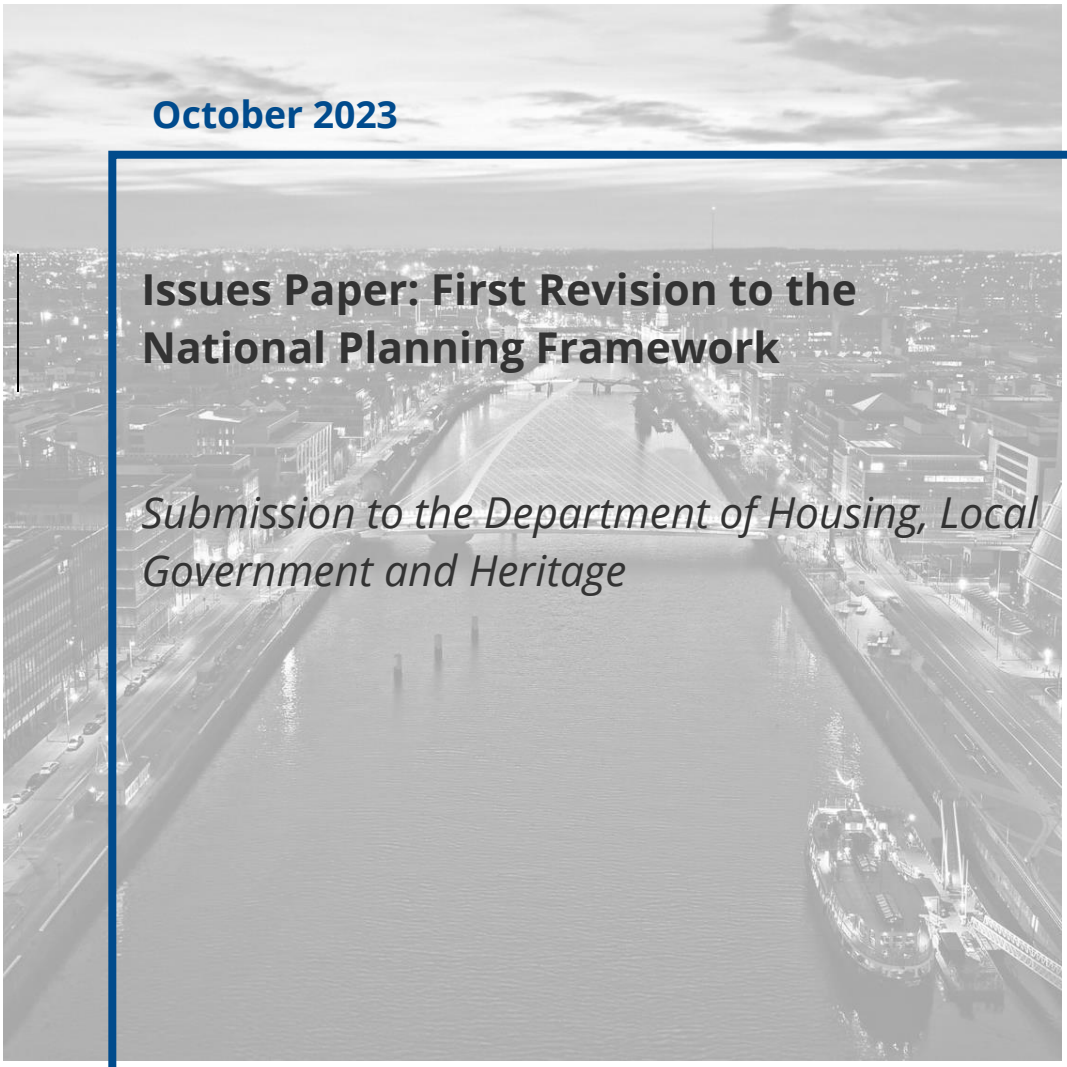
CONSTRUCTION INDUSTRY FEDERATION



October 2023

Issues Paper: First Revision to the National Planning Framework

Submission to the Department of Housing, Local Government and Heritage

1. Introduction

The Construction Industry Federation (CIF) has prepared this submission for the Department of Housing, Local Government and Heritage to comment on the content of the *Issues Paper First Revision to the National Planning Framework* (henceforth the Issues Paper).

