

12 Delivery of Local Infrastructure Housing Activation Fund (LIHAF) projects

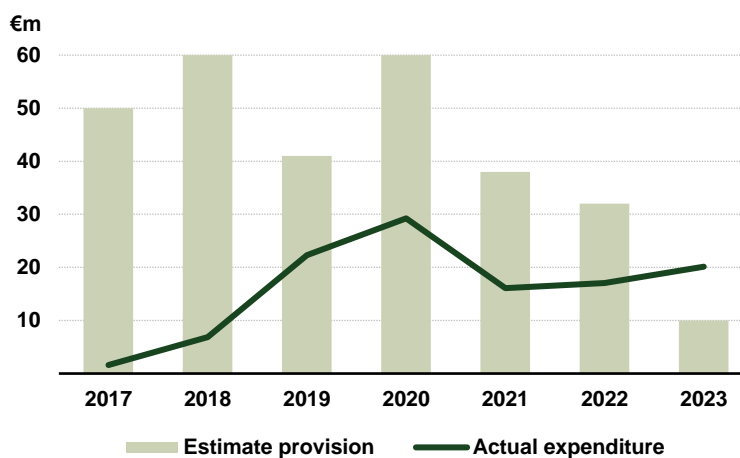
- 12.1** The Local Infrastructure Housing Activation Fund (LIHAF) was designed to support housing supply by relieving critical infrastructure blockages that were believed to be preventing housing delivery on sites with development potential. The objective of LIHAF is to provide public off-site infrastructure in order for housing development to take place. The type of infrastructure envisaged includes access roads, bridges, diversion of power lines and drainage works, as well as public amenities such as parks.
- 12.2** The Department of Housing, Local Government and Heritage (the Department) is responsible for the fund. In July 2016, the Department invited relevant infrastructure project proposals from local authorities, and received over 70 applications. Following a review process, 30 projects with an aggregate projected cost of €196 million were approved.¹ The Department has stated that the expected housing delivery related to the projects was a key selection criterion, and that only projects with high housing development potential were considered for funding. The projects approved were expected to support the delivery of almost 20,000 housing units and had a timeline of up to four years (2017 – 2021).
- 12.3** This examination was undertaken to review the progress made in completing LIHAF target infrastructure projects, and the fund's impact on housing development to date in the project areas. The examination team interviewed officials from the Department, reviewed agreements between the Department and local authorities and collated information relating to budgets, costs and outputs of LIHAF.
- 12.4** References to costs, expenditure and budgets throughout this report relate to the Department's funding of LIHAF, and excludes local authority expenditure on these projects, unless specifically stated otherwise.

Project funding

- 12.5** For the 30 approved LIHAF projects, the Department committed voted funding of just under €147 million — 75% of the total estimated project funding. The balance of the project funding — €49 million — was to be provided by the relevant local authorities.
- 12.6** From 2017 to 2023, the Department included an annual provision for LIHAF funding in its vote estimate. With the exception of 2023, actual expenditure was significantly below the annual estimate provision (see Figure 12.1). Total LIHAF expenditure from the Vote over that period was just over €113 million. By the end of 2023, six of the 30 approved projects were not proceeding.²
- 12.7** In relation to establishing the annual Exchequer funding requirement, the Department stated it requests local authorities to provide projected expenditure and related housing delivery statistics, usually twice yearly, in addition to other regular engagements with local authorities. The Department also stated that the reasons for underspending on the Vote were outside its control, namely
- projects starting later than anticipated as a result of planning appeals
 - delays on some projects due to judicial reviews and contractual issues
 - the impact of Covid-19 restrictions in 2020 and 2021.

¹ One additional project received preliminary approval and incurred expenditure of €22,453 before being withdrawn by the local authority.

² One of the six projects is proceeding but without LIHAF funding. See Appendix 12A for a list of projects and their status.

Figure 12.1 Vote estimate provision and expenditure outturn, 2017 to 2023

Source: Department of Housing, Local Government and Heritage Appropriation Accounts 2017 – 2023^a

Note: a In 2017 and 2018, LIHAF funding was provided for under subhead A.9 and in 2019 to 2023 it was provided for under subhead A.21 Infrastructure fund. For the years 2018 to 2021 (inclusive), the subhead also included an estimate and outturn for another fund — the serviced sites fund (SSF). This was set up to provide key enabling infrastructure to help unlock publicly-owned lands specifically for the provision of affordable homes to buy or rent. The SSF has been replaced by the Affordable Housing Fund (AHF). Figure 12.1 excludes the estimate and outturn in relation to the SSF, which also experienced significant underspend annually.

12.8 At the end of 2023, the Department estimates the future funding required to complete the remaining projects will be approximately €84 million. Together with funding already provided, total LIHAF funding from the Vote is expected to amount to €197 million for 24 projects completed, as compared to the original commitment of €147 million for 30 approved projects.

