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UCD SCHOOL OF APPLIED SOCIAL SCIENCE

WORKING PAPER SERIES
2009

'If You Build It, They Will Come':

Governing Property-Led Rural Regeneration in Ireland

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WP09/13

November 2009

UNIVERSITY COLLEGE DUBLIN
BELFIELD DUBLIN 4

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Title: 'If You Build It, They Will Come':

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Abstract

This article examines the governance of rural regeneration in the Republic of Ireland, through the case of the Rural Renewal Scheme (RRS), which provided fiscal incentives to subsidise the construction and renovation of housing and business premises in a declining rural region. It reveals that the RRS has been successful in achieving two of its key objectives – stemming population decline and increasing housing output. It has also contributed to significant employment generation, albeit mainly in construction, which is unlikely to be sustainable over the longer term. However, the RRS was incompatible with sustainable rural development of its target region because it has resulted in significant negative unintended impacts, most notably excess housing output, which in turn has contributed to high vacancy rates and negative community consequences. These impacts are linked to over centralised programme design and implementation and poor linkages between the RRS and regional and rural development policies. Thus, this case raises questions about the authenticity of the shift to multi-level governance which has been widely reported in rural development and planning academic discourse and about the appropriateness of property-led regeneration interventions to the rural context.

Key Words: Property-led Regeneration; Housing Policy; Rural Governance; Ireland

Introduction:

Since World War II western countries have trialled a variety of measures to regenerate distressed urban areas. According to Carmon (1999) in the post war decades these involved the clearance and reconstruction of inner city slums; but due to criticism of this approach, by the 1960s regeneration programmes focussed more on refurbishing existing dwellings and addressing social problems by improving social services. Since the 1980s, these schemes have focussed on attracting business to invest in property development and job creation. Thus, to a greater or lesser extent urban regeneration projects have employed property development as a key catalyst for economic and population growth in declining inner cities (Jones, 1996). In most of Europe, these property-led programmes have been operationalised via direct public spending, but indirect

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supports, in the form of fiscal reliefs are also commonly used in Anglophone countries, such as the USA and the UK, particularly since the 1980s (Jones and Evans, 2008).

Traditionally western governments have employed quite different strategies to regenerate declining rural areas. Until recent decades these have focussed overwhelmingly on supporting the agricultural sector, via for instance the European Union's Common Agricultural Policy. Since the 1990s however, rural development goals have shifted to reflect the 'post-productivist' role of the countryside which has resulted from decline of agriculture (van der Ploeg et al., 2000; Murdoch et al., 2003). This is reflected in the growing importance of the second pillar of the Common Agricultural Policy, which emphasises on environmental conservation, agri-tourism and economic diversification, sustainable use of natural resources, improving the quality of life in rural areas and village renewal (Dywer et al., 2007). In contrast to urban areas therefore, property-led regeneration strategies and housing development in particular have rarely been employed in the rural development context. Indeed despite concerns about population decline, in many rural areas, particularly in north western Europe, governments have actively constrained new housing development, rather than promoted it (Scott and Murray, 2009).

These broad trends in the development of regeneration policy are evident in the Republic of Ireland, however the disconnect between strategies targeting urban and rural areas is not as strong in this country. For instance, in 1986 the Irish government introduced the Urban Renewal Scheme – a property-led regeneration scheme which aimed to address economic and population decline and dereliction by allowing the construction or refurbishment costs of business premises or dwellings for owner-occupation or rent in selected inner-city districts to be off-set against income or business tax (Department of Finance, 1999). Over the next two decades, the design of this scheme changed only marginally, but it was repeatedly extended in duration and in scope. Thus, it was abolished only in 2006 and before this was expanded to include previously undesignated inner and suburban city areas and large and medium-sized towns (Williams 1997, 2006). Furthermore, in the late 1990s these measures were further extended to include 100

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villages (the Town Renewal Scheme) and then to include a rural area in the north west of Ireland (under the Rural Renewal Scheme – hereafter referred to as the RRS). Rather than addressing physical dereliction, the latter measure was intended to stimulate population and economic growth in region which has experienced steady population decline for most of the preceding century and has only two towns (Department of Finance, 1999). Thus, as is alluded to in the title of this article, which paraphrases words heard in a dream by the protagonist in the 1989 film *Field of Dreams* (based on W.T Kinsella's 1982 novel) instructing him to build a baseball field on his farm in rural Iowa, the RRS was predicated on the assumption that 'if you build it, they will come'.

