

11 Utilisation of the Land Aggregation Scheme sites

- 11.1** The Department of Housing, Local Government and Heritage (the Department) supports the acquisition by local authorities of land intended for development of social and affordable housing. In the past, this support included the authorisation of borrowing by local authorities from the Housing Finance Agency to fund the land acquisition. Arising from the financial crisis in 2008, many local authorities experienced difficulties in meeting their loan repayments to the Housing Finance Agency.
- 11.2** The Land Aggregation Scheme (LAGS) was established in 2010 to alleviate the financial burden on local authorities relating to the maturing Housing Finance Agency loans, where residential development of the associated land had not proceeded.
- 11.3** In return for LAGS funding, local authorities were required to surrender the related land, for a nominal fee of €1 per site. Between 2010 and 2023, the sites were transferred to the Housing Agency, which was given the responsibility of managing the sites including developing a strategy for utilisation of the LAGS land bank.
- 11.4** Under the scheme, local authorities could only transfer land which had a reasonable residential development potential but which had no plans for development in the short to medium term. The Department approved or rejected the inclusion of sites into the LAGS following its consideration of an assessment carried out by the Housing Agency.
- 11.5** I have reported previously on the LAGS, dealing with matters relating to the development of the scheme, the transfer of sites to the Housing Agency and the subsequent development of those sites.¹
- 11.6** This examination reviews progress made by the Housing Agency in developing the LAGS sites since 2019 and the extent to which it implemented the three recommendations contained in the previous report (see Annex 11A). As part of the examination, a sample of seven LAGS sites (totalling 67.4 hectares) valued at €21 million was selected for further examination, including visits to the sites by the examination team.

Transfer of land to the Housing Agency

- 11.7** In all, 73 sites totalling 247 hectares were approved by the Department for transfer to the Housing Agency. This portfolio comprised a wide range of sites varying in size from 0.11 hectares to 24.21 hectares, spread across 18 local authorities.
- 11.8** Between 2010 and 2011, the Department paid the local authorities almost €111 million for 47 sites to enable them to redeem the related loans. In 2012, revised arrangements were introduced whereby loans from the Housing Finance Agency on a further 26 sites were converted to mortgages of up to 25 years, with an initial value of €52 million. The Department has an ongoing financial commitment to the local authorities in connection with these mortgages.

¹ *Report on the Accounts of the Public Services 2013*, chapter 6; *Report on the Accounts of the Public Services 2015*, chapter 5; *Report on the Accounts of the Public Services 2019*, chapter 12.

- 11.9** The Housing Agency took ownership of the individual LAGS sites over a number of years. By the end of 2020, all 73 of the approved sites had been transferred and registered in the ownership of the Housing Agency. Since then, 15 sites or parts of sites have been disposed of back to the local authorities for housing development — 13 with construction complete and two with construction ongoing.¹ A further six sites or parts of sites were also disposed of to third parties for other uses. The land disposed of represents 15% of the overall LAGS land bank (Annex 11B lists those sites and how they were planned to be used).
- 11.10** As of August 2023, the Housing Agency retains ownership of 60 LAGS sites, with an estimated market value of just over €56 million.

Progress in developing LAGS sites

- 11.11** Since 2019, 578 social housing units have been delivered on LAGS land. Notwithstanding this, as illustrated in Figure 11.1, relatively little progress has been made by the Housing Agency in developing the LAGS portfolio between 2019 and August 2023. While the status of some individual sites changed over the period, much of the land remained in an undeveloped condition, despite plans for development. Both the Department and the Housing Agency noted that Covid-19 restrictions were a significant complicating factor for development of the LAGS sites during this period.
- 11.12** Similar to 2019, by the end of August 2023, almost half of the land area (39 sites) held by the Housing Agency has no formal development plans in place.²
- 11.13** In 2018, the Housing Agency assessed the LAGS portfolio as having the potential to deliver 5,365 social houses. A variety of delivery strategies including local authority and approved housing body (AHB) led developments, the identification of development partners through public procurement and the use of public private partnerships. The Housing Agency has also engaged with the Land Development Agency (LDA) to review LAGS sites and identify suitable sites for development.³

¹ Transfers back to the local authorities from whom the sites were originally acquired were for a nominal fee of €10 each.

