

Feasta
Foundation for the Economics of Sustainability
Submission on
Rural Housing
To the
Oireachtas Committee on Environment and Local Government
6th Nov 2003
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Feasta believes that dispersed rural housing is more unsustainable than housing in small compact settlements for a number of reasons, any one of which should be a cause for concern and a reason to reconsider planning and fiscal policies. Unfortunately, there is no recent definitive study on the relative environmental, social and economic costs of dispersed housing compared to clustered housing since the Forus Forbartha report of the 1970s which even at that early date warned of the consequences. However, various limited studies have looked at particular environmental or economic impacts of dispersed housing, all of which point to the conclusion that such a housing typology imposes extra environmental and economic costs which are unsustainable in the long run.

The EPA have outlined the environmental case against dispersed housing with particular reference to problems with water quality and single septic tanks in their Environment in Focus Report 2002; -

*"Development in rural areas may lead to the degradation of the landscape, habitat fragmentation, and overall impact on bio-diversity. Inappropriate single house dwellings in the rural countryside results in greater car usage, increased energy needs and greater use of small waste water treatment plants such as septic tanks which have the potential to pollute groundwater."*¹

*"The maximum admissible concentration for total chloroforms in drinking water is zero. The latest report on drinking water quality in Ireland shows that 90% of public supplies and 58% of group schemes do not meet this standard. The deterioration in the quality of water in-group water schemes is a cause of concern. In most cases these water supplies have been contaminated by improperly sited septic tanks and slurry pits direct animal access to water sources and intensification of animal rearing, inappropriate land spreading of animal manures."*²

*"...Recent surveys of the groundwater quality indicate that groundwaters in Ireland have an unacceptably high level of contamination. In the period 1998-2000 it was found that 38% of samples tested showed bacteriological contamination, an increase of 45 over the 1995-1997 period. Sources of bacteriological pollution include septic tanks effluent, agricultural waste and landfills."*³

¹ Page 19 Environment in Focus 2002

² Page 39, EPA, Environment in Focus 2002,

³ Page 41, EPA, Environment in Focus 2002,

The case has been put forward that many of these negative environmental impacts can be remedied by better siting and house design, by chemical treatment of drinking water and by the installation of further treatment for septic tanks outflows coupled with frequent inspections and de-sludging. Even accepting this argument, which can be disputed on a number of scientific points, the costs of such remedies would be prohibitive to many rural dwellers if fully internalised and unacceptable to the taxpayer were they to be carried by local or central public budgets.

The extra servicing costs of rural housing is already coming under scrutiny in this time of economic stringency. Dr Diarmuid O'Grada delivered a preliminary report ⁴ which revealed that services are more costly to provide in rural areas and that these costs are not generally passed on but are born by the urban dwellers as a subsidy to the rural dweller.

"...However, ESB statistics can show us much more. The price customers are charged for a domestic supply connection differs substantially between urban and rural areas. For rural areas, the average connection costs the ESB €2000 while it is €900 in urban areas. However, only half of this (plus vat) is recouped from the customers viz. €1135 versus €511. Thus, the rural connection is 122% higher. The price differential is continued after that in the annual standing charge. That is €61.08 for the country house, compared to €34.04 the urban dwelling. That differential of 61% is intended to reflect the higher costs incurred in storm damage (mostly falling trees). Other statistics made available by the ESB are similarly revealing. Meter readers are paid 41 cents for each urban dwelling and 96 cents for rural visits. That means that rural readings cost 134% more than their urban counterpart.(page 3) "

"...The overall cost of the postal service for rural Ireland is twice as high as it is in urban areas. Most of the recent controversy has centred on the end of line domestic delivery service. There is good reason for this.

When the actual house delivery service is examined it shows the rural round is four times as expensive as that in the urban setting. " (Page 3)

"...This (School Transport Service) is conducted by Bus Eireann on behalf of the Department of Education and Science. It operates throughout the state, carrying both primary and secondary pupils. It is a predominately a rural service. For example, primary school children must live at least 2 miles from the nearest school. This year (2003), it will cater for 1,333,000 pupils. By far the largest beneficiary is the border region (6 counties) with 21% of passengers, while Dublin (city and county) is easily the lowest at 4%. This year's total cost is €100 million, or €722 per pupil. Thus, a rural family with 2 or 3 children gains a lot. " (Page 4)

These are only some of the services brought to the doorstep of the dispersed homeowner whose marginal extra cost to the is borne by general taxation. A full list would include telecom services, emergency health services, fire brigade and social services.