This article presents a critical review of the rationale for the advent and design of the Rural Renewal Scheme and of arrangements for its implementation, management and monitoring and assesses its effectiveness. This exercise aims to contribute to the very underdeveloped literature on the role of property-led regeneration in rural development and on the RRS specifically. In contrast to the Irish Urban Renewal Scheme, the RRS has been the subject of very little research to date (Goodbody Economic Consultants, 2006 and Keane and Garvey, 2006, being the only exceptions) and due to the scarcity of property led rural development measures elsewhere, the international literature on property-led regeneration strategies is overwhelmingly focussed on urban areas (for example: Adair et al., 2003; Healey et al., 1992). More broadly, the analysis employs the case of the RRS to assess the relevance to Ireland and therefore the generalisability of one of the key themes in the contemporary Anglophone social sciences - the shift from *government* (often defined as: rowing the metaphorical ship of state, which usually involves direct funding and provision of services) to *governance* (steering by enabling and regulating the provision of services by others) (Jessop, 1990; Rhodes, 1997). Although Little (2001) suggests that this theme has only recently permeated the rural studies literature, it has been taken up with considerable enthusiasm and is now central to many analyses of rural development and planning policy (eg. Bristow et al., 2001; Goodwin et al., 1995; Marsden and Murdoch, 1998).

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In order to meet these practical and analytical objectives the article draws on several relevant literatures. First, it incorporates the international literature on rural governance. In this field the shift to governance is exemplified by: the formation of new institutional arenas, focussed on strategic planning approaches, rather than traditional regulatory control of land use and development which are implemented via multi-level governance systems involving partnerships with relevant agencies and community participation (Albrechts, 2004; Healey, 1997; Jones and Little, 2000; MacKinnon, 2002; Murdoch and Abram, 1998; Scott, 2004; Tewdwr-Jones et al., 2006). Second the analysis draws on the literature on rural housing and planning policy which indicates that practice norms in Ireland are atypical in north western Europe. Gallent et al.'s (2003) comparative study of rural housing in Europe locates Ireland, along with much of southern Europe, in the 'atomistic cultures, laissez-faire' regimes. Such regimes are characterized by informal regulatory arrangements and actual contraventions of planning law; the family is prioritised over the state in welfare provision and housing production and the state is an ineffective regulator of housing produced, and private interests are emphasised. In this context, rural housing has traditionally been treated in a 'relaxed' fashion by the planning system, which reflects the fact that rural housing development is seen as a way of sustaining rural communities (Department of Agriculture, Food and Rural Development, 1999). Third this analysis makes reference to the mainly urban focused literature on property-led regeneration strategies, particularly to evidence regarding the effective design and implementation of such strategies and the most appropriate policy, spatial and economic context for their use (Adair et al., 2003; Healey et al. 1992, McGreal et al., 2002).

The analysis of these issues presented here is organised into eight further sections. The next section outlines research methods employed in this analysis. This is followed by an outline of the rationale for the introduction of the RRS, in the context of prevailing economic conditions, other similar property-led regeneration schemes (i.e. the Town and Urban Renewal Schemes) which operated currently in urban areas and of the other significant contemporary rural development programmes. The discussion then proceeds to examine: the design and

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implementation of the RRS; its outcomes and impacts (both intended and unintended) and value for money. The conclusions to the article draw out the key findings of the preceding analysis and reflect on their wider implications for governing rural regeneration policy in Ireland and internationally.

Research Methods:

A mixed method research methodology, encompassing both primary and secondary analysis was employed to operationalise this research.

Firstly, a Geographical Information Systems (GIS) layer of the Electoral Divisions (EDs) targeted by the RRS was assembled on the basis of information contained in the associated legislation. The ED is the smallest geographical administrative area for which census data are collected in Ireland, known as the Small Area Population Statistics (SAPS). Our analysis revealed that 267 EDs were designated under the RRS out of a total of 3,340 EDs in the country (see Figure 1). Data for this paper came from three censuses: one conducted before the introduction of the Scheme (1996), one during its operation (2002) and one in the year of its cessation (2006). Housing ministry data on housing construction was also employed, but these could not be disaggregated into EDs. As is explained below, this created some problems in generating data covering the operational area of the RRS.