The CIF welcomes this review of the National Planning Framework (NPF). We wish to thank the Department for their work to date and for the opportunity to make this submission ahead of the formal publication of the Issues Paper.

This review is occurring at a critical juncture, at a time of rapid global social, political, and economic change, which will produce enduring legacies. Planning for this transformation is crucial, and the CIF and its members support a plan-led approach.

However, the plan must be robust, and for this to happen, it's necessary to complete an objective, systematic, critical evaluation of the performance of the NPF to date. The review must be honest in approach, identifying the good and bad points, the strengths and weaknesses, the usefulness of individual policies and the limitations of others, having regard to the national strategic development requirements identified in section 20c(2) of the Planning and Development Act 2000, as amended.

2. Compact Growth & Built-up Areas

The Issues Paper identifies that the Report of the Expert Group had a significant role in preparing this paper.

The Department states that the Expert Group recommended that compact growth targets should be more ambitious and more clearly defined (pg.11). The Issues Paper does not present a case for critically analysing the performance of the compact growth policy in this review. Instead, it is presented as a *fait accompli* policy measure, with the aspect warranting interrogation limited to its definition and ambition (currently 50% for cities and 30% for towns). Recommendations on additional measures to encourage and facilitate development are sought.

The Issues Paper identifies that compact growth targets are at an early stage of implementation and acknowledges barriers to its delivery. The review must, therefore, include an analysis of the activation rate of brownfield and infill sites over the last 6 years. This is a necessary step before contemplating introducing any change to the stated targets.

2.1 Defining the Built-up Area

The built-up area (BUA) is the recognised scale through which compact development is promoted. It is critical to define the BUA. A significant change in this regard has recently been implemented in a joint effort by the Central Statistics Office and Department of Housing. Until this change occurred, the built area was derived using a population definition, where settlements included green space. The newly adopted methodology for defining the BUA is based on building land cover with 'erroneous' green space removed. This is a very narrow demarcation of the urban area and does not consider adjacent areas, which affect its functionality.

The impact of this new approach for some towns is a tighter footprint. The Figure below demonstrates the result for Wexford. The lighter shade is based on the application of a population (2016) definition, and the darker area is based on a land cover (2022) definition. This clearly illustrates that the delivery of the current targets will become more challenging in Wexford, as there is simply less area in which to deliver, and the impact of this policy decision on compact growth targets needs to be a key focus for the review.

