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Analytical Note

Planning Permissions and Housing Supply

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Executive Summary

Using available data on planning applications for residential developments, this note examines planning refusal rates, decision timing and appeals. Then, with a view to recent trends which indicate an increase in the number of un-commenced apartment permissions, provides a discussion of potential factors that could delay or prevent commencement once planning permission has been obtained.

Applications

- Analysis in this note is based on a sample of 34,875 planning applications submitted to LAs between 2012 and 2021.
- The CSO reported just over 55,000 planning applications for new residential dwellings granted from 2012 to 2021, suggesting the sample analysed here captures a considerable share of applications throughout this period.
- With the exception of a drop in 2020, the number of applications submitted each year has been increasing over this time period.

Refusal Rates

- Overall, 15% of planning applications were refused.
- Counties in the GDA, and those containing large urban centres, tended to have higher refusal rates. Refusal rates across LAs ranged from 37% in Kildare to 4% in Tipperary.
- Refusal rates were higher for multi-unit developments (19%) compared to single-unit developments (12%).

Local Authority Decision Time

- LAs have a baseline statutory objective to decide planning applications in 8 weeks, though this can be extended in a variety of circumstances.
- The average decision time was 14.1 weeks while median decision time was 9 weeks.
- 32% of applications had a decision time that exceeded 16 weeks. 13% of applications had a decision time that exceeded 26 weeks.

Appeals

- 7.1% of all applications were appealed to An Bord Pleanála.
- The appeal rate was higher for multi-unit developments (13%) compared to single-unit developments (3%).
- 45% of appeals were refused, 44% were granted, while the remaining 11% had other outcomes (e.g., withdrawn).
- 72% of appeals resulted in LA decision being upheld, though it is possible that the conditions imposed on the permissions were altered
- The average appeal decision time was 20 weeks.

Un-commenced Apartments

The number of apartments completed annually has gradually increased from 2,258 in 2018 to 5,107 2021. However, the number of apartment units with planning permission has increased at a far greater rate throughout this period, pointing to a growing gap between the number of apartment permissions and completions.

Data reported by the CSO and the Dublin Housing Supply Coordination Taskforce indicates a sharp increase in the number of apartment units with planning permission that have yet to begin construction since 2018. As of 2021Q4, there were over 42,000 apartment units with planning permission that had yet to commence in Dublin alone. The concluding section of the note reflects on the following phenomenon identified in the housing literature that might explain the increase in un-commenced planning permissions:

Land Banking: developers may acquire sites ahead of time to ensure a steady stream of land into the future. Since planning permissions usually last 5 years, developers may acquire and seek permission for more land than can be actively developed on at any given time.

Viability: recent growth in construction costs could result in un-commenced planning permissions. While a development may initially be conceived as viable, depending on the length of time associated with the planning and pre-commencement periods, it is possible that by the time a site is ready to be developed, costs have increased substantially thus challenging the viability of the initial development.

Speculative Behaviour: increasing un-commenced permitted units could indicate the speculative purchasing and holding of land with a view to greater future resale value. Acquiring planning permission on land that is held as an asset could add value to the land by reducing risks or delays associated with the planning process by developers.

Introduction

The planning process is a key aspect of housing policy in Ireland. It facilitates appropriate development, balancing the objectives of applicants with the principals of proper planning and sustainable development. However, the planning process has also been a contentious topic in housing policy discourse at times. For example, Waldron (2019) writes 'it is widely believed by market interests and government that Ireland's housing supply crisis is the result of planning and financial barriers that are impacting the "financial viability" of development'. Similarly, Lennon and Waldron (2019) remark that 'the accusation that planning is a *brake or obstacle to growth, productivity and* competitiveness is not new. Indeed, it has steadfastly occupied a contested position in political and economic debate across the world for the past three decades.' Despite this attention there has been limited quantitative treatment of the planning system in Ireland to establish an evidence base which can aid in assessing the validity of these concerns.

Utilising available data on planning applications submitted to Local Authorities between 2012 and 2021, this analytical note seeks to broaden the evidence base underpinning the planning process by examining refusal rates, decision timing and appeals, before discussing the relationship between planning permissions and recent trends in housing supply more broadly. While indicators such as refusal rates and decision timing are somewhat crude and do not allow for a thorough evaluation of planning policy generally, they provide important context to the concerns outlined above surrounding the interaction between planning policy and the provision adequate housing supply.

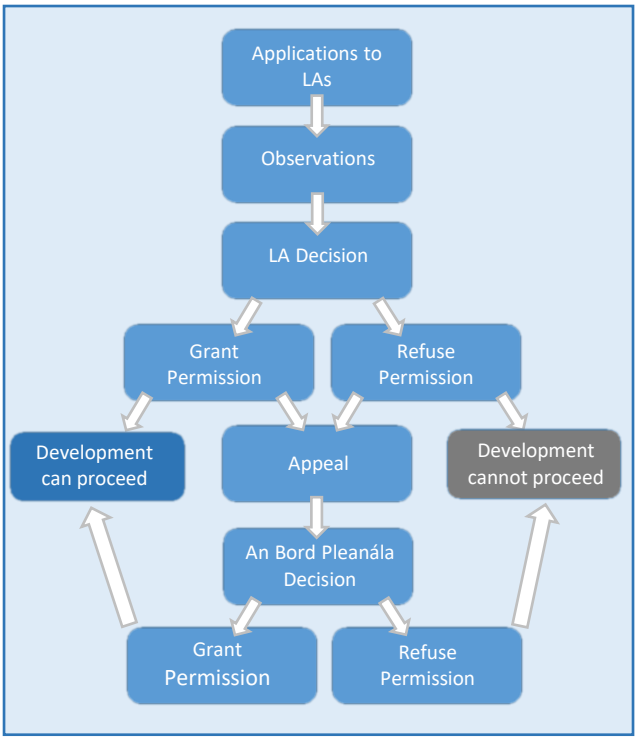
Applications made through the Strategic Housing Development process, which allowed for large scale residential developments to bypass Local Authorities and apply directly to An Bord Pleanála, are not included in the DHLGH planning application dataset analysed below. It is intended for Strategic Housing Developments to be covered in a subsequent analytical note.

