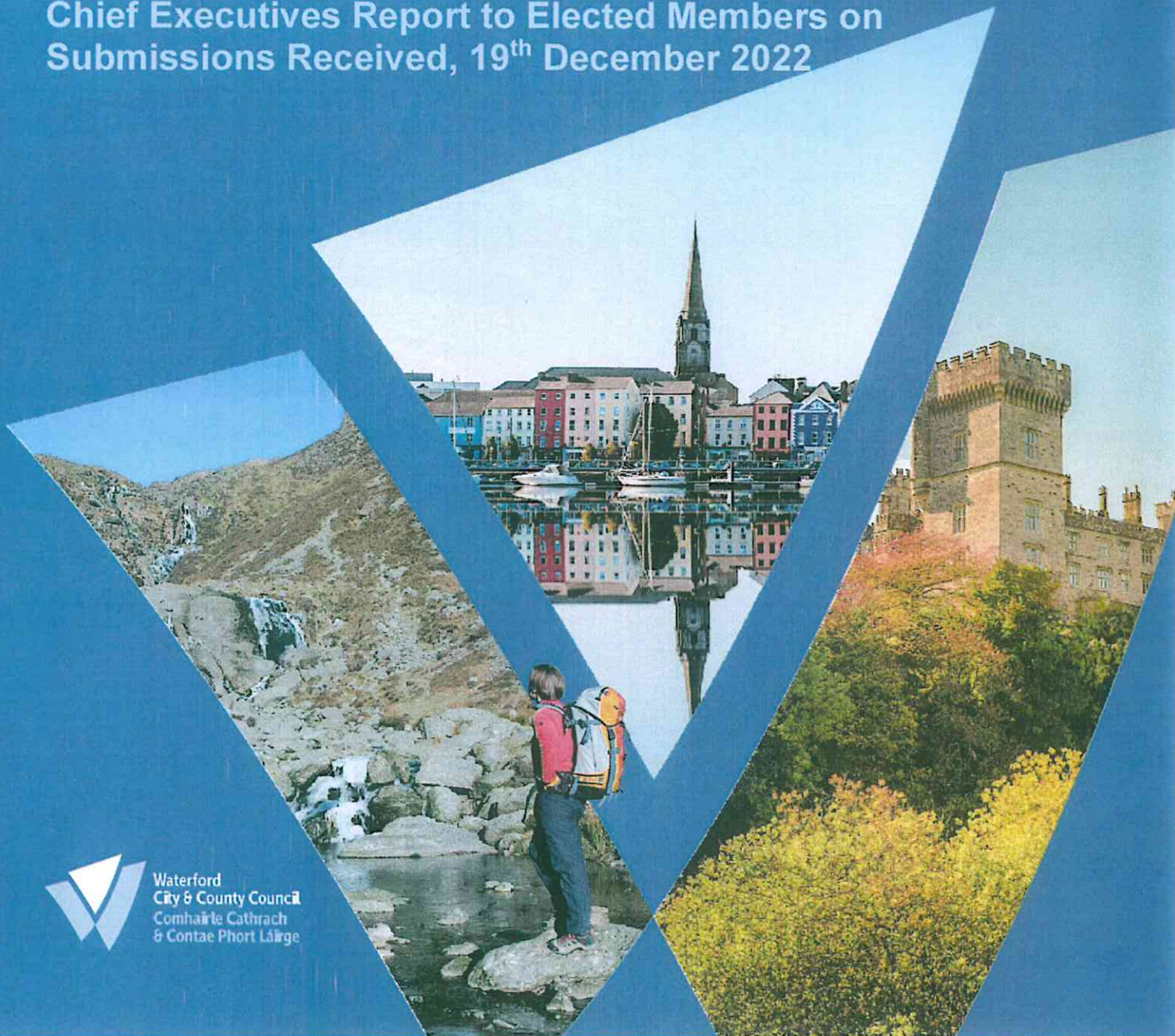


Waterford City & County

Draft Development Contribution Scheme 2023-2029

**Chief Executives Report to Elected Members on
Submissions Received, 19th December 2022**



**Waterford
City & County Council**
Comhairle Cathrach
& Contae Phort Láirge

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Section 1: Report Overview

1.1 Introduction

Section 48 of the Planning and Development Act 2000 (as amended) enables the Planning Authority when granting planning permission under Section 34 of the Act, to include conditions requiring the payment of a financial contribution in respect of public infrastructure and facilities benefiting development in the area, that is provided, or that is intended to be provided, by or on behalf of the Local Authority, regardless of other sources of funding for the infrastructure and facilities.

