

CONTENTS

- 1. Introduction**
- 2. The Area to which the Scheme Relates**
- 3. The Project**
- 4. Basis on which the Contributions have been Determined**
- 5. Rate of Contributions to be Paid**
- 6. Exemptions and Reductions**

- 7. Appendix 1 Scheme Map**

1. Introduction

1.1 The basis for a Supplementary Development Contribution Scheme (SDCS), also known as a 'Section 49' contribution scheme, is set out in Section 49 of the Planning & Development Act 2000. A Planning Authority may, when granting a planning permission for development, include a condition requiring payment of a financial contribution towards the cost of any "public infrastructure service or project" that when carried out, will benefit the development to which the permission relates.

1.2 The public infrastructure service or project must be specified in a SDCS. Section 49(7) of the Planning and Development Act 2000 defines eligible public infrastructure projects or services including, inter alia:

"The provision of particular rail, light rail or other public transport infrastructure, including car parks and other ancillary development"

1.3 It is a requirement of a Supplementary Development Contribution Scheme to specify:

- *The area or areas within the functional area of the planning authority to which it relates;*

- *The particular public infrastructure or service to which it relates;*

and to state:

- *The basis for determining the contributions to be paid.*

1.4 Different rates of levy may be applied to different classes or descriptions of development. Exemptions for specified classes of development may also be specified.

1.5 The Planning and Development Act sets out the public consultation process for a proposed SDCS as follows:

- *Notice must be given and the Scheme displayed in public for a minimum period of 6 weeks, during which time submissions and observations may be made;*

- *The County Manager must submit a report to the elected members, on any submissions or observations made, no later than 4 weeks after the end of the public display period;*

- *The elected members must determine the Scheme within 6 weeks of receipt of the Manager's Report.*

- 1.6 The detailed implementation of any adopted SDCS must be subject to an agreement between the Planning Authority and the provider of the public infrastructure service or project, in this case Iarnród Éireann, the Agency responsible for the implementation of the Kildare Route Project.

2. The Area to which the Scheme Relates

- 2.1 An area of 1km either side of the Dublin–Kildare rail line in the South Dublin County Council administrative area is identified as the transportation corridor within which benefit will accrue to development. The outer edge of the corridor has been rationalised to relate to roads, field boundaries and other identifiable features. This is in accordance with other approved Schemes elsewhere. (The Scheme map is included in Appendix 1)
- 2.2 The total area to which the Scheme relates comprises 1,807 hectares. Approximately 40% of this area is already developed, principally for housing, roads, public open space and employment uses. Whilst a limited part of this area may be suitable for future redevelopment, it is estimated that the lands to which the SDCS will mainly apply comprise an area of approximately 1,100 hectares.
- 2.3 All lands within the Adamstown Strategic Development Zone within 1km of the railway line are excluded from the SDCS. This is because the Adamstown Development Consortium, Chartridge Developments Ltd (CDL) has entered into a separate agreement with Iarnród Éireann which inter alia, has resulted in direct early provision of elements of the Kildare Route Project.
- 2.4 In particular, the CDL-Iarnród Éireann agreement has secured the completion of a new five-platform railway station and two new overbridges at Adamstown as well as the provision of land required for the additional track, including a fifth rail turnback facility at Adamstown Station. It would be unreasonable to subject the Adamstown SDZ area to a further development levy in respect of the Kildare Route Project.
- 2.5 In addition to the existing Adamstown Station, there will be new stations provided within the South Dublin County Council area at Fonthill Road (to replace Clondalkin) and Kishoge. Two further stations on the borders of South Dublin, in Kildare at Hazelhatch (existing) and in the Dublin City area at Parkwest (to replace Cherry Orchard) are also accessible to potential future development in South Dublin.
- 2.6 The South Dublin County Council Development Plan 2004-2010 supports the improvement of rail infrastructure in the County. Policy T8 of the Plan states

'It is the policy of the Council to support Irish Rail's Interconnector Tunnel link to Dublin City Centre and the electrification of all rail services, existing and future, to facilitate maximum carrying capacity and number of stations, and to support the creation of a 25-metre buffer zone to the north of the existing Cork to Dublin railway line.' (Note: this is as a reservation to accommodate the two new lines).

