



**Chambers Ireland's Submission to the Department of Housing, Planning and Local
Government – Statement of Strategy 2016-2019
02/09/2016**

Chambers Ireland is the largest business network in the State. With members in every geographic region and economic sector in Ireland, we are well positioned to understand the concerns of Irish businesses and represent their views. Chambers Ireland welcomes the work of the Department of Housing, Planning and Local Government and this consultation on the Department's Statement of Strategy for the period 2016-2019. This submission has been formulated in correspondence with our Chamber Network and national policy councils, which represent the Chambers and their member companies across a variety of industry sectors in all regions, and including businesses of all sizes.

Introduction

Chambers Ireland is pleased to have this opportunity to submit to the Department of Housing, Planning and Local Government on its Statement of Strategy for 2016-2019. The Department's portfolio is of huge importance to the business community of Ireland and we would like to take this opportunity to commend the Department on the work it does in this varied and challenging portfolio.

The time period that will be covered by this Statement of Strategy will be a critical one for Ireland's economy. The recent Brexit referendum decision has meant that our economy now faces significant uncertainties which are already being felt by Irish businesses trading with the UK. Ireland also faces great challenges in relation to infrastructure which must begin to be addressed over the period of the Department's Strategy for 2016-2019. The housing crisis, along with major works needed in water and other large-scale infrastructure projects need to be started in the coming years. Ireland's recent economic growth provides the opportunity to address these challenges and prepare our economy for any potential negative impacts of the Brexit decision. Chambers Ireland looks forward to continued engagement and to working with the Department in pursuit of these goals in the future.

The recommendations offered below are divided into the areas of Housing, Water, Planning Reform, Local Government and Local Economic Development.

Housing

Chambers Ireland recently welcomed the Department's timely delivery of the Housing Action Plan 'Rebuilding Ireland' and many of the policies contained within it.

We commend the commitment of the Department demonstrated by the release of the Plan within the first 100 days of Government and the actions contained within will go some way to tackling the housing crisis. The insufficient availability of housing in key areas in Ireland is arguably the biggest social and economic issue currently facing the country and its importance for wider economic growth cannot be overlooked.

While there are many policies contained in the Housing Action Plan which Chambers Ireland supports there are a number of actions which we believe would contribute to alleviating the housing crisis and should have been included in the Plan.

Chambers Ireland recommends:

- Establish a vacant land tax that is calculated based on land value. As the market value of an undeveloped parcel of land increases, the rate of tax that applies on its disposal increases, thus encouraging a "use-it-or-lose-it" approach to land ownership. This incentivises the release of development land when the market needs it and prevents land hoarding.

- Re-examine the recommendation contained in the Kenny Report that land suitable for building may be compulsorily acquired by local authorities for a cost no more than 25 per cent above its zoned value should again be considered given the rapidly increasing prices of building land.
- The implementation of the “Vacant Site Levy” should be brought forward to 2017 and the 3% rate reconsidered. The rate of 3% of the market value of the vacant site is too low to incentivise bringing the land to market as annual land value increase are currently running in excess of this rate.
- Chambers Ireland recommends against the introduction of the ‘Help to Buy’ scheme which is contained in the Housing Action Plan. Without adequate supply of housing, which is likely to take a few years to improve, this scheme risks increasing competition and driving up house prices, further fuelling a property bubble. This scheme should not be introduced at least until there is an adequate supply of housing available for first time buyers. The impact of the recent Help to Buy Schemes in the UK should give the Department an idea of the risks involved in introducing such a scheme. While a small number of people in the UK were assisted in purchasing a home, research suggests that overall the outcomes have been profoundly negative: “Drawing on official statistics and analysis, this research finds that Help to Buy has added around £8,250 to the average house price. In other words, it has helped a small number of people to buy, at the expense of worsening the overall affordability crisis for everyone else.”
- Nonetheless, given low interest rates on savings, the high cost of rental accommodation, and the high deposit requirements for bank mortgage lending, an appropriately structured savings scheme for first time buyers could be a means of supporting FTBs to save for a deposit without exacerbating the housing market and increasing residential prices in the immediate term.
- The creation of new social housing units from existing housing stock in the second hand housing market will place further pressures on the rental market, potentially crowding out first time buyers. An alternative to this would be to emphasise the rejuvenation of derelict properties for social housing units, thus avoiding a further reduction in properties on the market.
- The Housing Action Plan places great emphasis on increasing private sector construction in order to provide new homes to the market. The Plan and its policies should be reviewed regularly specifically in relation to their impact on encouraging private sector building. Should there remain a deficit in the number of homes being constructed, the Action Plan should be reviewed and revised with a view to further incentivising construction of homes.

Water

Water is a vital service for both businesses and citizens and Chambers Ireland believes that water charges are necessary to fund this service. Inadequate investment in Ireland's water infrastructure has meant that much upgrading and investment is now required in order to bring our system up to the necessary standards of a developed country.

The long term steady funding of this vital utility is important and Chambers Ireland takes the view that water services provision must be funded by both businesses and households and domestic water charges must form part of any long term, sustainable funding model. The infrastructure must be brought up to date in order to end the high leakage rates, varying water quality standards and ongoing disruptions to water supply and it also must be capable of dealing with increased future demand due to population growth.

Chambers Ireland's recommendations:

- A sustainable funding model for Irish Water must be agreed and implemented as soon as possible to allow for urgent investment in our water network.
- This funding model must include appropriate charges for both domestic as well as non-domestic users. Business and households must pay their fair share.
- In order to support resource sustainability and the principle of equity, water consumption levels must be a factor in the calculation of any water charges.
- Prioritise the Eastern and Midlands Region Water Supply Project using the Lough Derg and Shannon water supply, taking into account the projected increased requirements for the Dublin region in particular.