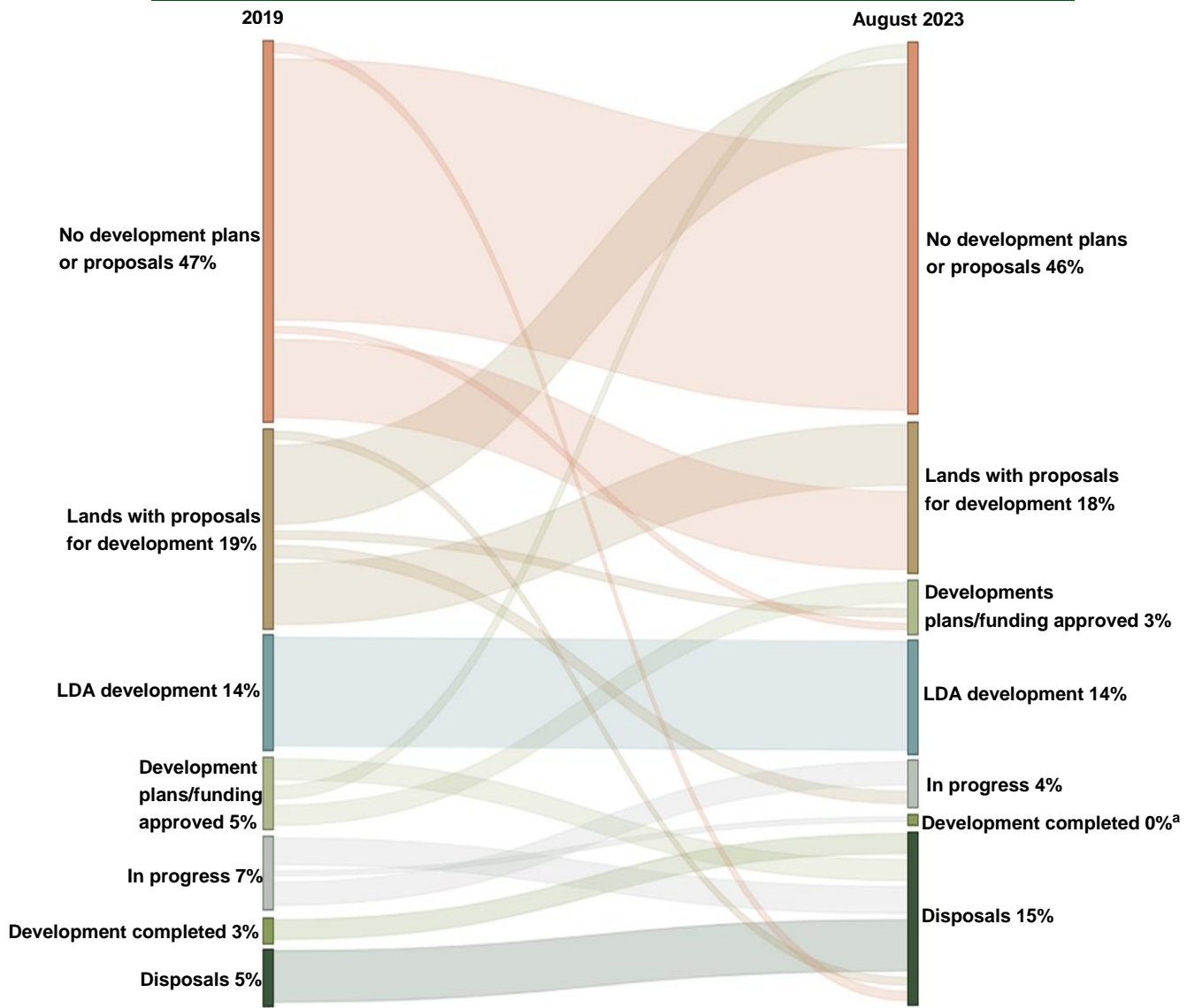
² Comprises 31 full sites and eight partial sites.

