



Report to the Finance Strategic Policy Committee The Application and use of Development Contributions

1.0 Background

The issue under consideration is based on queries made by specific Councillors on the viability/feasibility of introducing a provision to the Development Contribution Scheme that would retain a specified portion of development levies for capital projects for the area in which the development related to the levies charged is located. It is worth noting that while very important for a host of Dublin City Council projects, government grants remains the largest funding stream of Dublin City Council capital works.

2.0 Previous SPC discussion

A request was made at the Finance SPC in early 2022 for a report on this matter to be brought to the Committee for discussion. Due to the pressure of other competing agenda items, such a discussion was not held. It may be that the public consultation process, as part of the review of the Development Contribution Scheme will provide a usual platform from which to engage with interested parties on this issue.

3.0 What development contributions bring

The funding channel of development contributions, while lesser in value than government grants, is of critical importance to Dublin City Council in the provision of infrastructure which supports our growing city. Capital related government grants are typically for housing or specific government led schemes. These funds are very welcome but do not address fully the provision of various works throughout the city that combine to form the dynamic lived environment that is Dublin. This includes the provision of facilities for recreation, culture, arts, movement whether by foot, cycle or car, literary and others. Without development levies the development of such facilities and hallmarks of city living, would not be possible. This is the central focal point of the Development Contribution Scheme in the first instance and which would be lost in the event that the proposed change was applied.

4.0 City wide perspective

Dublin, our capital City is a functioning dynamic with changing, improving facilities so as to meet the demands of a changing environment. The gain experienced by the developer through the commissioning of a building, for whatever purpose (residential or commercial), is reduced so that a contribution is made to provide a supporting living environment that makes the development work. This is at a whole of city level. A city wide perspective must be adopted as it is the city planning authority that levies the charge. It is not the planning authority solely focused on any one area but the planning authority for all areas within the jurisdiction of Dublin City Council. As such levies are applied based on an equation of what is needed to be added to communities so as to make our complete City work better. That assessment must be at a strategic level for much of what is provided as certain assets only become viable when

provided for the whole city. An example is the Parnell Square Cultural Quarter which would not have a successful business case if solely focused on the local population but when considered in the broader perspective of the whole city, becomes a viable, worthwhile option.

5.0 Recognition of need for public assets to support development

Again, returning to the first principles of why a development contribution is sought, the central tenet is that the funds are required because there is a deficit in a class of public asset (roads schemes, cycle-ways, parks, libraries) which must be addressed to improve quality of life. The application of development contribution funds then must be in line with such public asset deficits and not in line with geography. For that reason it is vital, both to be true to the statutory framework surrounding development contributions and also to the citizens of Dublin in applying principles of equity and transparency, that development contribution funding is applied based on providing the basket of assets that are deemed to be necessary in order to maximise the benefit of the development on which the charge is levied.

6.0 Consideration of Capital projects funded 2022 to 2024 and development contributions collected 2021.

Information is provided below on development contribution related data. A summary of capital projects funded by levies through Dublin City Council's Capital Programme 2022-2024 is illustrated in **Table 1**. In broad terms, 31% of development contributions are spent on city wide projects, 27% on projects in the South East area (excluding Docklands), and 15% in the Central Area as the three highest spend value areas.

Table 1 – Projects funded by Levies in the Dublin City Council Capital Programme 2022 – 2024

Area	Levies Funding Y2022 - 2024	%
Central	€34,189,108	15.40%
City Wide	€68,289,951	30.70%
Docklands	€9,965,925	4.50%
North Central	€14,309,960	6.40%
North West	€9,822,467	4.40%
South Central	€24,993,451	11.20%
South East	€60,749,367	27.30%
Grand Total	€222,320,229	100.00%

A summary of development contributions levied (billed) in 2021, analysed across the five Areas plus Docklands is set out in **Table 2** below. The classification of the information held on postal code may not exactly correlate to Dublin City Council's five areas but is a reasonable guide.

Table 2 – Development Contributions levied in 2021 analysed for Area of development

Areas	Levies Funding Y2022 - 2024	%
Central (Dublin 1,7)	€4,724,438.65	17.30%
South East (Dublin 2,4,6,6W)	€10,478,574.91	38.30%
South Central (Dublin 8,10,12,20)	€4,545,408.78	16.60%
North West (Dublin 9,11,13)	€3,318,124.99	12.10%
North Central (Dublin 3,5,15,17)	€4,305,711.55	15.70%
Grand Total	€27,372,258.88	100.00%

The amounts of contributions charged are a reflection of planned development in the future. The values of works planned in the Capital Programme are a reflection of deficits in classes of public assets that are needed so that our City operates at a reasonable standard. The percentages across both aspects do not correlate exactly nor could they be expected to. One data set is following public asset deficits while the other is following development expansion.

8.0 Community Wealth Building (CWB)

Dublin City Council adopted the principles of Community Wealth Building at its meeting in October 2021. Since then, the CWB Working Group have worked on developing an Implementation Plan and are now working with external support (the Centre for Local Economic Strategies (CLES)) to implement this. A key principle of CWB is equity in access to public facilities. There is strategic merit for Dublin to address shortfalls in facilities in area where deficits exist and not to continue to add to the asset base of another, thereby perpetuating the inequality asset gap. Reference has been made in CWB case studies of other cities which have adopted CWB principles. In particular, Lisbon is acknowledged to have achieved some success through adopting a CWB approach, where funds are diverted to areas with least facilities first, with further provision of assets in areas already well provided, but only when all areas are at an equal standard.

9.0 Supplementary funding available to some areas

Another aspect to consider is the opportunity of certain areas to access supplementary funding through various facilities/schemes. Examples would be in the South East Area where there are annual substantial community gain funds through the Tom Clarke Bridge, the Waste to



Energy Facility, in the Docklands area and in Ballymun through the Ballymun Social Regeneration Fund. These monies all bring opportunities to their communities which is wonderful for those involved but it must be acknowledged that other communities do not have this resource base on which to rely.

10 Conclusion

The City Council must have a flexible funding mechanism to balance infrastructural provision to a reasonable standard across all areas. It should be noted that the level of funding from the development levies does not adequately address the financing of the infrastructural deficit given that the funds provide an annual fund of approximately €40m. It follows that the proposed ring-fenced allocation to the area where the development takes place would have a significantly negative impact on Dublin City Council's ability to achieve greater equity and consistency in infrastructural provision throughout Dublin.

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With responsibility for ICT

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