



Frequently Asked Questions

Local Infrastructure Housing Activation Fund (LIHAF)

28 March 2017

Funded by the Irish Government under
Rebuilding Ireland, Action Plan for Housing and Homelessness

Frequently Asked Questions

Local Infrastructure Housing Activation Fund (LIHAF)

1. What is Local Infrastructure Housing Activation Fund (LIHAF)?

The Local Infrastructure Housing Activation Fund (LIHAF) is a key element of Pillar 3 of *Rebuilding Ireland: An Action Plan for Housing & Homelessness*. The objective of the fund is to provide public off-site infrastructure to relieve critical infrastructure blockages. This will enable the accelerated delivery of housing on key development sites in Dublin and in urban areas of high demand for housing. The call for proposals for the €200 million fund was announced on 26 August 2016, with a closing date of 14 October 2016.

2. Why is the Government providing this funding?

It is clear from the severe shortage of housing in the current market and from industry and other stakeholders that there is an urgent need for an initiative to remove the infrastructural blockages to increase the supply of housing.

Stakeholders, including the Housing Supply Coordination Task Force for Dublin, have identified infrastructural blockages as one of the main impediments to the development of key sites for private housing development in Dublin. The Programme for Government commits to "*re-prioritising the capital programme to put in place a new €100m Local Infrastructure Housing Fund, from which local authorities can deliver local projects needed to unblock land in high demand areas*".

Local public infrastructure such as access roads and public services to site boundaries in order to facilitate housing development is normally paid for by local authorities from revenues received from local development contributions. These costs are in turn passed on to the

Frequently Asked Questions

Local Infrastructure Housing Activation Fund (LIHAF)

purchased in the sale price of the house. The serious decline in development and budgetary consolidation since 2008 meant that local authorities did not have sufficient resources to fund the provision of the necessary local public infrastructure to enable housing development on land for which there is planning permission to take place. The pace of new developments is not currently adequate enough to meet demand in Dublin and major urban areas or to provide sufficient revenues to enable local authorities to fund local supporting infrastructure for private housing development.

The Department is determined that the €200 million fund will, in addition to stimulating supply in an overall sense, also encourage a strong mix of private, rental and social housing delivery at appropriate locations and create attractive places to live at affordable prices and rents.

3. What is the value of the Fund?

Such is the seriousness with which the Government views the housing situation, that in June 2016 the Minister for Public Expenditure and Reform, Pascal Donohoe, TD, and the Minister for Housing, Planning, Community and Local Government, Simon Coveney, TD, announced the establishment of a €200 million Local Infrastructure Housing Activation Fund in recognition of the need to take urgent action to tackle the housing crisis. This is a doubling of the fund provided for in the Programme for Government.

When approving proposals, it was considered prudent to approve in excess of €200 million as this will allow for instances where a proposal (or parts of a proposal) does not proceed due to planning issues or unforeseen delays or where potential savings are secured through tendering or other efficiencies.

Frequently Asked Questions

Local Infrastructure Housing Activation Fund (LIHAF)

4. How is the Local Infrastructure Housing Activation Fund funded?

The total value of the fund is €200 million, of which €150 million will be provided by the Exchequer over the period 2017 to 2019 with a matching contribution of €50 million from local authorities. Local authorities may be facilitated with low cost borrowing by the Housing Finance Agency to fund their contribution to the fund.

5. Who could apply for funding under LIHAF?

A call for proposals was issued to all local authorities in August 2016. It was open to all local authorities to apply for funding towards the capital cost of the infrastructure, which when provided, would secure the early delivery of additional affordable housing at considerable scale with developments in excess of 500 units in the Dublin area or in excess of 200 units in areas outside Dublin.

6. How many proposals for funding were received?

A total of 74 proposals, from 21 local authorities were received. A list of local authorities who submitted proposals is below.

1. Clare County Council
2. Cork City Council
3. Cork County Council
4. Donegal County Council
5. Dublin City Council
6. Dun Laoghaire Rathdown County Council
7. Fingal County Council
8. Galway City Council

Frequently Asked Questions

Local Infrastructure Housing Activation Fund (LIHAF)

9. Galway County Council
10. Kildare County Council
11. Kilkenny County Council
12. Limerick City and County Council
13. Louth County Council
14. Mayo County Council
15. Meath County Council
16. Offaly County Council
17. South Dublin County Council
18. Tipperary County Council
19. Waterford City and County Council
20. Westmeath County Council
21. Wexford County Council

7. Why didn't all local authorities apply for funding?

Applications were received from 21 out of 31 local authorities. It is likely that those authorities who did not choose to submit proposals may not have had infrastructure projects that would have met the criteria for funding, including the capacity to lead to the delivery of housing developments in excess of 500 units in the Dublin area or in excess of 200 units in areas outside Dublin.

8. What types of proposals were received from local authorities?

The types of off-site infrastructure for which LIHAF funding has been sought include access and distributor roads, bridges over rivers and railway lines, environmental improvements and community and amenity facilities.

Local authorities were asked to submit proposals that would lead to the delivery of housing development at significant scale with

Frequently Asked Questions

Local Infrastructure Housing Activation Fund (LIHAF)

developments in excess of 500 units in the Dublin area or in excess of 200 units in areas outside Dublin.