³ The Land Development Agency's primary function is to manage the development and regeneration of land and property, for the purpose of the delivery of housing.

Development completed — 14 sites

- 11.14** As of August 2023, 676 social housing units had been completed on 14 LAGS sites with all units currently occupied. 12 of these developments were completed by local authorities and two by AHBs.
- 11.15** Of the 14 sites, 13 have been disposed of by way of transfer to the relevant local authority (see Figure 11B.1) with ownership of one site containing six social housing units yet to be transferred by the Housing Agency to the relevant local authority.

Figure 11.1 Progress developing the total LAGS portfolio by area, 2019 and August 2023



Source: The Housing Agency. Analysis by the Office of the Comptroller and Auditor General.

Note: a The total area of sites in this category is less than 1% of the overall area.

In progress — eight sites

- 11.16** Seven of the LAGS sites are at various stages of development and are expected to deliver a total of 243 social housing units between the end of 2023 and early 2026.
- 11.17** The Housing Agency is also in the process of agreeing a five-year lease with the Department of Children, Equality, Disability, Integration and Youth (DCEDIY) for one site to provide temporary accommodation (42 modular homes) for Ukrainian refugees. Construction is currently ongoing on the site. A site visit carried out by the examination team in June 2023 noted that the substructure was in place to accommodate the delivery of modular units to the site. The Housing Agency estimates that the units will be completed in late 2023.
- 11.18** Another visit by the examination team to a site assessed by the Housing Agency in 2018 as having the capacity to deliver 90 social housing units found that just 12 houses had been completed on part of the site. The Housing Agency has stated that the scale of the development reflects the social housing needs in accordance with the relevant local authority's housing needs demand assessment. However, another private development is in progress on an adjacent site which indicates there is further demand for housing in the area.
- 11.19** There were no plans for further development of the remainder of the site, and horses were grazing on the unused and unfenced part of the site.

Land Development Agency — three sites

- 11.20** The LDA obtained planning permission for 1,381 housing units on three LAGS sites that are being developed by the LDA, almost 50% more units than had been estimated in 2018 by the Housing Agency (see Figure 11.2). These sites are intended to provide a mix of social, affordable purchase and cost-rental new homes, in addition to other amenities such as crèche facilities and retail units.
- 11.21** The Housing Agency advised that the Devoy Barracks site will be disposed of to the LDA in late 2023 followed by the remaining sites in early 2024. Once these sites are disposed of, the Housing Agency will no longer have any involvement in the development of these sites.

Figure 11.2 Status of three LDA sites

Site	Size (hectares)	Planning obtained	Current stage of development	Estimated units	Actual units planned	Difference
Devoy Barracks, Naas, Co. Kildare	5.66	Q4 2022	Tender stage	142	219	+54%
Hampton, Balbriggan, Co. Dublin	22.80	Q1 2023	Design stage	605	817	+35%
Hacketstown, Skerries, Co. Dublin	7.30	Q1 2023	Tender stage	183	345	+89%
Total				930	1,381	+48%

