

Stradbroke Road Senior Living Housing

Economic Benefits Assessment



Savills

for

Tetrarch Capital Limited

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1. Introduction

1.1. Purpose and Scheme

- 1.1.1. Savills has been commissioned by Tetrarch Residential Limited to assess the economic benefits of the proposal to deliver 108 Build-to-Rent (BtR) serviced Senior Living/Integrated Retirement Community (IRC) apartments at Blackrock, Dún Laoghaire–Rathdown County.
- 1.1.2. The site is well suited to the requirements of a development catering to the needs of the elderly community in the area. We estimate that there will be valuable local and wider economic benefits arising from this scheme, including construction and operational jobs and new public sector revenues.

1.2. Method and Scope

- 1.2.1. The assessment of economic benefits follows good practice in the field and includes estimation of leakage, displacement and multiplier impacts of development projects. This includes taking account of the Irish Government's Public Spending Code 2019. Our work considers the economic benefits of the proposed scheme against the reference case which represents the site in a 'no development scenario'. The assessment has utilised relevant local level data where available to consider the scale of the impact on employment, Gross Value Added (GVA), and revenues to local government.
- 1.2.2. The economic benefits of the proposal are measured for Dún Laoghaire–Rathdown County and Dublin City Council. The inclusion of Dublin City Council is due to the proposal site's proximity to the local authority and the potential economic impacts in both local authorities are therefore considered in this assessment and known as the 'impacted area'.

1.3. Economic Benefits Summary

- 1.3.1. The construction phase of proposed scheme, which is expected to last two years, is estimated to generate an average of around 30 full-time equivalent (FTE) net additional construction jobs per annum for residents of the impacted area.
- 1.3.2. We estimate around 45 FTE on-site and off-site jobs will generate for residents of the impacted area during the operational phase of the proposed development.
- 1.3.3. The proposed development is expected to generate at least €690,000 per annum in GVA once completed. There are also anticipated to be significant additional healthcare savings.
- 1.3.4. The proposed development will generate public sector revenues from business rates and property tax. The cumulative income to local government over 20 years is estimated to be around €845,000 net present value (NPV).

- 1.3.5. The proposed development is considered beneficial for the local economy. In addition the benefits of IRC are significant. These include providing specialised supports and care for elderly people, which research has found results in a significant material reduction in hospital visits for residents, whilst maintaining their independence and fostering a strong sense of community within the development, which is vital to combating loneliness and isolation among elderly people.
- 1.3.6. The proposed scheme is considered to be significantly beneficial for the local economy, as shown in **Table 1.1** below.

Table 1.1 Summary of Estimated Economic Benefits

Outcome	Amount
Net additional construction job (FTE) supported in Dún Laoghaire–Rathdown and Dublin City per annum during construction	30
Net additional operational phase jobs FTE for Dún Laoghaire–Rathdown and Dublin City residents	45
Partial estimate of GVA per annum upon completion in 2024 (figure will be higher)	€690,000
Total additional Property Tax income per annum for Dún Laoghaire–Rathdown County Council	€65,000
Total additional Business Rates income per annum for Dún Laoghaire–Rathdown County Council	€8,500
20 year cumulative, discounted additional public sector income (NPV ¹) for Dún Laoghaire–Rathdown County Council	€845,000

Source: Savills, 2022.

1.4. Report Structure

- 1.4.1. This report is structured as follows:
- Section 2 – Site and development context
 - Section 3 – Economic benefits assessment
 - Section 4 – Benefits of senior living housing
 - Section 4 – Conclusions

¹ Net Present Value at 3.5% p.a. discount rate

2. Site and Development Context

2.1.1. This section provides details of the site, its existing uses, condition, and details of the proposed development.

2.2. Site Description and Reference Case

2.2.1. The site is located in the suburban area of Blackrock, approximately 8 km south of Dublin city centre, 1.6 km south west of Dún Laoghaire town centre, and some 700 m south east of Blackrock town centre. The general area in the vicinity of the site is suburban in nature and is primarily in mature residential use.

2.2.2. The site is located within the administrative development boundary of Dún Laoghaire-Rathdown County Council. The site is principally bounded by: Blackrock College RFC club buildings and pitches to the north east, a childcare facility to the north, residential development including Windsor Park estate to the south east, and Stradbrook Road and further residential development to the west. The site is accessed from Stradbrook Road.