Subsections (2), (3) and (15) of Section 48 of the Planning and Development Act 2000 (as amended) specifies that a scheme shall:

- set out the basis for determining the contributions to be paid in respect of public infrastructure and facilities, in accordance with the terms of the scheme;
- make provision for payment of different contributions in respect of different classes or descriptions of development;
- allow for the payment of a reduced contribution or no contribution in certain circumstances, in accordance with the provisions of the scheme;
- indicate the contribution to be paid in respect of different classes of public infrastructure and facilities which are provided, or to be provided by the Local Authority, having regard to the actual estimated cost of providing the classes of public infrastructure and facilities, except that any benefit which accrues in respect of existing development may not be included in any such determination;
- facilitate the phased payment of contributions and may require the giving of security to ensure payment of contributions.

This report presents the submission made following publication of the Waterford City and County Council Draft Development Contribution Scheme 2023-2029. It sets out the Chief Executive's responses to the issues raised and recommends amendments to the draft scheme, as appropriate. The report is part of the statutory procedure for preparing a Contribution Scheme as set out in Section 48 (6) of the Planning and Development Act, 2000 (as amended).

1.2 Structure of the Chief Executive's Report

This report is presented in three sections:

- The first section details the reasons for the proposed Development Contribution Scheme (DCS), the requirement for the preparation of the report and outlines the report structure.
- The second Section summarises the issues raised in the submission received and sets out the Chief Executive's response and recommendation regarding same.
- Finally, Section 3 concludes with the Chief Executive's Recommendation.

1.3 Preparation of Proposed Scheme and Next Steps

The Draft Development Contribution Scheme (DCS) was prepared in accordance with the Planning and Development Act 2000 (as amended), DoECLG Development Contribution Guidelines for Planning Authorities and Circular PS 21/2013 in relation to "the transfer of water services function to Irish Water: planning issues" which set out that "New development contribution schemes made by planning authorities after the 1st of January 2014 should not contain charges in respect of water services infrastructure". Circular PL 03 /2018 Revisions of Development Contributions in relation to Telecommunications Infrastructure has also been considered.

The Draft DCS was presented to the Elected Members of Waterford City and County Council, at a workshop on the 04th of October 2022 and to the Planning Strategic Policy Committee on the 14th of October 2022 and was then placed on public display from the 18th of October to the 29th of November 2022 inclusive. Public Notices were placed in the Dungarvan Leader and Munster Express newspapers, and the Draft Scheme was also publicised on Waterford City and County Council's social media platforms.

- 1 no. written submission was received within the statutory timeframe.

In accordance with the requirements of Section 48 (6) of the Planning and Development Act 2000 (as amended), the Chief Executive has prepared this report on all valid submissions and observations received, and on any matters arising from the above consultations. This report, called a Chief Executives Report, contains the following information;

- o A list of the persons who made submissions or observations;
- o A summary of issues raised;
- o The opinion of the Chief Executive on the issues taking account of the proper planning and sustainable development of the area;
- o Details of any proposed modifications to the scheme.

Not later than 6 weeks after receipt of the Chief Executive's Report, the Elected Members of the Local Authority shall consider the Draft Scheme and this Chief Executive's Report and in accordance with Section 48 (8) of the Planning and Development Act 2000 (as amended) shall make the Scheme, unless it decides, by resolution, to vary or modify the scheme, otherwise than as recommended in the Chief Executive's report or otherwise decides not to make the scheme.

Section 2: Submissions Received

The table below includes a summary of the submission received from the Construction Industry Federation, South-East Branch and the Chief Executives (CE's) response and recommendations.