Source: The Housing Agency

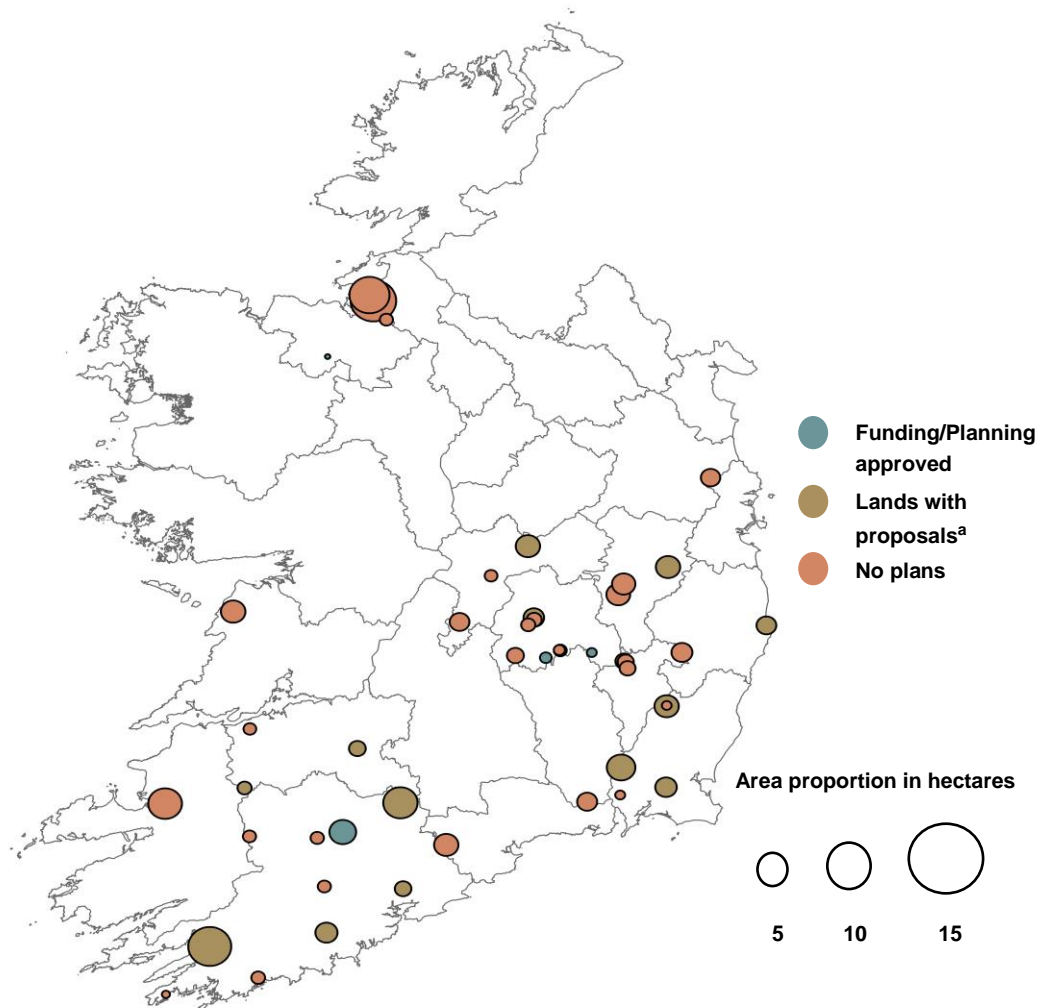
LAGS sites that have not progressed

11.22 For the remaining LAGS sites, representing around 66% (by area) of the LAGS portfolio (see Figure 11.3), limited progress has been made by the Housing Agency in their development.

Development plans or funding approved — four sites

11.23 The Housing Agency has stated that one site at St Joseph’s Road, Mallow, Co. Cork is being developed by the local authority. A design team has been appointed for the site, with the local authority planning to develop 160 social and affordable housing units. The design team is currently at an early planning stage. In addition, funding was approved for three sites for a total of 37 social housing units.

Figure 11.3 Status of 66% of the LAGS portfolio area (hectares) at end August 2023



Source: The Housing Agency. Analysis by the Office of the Comptroller and Auditor General.

Note: ^a In some cases, the proposals are for partial site development.

