



Oifig an Aire
Office of the Minister

 November 2019.

Paul McAuliffe,
Lord Mayor of Dublin,
Mansion House,
Dawson Street,
Dublin 2.

**Re: Dublin City Council Monthly Meeting of the 4th November & Report No. 337/2019 –
Housing Land Initiative - O`Devaney Gardens.**

Dear Paul,

I write following the monthly meeting of Dublin City Council on the 4th of November and the vote of elected members in relation to the proposed development of O`Devaney Gardens, as outlined in Report No. 332/2019 and disposal notice No. 337/2019.

My understanding is that the councillors approved, by a majority of 39-18, that the project will be developed in accordance with the final tender and development agreement as set out in the report of the assistant chief executive No. 332/2019.

I also understand the council executive advised elected members that an exhaustive process had been undertaken over the last number of years and the existing delivery model, agreed through Dublin City Council, was considered the most effective way to develop the site, both in terms of mixed tenure and from a financial perspective. This provides for a tenure mix of 50% private, 30% social and 20% affordable. My understanding is that this proposal has now been approved.

I very much welcome progress towards effectively delivering much needed housing in this prime city centre location. Had this proposal not been approved by councillors, there would certainly have been further significant delays to the development of the site.





However, I am concerned by the confusion that may have resulted from the pre-vote statement dated 4 November 2019 issued under the name of the 'Dublin Agreement Group' of councillors representing Fianna Fáil, Labour, the Social Democrats and the Green Party. In this statement, the councillors said they had "secured a commitment that 30% of the total units will be purchased from the developer and offered as affordable rental". The statement was made without any prior engagement with myself or my Department. I would also note that my recent offer to meet with a council delegation well in advance of the vote on 4 November to discuss these issues was not taken up.

Given the importance of the O'Devaney Gardens development, I would appreciate clarity on some issues of concern.

I note that on 4 November 2019, prior to the vote, the deputy chief executive issued a further report on the O'Devaney Gardens Land Initiative, including correspondence from Bartra Capital dated 31 October 2019. In this letter, Bartra states it is "willing to enter into an option agreement" with the council or its nominees to acquire 30% of the total units, which equates to 60% of the private units in the development, subject to legal agreement on both sides. I have concerns that councillors may have voted in the belief that these units will be acquired by the council, despite no funding source having been identified and in the absence of any legal agreement.

It also seems that the suggested purchase of 30% of the total units for 'affordable rental' would contravene the tenure mix agreed by the council and supported by my Department. Furthermore, the statement of the 'Dublin Agreement' councillors does not specify the source of the very significant capital funding required to purchase these homes, nor the operating agreement under which the units would be let to tenants. It is also unclear if legal advice was sought to ascertain as to whether the procurement process overseen by the council to date would be compromised by any agreement to purchase private units from the preferred bidder.

It is far from clear as to how the arrangements as set out by the Dublin Agreement Group could or would work in practice for the O'Devaney Gardens development. Above all, I am concerned with the suggestion by the Dublin Agreement Group that the acquisition of private units from the O'Devaney Gardens development would deliver affordable homes for rent.

The correspondence from Bartra suggests it is willing to enter into an option agreement with DCC, whereby DCC (or its nominee/s) will have the right to purchase some or all of the private units at the prices as set out in the tender documents. I note discussion in the council chamber which suggested an Approved Housing Body could be offered the units, but no clarity was provided on the source of funding for any purchaser, nor was it clear if any Approved Housing



Bodies had agreed to enter into negotiations to secure and manage the homes. Purchase of the homes would require very significant capital funding. In order to repay the required financing, the rental levels would likely have to be set at, or close to, market rates. This would effectively negate the concept of providing affordable homes for rent.

Without a clear and sustainable position on the legal basis, funding, and operation of the suggested plan, it seems highly unlikely that the purchase of private units from the developer as outlined by the Dublin Agreement Group can deliver its intended goal of affordable rental.

I would also note that I have discussed the proposal with some elected members of the council who were under the impression that a new deal or agreement had been reached, was legally binding, and that cost rental or affordable rental would now be delivered. This is not the case – there has been no new agreement between Dublin City Council and Bartra.

I will be in touch separately regarding the council's future housing development plans and available programmes and funding streams.

Yours sincerely,

Eoghan Murphy, TD

Minister for Housing, Planning & Local Government.