

RPG STEERING COMMITTEE MEETING – 25TH OF NOVEMBER 2005.

ITEM NO.4

INITIAL REPORT ON HOUSING & ECONOMIC ISSUES FOR REGION

This report gives a short initial update from the adoption of the Guidelines to the current situation.

HOUSING DEVELOPMENT & SETTLEMENT STRATEGY

The Guidelines cover the time frame 2004-2010, but use as a baseline the 2002 Census figures. Since the adoption of the Guidelines in July 2004, no summary of the current situation has been produced regarding housing for the Greater Dublin Area. The Guidelines set out the projected housing figures for each county from the 2002 Census to, for the purposes of the life of the document, 2010. Added to this figure were extra units to allow for second homes, obsolete stock etc. This allocation of housing units per county is shown in the table below.

Table 1: Allocation of Housing Units to Each Local Authority-
Extracted from RPG, Table 7.4, Page 127.

Allocation	2002	2010
Dublin City	180,852	220,778
Dun L/Rath	64,132	82,594
Fingal	60,872	105,868
South Dublin	73,516	98,111
<i>Total Dublin</i>	<i>379,372</i>	<i>507,351</i>
Kildare	50,477	67,427
Meath	41,675	56,912
Wicklow	36,572	48,743
<i>Total Mid-East</i>	<i>128,724</i>	<i>173,082</i>
TOTAL	508,096	680,443

Since 2002 there has been a continuing record breaking level of housing construction in the State. While previously the Dublin Region housing production was relatively low, in recent years there has been a dramatic increase in completions, up by approximately 75% since 2001. A table summarising the Department's Housing Bulletin figures illustrates this below. (These figures draw from ESB connection figures)

Table 2: Units Completed by County, from DoEHLG Housing Bulletins.

Constructed	2001	2002	2003	2004
City	3,091	4,124	3,370	4,530
DLR	1,166	785	1,871	1,777
Fingal	3,602	4,308	7,019	7,734
SDCC	1,746	3,406	2,134	2,769
<i>Dublin Total</i>	<i>9,605</i>	<i>12,623</i>	<i>14,394</i>	<i>16,810</i>
Meath	2,553	2,924	3,687	3,550
Kildare	2,426	3,126	2,971	3,479
Wicklow	1,914	2,002	1,800	2,076
<i>Mid-East Total</i>	<i>6,893</i>	<i>8,052</i>	<i>8,458</i>	<i>9,105</i>
GDA Total	16,498	20,675	22,852	25,915

For the Dublin counties, approximately 16,000 units per annum are necessary to achieve the target for 2010. The figures set out above show that due to the recent significant increase in completions, this target is now being reached and exceeded. Growth has been unbalanced between the counties up to now with Fingal producing more than the annual average and the other three Councils producing less than their averaged quota. However since the adoption of the relevant City and County Plans, the indications show that the other three Councils in Dublin (City, Dun Laoghaire and South Dublin) will increase their production over the coming years as local area plans and existing large-scale granted permissions come on stream. It is expected therefore that that Dublin Region will be able to continue to deliver the required volume of housing over the coming years.

In the Mid-East, if growth was evenly spread over the time frame, an annual production of 5,500 units would be required. As seen in the above table, that average is currently being exceeded as predicted in the Guidelines. As a result the overall levels of house building in the GDA are in excess of an averaged quota. In implementing the RPGs it was envisaged that there would be significant front-loading of housing growth in some Mid-East counties, reflecting the existing permissions granted and existing zoned lands within the County Development Plans, and that some of the lower production counties would take some time to achieve their target growth rates.

The levels of growth within the various counties will need to rebalance over the coming years to 2010 and beyond in order to achieve housing expansion in line with the Strategy adopted in the RPGs.

Housing Land

New County Development Plans have recently been adopted in all counties, with the exception of Meath, whose new County Plan is currently in production. Of the Plans adopted, each has taken into account the housing need identified in the RPGs in formulating their strategic policies as regards housing provision. As a result the volume of housing capacity in the Greater Dublin Area appears to be more than sufficient to accommodate the growth forecast in the RPGs and capable of absorbing higher than expected growth than that shown in the Low Scenario. From this perspective, the impact of the CSO population projections for the region (see Report

for Item No.3) does not currently pose concern regarding the ability of the GDA to absorb the increased growth forecast.

This issue will be examined in more detail in the update report early in the new year, when the 2005 Land Availability Returns by each Council are available. The 2004 figures available do not reflect the recently adopted Development Plans, and are therefore not presented in this report.

Settlement Strategy

In allocating the location of the housing needed within each county, there has been a clear reflection of the settlement strategy of the RPGs in each new Development Plan. For the Authorities within the Metropolitan area new land banks and brownfield sites have been identified to cater for significant numbers of new housing. Growth outside of the Metropolitan area has generally been focussed in the growth towns identified within the RPG.

The settlement strategy adopted in the RPGs focusing on consolidating and achieving higher densities along high quality public transport nodes and strengthening key towns is essential to support the recently announced investment plan in the Government initiative 'Transport 21'.

Dublin City 2005-2011:

Policies of consolidation, through Framework Development Areas (Finglas, Heuston), Prime Urban Centres and the Docklands Plan all promote regeneration of brownfield areas and high density new build alongside general policies on encouraging infill development, will facilitate increasing the volume of housing units provided within the core Metropolitan area.

Dun Laoghaire/Rathdown 2004-2010:

Key strategies of the County Plan are the consolidation of the Metropolitan area, achievement of high density development along public transport corridors (Cherrywood), the development of existing towns, district centres and villages within the urban area (Dundrum, Dun Laoghaire Structure Plans) and reducing the need to travel by encouraging mixed uses within the Metropolitan area.