Outline of Planning Process

Submissions to Local Planning Authorities

Figure 1 presents a simplified map of the planning process. The majority of planning applications for residential development are initially submitted to Local Authorities (LAs). There is then a period in which any person or interested group can submit an observation about a planning application. Planning authorities may also request additional information from the applicant following submission. LAs can then either grant or refuse the application. The granting of an application is almost always subject to a number of conditions which may require further details to, or place restrictions on, the proposal outlined in the application.

Figure 1 – Simplified Overview of Planning Process



Following LA decision on a planning application, any interested party can make an appeal to An Bord Pleanála. Appeals come in two forms. First-party appeals can arise from those who originally applied to the planning authority. Third-party appeals can arise from someone who made a written submission or observation to the planning authority about a proposed development, someone who has an interest in land adjoining the application, or from a body or organisation established with the aims of promoting environmental protection.[1] Following an appeal, An Bord Pleanála can refuse or grant permission. In the same way as LAs, the granting of permission by An Bord Pleanála is often subject to a number of conditions. It is worth noting that LA and An Bord Pleanála decisions may also be subject to Judicial Review. These are legal challenges to the validity of the decision taken by LAs or An Bord Pleanála in terms of the process and procedure followed and do not question the merits of the decision from the perspective of planning and development.

Local Authority Planning Data

Data and Methodology

The analysis in this note is based on a sample of planning applications made to LAs. Data was obtained from the *Planning Application Sites* dataset published by DHLGH. The data was downloaded in February 2022 containing over 400,000 entries on planning applications from 30 different LAs between 1960 and 2022. Applications made through the Strategic Housing Development process, which allowed for large scale residential developments to bypass Local Authorities and apply directly to An Bord Pleanála, are not included in the analysis presented in this note.

A lack of consistency in collecting and reporting planning data across LAs required extensive cleaning and filtering in order to compare applications. The resulting dataset used for this analysis contained

[1] In 2017 the Strategic Housing Development (SHD) system was introduced. This allowed applications for large scale residential developments (over 100 units) to bypass Local Authorities and be made directly *An Bord Pleanála,* essentially bypassing the traditional appeal process described above. The phasing out of the SHD began in February of 2022.

just under 35,000 entries from 29 planning authorities for the 2012 – 2021 period. The CSO (BHQ05) reported just over 55,000 planning applications for new residential dwellings granted from 2012 to 2021, suggesting the sample analysed here captures a considerable share of applications throughout this period.

Dataset Omissions and Issues

Limerick City and County Council was not included in the dataset *Planning Application Sites* at the outset. Wexford County Council was included in the dataset, although many observations were missing. This analysis therefore excludes these two planning authorities. For the remaining 29 planning authorities, the data was filtered to only include complete applications for planning permission submitted to LAs as well as appeals of planning decisions decided by An Bord Pleánala.

Planning permission is required for many types of development, though some exemptions do exist.[2] The construction or alteration of residential dwellings is perhaps the most common reason for permission to be sought, but permission is also necessary for most commercial, industrial and agricultural development. This note focusses on planning applications for the construction of residential units. The *Planning Application Sites* dataset did not contain a variable specifying if a particular application was for the construction of a residential unit. However, a brief description of the proposed development inputted by the applicant was available for each application. Therefore, to remove applications not pertaining to the construction of a residential unit, applications were filtered based on words that appeared in their development description.[3] To check how successful this filtering process was at removing applications that related to something other than permission for the development of residential dwellings, 1500 entries were randomly selected[4] and reviewed. Roughly 12.4% of these 1500 observations related to planning applications for something other than the construction of a residential unit, such as dwelling alterations, agricultural, infrastructure, or commercial development.

Analysis of this data will allow for insight into aspects of the planning process, such as refusal rates and decision timing, which are not covered in other sources such as CSO publications on planning. However, although results are largely reflective of residential construction, they could be biased by the inclusion of applications for other types of development (approx. 12.4% of sample). This caveat should be kept in mind when interpreting the descriptive statistics outlined below. In addition, it is

[2] Particular classes of development are exempted by specific provisions within the Planning and Development Act 2000 (as amended) and the Planning and Development Regulations 2001 (as amended).
[3]Excluded words: *extension*, *farm*, *agri*, *change*, *retention*, *renovate*, *alter*, *amend*, *previously*. Included words: *dwelling, bungalow, house, and apartment.*
[4] Selection was based on the random assignment of numbers to each application.

possible that the filtering process removed relevant entries relating to the construction of residential units. The following statistics should be interpreted as a *sample* of planning applications and therefore may not be wholly representative of the overall planning process. Improvements to data quality and collection processes are required to allow for more detailed research.

Key Findings

The sample of applications obtained via the process described above was used to assess the proportion of applications that were refused, the proportion of applications that were appealed, the proportion of appeals that were refused, as well as the time taken for decisions to be reached.

Decisions

Table 1 summarises the decisions made on the sample of applications covering the 2012 – 2021 period. Just under 85% of permissions were granted, while just over 15% were refused.

