**Report on Section 48 Development Contribution Scheme 2016-2020 –Indexation Increase**

[Section 48 of the Planning & Development Act, 2000](http://www.irishstatutebook.ie/eli/2000/act/30/section/48/enacted/en/html), as amended, enables a Planning Authority, when granting planning permission under Section 34 of the Act, to include conditions requiring the payment of a contribution in respect of public infrastructure and facilities benefiting development in the area of the planning authority and that is provided, or that it is intended will be provided, by or on behalf of a local authority (regardless of other sources of funding for the infrastructure and facilities).

Section 48 (2) specifies that the basis for the determination of the contribution shall be set out in a Development Contribution Scheme which shall state the basis for determining the contributions to be paid in respect of public infrastructure and facilities which are provided or are to be provided by a Local Authority.

Levies collected under the Section 48 Scheme fund the following classes of publicly provided infrastructure and facilities

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| **Class of Public Infrastructural Development** |
| Class 1: Roads infrastructure & facilities |
| Class 2: Surface Water & Environment infrastructure & facilities |
| Class 3: Community facilities & amenities |
| Class 4: Parks and open spaces facilities & amenities |
| Class 5: Economic, Enterprise and Tourism Development including Libraries |

The South Dublin County Council Section 48 Development Contribution Scheme 2016-2020 (due for review in 2020) adopted by the Council at its meeting on 14th December 2015 includes the following provision:-

Indexation in accordance with the Tender Price Index may be applied to be effective from 1st January 2018 for permissions granted after this date, having regard to the prevailing economic circumstances, subject to the approval of the Council.

Indexation is a system used to connect prices and asset values. It requires identifying a price index, and determining whether linking the value to the price index will achieve the desired impact.

In line with the above indexation has been applied heretofore as follows:

January 2018: With the approval of the Elected Members at the January 2018 Council Meeting, an indexation rate of 6.3 % was applied to the scheme and became effective on permissions granted after 1st January 2018. The levy as follows was accordingly applied: -

* Residential Development                                 € 90.42 per sq metre
* Industrial/Commercial Development                 € 79.70 per sq metre

January 2019: With the approval of the Elected Members at the December 2018 Council Meeting, an indexation rate of 7.2% was applied to Industrial/Commercial Development only and became effective on permissions granted after 1st January 2019. The levy as follows was accordingly applied: -

* Residential Development                                 € 90.42 per sq metre
* Industrial/Commercial Development                 €85.47 per sq metre

Given the high cost of infrastructure with costs continuing to rise it would be prudent for South Dublin County Council to apply a 6.6% increase from the 1st January 2020 in line with the [SCSI index.](https://www.scsi.ie/documents/get_lob?id=1474&field=file)  (This is a construction price index, covering tenders for non-residential projects. It is a sentiment index and the only independent assessment of construction tender prices in Ireland. The survey tracks tender price inflation in non-residential construction projects with capital values over €0.5 million and is the indexation most appropriate and applicable to all Development Contribution Schemes).

This will result in an increase from €90.42 to €96.39 per square meter for residential development and an increase from €85.47 to €91.11 for industrial/commercial development for which permission is granted after this date.

Accordingly, it is recommended that the 6.6% increase be applied to the residential and industrial/commercial development levy rates as set out below:

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| --- | --- | --- |
|  | **Residential**  **Per Sqm** | **Industrial/Commercial**  **Per Sqm** |
| **Sn 48 Levy Rates 01.01.2020** | **€96.39** | **€91.11** |

As this is a reserved function the approval of the elected members is required and subject to this approval a notice will be published advising members of the public of the increase to be effective from 1st January 2020.

The following resolution is required to give effect to the increase from 1/1/2020:

**“That South Dublin County Council hereby approve that the SCSI Tender Price Indexation rate of 6.6% is applied to the residential and industrial/commercial development levy rates under the Section 48 Development Contribution Scheme 2016-2020, to become effective from 1st January 2020, on permissions granted after that date..**

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