

Metro West

Supplementary Development Contributions Scheme

March 2009



South Dublin County Council

METRO WEST

Supplementary Development Contribution Scheme



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1. Introduction

- 1.1 The basis for a Supplementary Development Contribution Scheme (SDCS), also known as a 'Section 49' contribution Scheme, is set out in Section 49 of the Planning & Development Acts 2000 - 2007. A Planning Authority may, when granting planning permission for development, include a condition requiring payment of a financial contribution towards the cost of any "public infrastructure service or project" that when carried out, will benefit the development to which the permission relates.
- 1.2 The public infrastructure service or project must be specified in a SDCS. Section 49(7) of the Planning & Development Acts 2000 – 2007 defines eligible public infrastructure projects or services including, inter alia: "The provision of particular rail, light rail or other public transport infrastructure, including car parks and other ancillary development".
- 1.3 It is a requirement of a Supplementary Development Contribution Scheme to specify:
- *The area or areas within the functional area of the planning authority to which it relates;*
 - *The particular public infrastructure or service to which it relates;*
- and to state:
- *The basis for determining the contributions to be paid.*
- 1.4 Different rates of levy may be applied to different classes or descriptions of development. Exemptions for specified classes of development may also be specified.
- 1.5 The Planning and Development Acts 2000 - 2007 set out the public consultation process for a proposed SDCS as follows:
- *Notice must be given and the Scheme displayed in public for a minimum period of 6 weeks, during which time submissions and observations may be made;*
 - *The County Manager must submit a report to the elected members, on any submissions or observations made, no later than 4 weeks after the end of the public display period;*
 - *The elected members must determine the Scheme within 6 weeks of receipt of the Manager's Report.*
- 1.6 The detailed implementation of any adopted SDCS must be subject to an agreement between the Planning Authority and the provider of the public infrastructure service or project, in this case The Railway Procurement Agency (RPA); the Agency responsible for the implementation of the Metro West Project.

2. The Area to which the Scheme relates

- 2.1 An area of approximately 1km on either side of the route of the proposed Metro West line in the South Dublin County Council administrative area is identified as the transportation corridor within which benefit will accrue to development. The outer edge of the corridor has been rationalised to relate to The River Liffey boundary with Fingal County Council, the M50 Motorway from the Fingal County boundary to the River Dodder, the River Dodder from the M50 to the bridge at Old Bawn, the Firhouse Road West to the N81 and the full length of the Outer Ring Road from the N81 to the N4 and River Liffey just west of the 'Woodies' Interchange. The Scheme map is included in Appendix 1.
- 2.2 The total area within the South Dublin County Council functional area, to which the Scheme relates, comprises approximately 3,500 hectares. Approximately 60% of this area is already developed, principally for housing, roads, public open space and employment uses. Parts of this area are suitable for future intensification and/or redevelopment in addition to undeveloped lands within lands the SDCS boundary.
- 2.3 The SDCS shall apply to all planning permissions granted for development within this area as and from the date the scheme is adopted by the Council.
- 2.4 The South Dublin County Council Development Plan 2004-2010 supports the improvement of public transport infrastructure in the County. Policy T 7 of the County Development Plan states "*It is the policy of the Council to support and facilitate the provision of a new Metro Railway System in the Dublin area....*"
- 2.5 The South Dublin County Development Plan promotes the integration of land use planning with a high quality, sustainable and integrated transport system and seeks to ensure that the Metro West Project maximises opportunities for such integration. Section 11 of the Development Plan promotes increased densities of development in locations within walking distance of high quality public transport routes.
- 2.6 Paragraph 7.3.1 of the County Development Plan identifies "A new Metro light railway linking Dublin Airport, Blanchardstown, the Liffey Valley Centre, Clondalkin and Tallaght" as being among the planned improvements in public transport for the South Dublin County area set out in the DTO Strategy 2000-2016 'A Platform for Change'. This Project is identified as 'Metro West' in the November 2005 'Transport 21' Government Investment Programme.