Figure 2.1 Blackrock Context Plan



Source: Google Maps, 2022.

2.2.3. At present there are office buildings on the site. These are largely vacant for more than a decade. We understand that it has proved difficult to secure tenants for the buildings given the site's secondary location in the office market and the characteristics of the buildings.

2.2.4. Given this context we take the reference case/no scheme world to be un-occupied offices. The reference case has no employment benefits.

2.3. Development Proposals

2.3.1. The proposed mixed-use development will comprise the demolition of existing buildings and surface car park and the construction of: 108 BtR serviced residential senior living apartments (83 1-bed apartments and 25 2-bed apartments), with balconies/winter gardens at all elevations, across two blocks ranging between three to seven storeys with set back at sixth-floor level and additional basement.

2.3.2. The scheme also includes office space for a Senior Living Technology Hub.

2.3.3. This assessment considers the anticipated impacts of the proposed development against the reference case. The figures presented in this paper represent the additional benefits of the proposed development unless stated otherwise.

2.3.4. **Table 2.1** summarises the proposed floorspace.

Table 2.1 Proposed Floorspace

Use Type	Gross Internal Area (Maximums) (sqm) / Units
Residential	108 units
Office	175sqm
Indoor amenity space	520sqm
Ancillary space including car parking	2,240sqm

Source: Savills 2022.

2.3.5. The above floorspace figures are the maximum floorspace/units for each land use. The employment impacts estimated in this assessment are derived from the floorspace areas and established industry benchmarks.

3. Economic Benefits

3.1. Introduction & Summary

- 3.1.1. This section provides an estimate of the economic benefits anticipated to be generated from the proposed development.
- 3.1.2. The development is estimated to generate 30 net additional construction jobs on average per year during construction. On completion, we estimate it will accommodate 45 net additional jobs during operation, over €690,000 per annum in GVA to the local economy, and cumulative income to local government over 20 years of €845,000 (net present value). The scheme will also result into health-related savings and is expected to release around 100 under-occupied residential units in the local area.
- 3.1.3. Therefore, we conclude that the proposed scheme is expected to generate valuable economic benefits.

3.2. Approach

- 3.2.1. The method used for this report takes account of Irish guidance, including the *'Public Spending Code A Guide to Evaluating, Planning and Managing Public Investment'* (Department of Public Expenditure and Reform, 2019), and is broadly consistent with other guidance such as the UK's *'DCLG Appraisal Guide'*, 2016, Scottish Enterprise evaluation and appraisal guidance, and the UK Homes & Communities Agency (HCA) *'Additionality Guide'*². The method focuses on additional jobs and GVA. While the Public Spending Code approach focuses more on wider added value both approaches ultimately depend on an assessment of the degree to which the new development is anticipated to result in additional economic activity.
- 3.2.2. Good practice is to compare the proposed development against a reference case covering the situation if the proposals do not come forward. The existing buildings on site are office space that has been vacant for more than a decade and given the secondary location we assume this would remain the case without redevelopment. Consequently we take the reference case to be zero jobs on site. Therefore, the scheme's operational jobs are considered as net additional jobs.
- 3.2.3. The proposal is expected to generate temporary jobs during the construction period and permanent jobs during its operational stage.