Land with proposals for development — 13 sites

- 11.24** Six of the LAGS sites classified in 2019 as having proposals for development of 454 units have not progressed past this stage. The Housing Agency stated that this was for a number of reasons including
- initial development proposals being halted and new proposals being selected
 - delays agreeing development proposals with the relevant local authorities and AHBs, and
 - the re-evaluation of certain projects due to increasing construction costs.
- 11.25** Seven sites that in 2019 had been classified as having no development plans in place, received expressions of interest for development between October 2022 and August 2023. Local authorities expressed an interest in five sites capable of providing 250 social housing units; the HSE expressed an interest in part of a site for a medical centre and one site has been selected for development under a public private partnership arrangement. At the time of this examination, all proposals were at very early stages.
- 11.26** The examination team visited one site and found it located near a local school and GAA grounds. The site comprised three fields currently leased by the Housing Agency to a local farmer. The site also appeared to have numerous public access points and a tent was located on the site at the time of the visit.

Sites with no development plans or proposals — 39 sites

- 11.27** There are currently no plans or proposals for the development of 39 sites, representing almost half of the LAGS portfolio by area.¹ These include eight sites where the Housing Agency advised that previous proposals for development could not be progressed. Since 2019, two of the eight sites have been rezoned for community and enterprise, while proposals for the remaining six have been halted as there is no near-term housing demand in the locations.
- 11.28** A number of the sites without plans are currently being leased by the Housing Agency under short term leasing agreements with local farmers (14 sites) and a local GAA club (one site). In May 2023, the Housing Agency sought expressions of interest from AHBs to develop 15 of the 39 sites. However, no suitable proposals were received.
- 11.29** The 2019 examination reported that there were no development plans or proposals in place for four sites identified as being ready for immediate development.
- Two sites in Cork had an estimated capacity of 581 social housing units. Parts of both sites were selected for development under a public private partnership arrangement, which is expected to deliver a total of 200 social housing units.
 - Two sites in Sligo had an estimated capacity to deliver 200 social housing units under the 2018 plan. The Housing Agency engaged with the relevant local authority and was advised that the two sites would not be developed in the near term. Significant infrastructural works are required to serve the sites, and there is a lack of demand in the area for social housing.
- 11.30** The examination team visited the two Sligo sites, which are located in close proximity to one another, and found that they are in a very rural setting with no access to public transport and are not easily accessible from Sligo town.

¹ Includes eight partial sites which have had progress made on the remainder of the site.

11.31 The examination team also visited three other sites with no development plans. One site was found to be in a rural setting with low demand for social housing and with zoning issues. The other site visit was to two adjoining sites, one of which is being partially used for the temporary modular accommodation for Ukrainian refugees. The sites are in close proximity to a town and are zoned for tourism purposes under the most recent local authority development plan.

Alternative use for LAGS sites

11.32 The Housing Agency has explored a range of options for developing or finding alternative uses for the LAGS sites that have no development plans. In March 2022, the Housing Agency engaged with DCEDIY in order to identify sites suitable for the provision of temporary accommodation for Ukrainian refugees.

11.33 Seven sites were initially selected with only one of these sites having since progressed to construction.¹ Three sites are still under consideration while three have been deemed unsuitable due to local and infrastructural issues.

11.34 In June 2022, the Housing Agency engaged a consultant to carry out a biodiversity study on 20 of the 39 sites (around a quarter of the total LAGS portfolio by area) to improve the management of sites identified as having no near term requirement for social or affordable housing, or not capable of being developed due to infrastructural issues. The Housing Agency stated that it has subsequently received expressions of interest to develop three of these sites by local authorities.

11.35 The study will provide an assessment of the baseline biodiversity value of the sites and of their most appropriate management, and inform what further actions are required. The Housing Agency, however, has advised that it will not implement any biodiversity measures that could impact future development or cause the sterilisation of lands subject to adherence to any legislative requirements in relation to protected species or habitats.

11.36 The survey is due to be completed by September 2023, with the report's findings and recommendations to be presented to the board of the Housing Agency in late 2023.

Ongoing costs

11.37 The Department stated that the total cost of LAGS as at 31 December 2022 is €131.6 million. Expenditure totalling €127.4 million has been charged to subhead A.3 (local authority housing) in the Department's appropriation account. The difference of €4.2 million is made up of surplus local property tax receipts being offset against some local authority claims under LAGS.