Summary:	Chief Executives Response:
<p><u>Impact on Viability:</u></p> <p>The CIF consider that the proposed increase in development contribution charges for dwelling units <125 sqm from €3,000 to €3,500 is unwelcome at a time when the viability of residential construction in many parts of the County is challenging.</p> <p>The submission identifies that the total cost of delivery of a new home, including costs of design, planning, construction, profit and risk is not always sufficient to ensure viability and developments will not proceed if financial viability cannot be demonstrated to the investment sector.</p> <p>The increase in costs will have to either be subtracted from the developers profit margin on the house or alternatively added to the price of purchasing the house.</p>	<p>The Council recognizes the challenging times that currently exist and the impact on the cost of materials, construction and energy, equally this increase in cost is also bourn by the Local Authority in the delivery of essential infrastructure and services. In preparing the Draft Contribution Scheme (DCS) all current rates were reviewed and considered in the context of other Local Authorities and all national guidance was adhered to.</p> <p>The residential rate for dwellings <125 sqm is considered to be an equitable and competitive rate when compared to a number of other local authorities. The proposed €500 increase equates to less than 0.15% of the current asking price for a typical newly built three bed semi-detached dwelling in Waterford City</p> <p>It is worth noting that a number of reductions are also incorporated into the DCS to incentivise development, for example the re-development of derelict, regeneration and opportunity sites.</p>
<p><u>Sufficient funds are being generated already:</u></p> <p>The submission highlights that before the formation of Irish Water in 2014, 37% of Development Contribution funds were spent on water & waste-water infrastructure projects. Irish Water now undertake the majority of this work thus reducing the amount of funds required by local authorities to carry out infrastructure works. Despite this, residential construction companies now have to pay a separate charge to Irish Water on top of their development contributions to the local authorities.</p> <p>It is noted that the targeted investment from the DCS 2015-2021 was €12m and that €17.6m was collected. Under the proposed new scheme €3.3m a year from residential development is expected to be collected based on the County Development Plans minimum requirement of 4,824 units being built to 2028.</p>	<p>The primary objective of the development contribution mechanism is to partly fund the provision of essential public infrastructure, without which development could not proceed. It is not accepted that sufficient funds are being generated already to carry out infrastructure works. This can be evidenced in the list of projects and estimated costings specified in Waterford City and County Council's Four Year Capital Plan 2023-2026 (Appendix 1).</p> <p>In addition, it is worth noting that since the transfer of services to Irish Water, contributions have not been applied by local authorities for the provision of water and wastewater infrastructure in accordance with Dept. Circular PS 21/2013.</p>

It is considered that population figures are underestimated in the NPF and it is reasonable to expect that the figure of €3.3m will thus be exceeded, negating the need to increase development contribution scheme charges to pay for required infrastructure in the County.

The submission further notes that a significant list of projects has been identified in the draft scheme, which the collection of development scheme charges will contribute to. However no estimated cost on delivering these projects is mentioned.

It is noted in the submission that no costings of the list of projects were identified in the Draft DCS, the Council's newly adopted Four Year Capital Plan 2023-2026 shall therefore be incorporated as Appendix 1 to the Development Contribution Scheme in order to demonstrate the level of investment required by the Council to provide infrastructure and services.

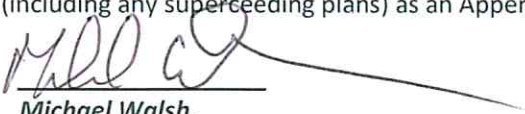
The DCS is an important contributor to the implementation of the Development Objectives of the Waterford and City County Development Plan 2022-2028 and the Four Year Capital Plan 2023-2026. If these projects are to be realised within the lifetime of the Scheme, it is necessary, that the rates proposed in the Draft Scheme are maintained.

Chief Executives Recommendations:

1. **No Change to proposed contribution rates.**
2. Waterford City and County Council's Four Year Capital Plan 2023-2026 shall be incorporated as Appendix 1 to the Draft Contribution Scheme.

Section 3: Chief Executive's Recommendation:

In accordance with Section 48 of the Planning and Development Act 2000 (as amended), it is recommended that the Development Contribution Scheme is made in accordance with the Draft Scheme published on the 18th of October 2022 with the incorporation of the Waterford City and County Four Year Capital Plan 2023-2026 (including any superceeding plans) as an Appendix to the Scheme.