3.3. 30 Construction Jobs per Annum

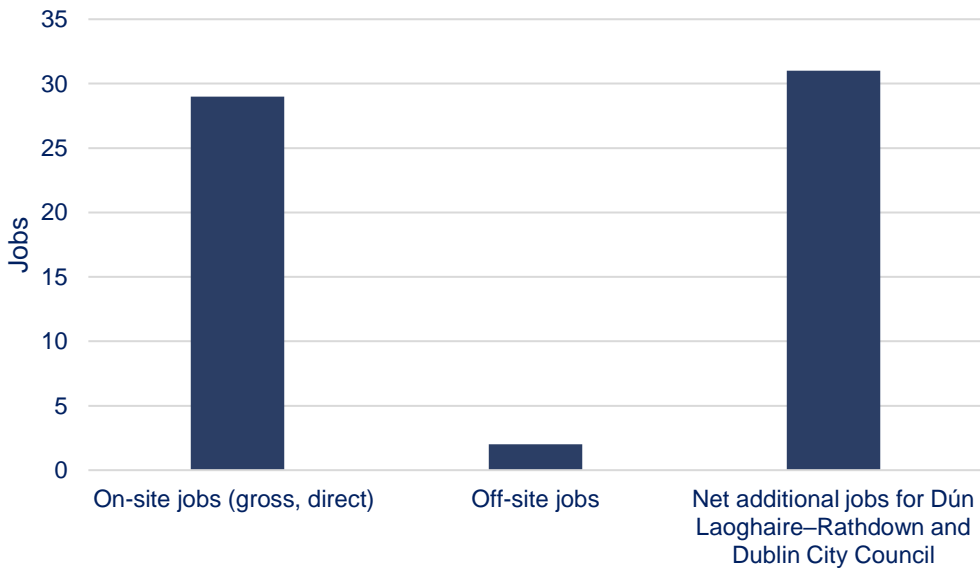
- 3.3.1. For construction employment impacts we have used a high-level estimate of potential demolition and construction costs for the proposed scheme and data on the output per construction worker in the Dún Laoghaire–Rathdown County and Dublin City Council.

² UK Homes & Communities Agency – Additionality Guide, Fourth Edition, 2014



- 3.3.2. We estimate that the construction phase will generate around 60 job years of construction industry employment over the duration of the construction period. Assuming a one and half year construction programme this equates to an average of 40 full time equivalent (FTE) gross on-site construction jobs per annum³. The precise numbers will depend on the phase of work and specific construction activities on-site. During the peak of construction activities the on-site workforce is expected to be larger.
- 3.3.3. We have also estimated how much of this employment is likely to be taken up by residents of the impacted area. We assume that 25% of the construction workforce will live outside of Dún Laoghaire–Rathdown and Dublin City Council⁴. We allow for a low level of displacement (15%) from existing construction projects based on guidance and market reports⁵. We then apply a supply chain and local spend multiplier effect of 1.25 which provides an estimate for the indirect construction employment effects (off-site benefits including employment supported in the supply chain and by expenditure of the construction workers in the local area)⁶.
- 3.3.4. **Figure 3.1** and **Table 3.1** presents the estimated total on- and off-site construction jobs generated by the proposed development. The balance of on and off-site jobs will depend on the details of the construction method employed and the degree of off-site works. In summary the proposed development is expected to support around 30 FTE construction jobs per annum for residents of the impacted area for the duration of the construction period.

Figure 3.1 Estimated Construction Phase Jobs



Source: Savills, 2022.

³ Building Cost Information Service Construction Data, 2022

⁴ This assumption is based on typical travel to work distances in the region and consideration of the geographic context of Blackrock

⁵ According to Construction Industry Federation (CIF) and Central Statistics Office (CSO) Statbank, the number of persons employed in construction is increasing. If construction starts while the Irish economy is still suffering from the impact of the Coronavirus Crisis this assumption is likely to be even more robust as the scheme is less likely to be in competition with other schemes for labour.

⁶ ONS, Input Output Analytical Tables, 2015

Table 3.1 Estimated Construction Phase Jobs

	Proposed Scheme
Gross Direct Construction Jobs per annum	39
<i>Leakage (25%)</i>	-10
On-site Jobs (for residents of the impacted area)	29
<i>Displacement (15%)</i>	-4
<i>Multiplier (1.25)</i>	6
Off-site Construction Jobs	2
Net Direct and Indirect Construction Jobs per Annum	~30