3. The Project

- 3.1 Metro West extends approximately 24.7km from a point to the west of Main Street, Tallaght, in the South Dublin County Council area to Metropark, on the proposed Metro North line in the Fingal County Council area. The Metro West Project will link Tallaght Town Centre with Dublin Airport using the Metropark-Airport section of the Metro North Route.
- 3.2 Approximately 10.1km, or just under 41% of the extent of the Project runs through the South Dublin County Council area.
- 3.3 In the South Dublin County area 7 No. stops are proposed at Tallaght East, Belgard, St Brigid's, Clondalkin, Fonthill, Rowlagh & Liffey Valley. 2 No. additional future stops are also proposed at Colbert's Fort and Newlands.
- 3.4 In the Fingal County area 7 No. stops are proposed at Porterstown, Millennium Park, Blanchardstown, NAC, Abbotstown, Huntstown, Meakstown as well as a further stop at Metropark at the point of interchange with Metro North. 3 No. additional future stops are also proposed at Cappagh, Silloge and Harristown.
- 3.5 Connections with Luas and Irish Rail services are proposed at various locations on the Metro West Route. Interchange with the existing Luas Red Line will be at Tallaght East Stop and at Belgard Stop, where an interchange with Citywest Luas will also be possible. Interchange with the existing Kildare railway line will be at Fonthill Stop in Clonburris. This interchange will provide a link to Heuston Station and the proposed DART interconnector linking Heuston to the City Centre and the existing DART line. Interchange with the proposed Lucan Luas will occur at Quarryvale.
- 3.6 In Fingal, interchange with the existing Maynooth and proposed Dunboyne/Navan Line services will be at the Porterstown Stop where a new station is proposed to coincide with other developments in the area. Interchange with Metro North will be provided at Metropark Stop. It is expected that Bus interchange will also be provided at locations such as rail stations, town centres and Park & Ride sites.
- 3.7 The connections provided by the Metro West scheme will greatly benefit the residents of South Dublin County Council by improving the connectivity of Town Centres and development areas providing a new integrated city wide transport network making it easier to switch from the private car to public transport modes.
- 3.8 The route for Metro West has been fixed and a detailed design is at an advanced stage to form the basis of a Railway Order application before the end of 2009.
- 3.9 It is forecast that the project will cater for approximately 30 million new Metro journeys when complete in 2015. In the peak services are expected to run every 4 or 5 minutes. The projected journey time from Tallaght to Dublin Airport will be in the order of 50 minutes.

4. Basis on which the Contributions have been Determined

4.1 The Planning & Development Acts 2000 - 2007 require a Supplementary Development Contribution Scheme to state the basis for determining the contributions to be paid in respect of the public infrastructure project to which the Scheme relates.

4.2 In this regard, South Dublin County Council commissioned KHSK Economic Consultants to advise in respect of the following:

- a) Estimate the benefits that will arise as a result of the infrastructure in the form of enhanced property values;
- b) Identify the percentage of total cost of infrastructure which is applicable to SDCC and the contribution of the SDCS to that cost;
- c) Identify the optimum rate of levy to maximise the yield;
- d) Identify the appropriate rates for different classes of development;
- e) Advise on appropriate inflation and discount factors;
- f) Identify the unit basis for application of the levy;
- g) Identify potential exclusions from the levy and the impact on revenue from the SDCS.

4.3 The full text of the KHSK Report is available as a separate document. The principal conclusions are as follows:-

4.3.1 Estimate the benefits that will arise as a result of the infrastructure in the form of enhanced property values

Detailed research and consultation was carried out by the Consultants to provide an estimate of the potential impact on property values of the scheme. These included:

- Review of other contribution schemes in the Dublin Area
- Review of national and international literature
- Consultations with property professionals to identify their views on the potential impact

The research indicates that Metro West will have a positive impact on property prices. Table 4.1 shows a low to high impact ranging from €1,013 million to €1,613 million with a mid - range of €1,313m. The range arises due to divergent views on the potential impact on house prices. The basis of this estimate is shown in Table 4.1. The analysis suggests that the impact will be higher on residential properties with lower impacts on commercial property.