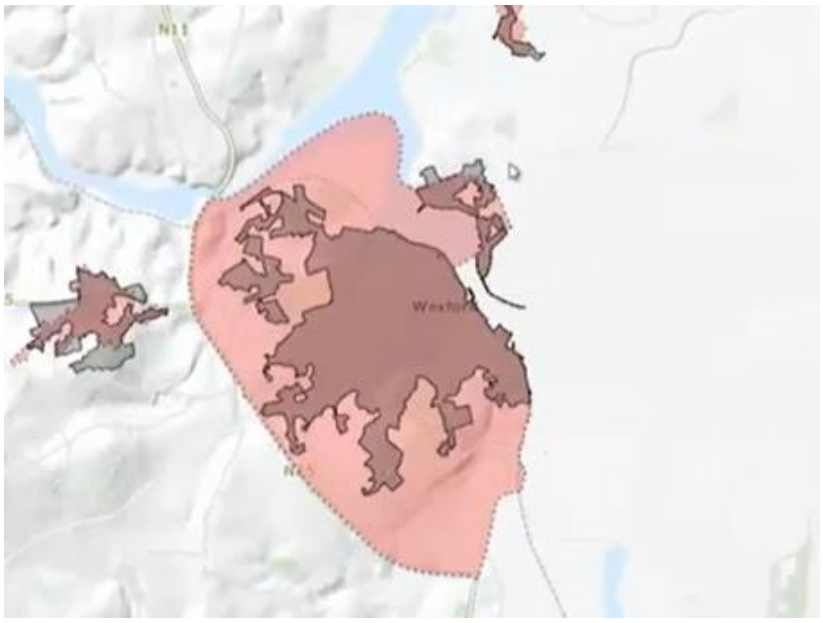


Figure 1 Wexford Built-up Area 2016 and 2022

The review should consider internationally recognised methodologies, and below are some examples. The outcomes that would occur using the now-adopted CSO land cover methodology should be tested against these methods to determine if the new approach is a robust one.

The '**Urban Agglomeration' concept** which refers to "a contiguous territory inhabited at urban density levels without regard to administrative boundaries". In other words, it integrates the 'City Proper' plus suburban areas that are part of a city's boundaries. Urban agglomerations can sometimes combine two developed areas, which may be separated by a less developed area in between. In most cities where population data has been estimated using the "Urban Agglomeration" concept, numbers tend to be higher than those produced using more refined concepts of analysis for the built-up area within the same urban extent. The reason for this discrepancy is that in most cases, countries include populations in areas that do not meet the 'urban density levels' threshold, which largely constitute rural portions of the administrations that are part of the conurbation. Regardless of this limitation, this concept comes closest to the spatial notion of the 'city' and produces more accurate data. For this reason, the United Nations (UN) Population Division prefers to adjust, when possible, all definitions to this statistical concept.

The UNs Sustainable Development Goal 11 is about making cities and human settlements inclusive, safe, resilient and sustainable by 2030. Attainment of this requires the development of globally comparable, agreeable, easy-to-adapt and use definitions and tools. A functional

definition of a city is one such requirement. After reviewing tens of concepts and undertaking global consultations with diverse groups of experts, the UN-Habitat and partners have narrowed where a city starts and where it ends down to two proposals that come from years of research and practical application of methods as undertaken by teams from New York University and the European Commission.

In the **New York University approach**, the definition has two components: "urban extent" and "urbanised open space". Urban extent represents the total built-up area, which is itself defined as the contiguous area occupied by buildings and other impervious surfaces. The urbanised open space, on the other hand, refers to unbuilt-up areas which are encompassed within the built-up areas or within their immediate vicinity and include parks, cleared land, and forests, among others. The urban and sub-urban pixels constitute the "built-up" part of the city, while the fringe and captured open spaces make up the "urbanised open space". Collectively, these constitute the urban extent.

The **European proposal** follows a two-step process to delimit the city boundaries. In the first step, grid cells of 1 km^2 are classified into one of three clusters, according to their population size and density: 1) High-density cluster/urban centre: contiguous grid cells of 1 km^2 with a density of at least 1,500 inhabitants per km^2 and a minimum population of 50,000; 2) Urban cluster: cluster of contiguous grid cells of 1 km^2 with a density of at least 300 inhabitants per km^2 and a minimum population of 5,000; 3) Rural grid cell: grid cell outside high-density clusters and urban clusters.

This information is then used to classify the local administrative units (LAU) into one of three areas: a) Densely populated area (cities): where at least 50% of the population live in high-density clusters/urban centres. In addition, each urban centre should have at least 75% of its population in a city. This ensures that all urban centres are represented by at least one city, even when this urban centre represents less than 50% of the population of a LAU. b) Intermediate density area (towns and suburbs): where less than 50% of the population lives in rural grid cells and less than 50% live in high-density clusters; c) Thinly populated area (rural area): where more than 50% of the population lives in rural grid cells. Under this method, the densely populated and intermediate-density areas collectively form the city boundary.

Following intensive analysis and pilot application in different countries, UN-Habitat noted that for large cities, the two methods produce almost similar boundaries. The defined boundaries, however, vary significantly for smaller towns and urban centres. It was

also noted that each method contributes uniquely and significantly to the identification of the functional city.