Site values

11.38 As at 31 August 2023, the Housing Agency retained ownership of 60 of the LAGS sites, with an estimated market value of just over €56 million. Since 2018, the Housing Agency has adopted a policy of recognising the LAGS land portfolio at fair value.

11.39 The Housing Agency stated that a desktop valuation is undertaken every two years for a number of larger sites that together account for at least 50% of the total LAGS land portfolio by site value. A full revaluation exercise will be carried out every six years for all LAGS sites, with the next full revaluation exercise to be completed in 2024 (the last one having been completed in 2018).

¹ Details of this site are included in the 'In progress' section above.

Mortgages

- 11.40** By the end of 2022, the local authorities had submitted claims totalling €20.9 million in respect of the 26 mortgaged LAGS sites.
- 11.41** These mortgages had outstanding balances totalling €35.6 million at 31 December 2022. The Department estimates that the annual cost of repayments will be approximately €2.7 million per year, depending on interest rates.

Residential zoned land tax

- 11.42** The residential zoned land tax introduced by the Finance Act 2021 is an annual tax of 3% applied to land that is zoned as suitable for residential development and/or serviced after 1 January 2022. It is payable annually from May 2024. Currently there are a total of 28 LAGS sites that will be liable to this tax with an annual cost of almost €1.5 million.

Legal ownership

- 11.43** The Housing Agency advised that they will no longer have legal ownership of LAGS sites once construction and all contractual obligations have been completed. However, sites disposed of to AHBs contain conditions relating to the maintenance of completed social housing units for a minimum period of 30 years and up to 150 years in certain cases.

Conclusions

Achievement of scheme objectives

- 11.44** The 73 sites taken into the LAGS scheme were originally acquired by the respective local authorities to form part of land banks for future development of social housing. Loans to fund the purchase of the sites were provided to the local authorities by the Housing Finance Agency on the basis that the land was for residential development. All of the sites were accepted into the LAGS scheme by the Department, following an assessment by the Housing Agency. Only land with reasonable residential development potential was accepted into LAGS.
- 11.45** At the end of August 2023, 13 years after the scheme was established, almost half (by area) of the LAGS portfolio of land had no development plans or proposals for delivering social or affordable housing. Although the Housing Agency has engaged with the local authorities, AHBs and other state bodies on these 39 sites, no viable development options have yet been identified.
- 11.46** The Housing Agency has cited a number of reasons for this including infrastructural issues, a lack of demand for social housing in certain areas and individual site issues such as flooding risk, topographical and zoning issues. Visits by the examination team to a number of the sites confirmed their probable unsuitability for social housing development.
- 11.47** In 2023, the Housing Agency commissioned a biodiversity study on 23 of the 39 sites with no development plans and representing a fifth of the LAGS portfolio. The Housing Agency stated that no biodiversity measures would be implemented that would impact future development or cause sterilisation of lands subject to adherence to any legislative requirements in relation to protected species and habitats.

- 11.48** The LAGS scheme succeeded in reducing the indebtedness of certain local authorities to the Housing Finance Agency. However, the apparent unsuitability of a significant part of the LAGS land area for any foreseeable social housing purpose indicates that a significant part of the voted funding used to acquire the LAGS sites from the local authorities will not in fact contribute to housing delivery.

Development of social housing

- 11.49** Although the Housing Agency has assessed the LAGS portfolio as having the capacity to deliver 5,365 social housing units, only 676 social housing units have been delivered in the 13-year period since the scheme was established — an average of 52 social housing units delivered per year and representing just under 13% of what was estimated could be achieved. A further 243 social housing units are at various stages of construction.
- 11.50** Up to the end August 2023, 15 sites had been transferred back to the local authorities from which they were acquired with a further six sites disposed of to third parties for other uses. One of the six sites has been disposed of to a private developer with conditions to develop housing within a specified timeframe.
- 11.51** Three LAGS sites are scheduled to be disposed of to the LDA in late 2023 and early 2024. The LDA has obtained planning permission for 1,381 social and affordable housing units on these sites — this is almost 50% more than the Housing Agency had assessed in 2018 as being the capacity of the sites.
- 11.52** Proposals for development are in place for 13 of the sites. This includes six sites which were at the same stage in 2019, and which had not progressed. According to the Housing Agency's 2018 plan, these sites have the capacity to deliver around 1,220 social housing units.