12.9 In December 2023, the Department submitted a memorandum for Government which set out the need for the LIHAF scheme life to be extended and additional funding requirements for a number of projects. The proposal was formally approved on 12 December 2023. The Government decision

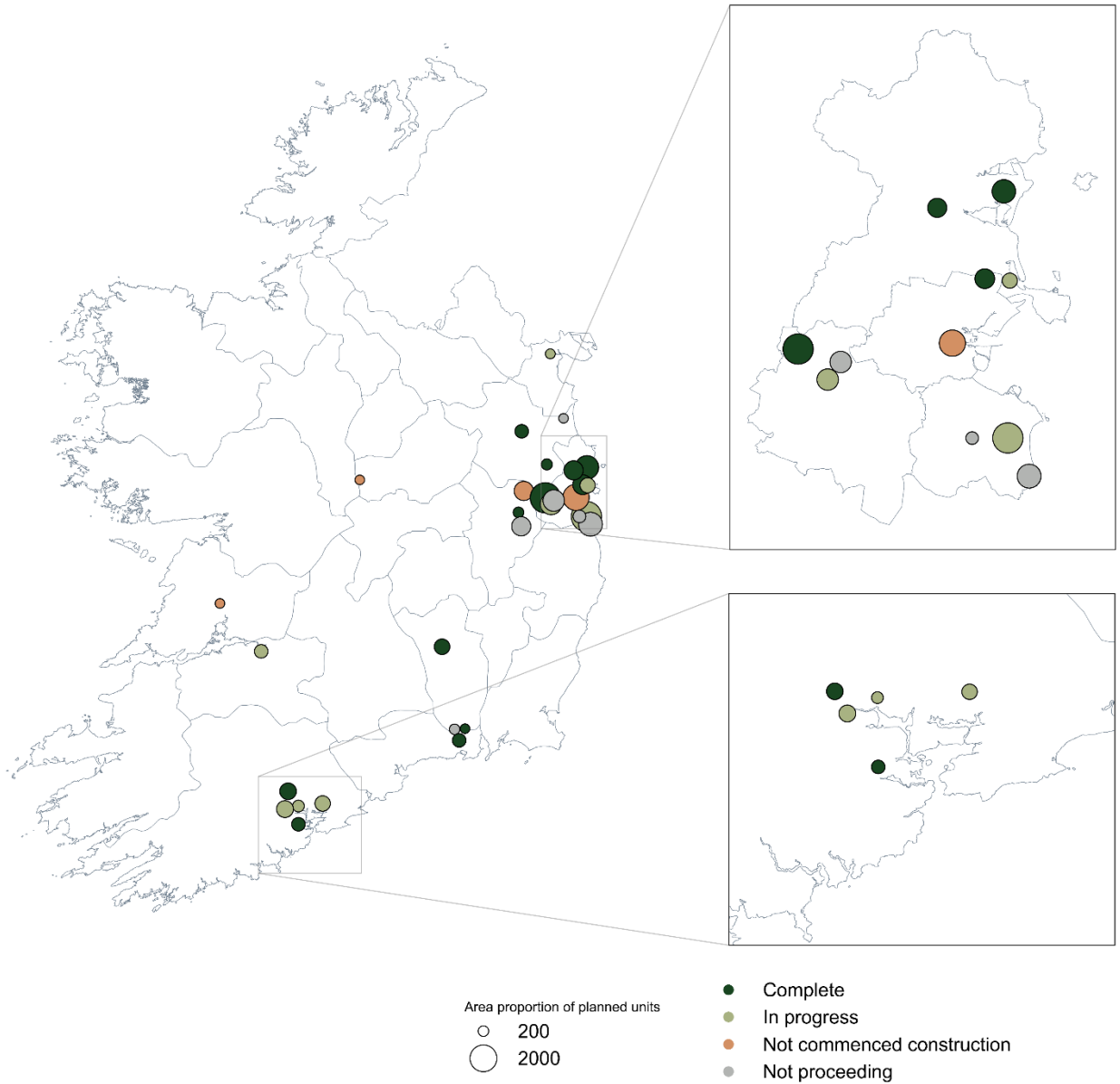
- approved the continuation of LIHAF until the end of 2025
- increased the fund budget by €80 million (€60 million from the Department and €20 million from local authorities), and
- agreed that the LIHAF management committee may approve budgets and timelines for remaining uncompleted projects within the new funding envelope and revised timeframe.¹

¹ The LIHAF management committee was established to oversee the operation of LIHAF, to evaluate proposals and to oversee the implementation and delivery of successful proposals. It has six members, four of whom are from the Department, with a representative from both the Housing Agency and the Department of Public Expenditure, National Development Plan Delivery and Reform.

Project delivery, cost and output

12.10 At the outset, 30 infrastructure projects were to proceed with LIHAF support, all to be completed by the end of December 2021. It was envisaged the projects would assist with the delivery of almost 20,000 housing units. The geographic spread of planned housing units and the current status of the projects at the end of December 2023 is outlined in Figure 12.2. Information relating to individual projects is contained in Annex 12A.