⁴ O'Grada, RIAI Housing Conference 2003, Equity in the National Plan System (www.riai.ie)

Other reports give a general warning on Ireland's growing dependence on private transport and oil use. Although not explicitly stated, the high level of dispersed housing and urban sprawl not served by public transport must be a factor in this increase. James Nix quoted one of these reports

"Ireland is already the most car-dependent country in the world. We drive 24,400km per year compared to the US average of 19,000km, the UK at 16,100km, France at 14,100km and Germany at 12,700km. " (Irish Times, September 17, 2003)

Feasta's recent conference on Ireland's Transition to Renewable Energy and subsequent publication ⁵ includes an article by Gerard O'Neill supporting Bannister and Berechman conclusion in terms of Ireland's disproportionately increasing total oil dependency.

"A 1% increase in Irish GDP lead to a 1.8% increase in oil consumption, but that a 1% increase in EU GDP lead to only a 0.6% increase in oil consumption." (Page 27, ref Amárach calculations based on BP Statistical Review 2002 & Eurostat 2003)

We may wish to ignore the green house gas emissions of this high oil usage and its long term impact on climate but our Kyoto commitments will not allow it as the belated but inevitable introduction of carbon taxes in 2005 attests. There are no plans to exempt rural dwellers from these taxes, nor are there likely to be. The whole purpose of carbon taxes is to discourage profligate energy use including spatial patterns that predispose to car use and to encourage a shift to public transport.

However, an even more serious scenario for dispersed housing arises from the coincidence of oil dependence with the impending peaking of non-renewable oil and gas production. The leading article of the above conference and publication is by Dr Colin Campbell, whose painstaking research is a wake up call to Irish government and consumers alike.

"No one can predict the near term future with any confidence ion the brink of war.... Conventional oil production will stay more or less at its present level until 2010 because recession will reduce demand. After that, however, my guess is that the five main Middle East countries will no longer be able to increase their output by enough to offset declines elsewhere and the long-term decline will begin. Of course, there are other scenarios... In all of these scenarios, however, the midpoint of depletion, which more or less corresponds with peak production, comes around 2005." (Page 35)⁶

This scenario of oil dependence coupled with a sellers market in oil from 2010 onwards will be particularly serious for the remote rural dweller who will not have the option of switching to public transport.

⁵ Richard Douthwaite Ed., 'Before the Wells Run Dry', Lilliput Press, Oct 2003.

⁶ Richard Douthwaite Ed., Colin Campbell, "Before the Wells Run Dry", Lilliput Press 2002

There has been much heated discussion about the merits or otherwise of dispersed communities compared to communities in compact settlements. Arguments are made that educational achievement is higher in families living in the open countryside, that deviant behavior in the young is less common and that the quality of life and community cohesion is generally superior. Cultural determinants are often cited for both this supposed preferences for spatial isolation and its superior social performance.

Feasta could offer alternative explanations and refutations for each of these points but will refrain. Instead, we call attention to evidence collected by government departments, which makes our case with graphical impact. This evidence is caught two dimensionally in the form of maps: -