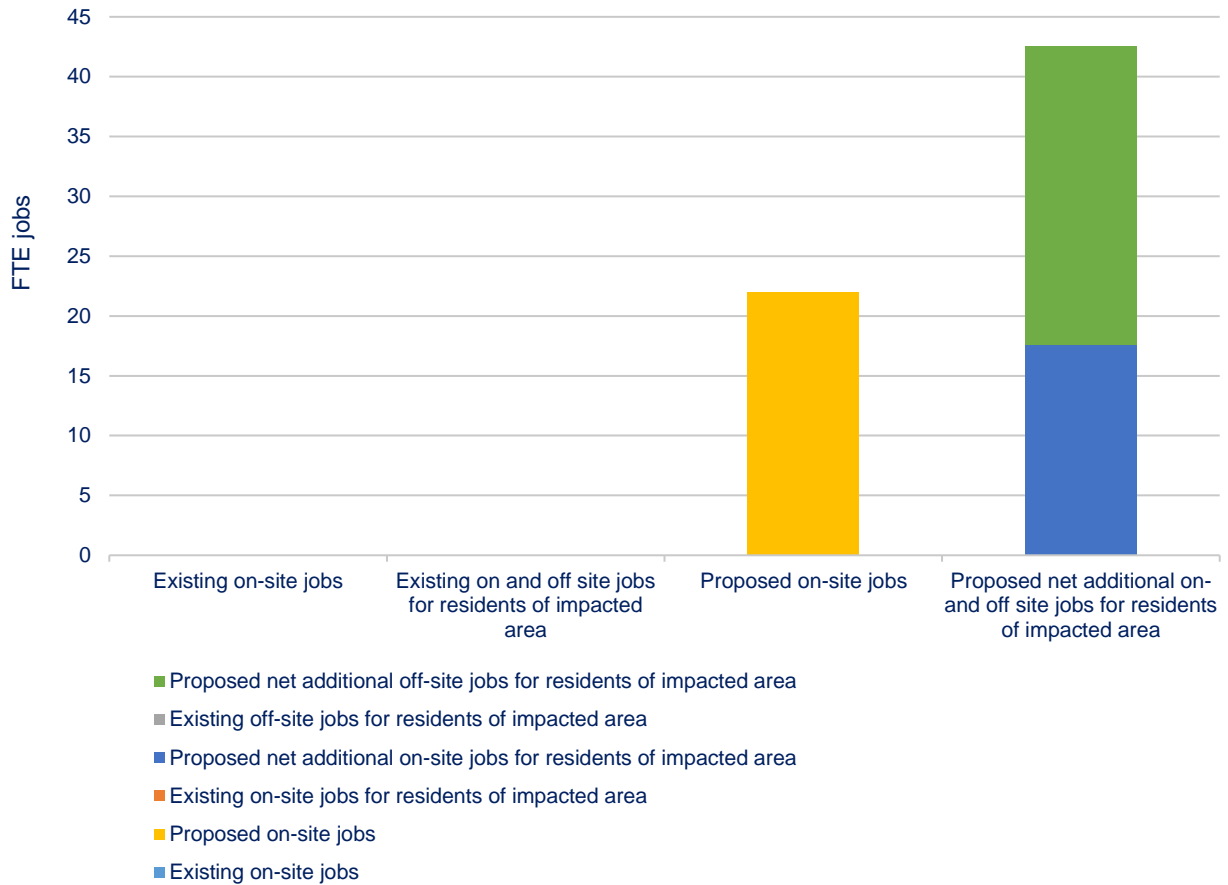
Source: Savills, 2022.

3.4. 45 Operational Jobs On and Off Site

- 3.4.1. Once operational the proposal will provide job opportunities for a range of skill sets including care support, health and office. Operational employment generated by the proposed development was estimated by dividing the proposed employment floorspace by the standard employment densities⁷.
- 3.4.2. Once operational the proposed floorspace is anticipated to generate around 22 gross on-site jobs FTE. Once leakage, displacement and multiplier effects have been considered, the proposed scheme is estimated to generate around 45 FTE net additional on- and off-site jobs for residents of the impacted area. These effects cover expenditure of residents in the local area, the range of local services they will use, and the multiplier effects of the office activity.
- 3.4.3. **Figure 3.2** and **Table 3.2** summarise the estimated gross operational jobs created on-site and the net additional on-site and off-site jobs for residents of the impacted area.

⁷ In particular drawing on the HCA Employment Density Guide, 2015

Figure 3.2 Estimated Operational Jobs



Source: Savills, 2022.

Table 3.2 Estimated Operational Jobs

Land Use	Additional Operational Jobs (FTE)
Office	10
Senior living housing related	12
Gross Direct Operational Jobs	22
	Additional Operational Jobs (FTE) for Residents of Impacted Area
<i>Leakage (impacted area 20%)</i>	-4
On-site Operational Jobs	18
<i>Displacement (25%)</i>	-4
<i>Multiplier (varies by land use from 1.2 to 1.69)</i>	29
Off-site Operational Jobs	25
Net Direct and Indirect Operational Jobs	~45

Source: Savills, 2022.