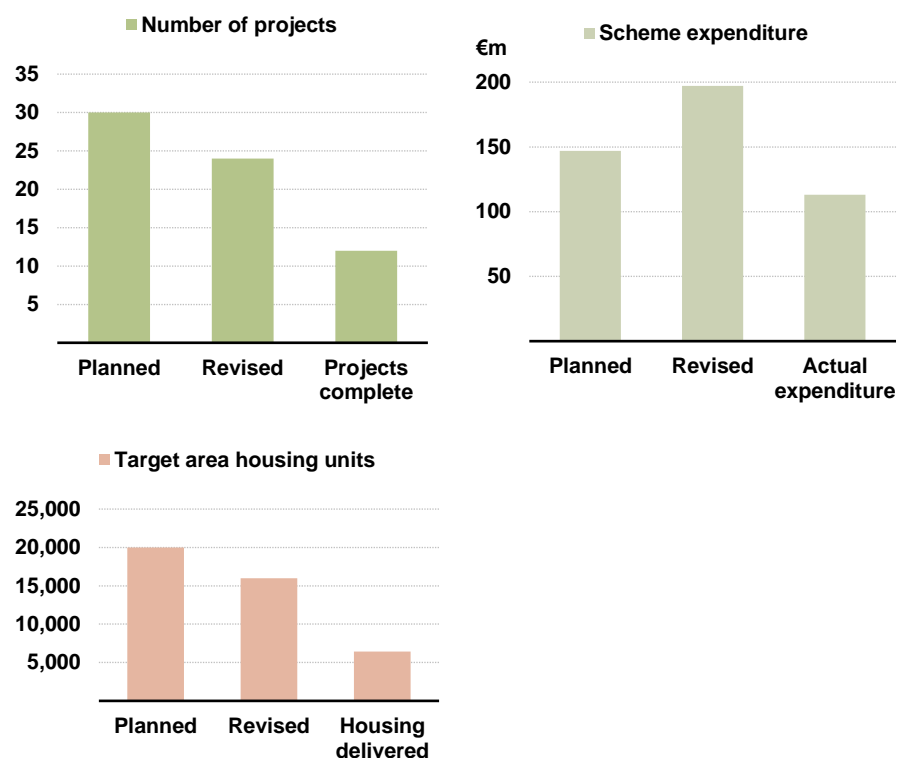
Figure 12.2 Map showing original planned housing units and status of projects, 31 December 2023



Source: Department of Housing, Local Government and Heritage. Analysis by the Office of the Comptroller and Auditor General.

12.11 An overview of LIHAF's original and revised targets with actual delivery at the end of 2023 is set out in Figure 12.3. The Department has stated that the delivery outturn is expected to increase in the coming years.

Figure 12.3 Original and revised targets for LIHAF, and outturn up to the end of December 2023



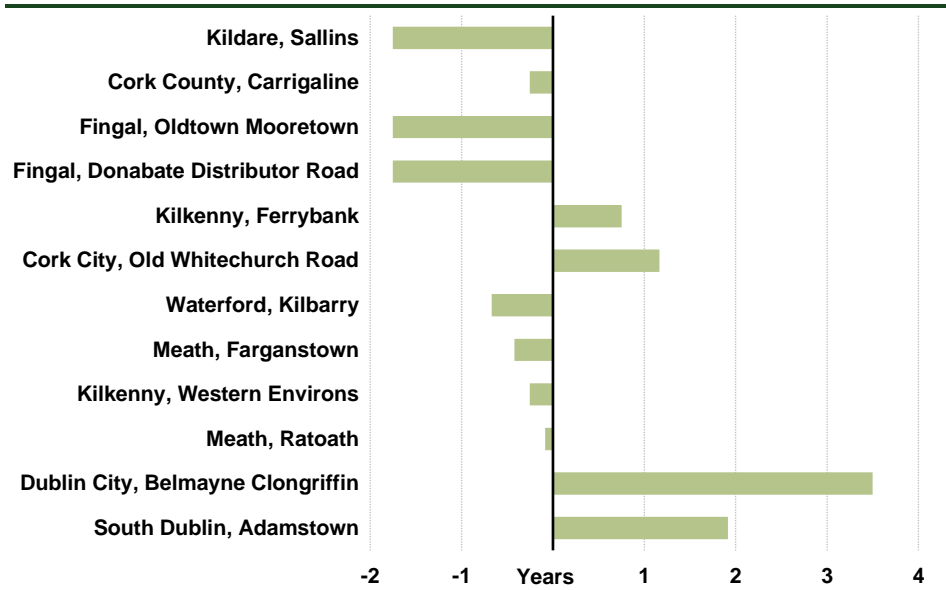
Source: Department of Housing, Local Government and Heritage. Analysis by the Office of the Comptroller and Auditor General.

Project delivery

Completed projects (12)

12.12 As at the end of 2023, 12 of the revised target of 24 projects had been completed. These projects had varying completion dates. Eight of the projects were completed within the timelines originally proposed, with three significantly ahead of schedule. Four projects took longer than planned to complete and one of those was delayed for over three years (see Figure 12.4).