Michael Walsh,

Chief Executive

Waterford City and County Council

Appendix 1 – Four Year Capital Plan 2023 - 2026

Overview of Major Capital projects Budgeted 22-'26

Primary Projects	Costs		Estimated Timing					Total
	Project Costs	Funding	2023	2024	2025	2026		
		WCCC Contrib:						
Urban	€215,500,000	€190,711,000	€81,000,000	€80,000,000	€49,400,000	€5,100,000	€215,500,000	
North Quays	€68,000,000	€12,474,279	€6,800,000	€23,800,000	€27,200,000	€10,200,000	€68,000,000	
URDF City Centre	€4,066,945	€0	€4,066,945	€0	€0	€0	€4,066,945	
Michael Street Site	€2,037,944	€800,000	€509,486	€509,486	€509,486	€509,486	€2,037,944	
Mercyhurst College Dunganvan	€750,000	€0	€375,000	€375,000	€0	€0	€750,000	
Airport contribution	€5,000,000	€3,750,000	€400,000	€1,500,000	€1,850,000	€1,250,000	€5,000,000	
Dunganvan Digital Transformation Hub	€4,000,000	€3,000,000	€0	€1,000,000	€2,000,000	€2,000,000	€4,000,000	
Tramore Development	€860,000	€860,000	€215,000	€645,000	€250,909	€250,909	€860,000	
Waterford Sports Activity Facility Tramore	€1,003,634	€694,907	€250,909	€250,909	€250,909	€250,909	€1,003,634	
Tourism related Projects								
Active Travel	€56,000,000	€56,000,000	€14,000,000	€14,000,000	€14,000,000	€14,000,000	€56,000,000	
Various Projects								
Rural Development	€1,562,100	€1,062,100	€1,562,100	€1,200,000	€1,200,000	€600,000	€1,562,100	
Mount Congreve	€3,000,000	€2,250,000	€500,000	€1,500,000	€2,000,000	€3,000,000	€3,000,000	
Ardmore RRDF	€7,000,000	€5,250,000	€625,000	€1,875,000	€750,000	€1,750,000	€7,000,000	
Portlaw RRDF	€2,500,000	€1,875,000	€1,400,000	€3,000,000	€2,000,000	€0	€2,500,000	
Dunmore East RRDF	€6,400,000	€5,000,000	€1,400,000	€3,000,000	€2,000,000	€0	€6,400,000	
Capoquin RRDF	€9,450,000	€7,560,000	€2,050,000	€3,000,000	€2,550,000	€1,850,000	€9,450,000	
Town & Village & Other projects	€4,800,000	€3,840,000	€1,700,000	€1,500,000	€800,000	€800,000	€4,800,000	
ORIS	€6,300,000	€5,100,000	€1,575,000	€1,575,000	€1,575,000	€1,575,000	€6,300,000	
Piers, Harbours & Coastal protection	€1,570,000	€1,170,000	€392,500	€1,177,500	€1,575,000	€1,575,000	€1,570,000	
Water Sports Activity Facility Ardmore	€291,380	€181,380	€291,380	€1,177,500	€1,575,000	€1,575,000	€291,380	
Mahon Falls Trailhead carpark extension								
Housing: Estimated Exp: Fully funded	€225,000,000	€225,000,000	€56,250,000	€56,250,000	€56,250,000	€56,250,000	€225,000,000	
Seviced Land Initiative	€3,000,000	€1,000,000	€0	€1,000,000	€1,000,000	€1,000,000	€3,000,000	
Other	€3,750,000	€937,500	€937,500	€937,500	€937,500	€937,500	€3,750,000	
Corporate Buildings Maintenance & Energy upgrades	€400,000	€350,000	€100,000	€100,000	€200,000	€400,000	€400,000	
Library Developments (Match Funding)	€400,000	€300,000	€100,000	€100,000	€200,000	€400,000	€400,000	
Library Mobile Services	€500,000	€350,000	€150,000	€100,000	€250,000	€175,000	€500,000	
Matching funding for cultural Infrastructure	€900,000	€200,000	€200,000	€300,000	€400,000	€900,000	€900,000	
Remedial Works to Legacy Estates	€9,772,968	€1,217,957	€2,443,242	€7,329,726	€0	€0	€9,772,968	
Public Lighting Energy Efficiency Project.	€1,600,000	€0	€400,000	€400,000	€400,000	€400,000	€1,600,000	
Footpaths	€750,000	€0	€300,000	€300,000	€750,000	€750,000	€750,000	
New Area Depot Riverstown Tramore	€1,200,000	€200,000	€125,000	€300,000	€300,000	€300,000	€1,200,000	
Playgrounds	€500,000	€500,000	€125,000	€125,000	€125,000	€125,000	€500,000	
Misc								
	€647,864,971	€73,679,406	€177,994,061	€200,925,120	€166,872,894	€102,072,894	€647,864,971	
	€0	€574,185,565					€0	
	€647,864,971	€647,864,971					€647,864,971	
Funding of WCCC Contribution								
Development Contribution reserves	-€3,200,000						-€3,200,000	
General Provision Built up	-€10,180,000						-€10,180,000	
Estimated Development levies: To 2026	-€15,800,000						-€15,800,000	
Estimated Transfers based on recent years: To 2026	-€14,390,000						-€14,390,000	
Sale of Land	-€11,750,000	NQ, 5.1M, Michael Street €3m, Aldi €750K					-€11,750,000	
Loan for Public Lighting	-€8,555,011						-€8,555,011	
Loan for City Centre URDF	-€4,395						-€4,395	
	-€73,679,406						-€73,679,406	

Appendix 2 – Submission - Construction Industry Federation, South-East Branch

CONSTRUCTION INDUSTRY FEDERATION

SOUTH EAST BRANCH SOUTHERN REGION

Construction House, 4 Eastgate Avenue, Little Island, Cork. Tel: 021-4351410 Fax: 021-4351416 E-mail: cifcork@cif.ie Website: www.cif.ie

Planning Department,
Waterford City & County Council,
Menapia Building,
The Mall,
Waterford City.