3.5. At Least €690,000 of Additional GVA per annum to Local Economy

- 3.5.1. GVA is an indicator of wealth creation, measuring the contribution to the economy of an economic activity. **Table 3.3** presents a summary of the additional GVA estimated to be generated by the proposed development once operational in 2024.

Table 3.3 Estimated Additional GVA per Land Use Type

Use Type	Proposed Development GVA by 2024
Office	€395,000
Care Home	€295,000
Total Additional GVA	€690,000

Source: Savills, 2022.

- 3.5.2. The above estimate will be an under-estimate of GVA benefits as it does not account for savings in the Irish healthcare system arising from reduced demands (particularly hospital stays) with more appropriate accommodation and services for residents (see Chapter 4 below). These benefits may well add significant GVA effects.

3.6. Public Sector Revenues

- 3.6.1. The proposed development will generate public sector revenues which can be re-invested in the community and local services. This section assesses the scale of potential revenues as a gross estimate (i.e. we do not discount for possible displacement effects elsewhere). The estimate provides figures based on current rates and values. The estimated revenues could be significantly higher in real terms given the anticipated growth of the economy over time.

Business Rates: €8,500 per annum

- 3.6.2. To estimate business rates we use rateable values of comparable businesses in the region recorded by the Valuation Office⁸. The proposed scheme is expected to generate an additional income of €8,500 in business rates. Although this figure depends on decisions on rate retention and re-appointment in the future. These figures represent the total business rates generated.

Property Tax: €64,800 per annum

- 3.6.3. We estimate Property Tax on a range of €600 per unit per annum for 108 units, giving €64,800 per annum.

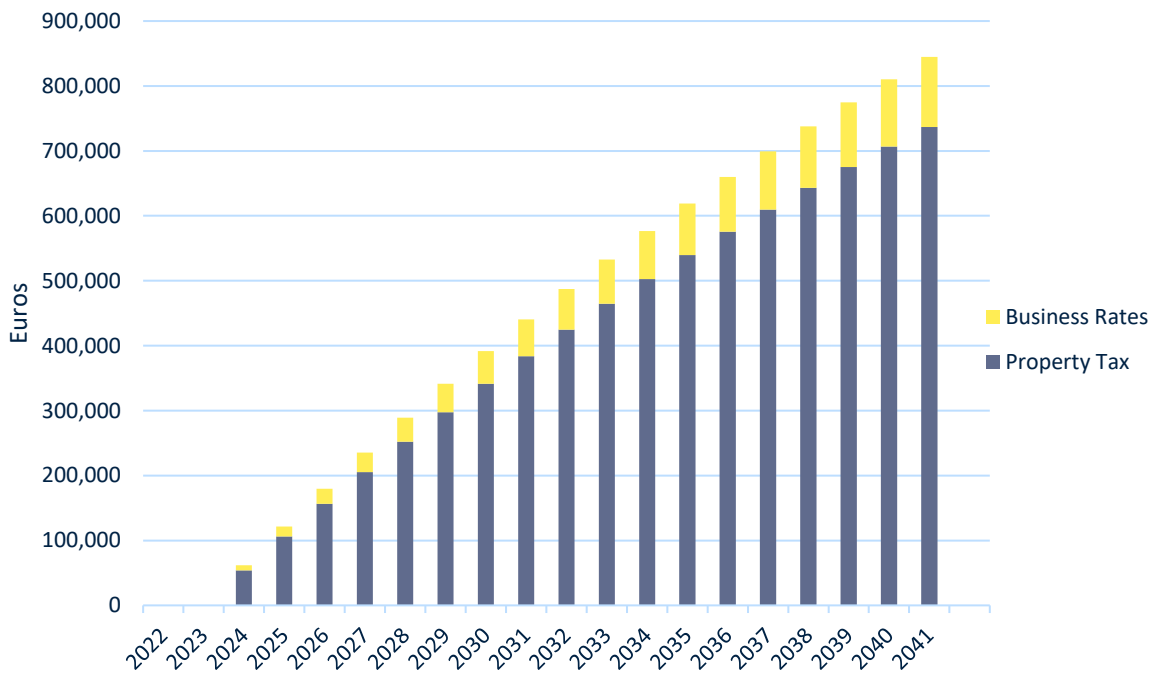
⁸ Valuation Office, Ireland, 2022 - <https://www.valoff.ie/en/check-property-valuation-online/> [Accessed 04/07/2022]



3.7. Cumulative Public Sector Revenues: €845,000 (NPV) over the next 20 years

3.7.1. **Figure 3.3** presents the potential additional cumulative public sector revenues which could be generated by the proposed development over the next 20 years. This indicates that by 2042 the proposed development could generate an additional €845,000 net present value (NPV)⁹ in public sector revenues for Dún Laoghaire–Rathdown County Council.