Figure 12.4 Comparison of target and actual completion dates for completed LIHAF projects

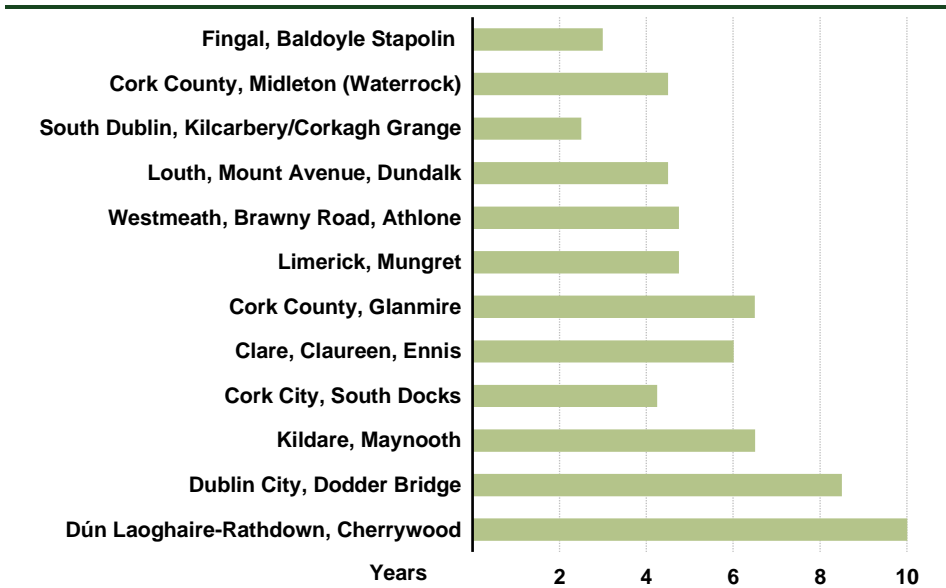


Source: Department of Housing, Local Government and Heritage. Analysis by the Office of the Comptroller and Auditor General.

In progress and not commenced projects

12.13 The eight projects that are in progress and the four projects that have yet to commence will be delivered at least two years later than planned. It is expected that completion of some of the projects will be delayed for six to ten years (see Figure 12.5).

Figure 12.5 Projected delays on LIHAF projects in progress or not yet commenced, 31 December 2023

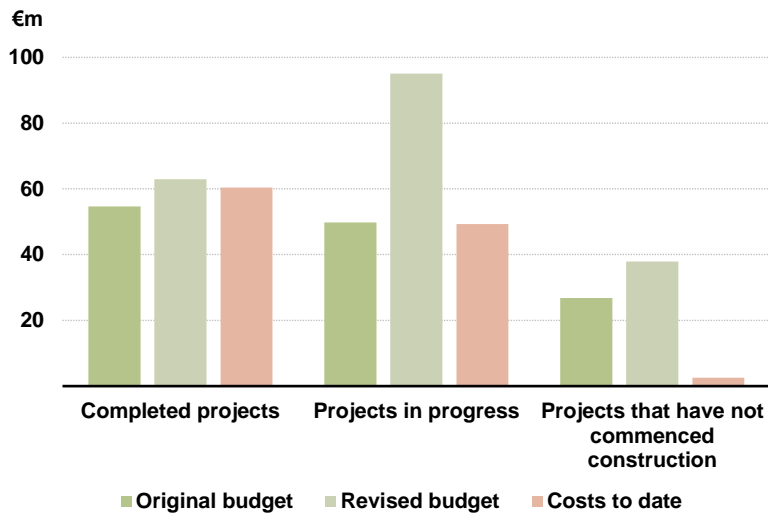


Source: Department of Housing, Local Government and Heritage. Analysis by the Office of the Comptroller and Auditor General.

Project costs

- 12.14** There is a strong correlation between projects that are delayed and project budget overruns. In aggregate, projects that are currently in progress or yet to start have revised budgets that are significantly more than the original budget set (see Figure 12.6).
- 12.15** The Department stated that there have been considerable price increases for construction materials since the original LIHAF cost projections. In particular, it notes that the cost of building and construction materials increased by 40% between June 2017 and June 2024 according to the CSO Wholesale Price Index.

Figure 12.6 Original budget, revised budget and expenditure, by status of project, 31 December 2023



Source: Department of Housing, Local Government and Heritage. Analysis by the Office of the Comptroller and Auditor General.

