

**Address by the Minister of State for Housing, Planning and Coordination of the Construction 2020 Strategy, Paudie Coffey, T.D.**  
**First Annual Conference of the Association of Irish Local Government , 2014**

Firstly, I would like to say that I am honoured to have been asked to speak at the inaugural Annual Conference of the Association of Irish Local Government. At least I can safely say for once that both my speech and the audience are much better than last year's!

Seriously though, I am very pleased to be here with you all today.

The Local Government Reform Act 2014 brought about the most fundamental overhaul of local government since the current system came into being in 1898. The councillors who were successful at this year's local elections have taken over a very different system to what was there for more than a century. I would like to congratulate all the new and re-elected members and indeed to thank those who have served previously.

Many previous attempts at reform of local government over several decades failed. An important factor in bringing this programme to a successful conclusion was the very active and positive role played by most councillors. I want to put on record the contribution of the two predecessors of the AILG – the AMAI and the ACCC - for the part they played in making these reforms possible, while representing their members effectively at all times.

The positive and professional approach of the members representatives has been further demonstrated by the manner in which they came together to form this new organisation – a stronger and more effective voice for local democracy.

You have a challenging role, especially with all the changes that have come into effect this year. In addition to structural reform, there are new local government functions, especially in economic development and the community sector, new funding arrangements, including decisions on the local property tax, early estimates, and of course the changes in water services.

It is also a time of opportunity. The municipal district system brings a new dynamic to local government. The municipal district is where most local issues should be dealt with in future, with much greater decision making by members on details of works and spending priorities on matters across the various programmes within the district that were formerly the preserve of the executive. The municipal district should also be a key mechanism for engagement with local communities, both in towns which have lost town councils and in places which previously lacked municipal status.

The governance and oversight powers of elected members have also been strengthened. The change from manager to "chief executive" is not just for the optics. It signals a rebalancing of the relationship between the executive and the elected council underpinned by a range of new requirements on the executive. But it is up to the members to use these powers and take active leadership of their authorities. Instead of complaining to ministers about the executive, as

sometimes happened in the past, councillors should look in the first instance to the considerable powers that they have at local level.

The Local Government sector plays, and will continue to play in the future, a critical role in the delivery of a broad range of policies and programmes that ultimately impact on the lives of those living in our communities. I would particularly like to focus today on the areas of planning and housing today.

I think that you will recognise that housing is a major priority for Government. That is why the Taoiseach had a lead role in bringing about the Construction 2020 Strategy and subsequently gave me special responsibility for its coordination. I owe it to every citizen, especially those who have had to leave our shores, or who can't access housing, either social or private, and to the Construction Sector, to deliver on this responsibility.

Ongoing cross-Government coordination will be essential to deliver on all of the Actions in Construction 2020. Through its 75 actions, Construction 2020 provides for a strategic approach to returning the construction sector in a sustainable fashion, towards the provision of housing based on real and measured demand. It addresses a wide range of relevant issues including the planning process, financing, access to mortgage finance and the construction workforce.

The objective is to have a properly functioning housing sector that serves its primary purpose of providing affordable housing for families, and that plays its part in our economic recovery, but is not its main driver. I want to see a situation develop whereby housing supply closely matches our increasing population and changing household formation. Even a cursory look at recent housing completion figures clearly illustrates that there has been a significant imbalance between supply and demand.

Under Construction 2020, recognising the particular challenges facing the Capital, a **Housing Supply Coordination Task Force** for Dublin has been established, involving the four Dublin Local Authorities, with an immediate focus on monitoring trends in the supply of viable and market-ready approved developments and acting on those trends where supply is believed to be below what is required. It is working closely with industry and other parties, including those responsible for key infrastructure, to identify and address any obstacles to viable and appropriate development.

Having regard to the fact that the primary pent-up demand in the Dublin area is for houses rather than apartments, Construction 2020 advocates the application of certain flexibilities around density requirements to support a "kick start" initiative for prime development areas. This should not be interpreted as implying a return to the unsustainable low density practices of the past. As is outlined in Construction 2020, this flexibility is conditional on achieving higher density targets over an entire development area over time.

### **Planning**

Housing supply must be channelled through a fit-for-purpose, flexible, effective and proactive community led planning system. Proper planning is all about building the right development in the right place at the right time. To ensure that we have a properly functioning and performing planning system that

delivers on the objective of sustainable development, Construction 2020 outlines a number of key actions in the area of planning.

Legislation will be brought forward as a priority to implement these Construction 2020 measures. The Government also intends to legislate for the establishment of a new Planning Regulator in line with the recommendations of the Mahon Tribunal. Also, the Government's forthcoming Policy Statement on Planning will present a concise and clear statement of the purpose of planning, the underlying values, principles and vision.

Another central plank in the planning reform agenda is the successor to the National Spatial Strategy. An up-to-date successor, a "national planning framework", is also required to guide and facilitate national economic recovery in the period ahead and it is my objective that this new strategy will be in place by the end of 2015.

Approval has recently been given by Government for the priority drafting of a new Planning and Development Bill to enact a number of planning-related elements in the Construction 2020 Strategy. The new reforms include new Part V provisions for the delivery of social housing. The principle aim of these new measures is to encourage sustainable levels of private construction, which will in turn have a social housing dividend, and see the continuation of the mixed tenure model.