In support of this policy, accompanying paragraph 7.6.5.iii states:

'The Council will seek to develop and implement a supplementary development contributions scheme as provided under section 49 of the Planning and Development Act 2000, as amended, with a view to upgrading the rail corridor within the South Dublin Area. The proposed upgrade will have a significant beneficial impact on proposed developments in the vicinity of the railway, particularly those at or adjacent to the proposed stations, where high density development is envisaged on the assumption that the rail connections will be put in place. A scheme of development contributions would have a significant effect on the viability of the railway proposals.'

- 2.7 The South Dublin County Development Plan promotes the integration of land use planning with a high quality, sustainable and integrated transport system and seeks to ensure that the Kildare Route Project maximises opportunities for such integration. Section 11 of the Development Plan promotes increased densities of development in locations within walking distance of high quality public transport routes.

3. The Project

3.1 The Project is as set out in the 'Kildare Route Project Railway Order 2006'. The Kildare Route Project (KRP) extends approximately 13km from a point just west of Heuston Station in the Dublin City Council area to a point just west of Hazelhatch in the Kildare County Council area. Approximately 7.6km, or just under 60% of the extent of the Project runs through the South Dublin County Council area. The Project comprises:-

- The provision of two extra tracks to create a four-track system;
- The remodelling of the existing track layout at Hazelhatch Station to provide for the turnback of suburban trains;
- The provision of new train stations at Fonthill Road and Kishoge and ancillary carparks;
- The relocation of Cherry Orchard Station to a new station at Parkwest;
- The relocation of Clondalkin Station to a new station at Fonthill Road with enhanced pedestrian access from Clondalkin;
- The reconstruction or refurbishment of existing footbridges along the route;
- The demolition or reconstruction of eight existing vehicular overbridges;
- The extension of existing underbridges.

3.2 The Kildare Route Project Railway Order was signed by the Minister for Transport on the 5th of December 2006. Contracts have now been awarded and work on the implementation of the Project has commenced. The construction period is from mid 2007 to mid 2010.

3.3 The quality of rail service to lands within 1km of the Kildare rail line will be significantly improved as a result of the Kildare Route Project. In addition to improving access to rail services through the provision of new and more accessible stations within and immediately adjoining South Dublin, the doubling of rail lines from two to four will enable a greater number of suburban, regional and national trains to operate. Trains will be able to stop at all stations, and suburban train size and capacity will double with an increase from four to eight carriages per train.

3.4 Suburban train services are of most benefit to development along the line. The existing suburban service has a total capacity of 11,050 passengers in 17 no. four car trains in each direction per day and this will increase to a capacity of 36,400 suburban passengers in 28 no. eight car trains in each direction per day on completion of the Project in 2010.

- 3.5 The improved rail line will also accommodate a greater number of regional and intercity trains. The overall total number of all types of train on the line per day in each direction will increase from 52 no. to 94 no. to an overall capacity of more than 100,000 passengers per day in each direction. It is likely that some regional and inter city services may stop in addition to suburban services at certain suburban stations along the route, but this level of operational detail has yet to be determined by Iarnród Éireann.
- 3.6 The capital cost of the Kildare Route Project is estimated at 420 million euros (2006 prices). This figure includes land acquisition and construction costs. Iarnród Éireann considers that revenue from the new services would cover the additional direct operating costs. However, the project will not generate funds to cover financing costs, depreciation and overhead costs. Therefore the project would yield a direct negative financial return (Source-KRP Public Inquiry Document).
- 3.7 Iarnród Éireann has advised that the total cost of the works and land acquisitions within the South Dublin County Council area including VAT is estimated at 219,250,000 euros (2006 prices). Excluding VAT, the cost is 213,100,000 euros. This figure does not include Adamstown Station or other works undertaken by the Adamstown development consortium nor does it include land within the Adamstown SDZ that is required for the KRP.

4. Basis on which the Contributions have been Determined

4.1 The Planning and Development Act 2000 requires an SDCS to state the basis for determining the contributions to be paid in respect of the public infrastructure project to which the Scheme relates.