Figure 3.3 Cumulative Public Sector Revenues



Source: Savills, 2022.

⁹ This discounts future revenues at a rate of 3.5% per annum.

4. Benefits of Senior Living Housing

- 4.1.1. Senior living/Integrated Retirement Community housing is a well-established and rapidly growing concept in built environment and planning. In the United States, 3.2 million people aged 65+ live in purpose-built retirement communities, whilst a similar proportion of the populations of Australia and New Zealand do likewise. These reinforce the popularity of senior living as an option for older people to consider when retiring/relocating.
- 4.1.2. This is especially relevant as the national population is growing older, with the average life expectancy increasing every year and the over 65s growing in proportion¹⁰. By 2051 the Irish population aged 65+ will rise to 24.6% of the whole population. This is a significant increase from 13.3% in 2016 and compounds the existing pressure on social and health care provision for older people. The concept of senior living seeks to act as a pioneering solution to this by allowing people to live independent lives with an appropriate level of support. The concept's popularity is also due to the range of on-site services and amenities, which emphasises residents' mental and physical wellbeing.
- 4.1.3. The proposal comprises the first 'Integrated Retirement Community' in Ireland, which is anticipated to generate a number of benefits¹¹. These include:
- Rightsized quality accommodation that is more manageable, affordable and energy efficient
 - Non-institutional design, which ensures that the development does not resemble an institutionalised environment of a nursing home and gives residents a new lease of life
 - A range of support packages tailored to the residents' specific needs
 - On-site fitness and leisure programmes designed to improve fitness and overall mental wellbeing
 - A safe, secure, monitored environment that can be adapted to every residents' needs
 - Strong companionship and community resulting in a reduction in loneliness
 - Continued proximity to family and friends, which is sometimes not possible in a nursing home
 - The ability to rent, sell or transfer their existing home during their lifetime
 - Quality amenities and facilities including café, gymnasium, access to physiotherapy and hairdresser/beauty therapy, reading room/library, private gardens with views over Dublin Bay
 - 24-hour concierge and support staff.

¹⁰ Housing for Older People – Thinking Ahead Research Report, commissioned by the Ireland Smart Ageing Exchange & the Housing Agency, October 2016

¹¹ A Study on the Awareness, Perceptions and Experiences of Older People of Rightsizing, by Age Friendly Ireland

- 4.1.4. The IRC offers elderly people the opportunity to live independently in their own home as part of a wider community. The proposal will be specialised for this community, which includes a number of lifestyle, wellbeing and support services to support their independence and aspirations. The community will be given an opportunity (through activities, family connections and volunteering) to develop social bonds with each other by living in the same development, combating loneliness and isolation which are prevalent among elderly people.
- 4.1.5. The IRC operates by integrating lifestyle facilities, such as cafe, gym, reading room/library, meeting rooms, communal areas and gardens, all of which offer optional activities and social opportunities. Personal and domestic care are also being offered to be delivered within people’s homes if they wish; dedicated staff teams will be available if and when required. The development at Blackrock will provide a real alternative for over 65s who wish to move into accommodation suitable for their needs as they grow older and wish to retain their independence.
- 4.1.6. The senior living support model makes it possible to defer or eliminate the need for a nursing home and to avoid much of the cost associated with such care. It has been demonstrated and proven in the UK that hospital visits have been reduced by 38% for residents of IRCs¹². This suggests that the IRC has the potential to save the Irish healthcare system a significant amount of money and resources and offers a more bespoke, forward-thinking and focused approach to the residents’ health and wellbeing of the development. Residents will also be offered with on-site care, which will be critical to saving lives and treating health issues.
- 4.1.7. In terms of financial benefits and savings, the Housing Agency’s Housing for Older People report (2018) establishes that the funding models of IRCs would generate significant financial benefits in the long term. These are set out below in **Table 4.1**.

