>54</b>
Fingal	29			19	<b>48</b>
Galway			13		<b>13</b>
Kerry	5			5	<b>10</b>
Kildare					<b>0</b>
Kilkenny	10		12		<b>22</b>
Laois					<b>0</b>
Leitrim					<b>0</b>
#Limerick City & Co	45		12		<b>57</b>
Longford					<b>0</b>
Louth	25		1	3	<b>29</b>
Mayo			8		<b>8</b>
Meath				43	<b>43</b>
Monaghan					<b>0</b>
Offaly					<b>0</b>
Roscommon					<b>0</b>
Sligo	1				<b>1</b>
South Dublin	15				<b>15</b>
#Tipperary	6				<b>6</b>
#Waterford City & Co	15		36		<b>51</b>
Westmeath	5				<b>5</b>
Wexford	19			30	<b>49</b>
Wicklow					<b>0</b>
<b>City Councils</b>					
Cork	3	28			<b>31</b>
Dublin City Co	31		39	60	<b>130</b>
Galway				16	<b>16</b>
<b>Totals</b>	<b>263</b>	<b>28</b>	<b>130</b>	<b>206</b>	<b>627</b>
<b>CO DUBLIN ONLY: Rebuilding Ireland Q3+Q4 2016 Social Housing Completion Report</b>					
D/L Rathdown	54	0	0	0	<b>54</b>
Fingal CoCo	29	0	0	19	<b>48</b>
South Dublin	15	0	0	0	<b>15</b>
Dublin City Co	31	0	39	60	<b>130</b>
<b>Totals</b>	<b>129</b>	<b>0</b>	<b>39</b>	<b>79</b>	<b>247</b>

## Appendix B

### Detailed Analysis of Part V Provision 2017-2020

**Table B4: Part V Output 2020**

County Councils	Local Authority	AHB	Total
Carlow County Council	0	0	0
Cavan County Council	0	0	0
Clare County Council	0	9	9
Cork City Council	33	12	45
Cork County Council	13	14	27
Donegal County Council	2	0	2
Dublin City Council	18	63	81
Dun Laoghaire-Rathdown County Council	20	18	38
Fingal County Council	14	83	97
Galway City Council	0	1	1
Galway County Council	15	0	15
Kerry County Council	8	18	26
Kildare County Council	41	9	50
Kilkenny County Council	4	0	4
Laois County Council	6	10	16
Leitrim County Council	0	0	0
Limerick City and County Council	20	0	20
Longford County Council	0	0	0
Louth County Council	6	5	11
Mayo County Council	2	0	2
Meath County Council	53	35	88
Monaghan County Council	4	0	4
Offaly County Council	1	0	1
Roscommon County Council	0	0	0
Sligo County Council	0	0	0
South Dublin County Council	41	67	108
Tipperary County Council	5	0	5
Waterford City and County Council	9	0	9
Westmeath County Council	3	5	8
Wexford County Council	38	5	43
Wicklow County Council	15	17	32
<b>Totals</b>	<b>371</b>	<b>371</b>	<b>742</b>

**Table B3: Part V Output 2019**

<b>County Councils</b>	<b>Local Authority</b>	<b>AHB</b>	<b>Total</b>
Carlow County Council	5	0	<b>5</b>
Cavan County Council	0	0	<b>0</b>
Clare County Council	0	8	<b>8</b>
Cork City Council	82	22	<b>104</b>
Cork County Council	52	0	<b>52</b>
Donegal County Council	0	0	<b>0</b>
Dublin City Council	35	84	<b>119</b>
Dun Laoghaire-Rathdown County Council	22	79	<b>101</b>
Fingal County Council	42	129	<b>171</b>
Galway City Council	6	9	<b>15</b>
Galway County Council	27	0	<b>27</b>
Kerry County Council	4	4	<b>8</b>
Kildare County Council	68	86	<b>154</b>
Kilkenny County Council	0	17	<b>17</b>
Laois County Council	6	0	<b>6</b>
Leitrim County Council	0	0	<b>0</b>
Limerick City and County Council	24	0	<b>24</b>
Longford County Council	0	0	<b>0</b>
Louth County Council	0	115	<b>115</b>
Mayo County Council	8	2	<b>10</b>
Meath County Council	88	46	<b>134</b>
Monaghan County Council	10	0	<b>10</b>
Offaly County Council	0	0	<b>0</b>
Roscommon County Council	0	0	<b>0</b>
Sligo County Council	7	0	<b>7</b>
South Dublin County Council	49	86	<b>135</b>
Tipperary County Council	4	0	<b>4</b>
Waterford City and County Council	16	0	<b>16</b>
Westmeath County Council	<b>6</b>	<b>0</b>	<b>6</b>
Wexford County Council	<b>25</b>	<b>7</b>	<b>32</b>
Wicklow County Council	17	29	<b>46</b>
<b>Totals</b>	<b>603</b>	<b>723</b>	<b>1,326</b>