Cost of the scheme

- 11.53** The cost of the scheme to end 2022 was €131.6 million. This comprises almost €111 million paid in grants to clear local authority loans from the Housing Finance Agency under the first phase of the scheme, and €20.9 million in mortgage supports under the second phase to date. The outstanding balance on the 26 mortgaged sites at the end of 2022 was €35.6 million.
- 11.54** From May 2024 onwards, 28 of the LAGS sites will be liable to residential zoned land tax which it is estimated will cost the Housing Agency around €1.5 million per annum.

Annex 11A Progress implementing recommendations as at August 2023^a

Recommendation	Implementation status
<p>The Housing Agency should seek to put development plans in place as a matter of urgency for the four sites identified in 2018 as being ready for immediate development but for which there are currently no development plans or proposals.</p>	<p>No longer implementable</p> <p>The Housing Agency engaged with the local authorities on the development of these sites. Two sites in Sligo with capacity for 200 social housing units are no longer considered viable for immediate development, as significant infrastructural works are required to service the sites and a lack of demand for social housing.</p> <p>Ongoing</p> <p>The remaining two sites in Cork have been selected for development under public private partnership. However the sites are only being partially used with proposals for 100 housing units on each site, down 381 on the original estimates.</p>
<p>The Housing Agency should seek to develop a longer term plan for each of the sites considered not ready for immediate development. If development for social housing purposes is unlikely even in the longer term, the Housing Agency should consider the potential for alternative uses of the land in the public interest.</p>	<p>Ongoing</p> <p>The Housing Agency has engaged with the local authorities, AHBs and other state bodies regarding the utilisation of these sites. No viable development options have been identified for the majority of sites.</p> <p>This is for a number of reasons including infrastructural issues, demand issues for social housing in certain areas and individual site issues such as flooding risk, topographical and zoning issues.</p> <p>In 2023, the Housing Agency commissioned a biodiversity study on 23 of the 39 sites with no development plans and representing a fifth of the LAGS portfolio. The Housing Agency stated that no biodiversity measures would be implemented that would impact future development or cause sterilisation of lands subject to adherence to any legislative requirements in relation to protected species and habitats.</p>
<p>The LAGS land is being held by the Housing Agency for disposal. In its accounting policies, the Housing Agency should specify a maximum interval between revaluations for lands held under LAGS and should indicate when the next revaluation is planned.</p>	<p>Implemented</p> <p>Since 2018, the Housing Agency has adopted a policy of recognising the LAGS land portfolio at market value. A desktop valuation is sought every two years for high value sites with a detailed valuation exercise to be conducted every six years for all sites.</p>

Source: The Housing Agency and the Office of the Comptroller and Audit General

Note: a Recommendations made in Chapter 12, Progress under the Land Aggregation Scheme in the Report on the Accounts of the Public Services 2019.

Annex 11B Disposal of LAGS sites

Figure 11B.1 LAGS sites with construction complete and sites disposed of as at 31 August 2023^{a,b}