Table 4.1: Estimate of benefits which will arise as a result of Metro West

| | Estimated Impact on Average unit Price | Low Impact | High Impact | Mid Range |
|--------------------|---|-----------------------|-----------------------|-----------------------|
| Residential | 5-10% | €599,590,000 | €1,199,180,000 | €899,385,000 |
| Commercial | 4% | | | €372,240,000 |
| Retail | 2% | | | €41,248,000 |
| Totals | | €1,013 Million | €1,613 Million | €1,313 Million |

4.3.2 Percentage of total cost of scheme which is applicable to SDCC and the contribution of the SDCS to that cost

The Railway Procurement Agency (RPA) in a letter to South Dublin County Council dated 29th of August 2008 state ‘..the current estimate for the project suggests that the capital cost will be in excess of €1 billion in 2008 prices.’

In the same correspondence the RPA further state ‘..it is the policy of the RPA to secure private contributions to the project of at least 50% of the total capital cost. Private contributions primarily comprise levies accrued under SDCS’.

The scheme passes through Fingal County Council and South Dublin County Council. The total length of the route is circa 24.7km (Tallaght East – Metropark). The length of the route in the South Dublin County Council area is 10.1km. On the basis of the above it is estimated that 41% of the overall cost of the scheme will arise in the South Dublin, administrative area.

Taking these factors into account, an estimate of €410 million (capital cost) for the part of the route in South Dublin has been made. Given that the RPA has indicated that at least 50% of the total capital cost should be raised by the SDCS, a target figure of €205m is proposed for the SDCS in the South Dublin County area.

4.3.3 Identify the optimum rate of levy to maximise the yield

The levy rate set under the scheme must meet a number of criteria:

- It must be set at a level which will raise revenue with a present value that is adequate to finance in part, construction of the infrastructure
- The amount raised must be proportionate to the service that is provided by Metro West
- It must not inhibit the competitive position of South Dublin County Council by diverting development to other areas

- The projected revenue must be an appropriate proportion of the increase in property values that has been calculated.

The levy must not place the area at a disadvantage relative to other areas. This means that a comparative assessment of other schemes was required. The levy applied must be such that an appropriate portion of the value that is created accrues as revenue. On the basis of other schemes & research carried out, the overall target that the Scheme should raise should be in the region of 18-20% of the value identified. The research shows that this should be lower in the case of residential property than other classes. The actual rates must be broadly comparable to other areas given the service that is provided. Table 4.2 shows revenue raised on four approved SDCS ranging from 8% to 25% of the total benefits of relevant schemes.

Table 4.2 Comparison with Other Projects

| Project | Benefits €m | Revenue Raised €m | % |
|----------------------------|------------------------|------------------------------|----------|
| Metro North Fingal | 2,100 | 525 | 25 |
| Metro North Dublin City | 1,400 | 113 | 8 |
| Kildare Route | 389 | 57.5 | 15 |
| Glenamuck DD Road | 802 | 143 | 18 |

The economic analysis carried out in support of the Metro West project indicates that 18% of the revenue raised should range between €182 - €290 million, giving an average of €236 million [Table 4.1 shows a high impact value of €1,613 million and a low impact value of €1,013 million, with a mid range value of €1,313 million].

Given the target requirement to raise at least 50% of the cost of the scheme (see section 4.3.2) above and the target requirement to raise at least 18% of the value created, the optimum rate of levy should raise between €205 and €236 million.