9. What was the value of the proposals submitted by local authorities?

The overall total costs of the 74 LIHAF funding bid applications was in the order of approximately €800 million, with funding of some €600 million being sought from the Exchequer and approximately €200 million matching fund from local authorities.

10. How were the proposals assessed?

A LIHAF Advisory Group was established to undertake an evaluation and assessment of LIHAF bid proposals following the approach set out in the Call for Proposals. This Advisory Group was drawn from a number of areas of the Department to take advantage of the breadth of expertise available to us, including planning, quantity surveying and housing delivery experts.

A LIHAF Management Committee was established to make recommendations to the Minister, on which projects met the criteria for LIHAF funding and could be given approval in principle, taking account of the detailed evaluation and assessments undertaken by the LIHAF Advisory Group.

11. What were the criteria used for approving funding?

All proposals were assessed in line with the five criteria set out in the Call for Proposals. A total of 500 marks were available and a minimum of 50% score under all headings was a qualifying requirement in respect of all criteria. A summary of the criteria are outlined below.

- Project Proposal and Link to Housing Delivery
- Innovation and Collaboration
- Strategic Fit

Frequently Asked Questions

Local Infrastructure Housing Activation Fund (LIHAF)

- Financial Package and Prudence
- Delivery

The proposals needed to indicate that the delivery of infrastructure would lead to the provision of housing at significant scale.

12. How were the proposals prioritised?

Proposals that had a clear link between the delivery of public infrastructure and the provision of housing at significant scale and at affordable prices were prioritised. The Department closely examined the proposals against the criteria in the call for proposals, including the prospects for delivery of housing in terms of the advanced nature of the proposal and the likely delivery before 2021, the strategic fit of the infrastructure in terms of planning policy and any potential issues and the potential for affordable housing in areas that have critical housing needs.

The emphasis is on the delivery of key public infrastructure to ensure the short term delivery of housing in areas of significant demand.

13. How many proposals were approved?

34 proposals to be given approval in principle across 15 local authorities

- Clare County Council
- Cork City Council
- Cork County Council
- Dublin City Council
- Dún Laoghaire-Rathdown County Council
- Fingal County Council
- Kildare County Council

Frequently Asked Questions

Local Infrastructure Housing Activation Fund (LIHAF)

- Kilkenny County Council
- Limerick City and County Council
- Louth County Council
- Meath County Council
- South Dublin County Council
- Tipperary County Council
- Waterford City and County Council
- Westmeath County Council

14. What is the cost of these proposals?

The cost of these proposals is €226.46 million, of which €169.65 million would be funded under LIHAF with local authorities funding the remaining €56.81 million.

While this is approximately 13% in excess of the €200 million allocated to LIHAF, it is considered prudent to approve proposals in excess of €200 million as it will allow for instances where a proposal (or parts of a proposal) does not proceed due to planning issues or unforeseen delays or where potential savings are secured through tendering or other efficiencies. In the event that the full cost materialises the additional LIHAF contribution will be funded from savings within the existing approved envelope in the housing sector.

15. How much of the funding will be allocated to the Dublin and Cork areas?

A total of €113 million will be provided to the 4 Dublin local authorities and a further €46 million will be allocated to Cork City Council and Cork County Council. This funding correlates to both the high quality of

Frequently Asked Questions

Local Infrastructure Housing Activation Fund (LIHAF)

the proposals submitted and the significant need for housing in those areas.

16. When will the infrastructure be provided?

Funding for the public infrastructure to be delivered by local authorities will be provided over the period 2017 – 2019. However, local authorities are being asked to work quickly to ensure the infrastructure is delivered in as short a timeframe as possible to ensure that the housing is delivered by 2021.

It is expected that some infrastructure projects will commence in 2017, with others coming on stream in 2018.

17. How many additional housing units will be provided

The proposals that are being announced have potential to deliver almost **23,000 housing units across the country** associated with the public infrastructure being provided under LIHAF by 2021. There is also further potential for approximately 46,000 additional housing units on these 34 sites in the longer term, bringing the projected yield up to 69,000 homes once they are fully built out.

In the **Dublin area**, up to **14,000 additional housing units** will be provided up to 2021 with a long term potential yield of over 37,000.

In **Cork**, over **3,000 housing units** will be provided up to 2021 with a long term potential yield of almost 10,000 housing units.

In the **rest of the country**, an additional **6,000 housing units** will be provided by 2021 with a long term potential yield of about 22,000 housing units.

Frequently Asked Questions

Local Infrastructure Housing Activation Fund (LIHAF)

The Department undertook work to verify the scale of the housing that the LIHAF proposals will deliver, including liaising with local authorities on the proposed timelines, and where appropriate, cross-referencing with housing delivery figures for MUHD sites.

18. Is there a link between LIHAF and MUHDS?

On 10 November 2016 under Pillar 3 of *Rebuilding Ireland: An Action Plan for Housing & Homelessness*, 23 Major Urban Housing Development Sites (MUHDS) were identified in the Greater Dublin Area, Cork, Limerick and Galway as having the potential to deliver up to 30,000 additional homes on existing zoned lands over the next 3-4 years.