Land location	Hectares	Recipient (city/county council)	Disposal date	Purpose of land disposal	Residential units completed
Duntahane Road, Fermoy, Co. Cork	2.08 of 3.98	Cork	2018	Partial disposal: construction of social housing units and one community building (remainder in Figure 11B.3).	46
Enniskerry Road, Sandyford, Co. Dublin	2.80	Dun Laoghaire – Rathdown	2018	Construction of social and cost rental housing. Construction commenced in June 2019.	155
Craddockstown, Naas, Co. Kildare	3.58 of 7.93	Kildare	2019	Partial disposal: construction of 74 social housing units. Construction commenced March 2019.	74
Nancy's Lane, Clane, Co. Kildare	3.7 of 8.49	Kildare	2019	Partial disposal: development of 77 social housing units. Construction commenced in November 2019.	77
Oakwood, Macroom, Co. Cork	2.26	Cork	2019	Construction of social housing units, commenced in December 2019.	50
The Miles, Clonakilty, Co. Cork	1.99	Cork	2019	Delivery of social housing units. Construction commenced in December 2019.	52
Baile Eoghain, Gorey	0.95	Wexford	2020	Construction of social housing units.	9
Creagh 'B', Gorey	0.73	Wexford	2020	Construction of social housing units.	10
Carrick on Bannow	0.52	Wexford	2021	Construction of social housing units.	12
Old Knockmay Road, Portlaoise	1.03	Laois	2021	Construction of social housing units.	33
Ballymoneen Road, Co. Galway	0.5 of 2.27	Galway City	2022	Delivery of 14 social housing units.	14
	1.77 of 2.27	Galway City	2023	Delivery of 78 social housing units.	78
Hampton Balbriggan, Co. Dublin	1.47 of 24.21	Fingal	2023	Partial disposal: delivery of 20 social housing units via rapid build.	20
Townparks (Riverside), Kells, Co. Meath	2.03 of 4.39	Meath	2023	Partial disposal: construction of social housing units.	40
Total units completed					670

Source: The Housing Agency and the Department of Housing, Local Government and Heritage

Notes: a All sites were disposed of for a nominal fee of €10.

b Excludes one site containing six social housing units yet to be transferred by the Housing Agency to the relevant local authority.

Figure 11B.2 LAGS sites disposed of and construction to be completed as at 31 August 2023^a

Land location	Hectares	Recipient (city/county council)	Disposal date	Purpose of land disposal	Residential units planned
Lissywollen ^b	5.02	Westmeath	2021	Facilitate the construction of an access road and housing units. Early stages of development.	170
Royal Oak Road, Bagenalstown	0.11 of 0.50	Carlow	2022	Partial disposal: construction of social housing units currently on going. Expected completion 2023.	6

Source: The Housing Agency and the Department of Housing, Local Government and Heritage

Notes: a All sites were disposed of for a nominal fee of €10.

b Following a procurement process, a joint venture of two construction companies was selected as a construction partner. In March 2022, the parent company of one company involved in the joint venture entered receivership. The Department of Housing, Local Government and Heritage endorsed the resubmission of a tender on 31 March 2022 and a new construction partner was selected.

Figure 11B.3 LAGS sites disposed of to third parties for other uses as at 31 August 2023

Land location	Hectares	Recipient	Price €	Disposal date	Purpose of land disposal	Progress to date
Duntahane Road, Fermoy, Co. Cork	1.90 of 3.98	Dept. of Education and Skills	248,000	2015	Partial disposal: construction of new primary school. (remainder in Figure 11B.1)	Completed.
Glin, Co. Limerick	0.52	Glin Homes for the Elderly Ltd	25,000	2017	Construction of homes for the elderly.	Early stages of development.
Devoy Barracks, Naas, Co. Kildare	0.55 of 5.66	Kildare County Council	10	2019	Partial disposal: construction of local enterprise and innovation centre.	Construction commenced in November 2019.
Meelin, Co. Cork	1.65	Meelin Community Group	35,000	2020	Development of community activities ground.	Astroturf pitch installed.
Cloghmacsimon, Bandon, Co. Cork	1.13 of 3.63	Department of Education	200,000	2022	Partial disposal: construction of new primary school.	Stage 1 (Preliminary Design) as of 29th June 2023.
Lissywollen (Cartontroy & Kilnafaddoge)	0.48	Sold to private developer	75,000	2022	Sold to private developer.	N/a

Source: The Housing Agency and the Department of Housing, Local Government and Heritage