Table 1 – Applications by Decision Outcome

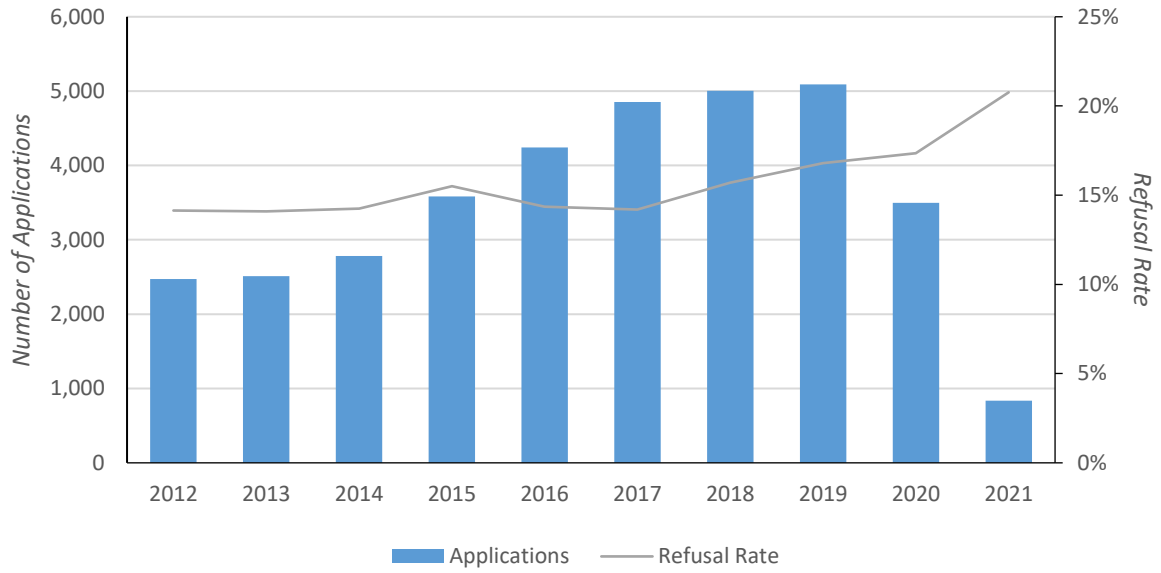
Decision	Number of Applications	% of Applications
Granted*	29,499	85%
Refused	5,376	15%
Total Finalised Applications	34,875	100%

***The vast majority of granted applications had conditions attached.** *Source: DHLGH*

Figure 2 graphs the number of applications and rate of refusal annually between 2012 and 2021. The drop in planning decisions observed in 2020 seems likely to be reflective of pandemic related restrictions. The low number of applications observed in 2021 is likely due to a reporting lag. It is also possible that a decision had not yet been made on a portion of applications submitted in 2021 when the initial dataset was downloaded (Feb 2022).

Between 2014 and 2015, and again between 2017 and 2019, that rate of refusal is positively correlated with the number of planning applications submitted each year. A variety of factors could explain this relationship, such as a greater amount of applications for larger or more complex developments submitted each year. For the 1990 to 2012 period, Lyons (2015) documents a similar and stronger positive correlation between the number of applications and refusal rates. A positive relationship between volume of applications and refusal rate suggests increases in housing supply since the 1990s have not been driven by relaxed planning conditions.

Figure 2 – Applications and Refusal Rate per year, 2012 – 2021



Source: DHLGH

Number of Residential Units

The *planning application sites* dataset contains a variable specifying the number of residential units for each application. However, for roughly a third of the sample data used in this analysis the value for number of residential units is either missing or recorded as 0. Although the filtering process did leave some applications not pertaining to residential construction in the dataset that are expected to have 0 recorded residential units (approx. 8% as outlined in Section 2), there are also clear recording errors in the data whereby the number of residential units is inputted as 0 even though the development description indicates otherwise. For example, all applications from Longford and Wicklow LAs are recorded as having 0 residential units.

Just over 67% of applications in the dataset have the number of residential units specified. As shown in Table 2, the majority of applications (at least 62.6%) are for single builds. These single builds account for 21,819 residential units. Just under 6% of the sample are recorded as multi-unit applications (i.e., any application with more than 1 residential unit). This 6% accounts for 23,751 units. Most of the multi-unit developments are for applications with 99 units or less. Only 22 applications in the dataset are for developments with 100 or more units.

Table 2 – Applications by Number of Residential Units

Residential Units	0*	1	2-9	10+	Missing	Total
Applications	6,431	21,819	1,610	419	4,596	34,875
% Applications	18.4%	62.6%	4.6%	1.2%	13.2%	100%
Units	N/A	21,819	4,784	18,967	N/A	>45,570

*Includes input errors. For example, all applications from Longford and Wicklow LAs recorded as 0 (2,231 in total).

Source: DHLGH

Table 3 below displays the difference in refusal rates between applications for single and multi-unit developments. Applications in the *zero* and *missing* categories are therefore not included. Single unit applications have a refusal rate of 12.2%. Multi-unit applications have a higher refusal rate compared to single unit applications at 19%.

Table 3 – Refusal Rate and Decision Timing for Single and Multi-unit Developments

	Single Unit Applications	Multi-Unit Applications
Granted	19,156	1,643
Refused	2,663	386
Refusal Rate	12.2%	19%

Source: DHLGH

Refusal Rate across LAs

Table 4 summarises the rate of refusal for each planning authority. While the aggregated refusal rate is 15.4%, there is considerable variation in the rate of refusal between LAs with Kildare topping this list at a 37.2% refusal rate, and Tipperary with the lowest refusal rate of 4.4%. It is again worth stressing that these results may not be entirely reflective of the overall planning process due to sample size or the way in which the data was filtered. However, the general trend of rural counties exhibiting a lower refusal rate compared to urban counties and counties in the Greater Dublin Area has been observed before. Lyons (2015) found that, for the 1990 to 2012 period, LAs in the Greater Dublin Area were on average significantly more likely to refuse applications than those elsewhere. While rural counties were most likely to approve an application. Differences in refusal rates across planning authorities generally could be due to differences in the scale and complexity of applications. Varying levels of compliance with LA development plans may also be at play. The difference between urban and rural counties could be explained by developments in urban settings being more complex in relation to land use and zoning, and a greater number of neighbours or stakeholders involved in urban areas compared to rural areas.