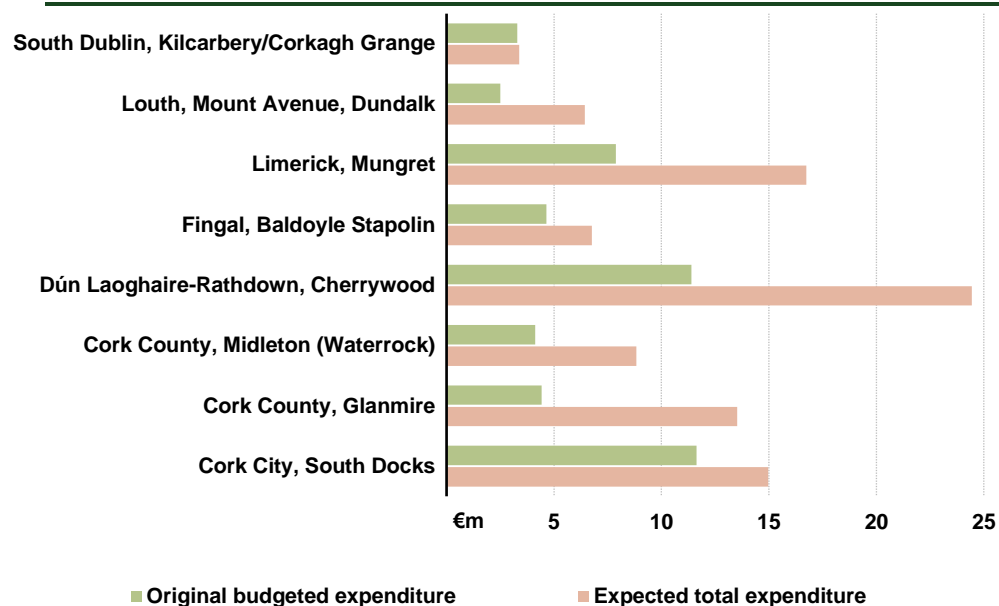
In progress projects (8)

12.16 Projects in progress had incurred expenditure of nearly €50 million as at 31 December 2023. This was equivalent to the original budget to complete the eight projects. The estimated further expenditure required to complete these projects is €45.7 million, meaning costs will have increased by 91% compared to the original budget (see Figure 12.7). The Department noted the following reasons in relation to the projects with the biggest increase in expected costs¹

- Cherrywood (Dún Laoghaire-Rathdown) road improvements — LIHAF contribution increased by 114% (€13 million) due to phase two tender cost being over the original estimate, and projected inflation impact on cost of phase three (following advice received from consultants)
- Glanmire (Cork County) road improvements — LIHAF contribution increased by €9.1 million due to revised cost estimates drawn up in 2020, with inflation and Covid-19 also cited as increasing costs
- Mungret (Limerick) new distributor road — LIHAF contribution increased by €8.9 million due to the specification of the road being increased to allow for installation of active travel measures and bus priority, and construction cost inflation.

¹ LIHAF contribution increases include some projected project management costs.

Figure 12.7 Variations between original budgeted expenditure and expected total expenditure for projects in progress, 31 December 2023



Source: Department of Housing, Local Government and Heritage. Analysis by the Office of the Comptroller and Auditor General.

Projects not commenced (4)

- 12.17** Projects that are still planned but had not commenced as at end 2023 have incurred expenditure of €2.5 million. The estimated expenditure required to complete these projects is €35.3 million (original budget €26.8 million), resulting in a forecast increase in costs of 41% compared to the original budget. The Department noted that many projects are completed in phases and that it has the option not to approve projects or additional phases where costs are considered excessive or not in scope. The Department confirmed that it has not exercised this option to date.
- 12.18** The increases noted to date relate mainly to two specific projects: the Maynooth eastern relief road; and a new link road at Clareen, Ennis. The Department pointed out that the original project budgets were based on costs in 2016. When the detailed project designs were undertaken in 2023 and inflation was factored in, the estimated project costs increased by over €6 million (58%) for the Maynooth project, and by €4.54 million (165%) in relation to the Ennis project.
- 12.19** Requests for additional funding have not been submitted in relation to the other two projects that have not yet commenced (Dodder Bridge, Dublin City and Brawny Road, Athlone).

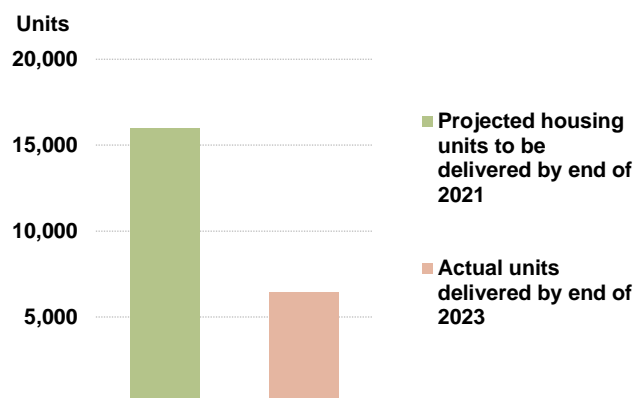
Projects not proceeding (6)

- 12.20** Minimal LIHAF funding was provided in respect of six projects that are now not proceeding. The six projects had original budgets of a combined €15.3 million. As at 31 December 2023, a total of €0.9 million has been spent on these projects. Five out of the six projects incurred some level of expenditure. The Department noted the expenditure was in relation to preliminary design fees, project consultant costs and legal fees.

Project impact

- 12.21** At the outset, it was envisaged that the 30 LIHAF projects would assist with the delivery of almost 20,000 housing units. When the six projects not proceeding are excluded, the associated housing delivery reduces to approximately 16,000 housing units expected to be completed by end 2021. By end December 2023, a total of 6,418 units had actually been delivered, which is just 40% of the expected output (see Figure 12.8).