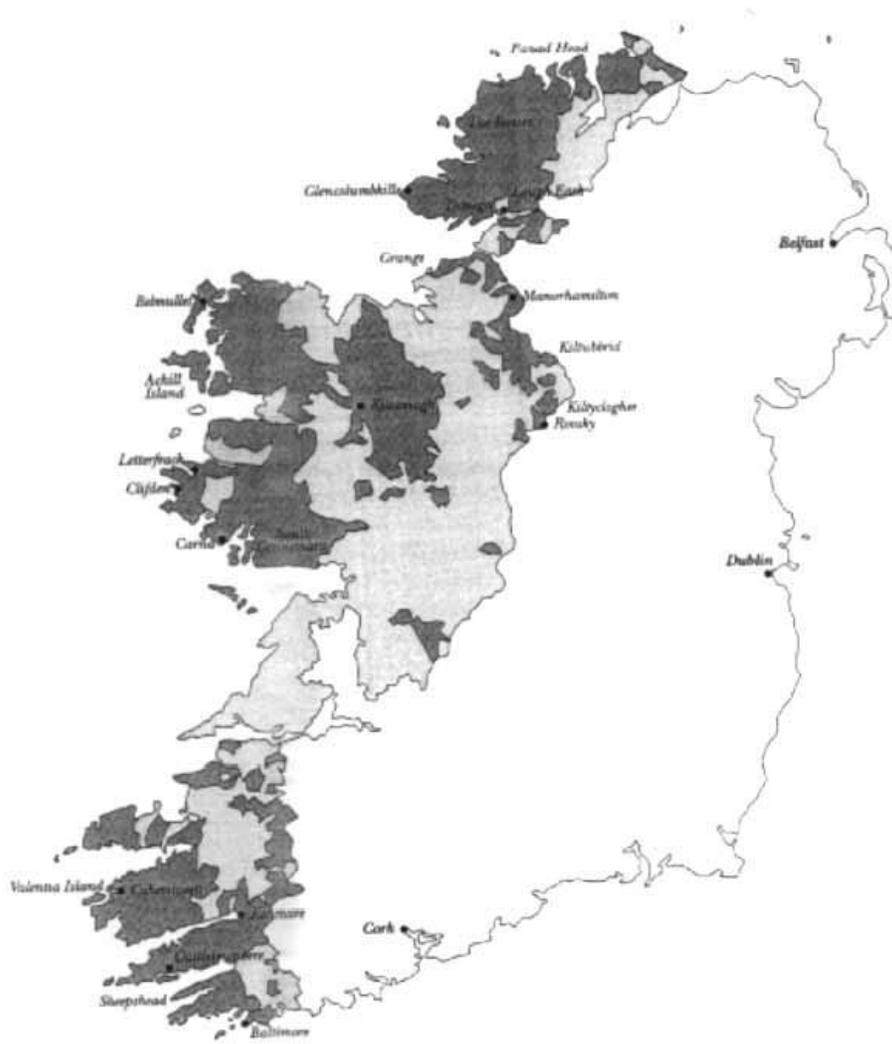
- * Congested district Board Operational Areas maps
- * The NSS maps showing Structurally Weak and Culturally Distinctive areas
- * Clár maps illustrating areas of population decline

The areas shown in the Congested District Board operational areas and those illustrated in the NSS Structurally Weak and Culturally Distinctive are nearly exactly congruent (See fig. 1). The Congested District Board's main purpose was to consolidate the landholdings and farm buildings of hitherto frequently clustered farm settlements and very fragmented holdings. A few of the clustered 'clachan' settlement type remain on the Western coasts as witness to this lost pattern.



NSS Culturally Distinct Areas NSS Weak Areas

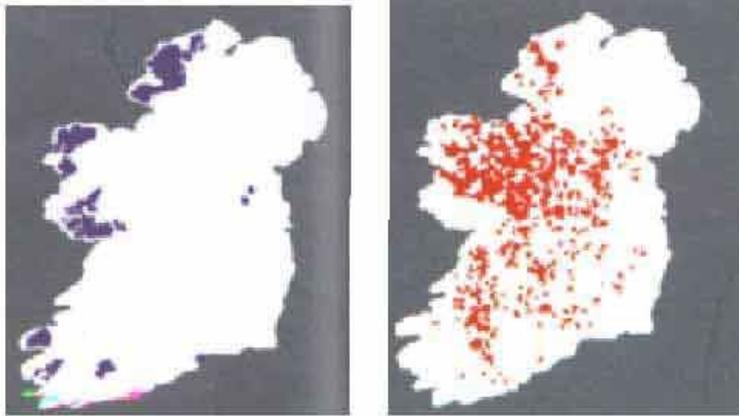
Congested Districts Board Operational Areas



Farm villages evolving along the European model were widespread in the East and South of Ireland but had been removed by 'improving landlords' in the 17th century. A sample group of these 'farm villages' have survived in North Kilkenny to this day, protected from the 'New English' influence by the powerful Butler family and the neglect of their later Kilkenny merchant landlords. The farm village tenants of the poorer lands of Connaught and Munster were overlooked by their absentee landlords until the Great Famine and later the land agitation spurred the then English government to action in the 1870s to found the Congested District Board. Later its work was taken over and continued by the Land Commission in new Free State.⁷ Evidence of this thorough and determined social planning is very clear when one looks at the very distinctive dispersed settlement pattern of the Irish speaking communities transferred to the fertile lands and tidy villages of Co.s Meath and Westmeath. So in large measure and for much of the countryside in question the existing settlement pattern was planned and deliberately constructed and was not necessarily a natural expression of cultural preference.