It is now also proposed that developers with planning permissions granted under the previous development contribution regime can avail of the reduced development contribution charges under new development contribution schemes where their planning permissions have not been activated. This should assist in making developments more economically viable and thereby bring them on-stream earlier than would otherwise be the case.

A significant feature of the new Planning Bill will be to empower local authorities, should they wish to do so, to apply a vacant site levy to incentivise the development of vacant underutilised sites in central urban areas, thereby ensuring that such sites are brought back into beneficial use.

In this regard, it is proposed that the levy may be applied by local authorities on the registered owners of vacant and underutilised sites in cities and towns with a population in excess of 3,000 at a rate of 3% of the market valuation of the site. There are numerous such vacant underutilised urban sites throughout the length and breadth of the country which are lying dormant and undeveloped. To be entitled to apply the levy, local authorities will in the first instance be required to provide for the development of vacant sites in specific locations within urban areas as an objective in their local development plans – thereby, being an integral part of the local development planning process.

As a "carrot and stick" approach, the proposed measure would be supplemented by the application of reduced development contributions on such sites when granting planning permission. The full conditions of the vacant sites levy will be developed as the Bill is being drafted.

The new Planning Bill will also enable planning authorities to require applicants for planning permission in respect of housing developments of scale (10 houses or more) to indicate their proposed development schedule. In essence, this proposal is aimed at incentivising developers to activate permissions sooner rather than later (i.e. a "use it or lose it" provision) so that developments will not be unduly delayed.

I have also given the Housing Agency the lead role in establishing a National Framework for Housing Supply with an annual National Statement of Projected Housing Supply and Demand to be published every June. Government needs high quality information and projections to inform future housing policy, and the construction industry needs to be building the type of properties that changing demographics demand.

### **Social Housing Strategy**

The 2013 assessment of housing need shows a high demand for social housing supports with just under 90,000 households classified as being in need of social housing supports. In line with Action 8 of Construction 2020, a Social Housing Strategy is to be published shortly setting out a vision for the sector. It is not viable to continue to do business the way we have in the past as it is not producing enough homes for those who really need them.

Seeking to provide greater social housing support for those in need is crucial, as not to address the problem I believe will result in much wider social and economic implications. Our task is now focused on overturning years of undersupply and there is no single solution to that. To do this, support and co-ordinated action from a number of key parties including, local authorities, approved housing bodies, the rental sectors, NAMA and central Government is required.

Minister Kelly and I intend that the the Social Housing Strategy will be both challenging and innovative. It will contain clear measurable actions that are to be taken to increase the supply of social housing. It will have a short term focus on addressing the immediate acute supply issues, with the support of the €2.2billion committed in the Budget by the Government to increasing social housing stock over the next 3 years, but, equally importantly, it will also identify the main structural, policy and financing issues that need to be addressed over the course of the Strategy.

A combination of Exchequer and non-Exchequer financing, utilising both local authority and approved housing body led programmes, will be needed to supply the required units. The Construction 2020 target of tripling annual housing output over the next 6 years further informs the scale of the challenge that we share. It must be recognised that given the stringent Government debt level limits to which we must adhere, that the not-for-profit housing sector must also play a key role in the delivery of social housing. In particular, the capacity of the sector to attract additional external financial investment without impacting on Government debt levels will be extremely important and it will be critical that local authorities work closely with AHBs in preparing their housing strategies in order to maximise the delivery of homes for those on waiting lists. You have the same objectives, and seek similar outcomes, so this will ultimately be a mutually beneficial approach.

Beyond our immediate supply difficulties the Social Housing Strategy will propose a funding structure capable of delivering these numbers of social units in a programmed way. This will reassure potential investors, and will provide significant scale to the social housing programme into the future.

### **Concluding remarks**

I hope that I have illustrated for you this morning the Government's resolve in seeking to urgently increase housing supply and to match supply with demand.

Although we must resolve the immediate housing difficulties facing many people, we must also avoid making ill-judged policy decisions for short-term expediency that ultimately give rise to negative outcomes in the longer term. We must develop housing policy on a firm evidence base that will deliver positive, sustainable outcomes in the longer term for individual households and the State itself, and for the sector, rather than encourage the speculative approach that has caused so many difficulties for us in the past.

I will not relent in delivering on this objective. I will play my part in ensuring that the Construction 2020 Strategy and the Social Housing Strategy deliver much need homes and jobs for those who need them.

I would like to pay special tribute to all involved, especially your current president Padraig McNally who has, in effect, stepped into the shoes of two esteemed gentlemen, Peter McVitty and John Meehan, the last leaders of the two former associations. I must also mention Tom Ryan and Liam Kenny, who directed the previous associations for many years and are continuing to serve the new body very effectively.

The AILG can be a powerful resource for councillors in their enhanced role. Particular credit due to the Association is doing for arranging the current wide-ranging programme of training and development which the Department has helped to facilitate. This will pay dividends increasingly and I look forward to further modules being organised next year and to having a structured development programme as a permanent feature of local government.

I would like to thank the organisers for asking me to open this event, and I hope you have an enjoyable first annual conference as the AILG.

**ENDS**