Figure 12.8 Actual units delivered compared to projected units at end of 2023



Source: Department of Housing, Local Government and Heritage. Analysis by the Office of the Comptroller and Auditor General.

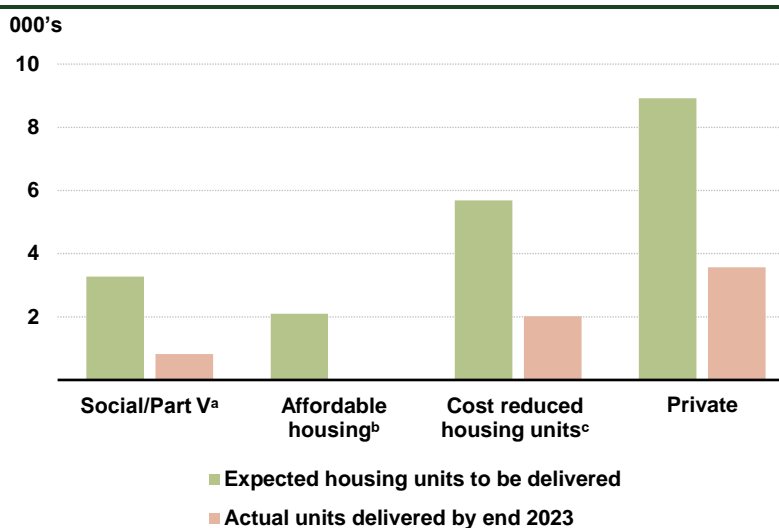
- 12.22** The Department has stated that the output from LIHAF is infrastructure and it does not have a direct role in housing delivery. The Department has grant agreements in place with the various local authorities for the delivery of the specified infrastructure projects.¹ These grant agreements outline the key terms and conditions of the grant such as
- grant value
 - date infrastructure should be completed by
 - reporting requirements for local authorities
 - details of events which may cause grants to be withheld, suspended or to be repaid.
- 12.23** Separate agreements between the relevant local authorities and private developers set out the number of housing units expected to be delivered.
- 12.24** The Department has stated that generally there are no timelines for housing delivery included in the grant agreements between the local authorities and the Department because such housing delivery is dependent on the infrastructure projects being delivered and planning permission being granted for the housing development.
- 12.25** The Department pointed out that housing delivery lags infrastructure and that, since all infrastructure delivery has not been completed, most of the housing associated with the LIHAF programme has yet to be delivered. The Department stated that, on the basis of ongoing engagement with local authorities, it is confident that the original LIHAF housing delivery commitments made in 2017 will be delivered.

¹ Following project approval, project management of infrastructure delivery is the responsibility of the relevant local authority, with project managers funded by LIHAF.

Category of housing output

- 12.26** The original expected LIHAF housing delivery was split between a number of different categories. A breakdown of the housing units delivered at the end of 2023 versus what was originally expected to be delivered in each category is detailed in Figure 12.9.

Figure 12.9 Expected LIHAF housing delivery and actual delivery by end 2023, by category



Source: Department of Housing, Local Government and Heritage. Analysis by the Office of the Comptroller and Auditor General.

- Notes:
- a Social/part V houses are housing units in which the developer must enter into an agreement with local authority to deliver 20% social/affordable housing.
 - b Affordable housing policy has changed since the introduction of LIHAF and the current definition of affordable housing comes from the Affordable Housing Act 2021. In practice, affordable housing under LIHAF will generally be delivered via schemes under the Affordable Housing Fund, with a LIHAF cost reduction contribution. 16 affordable housing units have been delivered by end 2023.
 - c This relates to the cost reduction attributed to LIHAF which is passed on to the purchasers. It is based on the savings the developer would have obtained as a result of not having to fund the infrastructure themselves.

Project review

- 12.27** The examination team reviewed a sample of five LIHAF projects and detailed key aspects of the projects (see Figure 12.10 and Figure 12.11).

Completed projects

- 12.28** The Adamstown and Donabate projects are complete in terms of infrastructure and the key details of the projects are outlined in Figure 12.10.
- 12.29** The Department has stated that LIHAF expenditure in relation to the Adamstown project went over budget due to a combination of Covid-19 delays, inflation in the construction industry and Brexit.

Figure 12.10 Key information in relation to completed projects

Detail	Adamstown	Donabate
Infrastructure type	Celbridge Link Road, Tandy's Lane Park and Airlie Park	Distributor road and bridge over railway line
Original amount to be funded by the Department	€15 million	€10.62 million
Final cost funded by the Department	€19.2 million	€10.78 million
Expected completion date	December 2021	December 2021
Actual completion date	November 2023	March 2020
Original expected housing units	2,000	1,200
Housing units delivered as at 31 December 2023	2,265	240

Source: Department of Housing, Local Government and Heritage. Analysis by the Office of the Comptroller and Auditor General.

12.30 The number of housing units delivered to the end of 2023 in relation to the Donabate project is only 240, compared to the overall expected housing output of 1,200.