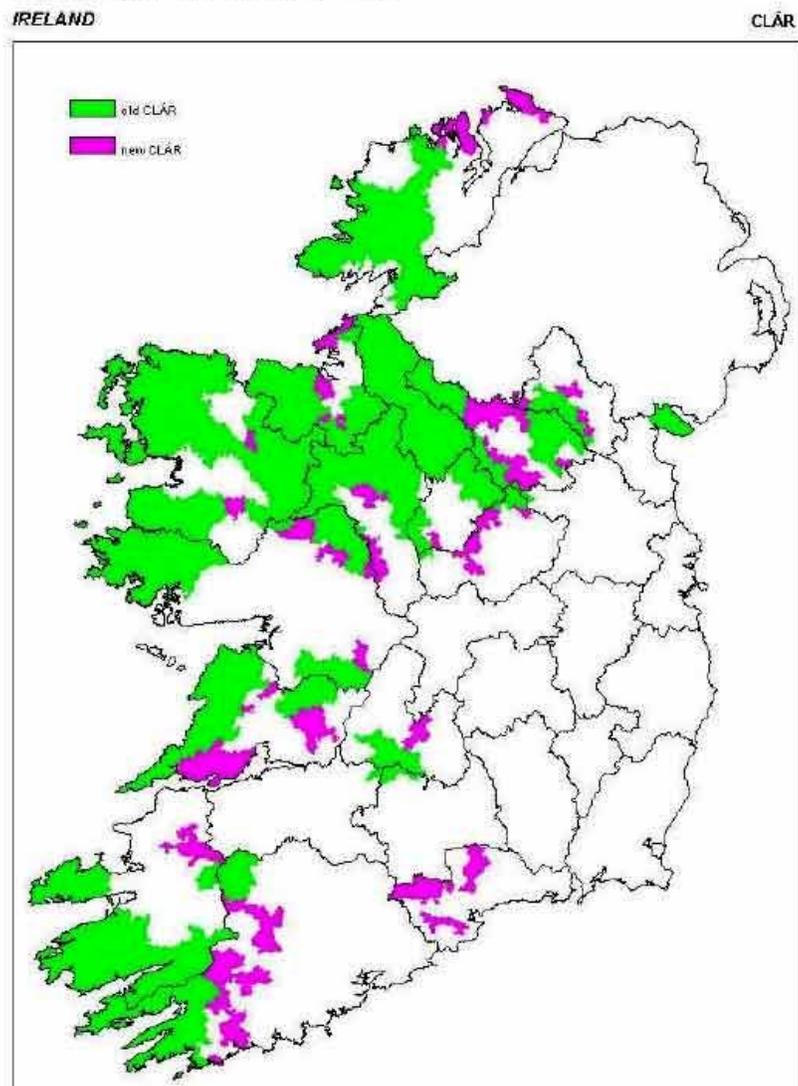
We now turn to the social and economic performance of the dispersed settlement pattern as is shown by population trends (See fig. 2). When we compare the NSS Structurally Weak and Culturally Distinct Areas we again, find close congruence with the Clár maps illustrating areas of population decline. One has to question why a settlement pattern, which offers superior quality-of-life and social support, cannot hold its young people. Why have other areas in contrast, retained, and grown their population through the years? Could it be that the more nucleated settlement pattern had a role to play? The explanation cannot simply be higher land fertility because their advantage persisted as agriculture became less and less economically important.