2.2 Transport Orientated Development

The Issues Paper acknowledges the challenges and barriers to delivering compact growth, including financing, increasing construction costs and financial viability. It is important, therefore, to consider alternatives in this review that, if supported, could realise the National Strategic Outcome of compact growth.

The contribution that a Transport Orientated Development (TOD) approach can make to optimising the vision for compact growth outcomes should be interrogated as part of this review.

The Government has committed to investing €35 bn in public transport between 2018 and 2027. This investment will deliver a wide range of improved infrastructure across both public transport and active travel: BusConnects, MetroLink, Dart Expansion; and appraisal, planning and design of potential light-rail projects in both Dublin and Cork, e.g. LUAS network expansion to Bray, Finglas, Lucan, Poolbeg, and a light-rail corridor for Cork. Further, the national plan includes a Park-and-Ride programme to invest in strategic park-and-ride sites. This ambition for investment and public transport delivery makes it timely for policymakers to examine how TOD can maximise impact.

The following is from the National Transport Authority Park and Ride Strategy for the GDA. Supplementing the vision for compact growth to be achieved on brownfield and infill sites as articulated in the NPF with a decision to apply (TOD) in specified locations would expand the opportunity to achieve compact growth and the multitude of benefits that it realises.

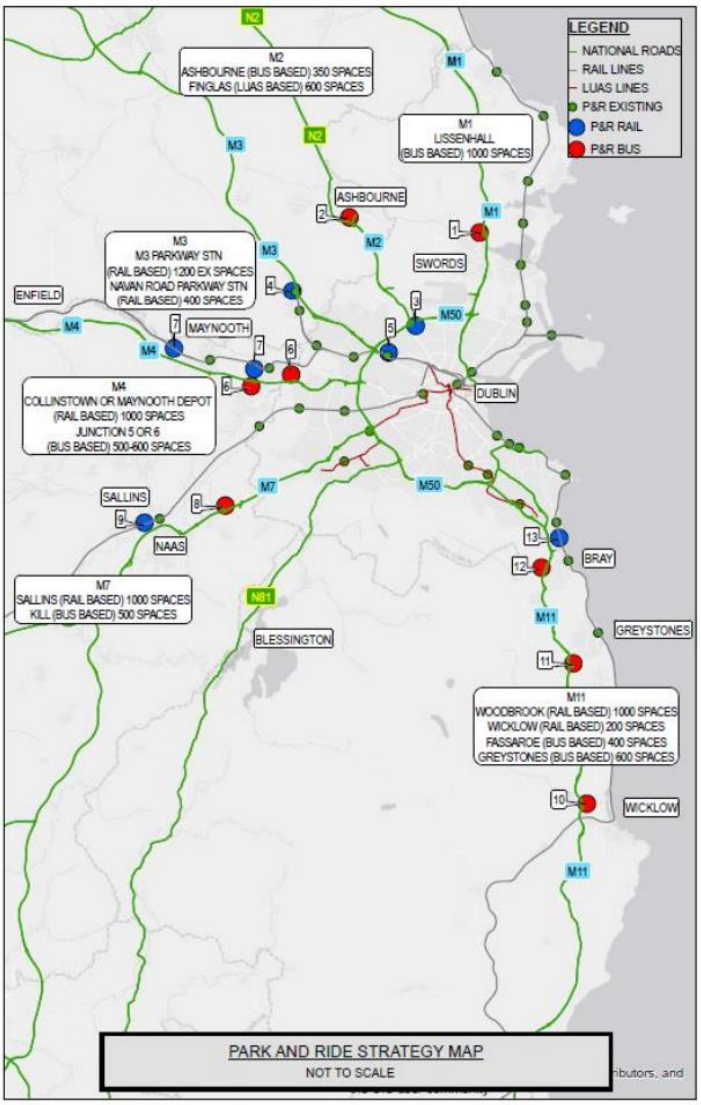


Figure 2 NTA Park & Ride Strategy Map for the GDA

3. Census 2022

Census 2022 confirms that Ireland's population is increasing, and the demographic trends continue to illustrate the growing importance of the country's cities and the Greater Dublin Area (GDA).