4.3.4 Identify the appropriate rates for different classes of development.

The following rates are recommended:

| | |
|--------------------------------|------------------------------|
| Residential Development | €3,000 per unit |
| Commercial Development | €50 per m² |
| Retail Development | €65 per m² |

Application of these levies to the total property base would raise revenue in the SDCS with a present value of €239 million. This is equal to 58.3% of the estimated cost of €410 million. Of this, 44% (€106 million) will be raised from residential development, 49% (€116 million) from commercial non-retail development, and 7% (€16.8 million) from retail development.

The overall value of the scheme following adjustment for exemptions in relation to social/affordable housing is €223 million i.e. a reduction of 6.7%. This is equal to 54.4% of the indicated cost (See section 4.3.7 below).

The levy will raise between 14.8% and 23.6% of the value that is created in property to which it can be applied, depending on whether there is a low or high impact on the price of residential property. This gives a mid-point of 19.2% similar to the value created in other schemes (See Table 4.2 above).

Table 4.3: Percentage of Value Created that Accrues as Revenue

| | Residential | Commercial | Retail | Total |
|--------------------------|-------------|------------|--------|-------|
| % of value (low Impact) | 17.6% | | | 23.6% |
| % of value (high impact) | 8.8% | 31.2% | 40.6% | 14.8% |

These are considered to be acceptable proportions of the value that is created in all classes of property so as to avoid creating an incentive to displace development. It is also noted that the proportion taken of the value that is created in residential development is lower than in other classes, between 8.8% and 17.6% or 13.2% if a mid-point of the impact range is used. The economic report carried out in support of the scheme indicates that this is in line with other schemes.

In summary, this means that 19.2% of the value created in property will accrue as revenue, 13.2% in the case of residential property. Table 4.4 indicates that compared to the Metro North Scheme the residential levy proposed on Metro West is slightly lower than Metro North. Retail & commercial levies are broadly similar. Table 4.4 sets out the rates for relevant SDCS in adjacent areas, the rates are per hectare unless stated otherwise.

Table 4.4: Levy Rates in SDCSs in Dublin in 2008

| | Residential | Commercial | Retail |
|------------------------------|-----------------|---------------------------|---------------------------|
| Metro West | €300,000 per ha | €750,000 per ha | €975,000 per ha |
| DLR Luas B1 | €319,070 per ha | €727,500 per ha | |
| Fingal Metro North | €319,725 per ha | €727,650 per ha | €992,250 per ha |
| Dublin City Metro | €320,040 per ha | €752,000 per ha | €966,000 per ha |
| Navan-Dublin Rail | €159,535 per ha | €363,740 per ha | |
| Kildare Route Project | €199,500 per ha | €23.47 per m ² | €30.45 per m ² |

Note: The Dublin City, Kildare Rail Project and Fingal Metro North levies are converted to per ha equivalents according to projected densities and plot ratios.

4.3.5 Advise on appropriate inflation and discount factors

It is recommended that all levies are indexed at a flat rate of 5% per annum rather than according to an inflation index. This will protect the real value of revenues which are discounted at 5% in accordance with Department of Finance guidelines.

4.3.6 Identify the unit basis for application of the levy

Due to the disparate nature of the properties that are identified as having potential for development i.e. varying plot ratios and residential densities, it is recommended that the levies are applied on a per unit basis for housing and a per m² basis for commercial and retail development.

4.3.7 Identify potential exclusions from the levy and the impact on revenue from the SDCS

Certain types of commercial development such as crèches may be exempted from the levy but no estimates of the numbers of such types of development are available. It is not considered that such exemptions would amount to large amounts of revenue foregone.

The most important exemption class is social/affordable housing. It is assumed that 15% of residential development falls into this class. At the recommended levy this amounts to €15.9 million. The overall value of the scheme following this adjustment is €223 million i.e. a reduction of 6.7%. This is equal to 54.4% of the indicated cost. Following this exemption, levies on residential property will account for 40%, commercial property for 52% and retail development for 7.5% of total revenue.