Table 4 – Refusal Rates by Local Authority

County	%	Total Applications
Kildare	37.2%	1,179
South Dublin	32.5%	751
DLRD	30.9%	754
Dublin City	24.9%	1,888
Fingal	23.8%	1,364
Wicklow	23.0%	1,718
Cork County	21.2%	113
Cork City	19.9%	1,095
Meath	17.5%	377
Galway City	17.3%	364
Roscommon	17.1%	983
Donegal	16.8%	2,960
Waterford	13.7%	1,251
Kilkenny	13.7%	1,632
Westmeath	13.4%	1,073
Kerry	13.2%	2,761
Galway County	13.1%	3,586
Carlow	11.7%	607
Offaly	11.7%	918
Longford	11.3%	523
Clare	10.4%	1,747
Sligo	8.5%	731
Laois	6.9%	1,015
Mayo	6.4%	1,992
Louth	6.3%	16
Monaghan	6.1%	1,017
Cavan	5.8%	760
Leitrim	4.7%	190
Tipperary	4.4%	1,510
Total	15.4%	34,875

Source: DHLGH

Decision Timing

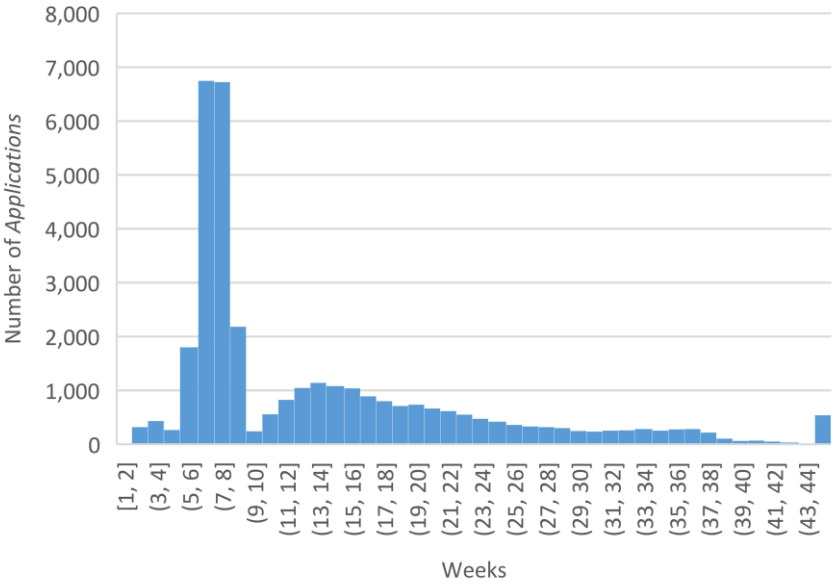
Figure 3 displays the distribution of time between when an application is submitted and when a decision is made for the sample of applications analysed in this note. Summary statistics of the time between applications and decisions is shown in Table 5. The median time is 9 weeks (63 days), though there is a large right skew indicating the time taken for a decision to be reached is much longer for some applications. 31.8% of applications had a decision time that exceeded 16 weeks. 12.7% of applications had a decision time that exceeded 26 weeks.

In terms of differences between single-unit and multi-unit applications, the median time for single unit applications (62.6% of sample, table 2) was 10.8 weeks (76 days) and the average was 13 weeks (91 days). The median time for multi-unit applications (5.8% of sample, table 2) was 14.5 weeks (102

days) and the average was 18.2 weeks (128 days). The longer decision time for multi-unit applications is likely reflective of the increased complexity associated with larger developments.[5]

Planning authorities have an 8 week statutory timeframe after receiving an application to make a decision. Where a planning authority requests further information from an applicant, the authority must make its decision within 4 weeks of receiving the additional information. This increases to 8 weeks if there is an environmental impact statement attached to the application. It is also possible for applicants to allow planning authorities to extend the decision timeframe. The available data does not account for conditions like these that may extend the statutory timeframe, and as such it is not possible to assess the extent to which decisions exceed these time periods with the available data.

Figure 3 and Table 5 - Length of Time between Application and Decision



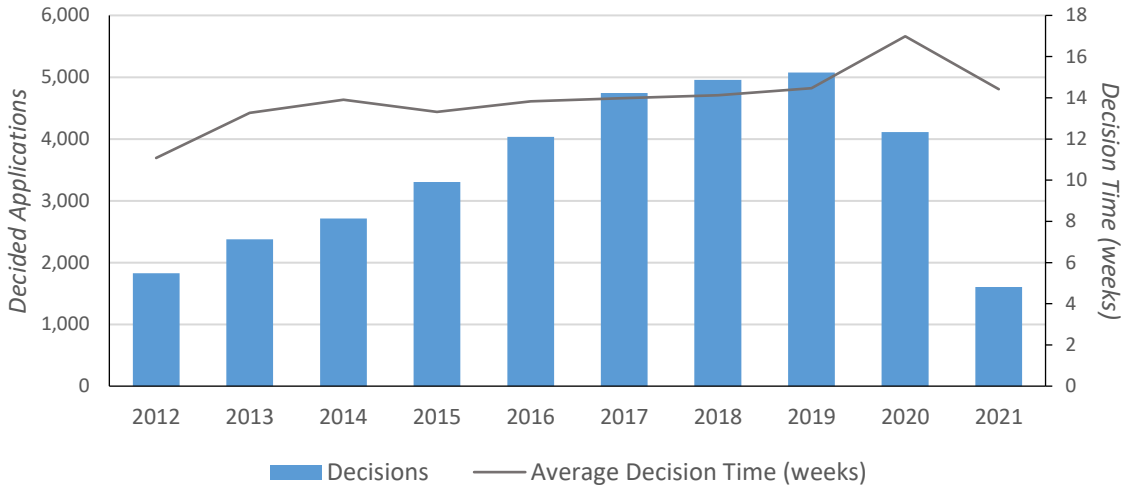
	Days	Weeks
Average	99	14.1
Median	63	9.0
Min	10	1.4
Max	687	98.1
Total Applications[6]	34,698	34,698

Source: DHLGH

Figure 4 displays the number of decisions along with the average decision time each year between 2012 and 2021. Average decision time has been trending upwards throughout this time period from 11 weeks in 2012 to a peak of 17 weeks in 2020, though the jump in average decision time from 2019 to 2020 may be explained by pandemic related restrictions. In general, the trend of longer average decision time could be a result of increased volumes of applications as well as more complex applications arising from, for example, more units per application, higher density or a shift toward greater levels of brownfield development.

[5] Longer times for both single and multi-unit developments compared to the overall average figures suggests the average time for all applications is being pulled down by the portion of applications in the sample that relate to something other than the construction of new residential units.
[6] Data for decision time was not available for 7 applications.