28th November 2022

Re: Waterford City & County Council Draft Development Contribution Scheme 2023-2029

A Chara,

As Secretary of the Construction Industry Federation (CIF), South East Branch, I am pleased to make this submission to the Waterford City & County Council Draft Development Contribution Scheme 2023-2029.

The CIF is the representative body for the Irish Construction Industry. This submission is based on consultation with the South East Branch CIF Members and is reflective of their experience, collective knowledge and expertise at the forefront of construction in the South East of Ireland.

The CIF is a key stakeholder in the implementation of the National Planning Framework, The Southern Regional Assemblies Regional, Spatial & Economic Strategy and the Waterford City & County Development Plan 2022-2028. CIF members are responsible for the delivery of houses, offices and the infrastructure required to meet the ambitious targets established for the South East Region and welcome the opportunity to be a part of the consultation process for the preparation of the new Waterford City and County Draft Development Contribution Scheme.

Impact on Viability:

The proposed increase in development contribution charges of nearly 17% is unwelcome at a time when the viability of residential construction in many parts of the County is challenging.

The total delivery cost of a new home, including typical costs of design, planning, construction, profit and risk, is not always sufficient to provide the feasible returns required to ensure viability.

Developments will not be progressed if the construction industry cannot demonstrate financial viability to the investment sector.

An increase of 17% in development contribution scheme charges will either:

- have to be subtracted from the profit margin on the house, thus jeopardising the viability of constructing the house, and also the ability to secure the required capital from the investment sector.



- Alternatively, the increase will have to be added to the price of purchasing the house. The Irish House Builders Association and EY produced a comprehensive support called "*Putting the Affordability at the Heart of the Housing System*". The report showed that taking household expenditure and rent into account, the average time it takes to save for a deposit on a house in Waterford takes an average of 5 years to accumulate. The recent increase in interest rates also limit the amount potential house buyers can borrow, any further increases on the cost of housing could remove their ability to acquire a mortgage for same.

Thus the proposed increase in development contribution scheme charge may have a negative impact for the residential construction sector, when the viability and affordability of residential construction is questionable.

Sufficient funds are being generated already.

Before the formation of Irish Water in 2014, 37% of Development Contribution funds were spent on water & waste water infrastructure projects (*Source: 2013 Development contribution guidelines for planning authorities*) Irish Water now undertake the majority of this work thus reducing the amount of funds required by local authorities to carry out infrastructure works. Despite this, residential construction companies now have to pay a separate charge to Irish Water on top of their development contributions to the local authorities.

A significant list of projects has been identified in the draft scheme, which the collection of development scheme charges will contribute to. However no estimated cost on delivering these projects is mentioned.

In the Waterford Development Contribution scheme 2015-2021 the targeted investment from the new scheme was €12m. Nearly 50% more than this was collected by the Council with €17.6m being collected by the DCS between 2015-2021.

Under the proposed new scheme €3.3m a year from residential development is expected to be collected based on the County Development Plans minimum requirement of 4,824 units being built to 2028.

The recent Census report shows that the ESRI population predictions given as part of the National Planning Framework, (which in turn is used in the formulation of County Development plans) underestimated the population growth in Waterford by nearly 7,000 people to 2021.

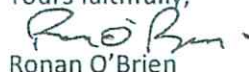
As a result it is reasonable to expect that the figure of €3.3m will be exceeded, thus negating the need to increase development contribution scheme charges to pay for required infrastructure in the County.

Summary

In summary, increasing development contribution scheme charges by a substantial 17% may have a considerable impact on the construction industry and housing market in Waterford. In this submission, we have outlined the necessity to account for the viability of developments when introducing any increases in levies. We would thus propose that no increases in development contributions are sought at this time.

Thank you for the opportunity to comment on this scheme and for taking the time to consider this submission.

Yours faithfully,



Ronan O'Brien

Executive, Southern Region, Construction Industry Federation