5. Rate of Contributions to be Paid

- 5.1 The rates below will be applied to planning permissions granted within the area, subject to the exemptions and reductions detailed in Section 6.

| | |
|--------------------------------|------------------------|
| Residential Development | €3,000 per unit |
| Commercial Development | €50 per m2 |
| Retail Development | €65 per m2 |

- 5.2 The rates quoted above shall be indexed at the rate of 5% per annum subject to an option to the Council that it may suspend indexation for a period or periods should this be required.
- 5.3 The Scheme shall apply for a period of 30 years from the date it is made by the Council until the 30th anniversary of that date. The Scheme may be reviewed periodically by the Planning Authority having regard to circumstances prevailing at that time.
- 5.4 South Dublin County Council will receive the contributions to be made under this Scheme and they shall be paid to the Railway Procurement Agency in accordance with the terms of an agreement between the Council and the Railway Procurement Agency. The agreement with the Railway Procurement Agency will provide that the contributions received by South Dublin County Council under the Scheme shall only be used for the Project.
- 5.5 If the construction of the project does not proceed to completion, the contributions received under the Scheme will be returned to those who paid them with interest.
- 5.6 The Council will seek to retain a proportion of the cost of contribution for the administration of the levy.

6. Exemptions and Reductions

6.1 The following categories of development will be exempted from the requirement to pay development contributions under the Scheme:

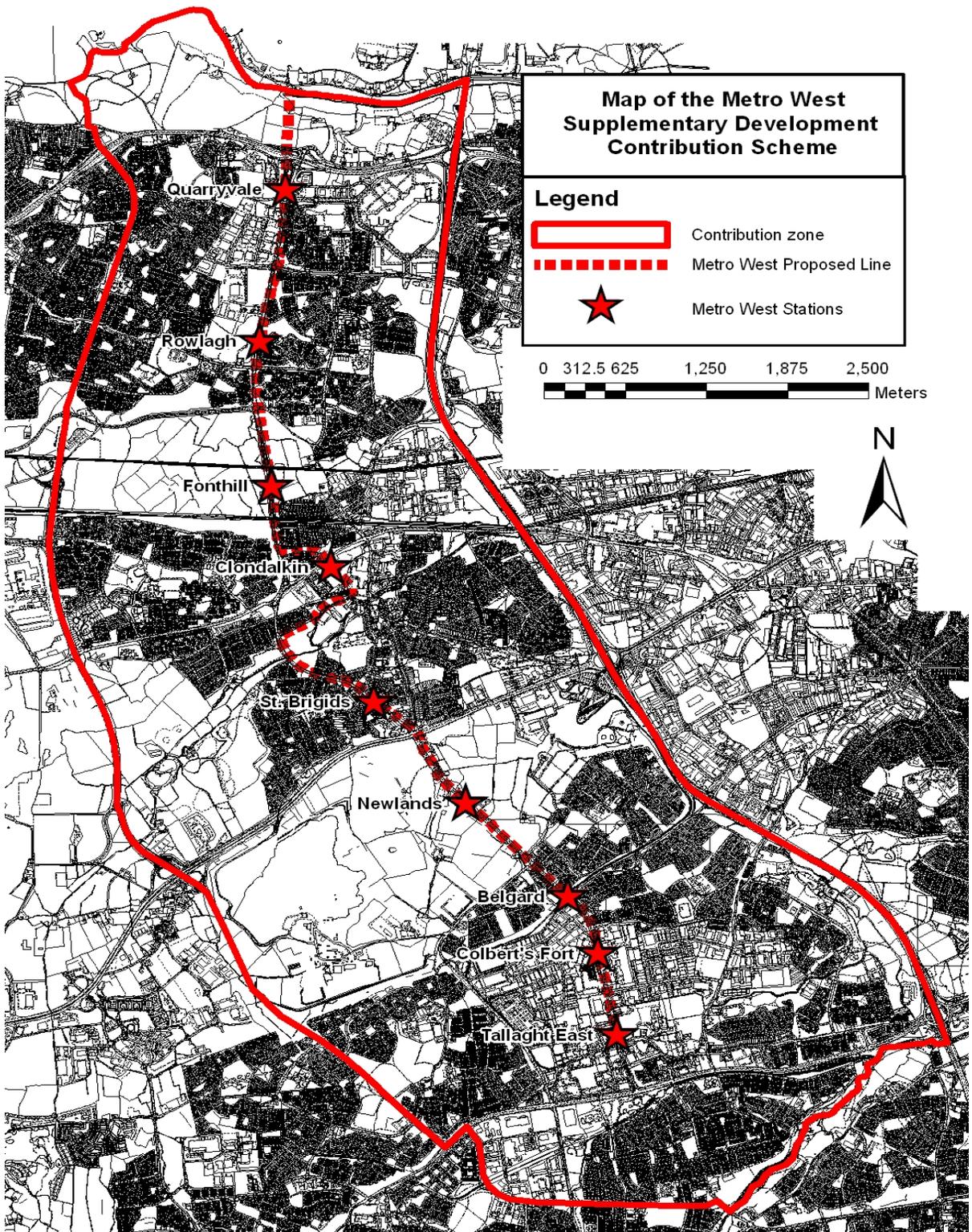
- House extensions, to include family flats that as a condition of planning permission restrict their use to that of accommodation ancillary to the main dwelling;
- Registered charitable institutions;
- Replacement dwellings on previously fully serviced sites;
- Primary schools;
- Post primary schools;
- Voluntary non-profit making clubs and similar community facilities/centres, youth centres and similar non-commercial community related developments with a commercial element;
- Childcare Facilities such as crèches;
- Social and Affordable housing units, including those which are provided in accordance with an agreement made under Part V of the Planning and Development Acts 2000-2007 or which are provided by a voluntary or co-operative housing body, which is recognised as such by the Council;
- Underground car parking;
- Open storage/hard surface commercial space development shall be liable at one third of the rate.¹
- Drug Treatment Facilities.

