

COMHAIRLE CONTAE ÁTHA CLIATH THEAS **SOUTH DUBLIN COUNTY COUNCIL**



MEETING OF HOUSING SPC

Thursday, February 20, 2020

HEADED ITEM NO. 5

Killinarden Housing Proposal

Lands within the ownership of the Council at Killinarden, opposite Killinarden Heights and adjacent to the existing Elder Heath and Hazelgrove developments have been identified as having the potential to provide approximately 500 new social, affordable and private homes in a mixed tenure development.



Opportunity

Noting that the lands are zoned to provide for new residential communities in the South Dublin County Development Plan 2016-2021 the site has been signalled to the Department of Housing, Planning & Local Government and to the Elected Members of this Council as being one of the few large sites in Council ownership in the County with the potential for significant numbers of homes to help to meet the need for social and affordable housing. The success of the adjacent development at Elder Heath in particular, in which the Council and Approved Housing Bodies own a percentage of homes signals the potential for the proposed development.

A preliminary master plan has been undertaken assessing the urban context, topography and landscape, linkages to existing communities, transport/movement/connectivity, services/infrastructure, heritage and environment of the location. This has been used to create a vision for a sustainable, high quality neighbourhood for a new community on the edge of the city and at the foothills of the Dublin Mountains, with strong linkages to nature, established communities, local education, employment and recreation. The master plan provides for medium level density and is in keeping with residential density Guidelines.

In addition, the opportunity to provide a significant community and sporting facility to support and integrate the new proposed development with the recent Elder Heath development and the long-standing residential areas of Killinarden is a key and integral part of the proposal that is facilitated by the scale and nature of the proposal.

Tenure Mix:

Affordable Housing

It is a policy objective of the DHPLG and the Council to facilitate the delivery of affordable housing and therefore the site at Killinarden was the subject of a Council bid for support from DHPLG under the Serviced Sites Fund for the delivery of an indicative 300 affordable homes that has received provisional funding approval. This fund provides up to €50k subsidy per affordable home to deliver homes at 10% or more below market price.

This means that the delivery of affordable housing on this site is the key to unlocking the land for accelerated delivery with the support of the SSF. To support this and to maximise infrastructure delivery in line with the serviced site fund it is considered that the delivery of 300 affordable purchase homes is optimal for the site, providing opportunities for prospective buyers as well as providing stability to overall community. This approach is supported by the level of expressions of interest in purchasing affordable housing in Killinarden. Following the launch of our online expressions of interest portal, 2,345 expressions of interest were received with 1,515 people indicating a preference for Killinarden, of which 382 were first preferences with 401 second preferences and 732 third preferences. There is an element of risk associated with the number of first preferences relative to the proposed build numbers, but it is anticipated that demand will hold once the scheme is on site.

Affordable rental accommodation was considered for this location but it is considered at this stage is that such a tenure is more suited at central locations adjacent to transport nodes like Tallaght central and Clonburris. The Council is progressing a development of affordable rental homes at Belgard North Tallaght as well as considering further development of this tenure within lands owned at Clonburris.

Social Housing

The policy and practical constraints in providing large scale social housing only have been outlined to the Elected Members previously. It is not sustainable to provide 500 social homes in one location and such a proposal would not be funded by DHPLG. Should this site be used for social housing only, it is likely that delivery would be in smaller phases over an extended number of years. It is the Council's view that such a proposal is not viable having regard to the scale of existing social housing in the local area. Notwithstanding this, current social housing need necessitates the need for some social housing provision in the proposal. It is considered that 100 social homes will provide for an integrated and inclusive community while meeting some of the existing social housing need.

Private Housing

An element of private homes in the development is proposed to provide tenure integration and recognising the success of existing adjacent developments. This provides the opportunity to construct a delivery mechanism that will incentivise the involvement of home builders of the scale and capacity for accelerated delivery of quality homes while also providing a competitive element to the tender construct that will support key elements of the overall plan including the pricing of affordable housing and the delivery of a community and sporting facility.