Fingal 2005-2011:

Strategic policies for the county support consolidation of major growth centres, and a settlement hierarchy in accordance with the RPG policy. New lands zoned are within the consolidation towns in the Metropolitan area (Blanchardstown, Swords) identified growth centres (Balbriggan, Rush/Lusk) and adjacent to proposed and existing transport corridors.

South Dublin 2004-2010:

The Strategy for the county seeks to consolidate growth in the metropolitan area with increasing overall densities in areas zoned for housing (Adamstown), and seeks to achieve a more compact urban form, (Tallaght) to facilitate an enhanced public transport system integrating with high quality housing.

Kildare 2005-2011:

The County Strategy sets out a settlement hierarchy in line with RPG and NSS, targeting the continued building up of the Primary Dynamic Cluster of Naas, Kilcullen & Newbridge, and encouraging infill and consolidation within existing towns in the Metropolitan area (Leixlip, Celbridge).

Meath 2006-2012:

Meath are in the process of writing a new Draft Development Plan. In the Strategic Directions presented to the Council, the proposed policy for the county seeks to focus new growth in the designated growth towns within the RPGs and the metropolitan area within the County.

Wicklow 2004-2010:

The adopted settlement strategy for Wicklow aims to channel growth into the metropolitan areas of Bray, Greystones/Delgany and into the Hinterland development centres (Wicklow, Arklow) and projected population in line with the RPG targets. It seeks to integrate housing with transport provision, increase densities and encourage infill in built up areas.

House Prices

The impact of record levels of housing production in the Dublin Region (figures for the Mid-East are not published) has seen a reduction in the rate of increase of new house prices, with 2004 dropping back to 10.3% from a high of 13.9% in 2003. Each quarter of 2004 showed a fall in the percentage rate of increase, and for 2005 this trend appears to be continuing, though some recent commentary by commercial operators forecast a smaller decline in the rate of increase.

Table 3: Rate of Increase in New Housing Prices as Percentage of Previous Quarter, from DoEHLG Housing Quarterly.

New House Prices	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005
% change on previous quarter	11.8	11.6	9.9	8.7	9.8	7.4

Residential property investors accounted for 21.1% of 2004 purchases in the State.¹ The Central Bank state that the percentage of new purchases which involved investors in the residential market is falling, possibly reflecting the decline in the rental incomes in the last few years, though recent commentary suggests that this decline has now plateaued.

A strong element in supporting the housing purchase and rental market is the continuing strong demand as a result of immigration. The CSO Population and Migration Estimates (April 2005) estimated that total immigration into the State in the previous year (from April 2004) was 70,000, with over half in the 25-44 age-group.

It is likely that the rate of house price increases will also be affected by any future increases in interest rates by the European Central Bank, which have been forecast by both the Central Bank and others in the field as likely to occur in 2006.

ECONOMIC GROWTH

Background

¹ 2005 Financial Stability Report, Central Bank

Ireland's economy can be regarded as small, open and trade-dependent. These characteristics are borne out by the mobility of labour and capital, particularly in terms of current immigration levels (currently at a record high) and foreign direct investment inflows. This does however make our economy quite susceptible to global economic developments, such as increases in oil prices, and downturn in large national economies. Policy for the development of the economy centres on the attraction of this foreign investment and increase in trade, particularly through a low corporation tax rate, upskilling/educating the available labour force, and the encouragement of science, technology and innovation activities. The challenge for the Irish Economy is to continue the transition to a knowledge-based economy, whilst maintaining a high level of international competitiveness – an express goal of the Regional Planning Guidelines.

Current Economic Situation

The latest Quarterly Economic Commentary from the ESRI indicates that GDP growth for 2004 was revised downwards by the CSO to 4.5% (GNP +4%), causing them to realign growth projections for 2005 to 5.7% (-0.3%). In remaining optimistic about growth potential, the ESRI cite the strong increases in employment as an important factor, with average employment in 2005 forecasted at 1.945 million, 80,000 more than in 2004. Whilst the key concern highlighted by financial and economic commentators is the need to maintain and improve our global competitiveness, there are other issues which need to be managed in the short-term. These include the mode and pace of a likely fall in housing development to more sustainable levels, especially in the context of the sector's importance in terms of real growth in the economy. Connected to this, the ESRI have drawn attention to the concentration of job creation in Construction, and problems of sustainability.

Regional Employment and Labour Force

According to the CSO Quarterly National Household Survey (QNHS) for the period March-May 2005, there was an estimated 823,000 people (+4.75% on year) in the Dublin and Mid-East Region labour force. Of these, 791,000 (+4.9% on year) were in employment, resulting in a regional unemployment rate of 3.8%, and a participation rate of 63.8% (State estimates were 4.2% and 61.5% respectively). The overall trends exhibited in the region over the past number of years are an increase in the labour force, additional employment, higher participation rates (especially among females), and a relatively settled rate of unemployment – likely indicating 'full employment'.

This growth in the labour force has been driven by substantial immigration (ranging between 50-70,000 people in the last few years). It is recognised that demand for labour is strong, with the Construction sector being a key driver, with total employment in this sector estimated at 242,000 (+17.7% on year) – equivalent to one in eight of all jobs.

Regional account data is not available beyond 2002, therefore indepth analysis of the regional figures is not dealt with in this report. The CSO intend to publish regional figures in March 2006. When this comes available a report on this element will be made to the Steering Committee.