Figure 4 – Average Decision Time per year, 2012 - 2021



Appeal Decisions

Following LA decision on a planning application, an appeal can be made by first or third parties to *An Bord Pleanála.* Appeals must be made within 4 weeks of the date of decision. Of the sample of applications analysed in this note, 2,507 (7.1%) were appealed.[7] The appeal rate for multi-unit developments was higher at 12.6% while the appeal rate for single unit developments was substantially lower at 3.2%.

Overall, 43.7% of appeals stemmed from LAs refusing permission, while 56.3% stemmed from LAs granting permission. The decisions passed on these appeals are summarised below in Table 6. Approximately 44% of appeal decision were granted. Almost 45% of appeals were refused. The remaining 11% had other outcomes such as the appeal being withdrawn or declared invalid. Approximately half of granted permissions are specified as conditional. Conditional in this context can mean permission is granted with conditions. For example, an application that was initially refused by a LA could be conditionally granted through the appeals process. Conditional could also refer to the amending of conditions that were previously imposed by LAs.

Table 6 – Summary of Appeal Decisions

Appeal Outcomes	Conditional	Granted*	Refused	Withdrawn	Other	Total
Number of Appeals	512	590	1,122	153	130	2,507
%	20%	24%	45%	6%	5%	100%

A portion of the data, labelled "Granted", did not specify whether the appeal decision was conditional or unconditional.

Source: DHLGH

[7] Due to data limitations outlined in section 2, this is not necessarily reflective of the proportion of planning applications appealed overall since 2012. This is simply the number of appeals present in the sample after cleaning and filtering.

In terms of the extent to which appeal decisions align with a LA decision, there are four possible outcomes to consider after excluding other appeal outcomes (i.e., excluding *withdrawn* and *other* categories in table 6):

- Granted by a LA and then granted through appeal (G-G)
- Granted by a LA and then refused through appeal (G-R)
- Refused by a LA and then granted through appeal (R-G)
- Refused by a LA and then refused through appeal (R-R)

These outcomes are summarised below in table 7. In total, 71.6% of appeals resulted in a LA decision being upheld (i.e., G-G and R-R), while 28.4% resulted in a LA decision being overturned (i.e., G-R and R-G). It is important to note that although these figures indicate the extent to which permissions were upheld through the appeal process, it is possible that the conditions attached to permissions are altered by An Bord Pleanála in cases where the granting of a permission by LAs is also granted after the appeals process. Thus, even though the decision is aligned, the outcome of the decision is not necessarily the same.

Table 7 – LA and ABP Alignment following Appeal Decisions

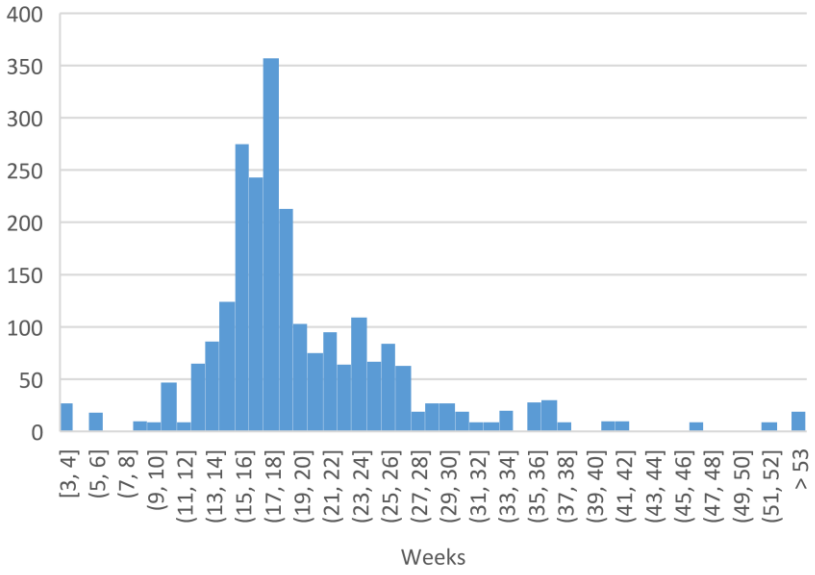
	G-G	G-R	R-G	R-R
Number of Decisions	828	357	274	765
%	37.2%	16.1%	12.3%	34.4%

Source: DHLGH

Appeal Timing

Appeals must be submitted within 4 weeks from the date of planning authority decision. Once submitted, *An Bord Pleanála* have a statutory objective to determine appeals within 18 weeks. Figure 5 and Table 8 display information on the time between appeal applications and appeal decisions for the sample analysed in this note. The median time for an appeal decision was approximately 18 weeks (126 days), while the average time was 20 weeks (141 days). In comparison to LA decision timing (Figure 3), appeal decision timing by An Bord Pleanála is more tightly distributed around the median and statutory time of 18 weeks, thus indicating a greater level of consistency with regard to processing time.

Figure 5 and Table 8 – Time between Appeal Application and Decision



	Days	Weeks
Average	141	20.1
Median	126	18
Min	0	0
Max	1,040	148.6
Total[8]	2,292	2,292

Source: DHLGH

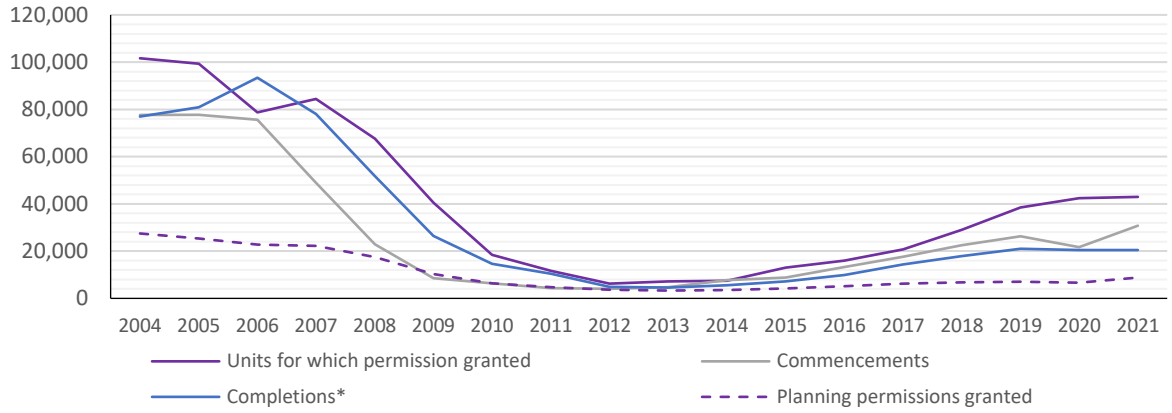
The Relationship between Permissions, Commencements and Completions