Accordingly, the tenure and typology mix proposed for the new development is as follows:

Proposed Tenure Mix	1-bed apartment	2 bed apartment /duplex	3 bed house /duplex	4 bed house	Total
Affordable		113	185	2	300
Social	15	15	60	10	100
Private			95	5	100
Total	15	128	340	17	500

Proposed Community and Sporting Facility

The proposal will also include an adjacent new community centre and sports pavilion to meet the community and sporting needs of the existing and new residents of the area. This aspect of the development is seen as central to connecting the new and existing communities and will be supported and enhanced by the planned proposals for Killinarden Park, for which a separate consultation process will shortly commence.



Affordable Sale Price

The projected market value range for two, three and four-bedroom homes in the proposed development is estimated from €250,000 (two-bed apartment), €310,000 (three-bedroom house) and €340,000 (four-bedroom house) meaning that the maximum price range for affordable housing must be €225,000, €279,000 and €306,000 respectively under the proposed terms of a national affordable housing scheme.

However, the following considerations must also be factored into price determination:

- The Council's land costs, including foregoing some value to achieve more affordable homes;
- The anticipated costs of building apartments at this location;

- The application of a serviced sites fund subsidy for affordable homes including some weighting as necessary to support affordability for smaller but more expensive to deliver homes; and,
- Other issues affecting market demand and projected market prices.

Taking these factors into account, it is proposed to set the affordable home prices for the purpose of the tender process at a maximum level as follows:

Home Type	2-bed	3-bed	4-bed
Projected Maximum Affordable Home Price	€212,500	€263,500	€289,000

Land Value

This proposed development is on Council owned land which is an asset and must be accounted for. Given that the land cannot be used solely for social housing purposes for the reasons outlined previously, it requires a mixed tenure development proposal to be fully utilised for prompt delivery of new homes. The land value is factored into the calculations of building costs that have been used to determine the final affordable home prices but the extent of this is obviously subject to the Elected Members discretion given the Members' ultimate power of disposal of the land.

In arriving at the affordable home prices above approximately one-third of the value of the land is being utilised to support the affordable home delivery. Further reductions in price would significantly impact on the realisation of the land value. For example, a further 5% discount in the home price would double the land costs currently applied to this aspect of the proposal. It is therefore considered that the proposed prices represent a realistic use of land value for subsidisation purposes while preserving some land value to support both the community infrastructure and the acquisition of land for future housing delivery as reasonable compromise of the competing considerations.

Delivery

Following detailed consideration, it is proposed to progress a new joint venture development through competitive tender including competitive dialogue to arrive at a proposal to be submitted for planning approval. This should facilitate accelerated delivery of the site with commencement in 2021, infrastructure delivery by late 2021 followed by handover of the first homes in 2022 and project completion by 2024.



Key Points

The Elected Members should note the following:

- It is assumed that the current, indicative value of the land will be borne out by a procurement process to support the competitive element of the procurement process as well as providing sufficient income (including to the Council to deliver the community facility);
- It is considered that there will be sufficient market interest for a competitive procurement process to develop the proposal at the proposed tenure mix and affordable home prices based on current analysis and costings. The Members should be aware that a revised tenure mix may make it more challenging to achieve a project partner of sufficient scale and capacity to deliver this project in the most expedient timeframe.
- The outcome of the procurement process must support the fixed ceiling price for affordable homes – if the market cannot deliver these homes at the prices stated above the proposal may require amendment.
- The delivery of affordable housing will require a national affordable housing scheme that will deliver sufficient interested and eligible purchasers for the affordable homes - if the affordable homes are not sold after an agreed number of prospective purchasers have been offered them, a fall-back position may be that those homes revert to an alternative tenure type, likely to be social homes.
- Diverting some land income to subsidise the delivery of affordable homes will impact on the future ability to purchase land for housing – but this is a trade-off for delivering affordable housing.
- The proposed delivery mechanism will require a disposal of land to the preferred joint venture partner to facilitate the onward sale of affordable and private homes.

Next Steps:

It is now proposed to progress this project, at the tenure and home-size mix stated earlier, through a competitive procurement process to appoint a joint venture partner who will to bring the outline masterplan to planning stage and to progress ultimately to a proposal for the disposal of land to facilitate the accelerated delivery of these much needed homes.