⁷ James Morrissey, "On the Verge of Want", Crannog books 2001)



NSS Culturally Distinct Areas NSS Weak Areas

Clar Areas of Population Decline



The vast majority of villages and towns of Ireland were laid out from 1700 to the mid 19th century. They acted as service, trading and industrial centres and were important in retaining and re-circulating the value of agricultural produce within the local area. These villages were the product of a joint endeavor by both landlord and tenants and represent the first shift in property rights from the established landed class to the Catholic tenant class. The wealth and confidence they generated led to the rebirth of the nationalist movement.⁸ They survived as local service centres as first the linen industry and then, agriculture declined. But when economic conditions improved, these villages were ready to capture spending, build wealth, and spark enterprise that benefited the whole surrounding rural area.⁹ The recent census data also appears to show that villages have held their population and have grown by 18% which is than more than other settlement forms in the country.

Feasta is concerned that the positive policy towards dispersed housing (both rural and urban generated) recommended by the NSS in Structurally Weak areas in order to support local services may compound their disadvantage. Such a strategy alone will not halt rural economic decline as studies have shown that if rural dwellers have to use a car to travel to the nearest shop or service they will, more often than not continue to give their custom to the nearest big town.¹⁰ Certainly, the NSS strategy has little prospect of reversing decline. Instead, a proactive policy to expand existing small crossroad villages and the development of new planned villages in some cases, in Structurally Weak Areas is indicated by the evidence mapped over many years.

The reason why the physical evidence and planning arguments to support clustered settlement has not convinced rural dwellers is because of the economic advantages of obtaining planning permission for a site and building a one-off house for both the seller of the site and the new owner. This benefit is immediate and personally experienced whereas the benefit of clustered housing is long term and spread over the whole community.

At present, local authority Development Plans will consider planning permission positively for family members of farmers. Many farm families have built houses both to live in thereby making considerable savings over buying a house on the market and for immediate sale to non-locals thereby making a considerable capital gain. Convery et al in 'After the Celtic Tiger' 2000 have estimated the combined economic benefit of rural one-off housing at €810,000,000 per annum. A quick calculation can bear this out. A simple 1000m² house can be built for €70,000 plus circa €7500 for septic tank and

⁸ Graham and Proudfoot. Urban Improvement in Provincial Ireland 1700-1840, Irish Settlement Studies No.4 1994

⁹ Desmond A. Gillmor, An Investigation of Villages in the Republic of Ireland , Irish Geography 21, 1988

¹⁰ Kevin Heanue, A Strategic Approach to Rural Repopulation, ADM 2002.

other external works. If the donated site costs are €15,000 (in terms of taxes triggered), the total costs should not exceed €92,000 - maximum €100,000 including fees and expenses. In contrast, a typical modest estate house with a tiny garden in a rural village is €150,000. That represents a 50% differential. In practice many one-off houses build these savings into larger floor space and elaborate fittings. The benefit to the house owners is less where the site is bought but it then transfers to the landowner in a higher site value.

Rural dwellers also intuit correctly that if planning policy and control were successful in restricting development to designated settlements, the land values around the settlements would increase and their farmland values decrease as the hope value of sites evaporates. Dispersed housing brings a significant economic and social boost as the economic benefit is spread relatively evenly amongst the community of landowners and rural dwellers and is thus quickly recycled in the local economy in extra purchasing power or into financing education. If on the other hand, the economic benefit of increased site values were to accrue to a small number of landowners around existing villages and towns, the wider benefit to the local community would be much reduced as the surplus would be invested in remote urban areas in Ireland or abroad. Higher development levies would only slightly dent this increase in the value of such village land. More significant would be the operation of Part V of the 2000 Act, which could reduce values by up to 20% if fully exploited by Local Authorities. Part V affordable housing would be very necessary to ensure locals could be housed in their local area as they may well not be able to compete with non-locals to buy sites and houses developed in such designated villages.

Without stronger planning controls or other economic instruments, the net effect of Part V combined with projected new local authority development levies which, by recent newspaper accounts, appear to be lower for one-offs than clustered housing will be to further incentivise dispersed housing as a settlement pattern. These economic forces will be coupled with the negative social forces of the increasing concentration of social housing in the larger villages and towns (see Feasta submission to the DoELG re Part V November 2002 for a fuller explanation) that will reinforce existing prejudices against compact settlements - so compounding the problem.