Planning Reform

The significant building which is planned under the Housing Action Plan and the increased investment in infrastructure and large-scale developments which Ireland will require in the coming years make it vital that we have an effective, evidence-based, strategic and responsive planning system in place to deal with these developments.

We are pleased with the Department's commitment to have a root and branch review of the planning system completed by Q1 of 2017. Chambers Ireland hopes that this review will occur within this time period and that it will begin a process of reforms that will ensure Ireland's infrastructure planning is as efficient as possible.

National Planning Framework

Chambers Ireland has recently called for greater levels of investment in the infrastructure of the state, particularly in the areas of housing, water, broadband and transport. However investment alone is not enough to ensure that projects are delivered within time limits and of maximum benefit to the State and the communities where investment is aimed. Similarly, the planning reforms required cannot take place without a National Framework which will guide planning decisions and strategies. Ireland needs an effective National Planning Framework to ensure that capital investment and infrastructure plans are implemented through best practice.

Without a functioning spatial strategy for the country in place government investment in regional job strategies, transport, communications and other infrastructure projects cannot ensure that economic development will be balanced or sustainable. In order for capital investment to effectively stimulate economic growth and have positive impacts on communities Ireland needs a National Planning Framework which will provide a strategic context for the development of these plans, and for broader regional economic and spatial strategies. The delivery of the National Planning Framework must be a priority of the Department in the immediate future.

Chambers Ireland Recommends:

- The Department must publish the National Planning Framework with clear commitment to have the Framework in place as soon as possible.
- It is important that the Department ensures that there is political commitment, nationally and locally, to the implementation of a National Planning Framework that works for the economic development of the regions and for Ireland as a whole.
- The National Planning Framework should reflect the logic that balanced regional development can best be achieved through focused investment in city regions. Urban areas are home to large proportions of Ireland's population and have the greatest infrastructural needs. Cities must be supported to act as economic drivers of their regions.

Climate Adaptation

Flooding and extreme weather are unfortunately becoming recurring phenomena in Ireland and this needs to be acknowledged and addressed in our planning system.

Businesses are particularly sensitive to disruption in their supply chains and their operations which can be caused by severe weather conditions, such as flooding. Long-term planning for

climate adaptation will be absolutely vital if our businesses and communities are to be capable of withstanding severe weather incidents.

Chambers Ireland Recommends:

- We would like to see increased oversight of local development plans to ensure that they are compliant with flood-risk management requirements and that critical pieces of business infrastructure are climate resilient.
- Any new planning framework should ensure that national critical infrastructure, both existing and future, are designed to be climate resilient. Planning for infrastructure construction or development in the future should take into account the increased risk of flooding in certain areas.

Local Government

Local Authorities provide vital and innovative services without which local commerce could not grow and flourish. Chambers Ireland’s member chambers and businesses enjoy close working relationships with local government across the country on a variety of local economic and development issues.

There are currently concerns being raised within the business community that the increased role of Local Authorities in areas like social housing provision, and with greater expectations in service delivery, may cause Local Authorities to rely more heavily on commercial rates in the face of any funding shortfalls. Greater expectations in terms of service delivery will likely increase the cost base of Local Authorities, which may then result in increased commercial rates. These concerns are amplified by the current uncertainty facing many businesses in the wake of the recent Brexit referendum result. An increase in commercial rates by Local Authorities risks undermining business growth. This risk increased in light of the uncertainty facing Ireland’s relationship with our largest trading partner and given the recent drops in Sterling which are affecting Irish exporters.

Chambers Ireland Recommends:

- The Department should ensure budgetary oversight of Local Authorities to ensure that restraint is exercised in relation to any increase in commercial rates. Caution should be exercised in the coming years in relation to increases in rates given the uncertainties facing Irish business.

Local Economic Development

Chambers Ireland is supportive of the role of Local Authorities in stimulating economic development in their localities. Regional specialisation and differentiation is to be welcomed, however it is important that Local Authorities have the necessary capacity and resources to perform roles in economic development planning. It is also preferable to

ensure that Local Enterprise Development Plans are aligned with the relevant Regional Skills Fora and also take into account bordering regions' plans. The economic development of a region cannot be successfully planned in isolation from neighbouring plans and national oversight.

Chamber Ireland Recommends:

- With more responsibility placed on Local Authorities in terms of service delivery they now face greater burdens on their limited resources. The Department must be ensured that Local Authorities are equipped with the right personnel and resources to carry out the function of economic development planning. Without the proper expertise and resources afforded to planning, economic development initiatives will not be effective drivers of growth in their regions.
- Local and Regional Economic Development Plans should be coordinated nationally to ensure that the most effective planning and use of resources are achieved. These plans should be reviewed centrally and aligned with other strategies such as the Regional Action Plan for Jobs, Regional Skills Fora and the National Planning Framework. There needs to be alignment and coherence between national and regional planning and economic development strategies in order to support development in each region.
- Local Authorities should be incentivised to ring-fence a portion of commercial rates for local economic development with matching funding from the Exchequer. Drawing on the examples of Cork City and County Councils and international best practice, the establishment of a development fund in each Local Authority could be effectively used to support local enterprises and projects with growth potential.
- The Regional Action Plan for Jobs provides an excellent opportunity for Ireland's regions to develop their own specialisations, clusters and comparative advantages in specific industry sectors. These Regional plans should be expanded upon and further developed in line with the development of the National Planning Framework and the relevant Local Economic Development plans.