12.31 The Department stated that delivery has been slowed by delays in the planning process including a judicial review. The Department also stated that the local authority (Fingal County Council) has indicated that, at a minimum, the full 1,200 units committed will be delivered.

Projects in progress or not commenced

12.32 The Cherrywood and Maynooth projects are at different stages of delivery and the key details of the projects are outlined in Figure 12.11. The Maynooth project — a relief road — has not yet commenced construction, but a compulsory purchase order process has been successfully completed. The Cherrywood road/bridge project phase one is complete, phase two is in construction and phase three is at the stage of procuring a multi-disciplinary design team.

Figure 12.11 Key information in relation to projects in progress or not commenced, 31 December 2023

Detail	Cherrywood	Maynooth
Infrastructure type	Road, bridges, new junction	Maynooth eastern relief road and bridge
Original amount to be funded by the Department	€11.39 million	€10.88 million
Current projected amount to be funded by the Department	€24.4 million	€17.2 million
Original expected completion date	December 2019	December 2019
Current expected completion date	December 2029	July 2026
Original expected housing units	2,000	800
Housing units delivered as at 31 December 2023	1,398	—

Source: Department of Housing, Local Government and Heritage. Analysis by the Office of the Comptroller and Auditor General.

- 12.33** While both projects are significantly delayed, it is now estimated that the final phase three of the Cherrywood project will be delivered ten years later than scheduled and the Department's contribution to the project costs will be more than double the original estimate. However, the Department notes that it now expects that the eventual housing output for the Cherrywood project will be significantly in excess of the original commitment of 2,000.
- 12.34** The Department has stated that the increased funding requirements shown above in relation to these projects has been approved in principle by the LIHAF management committee and in line with standard practice, funding for projects will only be formally approved when tenders have been submitted.

Project not going ahead

- 12.35** A proposed LIHAF-funded inner relief road project for Naas is not proceeding. Kildare County Council submitted a response to the call for LIHAF project proposals in October 2016 which was approved in March 2017. The grant agreement relating to this was signed between the Department and Kildare County Council in October 2017. The project, when completed, was expected to support the delivery of 800 housing units. The original estimate of the cost of the project to be funded by the Department was €4.5 million.
- 12.36** The Department stated that the decision not to proceed with the relief road was taken by elected members of Kildare County Council in 2019. By then, the Department had incurred costs of €0.47 million in respect of preliminary design fees, project consultant costs and legal fees.

Views of the Accounting Officer

- 12.37** The Department expects that an element of the housing in relation to projects not proceeding has and will be delivered. For example, despite the Naas LIHAF project not going ahead, 190 housing units had been delivered by end 2021 as a result of private development. Since January 2022, the Department has ceased recording housing delivery where projects are not proceeding with LIHAF funding.

Conclusions

- 12.38** LIHAF was announced in July 2016 with the primary objective of relieving critical infrastructure blockages that were hindering housing development from taking place. A total of 30 infrastructure projects were approved for funding with a timeline of up to four years i.e. to the end of 2021. Exchequer funding through the Department of Housing, Local Government and Heritage (the Department) of €147 million was allocated. The projects were expected to support the delivery of almost 20,000 housing units.
- 12.39** In the event, six projects that had been allocated funding did not proceed. Approximately 4,000 housing units (20% of the targeted delivery) had been associated with those projects.

Funding

12.40 In the period 2017 to 2022, annual expenditure on LIHAF was significantly less than the estimate provision in the Vote for Housing. The Department has stated that the reasons for underspends were outside its control e.g. planning delays and the impact of the Covid-19 public health restrictions. By the end of 2023, total LIHAF expenditure from the Vote was just over €113 million. The Department projects the total funding to be provided for LIHAF over its lifetime will be at least €197 million. This equates to an increase in cash terms of just over one third compared to the total initial funding awarded to projects, even though six of the original projects are not proceeding.

Progress and delivery

12.41 LIHAF projects were approved with a timeline of up to four years and all projects were due to be completed by December 2021. As at the end of December 2023, 12 projects were completed, of which eight were completed within the timelines set. The four other projects had varying completion dates post the original timeline set ranging from under one year to 3.5 years.

12.42 The projects currently in progress and not yet started will be delivered at least two years later than planned. The majority of these (ten of 12) will be delivered at least four years later than planned, with two estimating completion dates between eight and ten years post the original expected completion date. The analysis of costs for projects indicate a strong correlation between projects that are delayed and project budget overruns.

12.43 It was envisaged at the outset that LIHAF projects would assist with the delivery of over 20,000 units. Because six projects are not proceeding, this figure was revised to 16,000 units. By the end of 2023, over 6,400 units or 40% of the revised housing unit target had been delivered. The Department is confident, based on its engagement with local authorities, that the target of 16,000 units associated with LIHAF projects will be achieved, although it may take several more years.

12.44 The Department stated that the output from LIHAF is infrastructure and that it does not have a direct role in the associated housing delivery. In general, there are no timelines for housing delivery included in the grant agreements with the local authorities because delivery is dependent on the completion of the infrastructure projects and planning permission being granted for the housing units.