Table 4.1 Estimated Financial Benefits of IRC

Funding mechanism	Model	Annual benefit	30-year benefit
Social	Independent living	€4,700	€106,000
	Assisted living	€5,200	€117,100
	Specialised living	€2,200	€48,900
Private	Independent living	€4,000	€89,800
	Assisted living	€9,200	€207,000
	Specialised living	€20,000	€451,800

Source: *The Housing Agency – Housing for Older People 2018*

¹² Grimm et al., ‘Hospital admissions from care homes in England during the COVID-19 pandemic: a retrospective, cross-sectional analysis using linked administrative data’, 2020. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8267611/>



- 4.1.8. The Housing Agency (2018)¹³ states that the financial benefits of IRCs are significant and primarily accrue due to supported housing, either by directly replacing more expensive nursing home beds or delaying the need for an older person to access nursing home care. Furthermore, benefits are generated due to reduced health and social care needs of those in supported housing compared to those living in standard accommodation.

¹³ The Housing Agency – Housing for Older People, 2018

5. Conclusion

- 5.1.1. The proposed senior living development is estimated to yield valuable economic benefits for the local economy.
- 5.1.2. It is estimated that the construction period will last around two years and could support around 30 net additional FTE construction jobs on average per annum for residents of the impacted area.
- 5.1.3. During the operational phase it is estimated that the proposed development will generate around 45 net additional FTE on-site and off-site jobs for residents of the impacted area.
- 5.1.4. The proposed development is expected to generate at least €690,000 per annum in GVA once completed. There are also anticipated to be significant additional healthcare savings.
- 5.1.5. The proposed development will generate public sector revenues from business rates and property tax. The cumulative income to local government over 20 years is estimated to be around €845,000 NPV.
- 5.1.6. The proposed development is considered beneficial for the local economy. In addition the benefits of IRC are significant. These include providing specialised care for elderly people whilst maintaining their independence and fostering a strong sense of community within the development, which is vital to combating loneliness and isolation among elderly people.

Table 5.1 Summary of Economic Benefits

Outcome	Amount
Net additional construction jobs (FTE) supported in Dún Laoghaire–Rathdown and Dublin City on average per year during construction	~30
Net additional operational phase jobs FTE for Dún Laoghaire–Rathdown and Dublin City residents	~45
Partial estimate of additional GVA per annum upon completion in 2024 (figure will be higher)	€690,000
Total additional Property Tax income per annum for Dún Laoghaire–Rathdown County Council	€65,000
Total additional Business Rates income per annum for Dún Laoghaire–Rathdown County Council	€8,500
20 year cumulative, discounted additional public sector income (NPV ¹⁴) for Dún Laoghaire–Rathdown County Council	€845,000

Source: Savills, 2022.

¹⁴ Net Present Value at 3.5%

Appendix 1: Glossary, Definitions and Accuracy

Glossary

FTE	Full Time Equivalent
GIA	Gross Internal Area
GVA	Gross Value Added
HCA	Homes and Communities Agency
IRC	Integrated Retirement Community
NPV	Net Present Value
ONS	Office for National Statistics
PSC	Public Spending Code
SPL	Shadow Price of Labour

Definitions

Relevant concepts used in the analysis are:

Term	Definition
Leakage	'The proportion of output that benefit those outside of the intervention's target area or group'.
Displacement	'The proportion of intervention outputs/outcomes accounted for by reduced outputs/outcomes elsewhere in the target area'.
Multiplier effects	'Further economic activity (jobs, expenditure or income) associated with additional local income and local supplier purchases'.
On-site Jobs	Jobs created on-site.
Off-site Jobs	Jobs in a supply chain and services. The result of multiplier effects after allowing for leakage and displacement.

Accuracy

By its nature estimation of employment and GVA benefits is subject to a range of uncertainties. Our estimates are based on good practice, guidance, data and estimates based on knowledge and experience. There will though remain a degree of uncertainty around estimates. We estimate that actual impacts are likely to be in a range of +/-20% of figures given.

Revenue figures are given based on current rates and values and could be significantly higher in real terms given the long timescale before completion and anticipated growth in the economy.