Figure 6 displays CSO data on annual commencements, completions and planning permissions for new residential units nationally. Unlike the sample of applications summarised above, the CSO planning data accounts for all *granted* planning applications (including Strategic Housing Developments).[9]

All measures shown below have been trending upwards since 2014, though at different rates. Annual completions have remained around 20,000 since 2019. There was a pandemic related drop in commencements in 2020. However, in 2021 commencements reached over 30,000 for the first time in over a decade. The number of planning applications granted for residential units increased from approximately 3,600 in 2012 to 8,700 in 2021. The number of units with planning permission increased from 6,200 to over 40,000 in the same period, implying an increase in the average number of units per planning permission.

[8] Despite 2,507 appeals recorded in the sample, data on the time between decision and appeal was only available for 2,292 applications.
[9] See CSO's background notes for more information on how CSO planning datasets differ from those published by DHLGH.

Figure 6 – Annual Planning Permissions, Commencements and Completions, nationally, 2004 – 2021

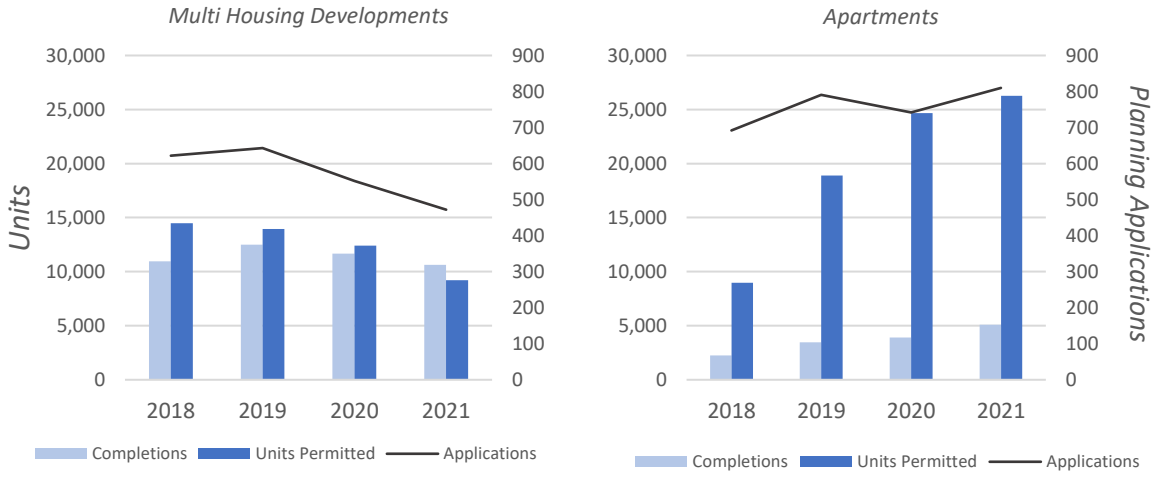


**Completions data for 2004 – 2010 is ESB Connections. This is greater than the actual number of new dwelling completions due to the inclusion of reconnections. Completions data for 2011-2021 is new dwelling completions.*

Source: DHLGH and CSO

From 2018 onwards the above data for completions and planning permissions can be broken down by type of housing unit - single builds, multi-housing development, and apartments (Figure 7). Information on single builds is not displayed below, though it is worth noting that single builds have accounted for between 23-26% of completions, and 80-85% of granted applications throughout this period. Completions and permissions for multi-unit housing developments have been trending downwards since 2019. In contrast, while apartment completions have been steadily increasing, there has been a far greater increase in the amount of permitted apartments units.

Figure 7 – Annual Permissions and Completions for Multi-unit Housing Developments and Apartments, 2018 - 2021



