Irish Home Builders Association (IHBA)

Feedback: Introduction

The Irish Home Builders Association (IHBA) represents house builders of all scales across Ireland. In recent years considerable progress has taken place in relation to housing policy, all with the specific target of increasing output.

The construction industry is once again facing a period of acute volatility as the Irish economy continues to feel the effects of global oil price shocks linked to the conflict involving Iran and its wider repercussions. These pressures are having a direct and significant impact on construction costs across the sector. As such, we are calling for urgent and immediate Government action to mitigate the cost burden of the fuel crisis on our members.

While we welcome the opportunity to comment on the Dublin City Draft Development Contribution Scheme 2026–2029 ("the Scheme") and recognise the important role development levies play in supporting delivery of public infrastructure, we raise significant concerns regarding the scale of the proposed financial contributions and their likely adverse impact on housing delivery, viability and compact growth objectives, particularly during such a challenging time.

The increase in commencements driven by targeted measures such as the Development Contribution Waiver Scheme in 2024 demonstrates the importance of cost certainty and reduced levies in supporting delivery. In contrast, the contribution levels proposed in this Scheme risk reversing this progress.

Our submission focuses on four key areas:

1. Significant cost inflation contrary to National Housing Policy

Under Article 9, residential development contributions are proposed at €122.85 per sqm, alongside a €7,000 per unit contribution in lieu of public open space (POS).

For a typical apartment scheme:

- 80 sqm unit = c. €9,800 per unit (sqm levy)
- Plus €7,000 POS contribution
- Total: c. €16,800 per unit

For a 200-unit scheme, this equates to over €3.3m in levies, representing a material cost in viability terms.

Recommendation:

- Reduce contribution rates to a level aligned with viability and national policy and ensure only development-related infrastructure is included.

2. Disproportionate impact on dense and infill development

The structure of the Scheme, particularly the combination of a flat €122.85 per sqm rate and €7,000 per unit charge, creates a disproportionate burden on apartment developments, brownfield and infill sites, and compact urban schemes. Higher-density developments have higher build costs, cannot provide open space at scale, and are more reliant on financial contributions in lieu.

The €7,000 per unit contribution applies uniformly, regardless of density or typology, and therefore represents a fixed cost that disproportionately impacts smaller units and higher-density schemes.

This approach conflicts with national policy objectives promoting compact growth, urban intensification, and brownfield development.

Key concerns:

- Flat per sqm and per unit charges disproportionately impact apartments
- Fixed €7,000 contribution does not reflect density or site constraints
- Undermines compact growth objectives

Recommendation:

- Reassess the €7,000 per unit contribution and consider a more proportionate, site-sensitive approach.

3. Viability risks affecting housing delivery

The Scheme does not include any viability assessment or analysis of its impact on housing delivery.

The cumulative impact of:

- Development contributions (c. €16,000–€17,000 per unit),
- Part V obligations,
- Construction cost inflation,

creates a significant stacking effect, particularly for apartment schemes, and brownfield and regeneration sites.

Contributions are payable prior to commencement (or as otherwise agreed). While phased payments may be facilitated, this is discretionary and no structured mechanism is outlined.

This results in significant upfront funding requirements, increased financing costs at early stages, and additional pressure on already marginal schemes.

Key concerns:

- No viability modelling or feasibility testing
- High upfront payment requirements
- Disproportionate impact on marginal and urban schemes

Recommendation:

- Introduce structured phased payment mechanisms and undertake a formal viability assessment of the Scheme.

4. Indexation of Contributions

The Scheme states that rates are fixed until 31 December 2027, with potential indexation thereafter linked to the SCSI Construction Tender Price Index.

While not immediate, this introduces uncertainty and potential for further cost escalation beyond already high base rates which leads to uncertainty and further viability risk.

Recommendation:

- Commit to no indexation over the lifetime of the Scheme or strictly limit its application in order to align with government policy of delivering increased housing targets.

Conclusion

We support the delivery of high-quality public infrastructure in Dublin City. However, the Draft Scheme raises significant concerns in relation to the scale, structure and justification of the proposed development contributions. Furthermore, with the increased construction costs and volatility the industry is facing due to the conflict in Iran, we urge caution when looking at levies that will only add upward pressure to affordability, viability, and delivering Ireland's housing targets.

We therefore urge Dublin City Council to:

- Reduce and recalibrate contribution rates,
- Reassess the open space contribution,
- Introduce viability safeguards and payment flexibility,
- Avoid or suspend future indexation of levies.