The population projections in the NPF are incorrect, and the following comparative analysis establishes the evidence for this statement.

- Census 2022 figures were higher than all four growth scenarios proposed by the ESRI.
- The highest difference between the Census 2022 figures and the population growth scenarios was for the Low migration within the NWRA.
- The smallest difference between the Census 2022 figures and the population growth scenarios was for the High migration scenario within the EMRA.
- EMRA also recorded the highest population growth rate for a regional assembly between 2016 and 2022 with 9.1%, as SRA and NWRA recorded population growth rates of 7.4% and 6.8%, respectively.

The underestimation of population figures could lead to a housing shortfall within EMRA. The average household size for EMRA is estimated at 2.8 using the 2022 Census results. This could lead to a housing shortfall of between 5,895 (High migration scenario) and 21,541(Low migration scenario).

Table 1: EMRA 2022 Census Results vs 2040 Population Projections

Census 2022	**Eastern and Midland**
Population	2,540,307
Average Household Size	2.80
50:50 City - 2022	
Populations	2,511,009
difference from Census 2022	-29,298
% difference from Census 2022	-1.15%
Housing Short Fall	10,481
Baseline - 2022	
Population	2,520,069
difference from Census 2022	-20,238
% difference from Census 2022	-0.80%
Housing Short Fall	7,240
High migration - 2022	
Populations	2,523,829
difference from Census 2022	-16,478
% difference from Census 2022	-0.65%

Census 2022	Eastern and Midland
Housing Short Fall	5,895
Low migration - 2022	
Populations	2,480,091
difference from Census 2022	-60,216
% difference from Census 2022	-2.37%
Housing Short Fall	21,541

The NPF plans for the EMRA to accommodate between 490,000 and 540,000 people by 2040. The population growth in EMRA between 2016 and 2022 stands at 211,790, which is 43.2% of the low-end 2040 projection and 39.2% of the high-end 2040 population projection for EMRA.

Although the ESRI population projections predict falling population growth rates towards 2040, it is noteworthy that if the current growth trends persist EMRA could surpass the 2040 population projection well before 2040. Therefore, the 50% ceiling for the EMRA is not supported by the evidence that we now have before us.

Table 2: EMRA Population Growth 2016-2022 vs Projected Growth by 2040

	Population Growth	% of 2040 Population Growth Projections
EMRA 2016 - 2022	211,790	-
EMRA 2040 - Low	490,000	43.22%
EMRA 2040 - High	540,000	39.22%

Creating a deficit for available development opportunities (particularly for residential development) results in upward pressure on the values of existing housing stock, and an increase in social and/or affordable housing to be supplied by the State. This may be particularly evident in the EMRA and Southern regions. Existing and prospective employment levels in each region should support a steady supply of zoned and serviced lands to accommodate the residential needs arising.

On p. 42 a question is raised on how shorter-term housing and growth can be accommodated while still aiming to meet the broader NPF ambitions for regionally balanced and city focused growth. This is the key issue for the NPF.

The implementation phase of the NPF thus far has resulted in population ceilings in County Development Plans, and this has directly impacted the volume of land available for development and, in some instances, resulted in refusing permission for housing in areas displaying strong population growth that are close to urban centres,

that have the benefit of existing social infrastructure, direct access to public transport and centres of employment.

Having policies in place that result in this type of restriction is misguided, and the evidence for this is that housing delivery is falling short of demand requirements. This situation must be addressed as part of the review, and the Housing Need and Demand Assessment model must be interrogated and recalibrated to remove ceilings and incorporate unmet demand.

3.1 Structural Housing Demand

The first task of this review should be to align Ireland's population growth progress with the calculation of Ireland's true housing demand. The approach should be a comprehensive assessment of the relevant factors, of which there are four: 1) obsolescence, 2) headship rate, 3) migration, 4) natural growth.