4.2 In this regard, South Dublin County Council commissioned KHSK Economic Consultants to advise in respect of the following:

- 1) *To estimate the benefits that will arise as a result of the infrastructure in the form of enhanced property values.*
- 2) *To identify the percentage of the total cost of the KRP that is applicable to the South Dublin County Council area and the contribution of the SDCS as a proportion of this value.*
- 3) *To identify the optimum rate of levy based on the above.*
- 4) *To identify the optimal levy rates to be applied for alternative types of development i.e. residential, commercial and retail.*
- 5) *Appropriate inflation and discount factors to be adopted.*
- 6) *To identify the appropriate basis of the application of the levy.*

4.3 The full text of the KHSK Report is available as a separate document. The principal conclusions of the Report are as follows:-

4.3.1 **The benefits that will arise as a result of the infrastructure in the form of enhanced property values.**

Three approaches were used to provide an estimate of the potential impact on property values:

- Review of material from other studies;
- Views of property professionals in other areas of Dublin where major investments in transport infrastructure have been completed or are proposed;
- Consultations with property professionals to identify their views on the potential impact.

The research indicated that the KRP will have a positive impact on property prices. Although this impact is difficult to quantify, leading to a wide range for the estimates. Analysis suggests that the impact will potentially be greatest on residential property prices with somewhat lower impacts on commercial property. The research produced the estimates shown in Table 4.1.

Table 4.1: Projected Increase of Property Values Subject to SDCS

	Percentage	€m, low impact	€m, high impact
Residential	3 to 5%	245.63	409.38
Office/commercial	2 to 4%	29.93	59.85
Retail	1 to 2%	5.05	10.10
Total		280.61	479.33

The actual property benefit in South Dublin, including all property in the study area, is estimated at 353 to 603 million euros and 281 to 479 million euros for property subject the levy.

4.3.2 The percentage of the total cost of the KRP that is applicable to the South Dublin County Council area and the contribution of the SDCS as a proportion of this value

The KRP passes through Dublin City, South Dublin and Kildare administrative areas. Irish Rail has provided estimates that the cost of the infrastructure to be located in South Dublin will be just under 220 million euro. However, this should be used only as a theoretical upper limit of the value of the SDCS in the context of the legislation and not as a basis against which the value of the SDCS should be assessed.

Significant benefits that result from this infrastructure will arise outside the SDCC area i.e. towards the main origin and destination termini in Kildare and Dublin City. There will also be additional benefits arising in a wider area as a result of the contribution of this infrastructure to improving the overall connectivity of the mainline rail network. In this respect, this mainline rail based project differs significantly from the light rail projects in Dublin City for which SDCSs have been developed. As such, when providing an estimate for comparing costs and benefits in the context of designing the SDCS, a straightforward application of the cost of the infrastructure on the basis of location is inappropriate. In effect, it allocates costs to the SDCC area that provide benefits to commuters originating in Kildare with Dublin City as their destination.

This would indicate that a different allocation of costs would be more appropriate but no methodology is readily available that would provide an unbiased estimate of the costs that should be allocated for the purposes of providing a comparator to indicate an appropriate level of contribution that should be raised. For this reason, the criterion as discussed below that the levy should raise a particular proportion of the cost should be applied conservatively and simple comparisons with the proportions raised in other schemes should be avoided. An additional point that also arises in the context of the contribution of this infrastructure to areas outside South Dublin is that it is important that South Dublin County Council recoups the administrative costs of

implementing this SDCS. This issue should be considered in the overall operation of any adopted Scheme.

4.3.3 The optimum rate of Levy based on the above

The levy rate set under the scheme must meet a number of criteria. These are:

- It must be set at a level that will raise revenue with a present value that is adequate to finance in part construction of the infrastructure;
- The amount raised must be proportionate to the service that is provided by the KRP;
- It must not inhibit the competitive position of South Dublin by diverting development to other areas;
- The present value of the projected revenue must be an appropriate portion of the increase in property values that has been calculated.

The requirement for the levy to raise a particular percentage of the cost of the infrastructure is not used to identify an appropriate rate for the reasons discussed above. In terms of the service provided, the analysis indicates that the rate should be above the rates used on the Navan-Dublin rail but somewhat below those applied in the light rail schemes that have been developed for the Luas and Metro North. The levy must also not exceed an appropriate percentage of the value created in any property category and must not place South Dublin at a disadvantage relative to other areas where a SDCS is proposed. This issue of remaining consistent with other areas has been stressed in recently developed SDCSs. However, consistency requires that a similar impact is achieved as well as similar measures.