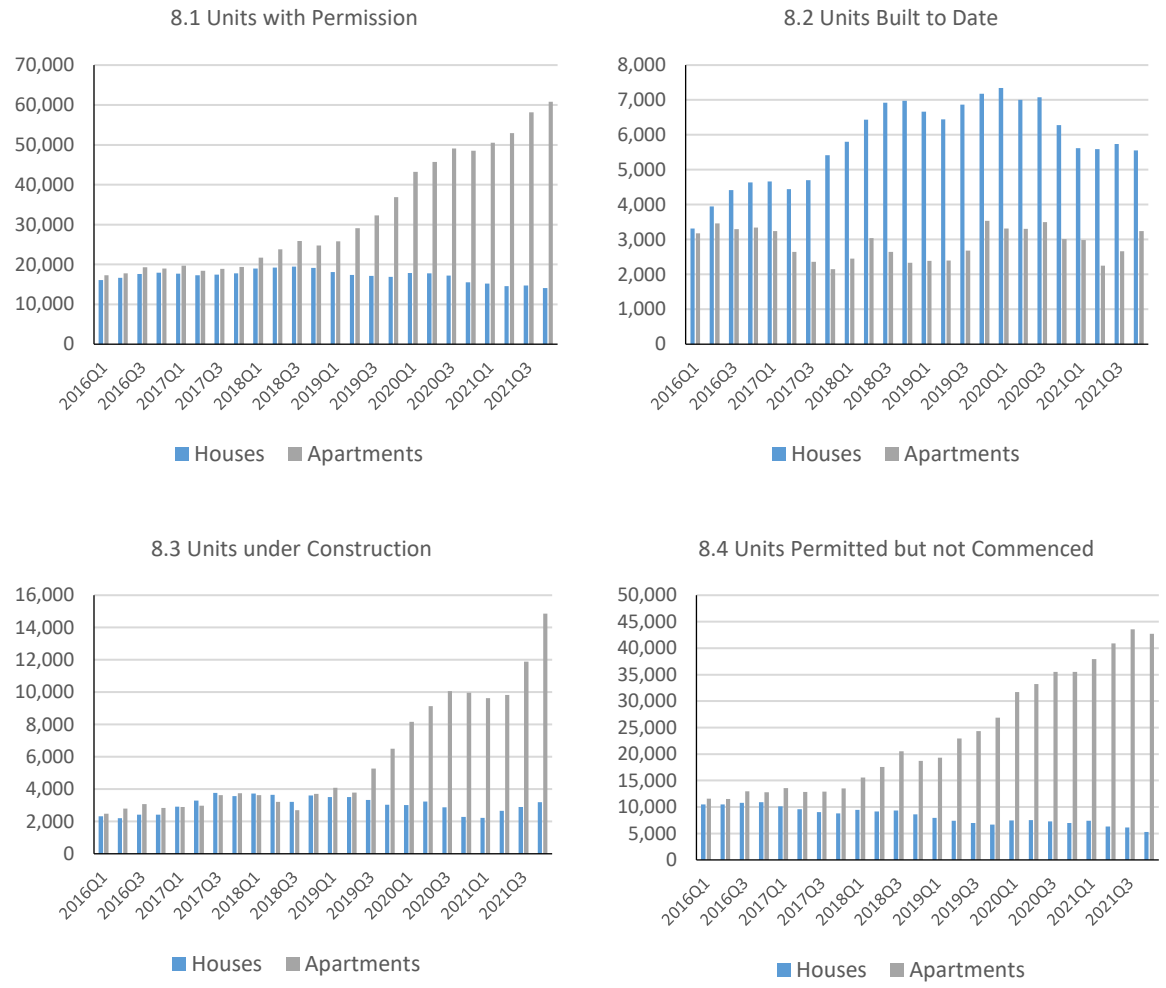
Source: CSO

The above data indicates a growing gap between the amount of new apartment units for which planning permission has been granted and the number of apartment completions. Data reported by the Dublin Housing Supply Taskforce between 2016 and 2021 illustrates this dynamic in more detail for the four Dublin LAs. This data relates to planning applications with a threshold of 10 or more units

where a final grant of planning permission has been obtained. These figures also include Strategic Housing Developments. Figure 8 displays the number of permitted houses and apartments, the portion of those that have been built, are under construction, and yet to be commenced. Since 2019 there has been a substantial increase in the number of apartment units with planning permission. However, the number of houses built has been roughly twice that of apartments. Since 2019Q3, the number of apartments under construction has exceeded houses under construction.

Finally, as of 2021Q4 there were over 42,000 permitted apartment units yet to be commenced, compared to just 5,000 housing units. In total 61.6% of these un-commenced units were permitted through the Strategic Housing Development process and were therefore contained within applications of at least 100 units. The remaining 38.4% were permitted through LAs and are contained in applications of between 10 and 99 residential units.

Figure 8 - Dublin Housing Supply Coordination Task Force, Tier 1 Construction and Planning, Dublin, 2016Q1 – 2021Q4



Source: Dublin Housing Supply Coordination Taskforce.

As shown in Figure 6, a sizeable gap between the number of units with permission and units commenced is not an entirely new phenomenon, having been observed before in the context of greater overall supply. This gap, concentrated in the apartment sector, could be driven by a multitude of factors such as land banking, viability issues, and speculative behaviour.

Land Banking

A growth in un-commenced units may be reflective of land banking associated with increased construction sector activity. As highlighted by NESC (2018), Murray (2020), and Evans (2004), uncertainty with regard to the supply of land can incentivise the establishment of land banks. Developers may therefore acquire land ahead of time to ensure a steady stream of development land is available into the future. Since planning permissions usually last 5 years, developers could acquire and seek permission for more land than can be actively developed on at any given time.

The sample of planning applications analysed in this note indicates that the median time for a decision to be made by LAs was 9 weeks. There is then a one month period whereby an appeal could be made to An Bord Pleanála. If an appeal is made, the above data indicates that the average appeal time is 20 weeks. Following a decision by a Local Authority or An Bord Pleanála, there is an 8 week period during which a Judicial Review is possible. The prospect of a Judicial Review could be a source of uncertainty for developers. However, the initial weeks following the granting of a permission may overlap with other preparatory work that might not necessarily be hindered by this uncertainty. If a Judicial Review occurs, additional time is introduced between application date and when a development can potentially commence.[10]

The average figures emerging from the sample of applications analysed above suggest that the planning process can take up to 29 weeks or even longer in extreme cases. When paired with the prospect of an application being refused (refusal rates here found to be as high as 37%), even if only a small number of planning applications take more than the mean time to be processed, the anticipation of refusal, planning delays, appeal and Judicial Reviews could encourage risk averse developers to seek permissions for sites that will not be developed on for a number of years.

Since planning permissions usually last 5 years, it is possible that a permission granted in, for example, 2011 commences in 2016, then, depending on the type of development and availability of infrastructure, completion may take a number of years. Without data on a site by site basis detailing the time between the granting of permission, commencement and completion, a clear picture of the

[10] A comprehensive review and consolidation of planning legislation is currently being undertaken by the Attorney General and a dedicated Planning Legislation Review Unit in DHLGH. A review of Judicial Reviews, to be completed by the end of 2022, forms part of this process as well as one if the actions in Housing for All.

relationship between the various stages of the development process cannot be formed. Nonetheless, from the perspective of increasing housing supply, if a scaling up of land banks is a leading driver of the growth in un-commenced apartment units observed in Figures 7 and 8, this could be a sign of increasing intention and capacity to deliver more units in the coming years.