3.1.1 Obsolescence

The ESRI research identified as underway in the Issue Paper must address the many different and complex forms of obsolescence, not solely physical obsolescence as previously relied on.

According to Dr Lorcan Sirr, 23 houses become obsolete in Ireland *every week*, or 6,394 houses a year. Dr Brian Hughes suggests that 0.5 per cent per annum obsolescence reflects the real-world count, which represents a generous average lifespan of 200 years and would result in an obsolescence of 10,560 homes per annum.

The NPF targets an average of 25,000 homes per annum, or a total of 550,000 over the life of the plan, 2018-2040. Together with the existing dwellings of 2.1 million, by 2040, there would be approx. 2.5 million permanent dwellings in Ireland.

Applying Dr. Sirr's obsolescence ratio over the next 17 years approx. 109,000 homes will become obsolete, this rises to approx. 180,000 homes using Dr. Hughes' ratio meaning there will be approx. 2.3 million homes available for the estimated 2.9 million need that will arise as household size converges with European trends as set out below. The shortfall in homes will be in the order of 600,000 in 2040.

Even in a scenario where the drop in household size is more conservative, 2.4 per household in 2040, a need of approx. 2.7 million homes would be generated, leaving a 400,000 shortfall in homes.

3.1.2 Headship

A key issue for this review and more specifically the ESRIs research is the stagnant headship rate reported in 2022 to be 2.74. This minor drop from 2.75 in 2016 is a direct reflection of the current high level of pent-up demand

The Central Bank's Economic Letter of 2019 notes that in order to bring Ireland's headship rate into line with the UK's 2.4 or the EU's 2.25 level, Ireland would need to complete between 47,000 to 51,000 units per annum. Interestingly, Footnote 24 at page 32 of the ESRI Report states that an extra 10,500 units will be required for convergence with the UK by 2040.

3.1.3 Migration

Based on a headship rate of 2.74, the State needs approx. 3,650 additional houses for every 10,000 in-migration movements. Analysis of the CSO Annual Population and Migration estimates for the period 2018-2023 identifies an average of approx. 41,000 net migration movements per annum. To meet this annual demand would require approx. 14,600 additional units per annum.

4. Climate Transition & Settlement Strategy

The Issues Paper references the committed targets the State must achieve under the Climate Action Plan 2023. The major share of renewable energy will come from Offshore Renewable Energy (ORE), 7GW by 2030.

However, it is well recognised that to support Ireland's energy security and to support business and residential development, the State needs a diversified energy portfolio where the energy from multiple sources (onshore wind, solar and gas) is harnessed. Ireland, like other countries, will need to rely on gas for the foreseeable future to maintain supply and protect the power grid. We would expect the imminent report on Irelands Energy Security to state this. This, therefore, will require the development of a range of key

infrastructure, both offshore and onshore to facilitate a secure energy system.

Ports are a key part of the ORE story; they will serve as a link between marine and landside activities. The turbines and equipment are transported through them. They are the base for the operation and maintenance of offshore wind farms, and based on international experience, they frequently become hubs for supply-chain activity. It is envisaged that in the future, they will be the hubs for the production and transport of renewable hydrogen from offshore wind.

A report[1] commissioned by Wind Energy Ireland examined those ports across the island of Ireland to identify those that are suitable or have the potential to be made suitable to support the marshalling of offshore renewable energy projects.

Ongoing development of our interurban road network will have a significant role to play also. It will be essential for the efficient transportation of equipment and liquid gas/hydrogen to where they need to be.

The following Figure is a layering of the potential locations of ORE projects, the ports that are identified as capable of providing landside support and the five cities and five centres for growth identified in the NPF. This plan illustrates the opportunity that exists for balanced regional growth to be facilitated by the State's renewable energy strategy.

This review is a timely opportunity to plan for the future housing needs that will occur on foot of this transformational change in our energy system.