The system dynamics of land values in rural areas as described above is predicated on two factors; - first that oil prices remain low as this allows the economic growth of the urban areas to be capitalised in land values in rural areas and second, that landowners continue to capture nearly all of this increased value triggered by zoning and/or planning permission. The first factor will persist for a further 10 years at the very outset and the opportunity should be taken to make sure all new housing even if dependant on commuting (50% of existing houses again at approx.€60,000 per annum) can switch to shared transport i.e. built in compact sustainable settlements which can withstand an oil shock.

The second factor should be immediately addressed by the government as Feasta believes it is the chief cause of resistance to sustainable planning and the long term welfare of rural communities (see Feasta Submission to the Oireachtas Committee on Property Rights). Progressive land economists who have not been influenced by environmental movement arguments have come to the same conclusion quite independently.

"The argument underlying this paper is that the planning process is not sufficiently informed by an adequate understanding of urban and property economics. It also suggests that legislative instruments used to implement planning in Ireland and the use of many fiscal supports are flawed. "(Tom Dunne, Submission to the Oireachtas Committee on Property).

This Oireachtas Committee should then concentrate on reversing damaging economic incentives by, at the very least, requiring that the full marginal costs of services and infrastructure be borne by the dwelling user but preferably, that the full economic *value* (much higher than cost) of these be recouped for those who created them, that is, the community. Again, we quote Tom Dunne in his submission re Property Rights, May 2000.

"Development rights, which are denied to some property owners, are concentrated and increased by the local authority through the planning system and infrastructure provision and transferred to land zoned for development. The economic value that flows from denying development rights to others and from the provision of infrastructure, should not be given by way of gift to the owners of zoned development land. Instead the value of development rights should be kept by the planning authority."

Tom Dunne recommends that development value be recouped through the development levy system provided for in Section 48 of the 2000 Planning and Development Act. This would require a minor change to the legislation to expand the areas of investment the local authority can recoup. At present, the functioning of this section is causing problems in its arbitrary accounting time periods, exclusion of existing infrastructure and limitation within county boundaries.

It is very important that these levies on zoning or planning permission are administered in such a way to encourage landowners to release land quickly to meet the needs of the community rather than to meet their agenda of maximising profit.

"In fact a marginal shortage, resulting perhaps from the personal decisions of individual landowners not to bring zoned land to the market, can have a disproportionate effect and drive up prices. Such a deficiency of the supply of zoned land on the market, even if it is just marginal, will result in a big increase in value of the land that does come to the market." (Tom Dunne 2003)

Feasta suggests that the development levy be spread over the time scale of the Development or Area Plan and a fraction levied every year so that

developers who build quickly will save money and land holdouts effectively ended. This would ensure that supply of development land easily meets demand and thus lowers house prices across the board. It would also have the very positive effect of reducing pressure on elected representatives to rezone excessive areas for development. Un-zoned land including one-off housing in rural areas should have to pay 100% of the levy on grant of Planning Permission.

The second and linked recommendation is that this levy is ring fenced in Structurally Weak rural areas for reinvestment within those local areas. We suggest that a 'Participatory Budget' system modeled on the Sao Paulo experience in South America be put in place to reinvigorate democracy and faith in the planning process which has been so seriously eroded in recent years. The County Development Board could have a role in overseeing this process -channeling the funds according to priorities agreed with the community platform to the Local Authority, Leader Groups and Enterprise Boards, the Dept of education and VEC for schools etc. all of whom are already represented on the CDBs.

Finally, the ubiquitous cul-de-sac layout and poor housing design of development in existing villages must be addressed. A process similar to that that produced our most successful historic villages and towns should be replicated by contemporary mechanisms. In the past, the landowner laid out the village with a Main Street and market place and often, new public buildings; a courthouse, markethouse and church. The leaseholders then built on the laid-out plots using a template of common forms, which produced a lively but nevertheless, coherence form. Fractured and multiple land-ownership now makes this integrated approach almost impossible. Local authorities should commission or sponsor 'Design Framework Plans' with a level of three dimensional detail appropriate to very small scale settlements. This should include a design guide for housing and a choice of plans and elements pre-approved by the authority. They or their approved partners should lay-out the new streets and public spaces ignoring property boundaries and recoup the costs from the benefiting land owners by agreement or through the Development Levy system.

-End-