4.3.4 The optimal levy rates to be applied for alternative types of development i.e. residential, commercial and retail.

The recommended rates on the basis of these considerations are shown in Table 4.2. (m² relate to gross floor areas)

Table 4.2: Recommended Levy Rates in 2007 Prices

Category	Rate
Residential	€1,900 per unit
Commercial	€22.35 per m ²
Retail	€29.00 per m ²

This commercial rate is the same as the rate for Metro North Schemes in Fingal and Dublin City while the residential and retail rate is 75% and 90% of these rates respectively. These lower rates are warranted on the basis of the lower overall impact of the infrastructure on property prices when compared to the light rail systems.

The value of the scheme using the recommended rates is €57.5 million i.e. 26% of the capital costs incurred in South Dublin. The levy amounts to 16.2% of the value created using mid-range estimates. This is not out of line with other recently developed SDCSs and is a more appropriate basis for comparison than comparing infrastructure costs in South Dublin with the value of the scheme as the benefits do not arise exclusively in South Dublin.

4.3.5 Appropriate inflation and discount factors to be adopted

The rates quoted are in 2007 prices and should be indexed at 5% per annum. All calculation of present values adopt a discount rate of 5% per annum in line with recommended practice. However, in order to ensure that South Dublin is not placed at a disadvantage in terms of attracting development it is recommended that the design of the Scheme should incorporate an option for the Council to suspend indexation for a period, should this be required.

4.3.6 The appropriate basis of the application of the levy

The levy should be applied on a per unit basis for residential and per m² for commercial and retail development. The main reason is that the introduction of the levy on the basis of gross underlying areas would not reflect the fact that densities and plot ratios will vary considerably across different parts of the study area. This approach will also help maximise the value of the scheme.

5. Rate of Contributions to be Paid

- 5.1 The rates below will be applied to planning permissions granted within the area subject to the levy subject to the exemptions and reductions detailed in Section 6 hereunder:

Table 5.1: Levy Rates in 2007 Prices

Category	Rate
Residential	€1,900 per unit
Commercial	€22.35 per m ² (Gross floor area)
Retail	€29.00 per m ² (Gross floor area)

- 5.2 The rates quoted on Table 5.1 above shall be indexed at the rate of 5% per annum subject to an option to the Council that it may suspend indexation for a period or periods should this be required.
- 5.3 The Scheme shall apply for a period of 30 years from the date it is made by the Council until the 30th anniversary of that date. The scheme may be reviewed periodically by the planning authority having regard to circumstances prevailing at that time.
- 5.4 South Dublin County Council will receive the contributions to be made under this scheme and they shall be paid to Iarnród Éireann in accordance with the terms of an agreement between the Council and Iarnród Éireann. The agreement with Iarnród Éireann will provide that the contributions received by South Dublin County Council under the scheme shall only be used for the project.
- 5.5 If the construction of the project does not proceed to completion, the contributions received under the scheme will be returned to those who paid them with interest.

Administration of the Levy

- 5.6 The Council will seek to retain a proportion of the cost of contribution for the administration of the levy.

6. Exemptions and Reductions

6.1 The following categories of development will be exempted from the requirement to pay development contributions under the Scheme:

- House extensions
- Registered charitable institutions
- Replacement dwellings on previously fully serviced sites
- Primary schools, Post primary schools, Voluntary non-profit making clubs and similar community facilities/centres, youth centres and similar non-commercial community related developments with a commercial element, to be exempt from assessment for financial contributions.
- Social and Affordable housing units, including those which are provided in accordance with an agreement made under Part V of the Act (as amended under the Planning & Development (Amendment) Act, 2002) or which are provided by a voluntary or co-operative housing body, which is recognised as such by the Council.
- Works to structures listed on the South Dublin County Council's Record of Protected Structures (RPS) that are necessary and directly related to the physical preservation of the protected structure.

6.2 Open storage/Hard surface commercial space development – shall be liable for development contribution at one third of the rate.

Appendix 1: Scheme Map