12.45 LIHAF was designed specifically to address the issue of housing supply by removing barriers to housing delivery in areas with high development potential. In the eight years since the announcement of the funding, the expected acceleration of housing delivery in the targeted areas does not appear to have been achieved.

Annex 12A Projects approved for LIHAF funding

Current Status	Project	Infrastructure description	Original target of housing units to be delivered	Housing units delivered 31 Dec 2023	Original budget €m	Projected costs 31 Dec 2023 €m	Actual / expected completion dates
Not proceeding	Dún Laoghaire-Rathdown, Woodbrook	Road improvements and access to future DART station	1,242	N/A	3.12	0.11	N/A
	Dún Laoghaire-Rathdown, Clay Farm	Construction of 600m of new loop road	350	N/A	3.53	—	N/A
	Louth, Newtown Drogheda	Provision of access road	200	N/A	0.92	0.11	N/A
	Kildare, Naas	Naas inner relief road	800	N/A	4.5	0.47	N/A
	South Dublin, Clonburris SDZ	Surface water upgrade improvement scheme	1,000	N/A	2.25	0.04	N/A
	Waterford City and County Council, Gracedieu	Access road	238	N/A	0.99	0.19	N/A
Completed	Cork City, Old Whitechurch Road	Re-routing power lines, road improvements and water and drainage improvements	600	—	7.42	8.55	Q1, 2021
	Cork County, Carrigaline	Upgrade of Shannon park roundabout	400	385	0.45	0.45	Q3, 2019
	Dublin City, Belmayne Clongriffin	Road improvements and new main street	850	—	2.25	2.25	Q2, 2023
	Fingal, Donabate Distributor Road	Distributor road and bridge over railway line	1,200	240	10.62	10.78	Q1, 2020
	Fingal, Oldtown Mooretown	Road improvements	800	640	3.68	4.02	Q1, 2020
	Kildare, Sallins	Provision of community and amenity space	250	250	0.70	0.65	Q1, 2018
	Kilkenny, Ferrybank	Provision of community and amenity space	200	69	0.35	0.35	Q3, 2020

Current Status	Project	Infrastructure description	Original target of housing units to be delivered	Housing units delivered 31 Dec 2023	Original budget €m	Projected costs 31 Dec 2023 €m	Actual / expected completion dates
	Kilkenny, Western Environs	Provision of community and amenity space	530	122	5.07	6.75	Q3, 2021
	Meath, Ratoath	Ratoath outer relief road	266	131	2.37	2.62	Q4, 2021
	Meath, Farganstown	Access road	400	—	4.26	4.59	Q3, 2021
	South Dublin, Adamstown	Celbridge Link Road, Tandy's Lane Park and Airlie Park	2,000	2,265	15.00	19.2	Q4, 2023
	Waterford City and County Council, Kilbarry	Distributor road	400	70	2.54	2.68	Q2, 2021
In progress	Cork City, South Docks	Transport infrastructure, road improvement and parks	620	—	11.63	14.97	Q2, 2026
	Cork County, Glanmire	Sustainable transport package and road improvements	300	408	4.43	13.53	Q2, 2026
	Cork County, Middleton (Waterrock)	Road improvements and storm water sewer	520	—	4.13	8.84	Q2, 2024
	Dún Laoghaire-Rathdown, Cherrywood	Various road improvements	2,000	1,398	11.39	24.44	Phase 2, Q3 2024 Phase 3, Q4 2029
	Fingal, Baldoyle Stapolin	Ramp providing pedestrian and cyclist access to Clongriffin train station, improved drainage areas, park and road improvements	500	69	4.64	6.76	Work substantially complete ^a
	Limerick, Mungret	Provision of new distributor road	399	203	7.88	16.74	Phase 1, Q1 2019 Phase 2, Q2 2024 Phase 3, Q4 2025

Current Status	Project	Infrastructure description	Original target of housing units to be delivered	Housing units delivered 31 Dec 2023	Original budget €m	Projected costs 31 Dec 2023 €m	Actual / expected completion dates
	Louth, Mount Avenue, Dundalk	Road improvements	212	—	2.50	6.43	Q3, 2024
	South Dublin, Kilcarbery/Corkagh Grange	Road improvements, pumping station and rising foul main to sewer network and foul sewer outfall	1,000	168	3.29	3.38	Q3, 2024
Not commenced	Clare, Laureen, Ennis	New link road including services and roundabouts	200	—	2.75	7.29	Q1, 2026
	Kildare, Maynooth	Maynooth eastern relief road and bridge	800	—	10.88	17.2	Q3, 2026
	Westmeath, Brawny Road, Athlone	Access road	200	—	1.37	1.56	Q3, 2025
	Dublin City, Dodder Bridge	New public transport bridge across the Dodder.	1,500	—	11.81	11.81	Q2, 2028
Totals			19,977	6,418	146.72	196.76	

Source: Department of Housing, Local Government and Heritage. Analysis by the Office of the Comptroller and Auditor General.

Note: a The Department is currently awaiting confirmation from the local authority on whether the ramp to train station is proceeding.