[1] https://windenergyireland.com/images/files/final-national-ports-study.pdf

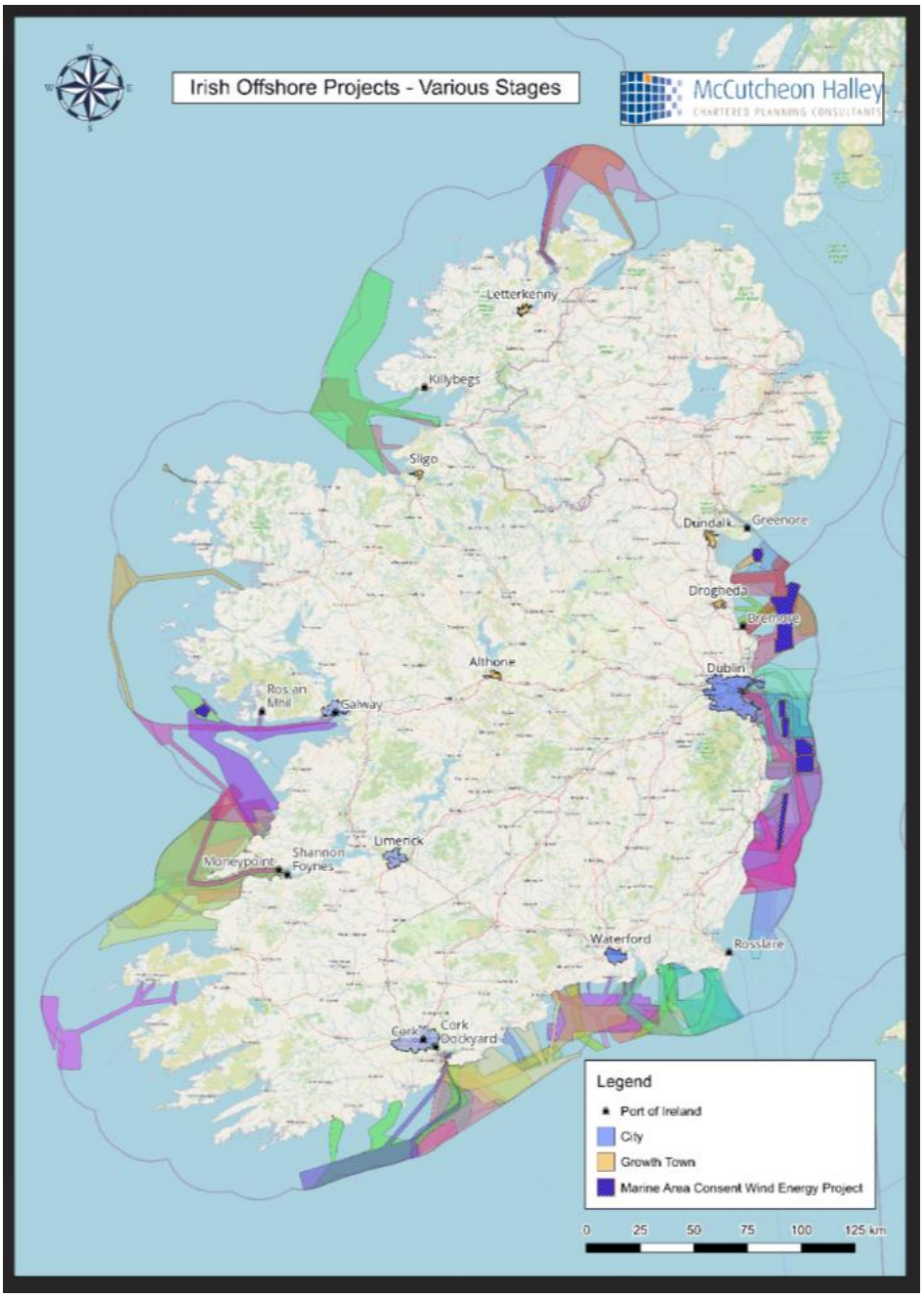


Figure 3 Offshore Renewable Energy, Ports & NPF Settlement Strategy

5. Regional Growth & Ambition

Inter-urban connectivity, defined by a well-articulated system of cities and growth towns interconnected by transit systems that enable people, goods and services to move as seamlessly as possible, is critical. This can only be achieved through an efficient and safe road infrastructure alongside public/active transport.