¹ Open storage/hard surface commercial space is defined as uncovered storage space associated with a commercial enterprise. For example, uncovered storage space used for displaying motor vehicles for sale or uncovered storage space for materials stored as part of a permitted development.

7. Monitoring and Review

- 7.1 The Supplementary Development Contribution Scheme may be reviewed from time to time by the Planning Authority having regard to circumstances prevailing at that time. Where it is proposed to reduce the level of contributions payable this may be attained by an amendment to the existing Scheme when agreed upon by the elected members. Any increase in contributions will require the adoption of a new or amended Scheme by the Council of the County of South Dublin.
- 7.2 Procedures will be agreed between South Dublin County Council and the Railway Procurement Agency to allow for the settlement of any disagreements, which may arise, relating to the collection and transfer of levies collected. This may be either by means of arbitration or mediation as set out in the procedure. Procedures will also be agreed providing for the auditing of levies received under the Scheme.
- 7.3 Conditions requiring payment of the contributions provided for in the Scheme will be imposed in all decisions to grant planning permissions made following the making of the Scheme by the Council.
- 7.4 The contributions under the Scheme shall be payable prior to commencement of development or as otherwise agreed by the Council. Contributions shall be payable at the index adjusted rate pertaining to the year in which implementation of the planning permission is commenced.
- 7.5 The Council may facilitate the phased payment of contributions payable under the Scheme, and the Council may require the giving of security to ensure payment of contributions.
- 7.6 The Council will publish an e-document every two years, starting at the second anniversary of the coming in to operation of the scheme, outlining the following:
- The amount of levy raised in that period.
 - The amount and type of planning permissions permitted in that period.
 - Construction and operational progress of Metro West (where relevant).

Appendix 1 Map of the Metro West SDCS



Appendix 2 Route Map 2008

