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FEASIBILITY AND VIABILITY IN PLANNING



Introduction – Mary Mac Mahon, IPI



Planning policy, development contributions, vacant site levy – Jerry Barnes, McCabe Durney Barnes



Feasibility, viability and affordability at project level – Paul Mitchell, Mitchell McDermott



State led development and viability – Phelim O' Neill, Land Development Agency

WEBINAR AGENDA

Planning and development inextricably linked in the Irish system – basis of planning legislation

Plans are expected to result in development

Development happens by way of projects

Projects become reality only if they are feasible and viable

Development plans and development management are very important factors in determining if a projects proceeds, is changed or is abandoned

Planning permission can only be granted in the interest of sustainable development

Sustainable development – has to be environmentally, **economically** and socially sustainable.

PLANNING AND DEVELOPMENT





During the recession between 2007 – 2012 – land with planning permission was not developed – no investment funding available, land values fell (2010 Planning and Development Act – limited the amount of land zoned but effect not perceptible at time)



Coming out of recession, developers wanted to build 3 bed semi-detached housing



Planning system said no – sustainable development needs to be compact and dense, zoned land values rose, but large scale housing development still did not happen – unlike office development



Government asked why not, developers explained apartments too expensive to build; government responded with two pronged approach - new apartment guidelines in 2015 – carrot approach – land values rose

NEED FOR ACTIVE LAND MANAGEMENT



Stick approach – the vacant site levy in the Urban Regeneration and Housing Act 2015 (to introduce a cost to sitting on development land while land values rose)



Has incentivised land owners to either develop or bring sites to market to be bought by those prepared develop



LIHAF and Urban Regeneration Funding – unlocking development potential



Vacant site register in 2017 – vacant sites identified – many on state owned land - Vacant site levy began being applied to sites from 2018 on



State has begun to examine its role as a landowner; the need to provide for stable housing supply to make effective use of state lands and set up the LDA



Feasibility – the state or degree of being easily or conveniently done, accomplished



Feasibility Study – takes into account all of a project's factors to test the likelihood of a project's successful outcome. Risk focussed



Viability – Is the project worth undertaking?

Private sector – does it provide sufficient financial returns in a reasonable timeframe?
Public sector – does it provide sufficient economic, environmental and social sustainability returns?

FEASIBILITY AND VIABILITY OF PROJECTS



The Feasibility study is prepared by a multidisciplinary team



Planners, architects, engineers, quantity surveyors, legal, financial and other specialists



A feasibility study is an expensive study to carry out, so only proceeds to that level after a determination that the project is worth investigating



An initial test looks at the planning factors, an estimation of unit numbers likely to be achieved, the cost of these units and the likely financial return



Planning risk – unit numbers and length of time to bring project through to permission stage

THE FEASIBILITY STUDY OF A DEVELOPMENT PROJECT

Site description, location, availability of public transport, edge conditions

Zoning, development plan / local plan policy and national policy

Planning history

Site specific issues - Conservation, archaeology, landscape designations, flooding, may identify where other expertise needed, e.g. ecologist, arborist

Car parking

PLANNING FEASIBILITY STUDY



DEVELOPMENT
CONTRIBUTIONS

EVALUATION OF
ARCHITECTURAL
CAPACITY STUDIES
(ITERATIVE
PROCESS)

EVALUATION OF
ENGINEERING
REPORTS (WATER
SUPPLY, FOUL
DRAINAGE,
SURFACE WATER,
TRAFFIC ISSUES,
FLOODING,
CONTAMINATION
ISSUES)

EVALUATION
OF OTHER
SPECIALIST
REPORTS

RECOMMENDATION

Quantity surveyor – how the development can be built and what costs associated with the build

Legal – title, leases, rights of ways

Conservation – historic value of the building, what needs to be kept, what could be removed

Arborist – what trees need to be retained, presence of japanese knotweed

Finance – financial appraisal - funding availability, cost of funding, timeframe for delivery

HOW OTHER SPECIALISTS CONTRIBUTE

Project doesn't comply with the zoning

The number of units needed to make the project viable is unlikely to get permission

Policies in the plan may inhibit the level of units on the site for it to be worth developing

Policies may make the feasibility of the projects too risky – implementation overly uncertain, particularly timing

PLANNING REASONS WHY INITIAL
STUDIES DO NOT PROCEED



Development contributions
(Section 48)



Development contributions
(Section 48
(2)(c))



Development contributions
(Section 49)



Bonds



Part V



Vacant site levy

OTHER PLANNING COSTS
ASSOCIATED WITH DEVELOPMENT



Purpose of land use planning in Ireland is to produce Sustainable Development



Economic considerations an integral part of Sustainable Development



Sustainable development happens through projects



Development plans, policies and development management decisions influence the economic outcomes of project



The State sector is going to move more deeply into development territory with a large programme of regeneration and housing delivery



An understanding of the economic impacts of planning policy and testing of policy will produce more sustainable outcomes

CONCLUSION