16 of these sites are recommended to receive substantial LIHAF funding, reinforcing the synergies between the Government's prioritising key sites and facilitating their early servicing through dedicated funding. Many of the remaining MUHDS sites are advancing without the need for additional infrastructure investment.

19. Were other Department/Agencies consulted on these proposals?

The Department engaged with the following relevant Departments/Agencies with regard to LIHAF to examine where synergies may exist with projects that the Departments and Agencies may be involved in and to ensure overall compatibility with the LIHAF proposals.

- Department of Education and Skills
- Department of Transport, Tourism and Sport
- Irish Water
- Transport Infrastructure Ireland
- National Transport Authority

Frequently Asked Questions

Local Infrastructure Housing Activation Fund (LIHAF)

The interaction with these Agencies/Departments was of great benefit in assessing proposals. It is the view of the Department that the engagement that took place was very important in terms of ensuring that there is concerted, cohesive support from all relevant State bodies to ensure the success of those proposals which are approved. Early communication of this nature will assist to prevent any future development delays and enhance forecasting for the other relevant Departments and Agencies in planning their own work programmes.

20. What is the multiplier effect of this fund?

A key aim of LIHAF is the delivery of sustainable, integrated communities.

In assessing the proposals, the Department worked with other key Departments and Agencies to ensure that there was a concerted and cohesive effort from all relevant state bodies to deliver housing developments which will be sustainable and integrated communities with access to all key infrastructure and amenities.

The multiplier effect of the input of these relevant Agencies/Departments potentially represents an additional spend consequent upon the approval under LIHAF of between €80 and €100 million when the contributions of Irish Water; the Department of Education and Skills; National Transport Authority; Transport Infrastructure Ireland; and the Department of Transport, Tourism and Sport are factored in as they will be supporting these developments.

Frequently Asked Questions

Local Infrastructure Housing Activation Fund (LIHAF)

This demonstrates the value of a joined-up cross-government approach which provides a firm foundation for these proposals to succeed and for housing delivery to be expedited.

One of the important outcomes of the engagement with other Departments/ Agencies is that the National Transport Authority have indicated that the Dart Station at Woodbrook/Shanganagh in Dún Laoghaire-Rathdown County Council would fall under their remit and they have committed to co-funding that proposal with LIHAF. The National Transport Authority has also agreed to part-fund the Dodder Bridge at Poolbeg in Dublin City under LIHAF. Together, this represents additional funding in excess of €20 million from the National Transport Authority towards LIHAF related projects.

21. What happens if these projects do not proceed?

Where a project is not meeting key project milestones, the Department will reserve the right to withdraw funding from that project. In such an event, it will decide whether to award the funding to a proposal that did not receive funding or to award it to a proposal that was only part funded. This decision will be made in the context of the amount of funding that is being withdrawn and the timescale within the context of LIHAF.

Local authorities have committed to appointing senior project managers to deliver the public infrastructure and to liaise with housing providers to ensure that the associated housing development is provided. As part of the preparation of the proposals, local authorities worked with the relevant housing developers and received commitments with regard to the commencement of housing and the

Frequently Asked Questions

Local Infrastructure Housing Activation Fund (LIHAF)

local authorities will be responsible for follow through on this. If the agreed milestones are not met then funding will be reallocated.

22. Will there be any further funding for projects that did not get approval?

There were a number of proposals that merited funding but could not be approved, given the limited level of funding available. These qualifying proposals will be re-considered in the event that an approved proposal does not proceed.

The Minister is seeking additional funding for LIHAF under the Capital Review 2016-2021. In the event that this additional LIHAF funding becomes available, local authorities will be able to re-submit proposals that did not receive funding along with other new proposals that would meet the criteria.

23. Will the fund lead to a decrease in house prices for the purchaser?

There is a strong focus on affordability in the proposals being announced today. Local authorities were specifically asked to focus on affordability in considering what proposals to put forward and have received commitments from housing developers with regard to affordability.

It is expected that local authorities will work quickly to deliver public infrastructure which in turn will ensure that significant housing can be delivered in the period up to 2021. The substantial increase in housing supply should ensure that the house prices are competitive.

24. What impact will it have and how soon will we see new housing supply?

Local authorities will be expected to facilitate work on the houses on the sites concerned to proceed on a phased basis in parallel with the supporting public infrastructural works. It is expected that new housing

Frequently Asked Questions

Local Infrastructure Housing Activation Fund (LIHAF)

will become available for occupation in the 18 -24 months or so from the commencement of the off-site public infrastructural works.

The funding for the public infrastructure is being provided over the period 2017 to 2019 and it is expected that over 23,000 housing units will be delivered by 2021.

25. Will this initiative do anything to address social housing needs?

The resultant significant increase in private housing supply will mean increased social housing through the 10% Part V Social housing Dividend. The overall increase in supply should also help ease the pressure on rented accommodation and facilitate efforts to provide social housing through existing measures such as HAP and Rent Supplement. In addition, a number of the proposals being announced today include specific proposals for the provision of social housing.