Viability Issues

SCSI (2021) found the delivery costs of medium rise urban apartments to be between €378,000 and €479,000. Construction costs have increased since these costs estimates were produced. As of August 2022, the CSO's industrial price index was 30% greater than 2015 with much of this increase occurring from the beginning of 2021 when the index was just under 10% higher than 2015.[11] Similarly, the CSO's wholesale price index indicates that prices are much higher for particular materials compared to 2015; for example, types of structural steel (92.4% - 108%), timbers (74% - 115.5%), reinforcing metal (96.5%), plaster (70.3%) and cement (56.2%).[12] Lyons (2021) points out that a two-bed apartment with a break-even cost of €400,000 would only be affordable for the top sixth of the income distribution. In this context, rising input costs further reduce the pool of potential buyers/renters and thereby erode the profitability and viability of development.

The planning process is necessary to ensure appropriate development. However, during periods of high input cost inflation, delays associated with the planning process could be disruptive. For example, if a planning authority exceeds the statutory timeframe for a decision, or if a planning decision is subject to a lengthy judicial review, it is possible that by the time a site is ready to be developed that material costs have increased substantially since a planning application was submitted, thus challenging the viability of the project.

However, if viability constraints have been the primary driver of un-commenced apartment developments, it is somewhat unclear why the number of apartment units with permission has continued to increase since 2019 (Figure 9.1). If rising construction costs have been causing developments thought to be viable at the date of application to be unviable 6 to 12 months later, we might also expect the demand for apartment permissions to decrease accordingly. The fact that this has not occurred might lend some credence to other explanations for the increase in un-commenced units.

From a policy perspective Housing for All introduced the Croí Cónaithe Scheme. The aim of the scheme is to stimulate unviable apartment developments that have yet to be commenced. The scheme will provide funding for build-to-sell developments over a certain height and density threshold (maximum

[11] CSO, Industrial Price Index for Building and Construction (i.e., material and wages), (WPM25).
[12] CSO, Wholesale Price Index (Excl VAT) for Building and Construction Materials, (WPM28).

subsidy €120,000 per unit). It is intended to support the delivery of 5,000 units over its lifetime (2022-2025).

Hoarding and Speculative Behaviour

Finally, a rising number of un-commenced permitted units could indicate speculation in the land market, i.e., the buying, holding, and selling of land as an asset based on re-sale value. It is widely understood that the act of rezoning land for residential use can drastically increase value, hence the introduction of a land value sharing mechanism under Housing for All. In a similar way, it is also possible that the act of acquiring planning permission for a piece of land increases its value.

As detailed by Sweeney (2022), land speculation involving uplift from zoned land is not as common as it once was, though other forms of land trading are possible: 'Today, speculative transactions are more likely to take place on zoned land, where the risk is whether and when the site can get planning permission. This being the case, uncertainties in the planning system are likely to create opportunities for speculative purchasers'. In this sense, someone who buys a parcel of land, acquires planning permissions, then sells the parcel of land to a developer is effectively offering the service of acquiring planning permission. The more the planning process is a source of uncertainty and risk for developers, the more value added to a piece of land by acquiring planning permission, and the greater the incentive is to obtain planning permission to increase the value of a parcel of land intended for re-sale, rather than development.

Ireland's housing market has experienced a period of rapid price inflation in both the rental and home ownership sectors. Beyond reducing risk for developers, acquiring planning permission on land that is held as an asset could provide clarity on its option value by specifying the kinds of development that could go ahead on that land in the future. One outstanding question is why most of the un-commenced permissions in Figures 7 and 8 are for apartments rather than houses. This could be explained by a variety factors that make apartments more profitable than other forms of development such as strong population growth coupled with changes to household formation (smaller household size), a low rental stock, and rising rents. In this context, acquiring permission for apartment development, rather than housing developments, could be the most attractive option for speculative land holders and thus yield the most amount of value added upon resale.

From a policy perspective, a lack of data on land transactions and prices is one of the most significant knowledge gaps that currently exists. As outlined by NESC (2018)**,** international experiences suggests that more active land management policies, land value capture, compulsory purchase orders, and compulsory sale orders could potentially be appropriate policy responses to stimulate additional supply if speculative land hoarding is a leading cause of un-activated planning permission.

Conclusion

Any quantitative treatment of the planning process must contend with significant issues around the availability and quality of housing and planning data in Ireland. This is largely due to a lack of consistency and quality control between planning authorities around the ways in which planning data is collected and reported. Data quality could be improved through updating and standardising the application and data collection process across planning authorities, and ensuring all relevant information on planning applications (e.g., number of residential units, floor area) is reported.

Within the sample of applications for residential development analysed in this note, there is substantial variation in refusal rates, with the highest refusal rates present in counties with large urban centres and in the Greater Dublin Area. With regard to timing, the median time taken for a LA to reach a decision was 9 weeks days, while the mean time was 14 weeks. In terms of how these features of the planning system relate to housing supply, the picture is unclear. The planning process has on occasion been cited as a potential source of uncertainty and risk for developers because, for example, the prospect of refusal could impact the availability of finance. The data analysed above suggests there could be some merit to these concerns in areas where rejection rates are highest, or on occasions where the time taken to reach a decision is very lengthy. However, given data limitations, it is uncertain if the findings in this note are representative of the overall planning process.

In recent years there has been a growing gap between the amount of new apartments units for which planning permission has been granted, and the number of apartment commencements and completions. Without data that allows developments to be tracked from planning to commencements through to completions, it is difficult to pinpoint what might be driving this un-commencement trend. This note reflected on three potential reasons. Firstly, this trend may simply be indicative of land banking associated with rising supply. Secondly, this could be reflective of viability challenges associated with input cost inflation. Finally, land speculation could be a factor, with planning approval being utilised as a means to increase the value of land. Without a database on land that tracks the planning status and transactions of sites, and without evidence around the motivations and behaviours of residential developers, it is difficult to determine the extent to which this kind of land speculation is at play in the development supply chain.

In the absence of adequate planning data with sufficient detail and clarity to resolve some of the above quandaries, future work could use qualitative and stakeholder based research to broaden the evidence base to account for the reasons behind the growing gap between the amount of new apartments units for which planning permission has been granted, and the number of apartment completions.

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