**Table B2: Part V Output 2018**

<b>County Councils</b>	<b>Local Authority</b>	<b>AHB</b>	<b>Total</b>
Carlow County Council	0	0	<b>0</b>
Cavan County Council	0	0	<b>0</b>
Clare County Council	0	0	<b>0</b>
Cork City Council	3	0	<b>3</b>
Cork County Council	83	0	<b>83</b>
Donegal County Council	0	0	<b>0</b>
Dublin City Council	77	27	<b>104</b>
Dun Laoghaire-Rathdown County Council	13	34	<b>47</b>
Fingal County Council	76	49	<b>125</b>
Galway City Council	0	3	<b>3</b>
Galway County Council	18	0	<b>18</b>
Kerry County Council	3	5	<b>8</b>
Kildare County Council	29	55	<b>84</b>
Kilkenny County Council	2	0	<b>2</b>
Laois County Council	0	0	<b>0</b>
Leitrim County Council	0	0	<b>0</b>
Limerick City and County Council	10	0	<b>10</b>
Longford County Council	0	0	<b>0</b>
Louth County Council	4	14	<b>18</b>
Mayo County Council	3	0	<b>3</b>
Meath County Council	50	46	<b>96</b>
Monaghan County Council	4	0	<b>4</b>
Offaly County Council	0	0	<b>0</b>
Roscommon County Council	0	0	<b>0</b>
Sligo County Council	3	0	<b>3</b>
South Dublin County Council	75	72	<b>147</b>
Tipperary County Council	5	0	<b>5</b>
Waterford City and County Council	19	0	<b>19</b>
Westmeath County Council	<b>0</b>	<b>0</b>	<b>0</b>
Wexford County Council	<b>1</b>	<b>0</b>	<b>1</b>
Wicklow County Council	10	35	<b>45</b>
<b>Totals</b>	<b>488</b>	<b>340</b>	<b>828</b>

**Table B1: Part V Output 2017**

<b>County Councils</b>	<b>Local Authority</b>	<b>AHB</b>	<b>Total</b>
Carlow County Council	10	0	<b>10</b>
Cavan County Council	1	0	<b>1</b>
Clare County Council	4	0	<b>4</b>
Cork City Council	0	0	<b>0</b>
Cork County Council	7	0	<b>7</b>
Donegal County Council	0	0	<b>0</b>
Dublin City Council	56	0	<b>56</b>
Dun Laoghaire-Rathdown County Council	5	132	<b>137</b>
Fingal County Council	35	66	<b>101</b>
Galway City Council	2	32	<b>34</b>
Galway County Council	0	0	<b>0</b>
Kerry County Council	0	0	<b>0</b>
Kildare County Council	24	0	<b>24</b>
Kilkenny County Council	0	3	<b>3</b>
Laois County Council	1	0	<b>1</b>
Leitrim County Council	0	0	<b>0</b>
Limerick City and County Council	9	0	<b>9</b>
Longford County Council	0	0	<b>0</b>
Louth County Council	1	0	<b>1</b>
Mayo County Council	0	0	<b>0</b>
Meath County Council	11	12	<b>23</b>
Monaghan County Council	5	0	<b>5</b>
Offaly County Council	0	0	<b>0</b>
Roscommon County Council	0	0	<b>0</b>
Sligo County Council	0	6	<b>6</b>
South Dublin County Council	20	60	<b>80</b>
Tipperary County Council	0	0	<b>0</b>
Waterford City and County Council	13	0	<b>13</b>
Westmeath County Council	<b>0</b>	<b>0</b>	<b>0</b>
Wexford County Council	<b>0</b>	<b>6</b>	<b>6</b>
Wicklow County Council	1	0	<b>1</b>
<b>Totals</b>	<b>205</b>	<b>317</b>	<b>522</b>





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