The multifunctional contribution that roads can make as 'smart infrastructure' should not be disregarded. As well as carrying people and goods, they are conduits for the distribution of electricity, water supply, broadband, etc. Optimising infrastructure in this manner can have significant positive environmental effects as it eliminates the need to disturb greenfield land, which can result in significant biodiversity loss.

Ireland's wind resources, particularly off the west and southwest coast, are described as the best in the world. As well as planning for harnessing this resource, the review must plan for its distribution.

Delivering this infrastructure in public roads is much more efficient when compared with the alternative, the CPO process, which is frequently challenged, leading to significant delays in delivering the fundamental infrastructure needed to support and grow the economy in all of the regions.

6. Investment & Prioritisation

A key reason for the non-development of sites over the life span of several development plans is frequently the deficiency of infrastructure. Water supply issues and wastewater treatment capacity must be prioritised alongside a diversified energy infrastructure.

There is a fundamental need to stop using spatial housing limits as a means to drive balanced regional growth. Growth of the regions has to be driven by pro-active measures – infrastructure investment, tax benefits for employment location, and transport initiatives. The alignment between the NPF, NDP, Housing for All, and utilities like water and energy will be critical.

Housing delivery has to meet requirements, or we will have a continued housing crisis and lack of access for younger people.

7. Conclusions

We know so much more now than when the NPF was being prepared. We have the benefit of a current Census. We have witnessed first-hand the impact of war in another territory and a global pandemic. We have a deeper understanding of the effects of climate change and biodiversity loss. Regrettably, we have a deeper awareness of the impact of the sustained housing crisis across the State. This review must establish policies that will support positive change within each of these areas.

Given the wide reach of the NPF, it is incumbent on those tasked with reviewing it to make corrections, recalibrate and correct the course where the review identifies that this is needed. We are over a quarter of the way through the plan's 22-year life; acting decisively now demonstrates adaptability and responsiveness to changing circumstances and will safeguard the integrity of the NPF.

The key recommendations flowing from this review are summarised as follows.

Recommendation 1: The review must align Ireland's population growth progress with the calculation of Ireland's true housing demand. The approach should be a comprehensive assessment of the relevant factors, of which there are four: 1) obsolescence, 2) headship rate, 3) migration, and 4) natural growth.

Recommendation 2: The Housing Need and Demand Assessment model must be interrogated and recalibrated to remove ceilings and incorporate unmet demand.

Recommendation 3: The review must include an analysis of the activation rate of brownfield and infill sites over the last 6 years. This is a necessary step before contemplating introducing any change to stated targets.

Recommendation 4: The methodology for defining the built urban area needs to be critically analysed and tested against international methodologies to confirm its adequacy.

Recommendation 5: The contribution that a Transport Orientated Development (TOD) approach can make to optimising the vision for compact growth outcomes should be interrogated.

Recommendation 6: Harness the opportunity that exists for balanced regional growth to be realised by the State's renewable energy strategy and plan for the housing needs that will occur on foot of this transformational change in our energy system.

Recommendation 7: Promote balanced investment in transport infrastructure, including public transport, rail, active travel and interconnectivity between our cities, ports and transport hubs with roads.

Recommendation 8: Growth of the regions has to be driven by pro-active measures – infrastructure investment, tax benefits for employment location, and transport initiatives. The alignment between the NPF, NDP, Housing for All, and utilities like water and energy will be critical.

Recommendation 9: Ireland needs a diverse energy security model and not overreliance on one form of energy. Gas will remain a major contributor to Ireland's energy security, and provision must be made to ensure we have the necessary infrastructure to secure and access this vital resource.