Figure 1 here.

Following Hemphill et al. (2004), an 'indicator based approach' was employed to assess the extent to which the RRS achieved its stated aims. These aims were identified by means of a review of the relevant policy documents and legislation and a list of potential indicators of their attainment was identified from SAPS data. In addition, the views of fifteen key informants (central

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and local government officials involved in the design and implementation of the RRS and professionals and community activists involved in rural development and rural planning in the target area) on the appropriateness of these indicator variables were garnered, and the final list of indicators was amended on this basis to include:

- Population: number of individuals and households
- Socio-economic profile: individuals with third level education and workers in construction
- Disadvantage: male and female unemployment rates
- Housing: type of tenure

The semi-structured interviews also explored governing aspects of the scheme, their perceived impacts and assessed interviewees' attitudes regarding its success or the lack thereof.

This methodology has some shortcomings, so efforts have been made to address these by sourcing additional data to support the analysis. The indicator based approach cannot demonstrate a causal relationship between the RRS interventions and many of the developments in target populations which are employed as indicators of their achievements. It can only highlight a coincidence, or the lack of, between the two (Wong, 2006). In order to address this problem, these indicator data were supplemented by additional evidence on the impact of the Scheme where available. Evaluating a measure like the RRS is challenging because it is difficult to predict what the outcome would have been, had no scheme been in place. For this reason, a comparable rural area, not subject to the RRS was selected by the authors as a 'control' case (see Figure 1). This rural area, located in the south west of Ireland and comprising 211 EDs, is of similar size (5,917 m^2) and demographic characteristics (i.e. a population of 115,647 in 2002 and a long history of population decline) to the RRS target area (5,873 m^2 in size, with a population of 115,594 in 2002). It is also comparable in terms of its remoteness from major population centres and lack of urban settlements (the control case contains only one major town, the RRS area contains two towns). Of course the two areas are not completely identical. Most significantly, the control area is coastal and has a well developed tourist industry, which the RRS area lacks. The former is also close to a major city (Cork), whereas the RRS target area has no city adjacent.

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Design:

The Rural Renewal Scheme was established in June, 1998 and encompasses a package of fiscal incentives which enable owner occupiers and private landlords to write off the construction or refurbishment costs of residential or business premises against taxes on employment or rental income for a ten year period (Department of Finance, 1999). Until their abolition in 2006, these incentives applied to five local government areas in the largely rural north west of Ireland – incorporating all of counties Longford and Leitrim and parts of counties Cavan, Roscommon and Sligo (see: Figure 1). According to the finance ministry the aims of the Scheme and the rationale for the selection of the target areas are as follows:

> It has long been recognised that the area designated has suffered long term population decline and less than average economic growth. It is also an area that is without significant urban centres that elsewhere have acted as focuses for economic growth and inward investment. In an effort to address these problems … a tax incentive scheme along the lines of the urban renewal schemes [has been introduced] for this area, both to encourage people to reside in the area and to promote new economic activity.
>
> (Department of Finance, 1999, p. 6)

As mentioned above, the RRS extended to rural areas the same fiscal incentives package which had been originally applied to cities by the Urban Renewal Scheme. The latter programme was introduced in 1986 after a lengthy period of recession and economic stagnation. By the time of the advent of the RRS and also the Town Renewal Scheme in the late 1990s the context for the implementation of these property-led regeneration initiatives had changed radically. In the mid 1990s, economic decline was replaced by strong growth - GDP per capita increased from 10 per cent below the European Union average in 1995, to 18 per cent above in 2005. This contributed to equally dramatic demographic change, as the population increased by 15 per cent and the number of households expanded by 27 per cent concomitantly (Fethercasa, 2006). These developments in turn precipitated an unprecedented house price boom – annual house prices growth jumped from 7.7% per annum between 1990 and 1993 to 22% per annum between 1996 and 2002, and particularly in the post 2000 period a dramatic growth in housing output (Norris

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and Sheilds, 2007). The latter peaked at 19 per 1,000 inhabitants in 2004, which was by far the highest in the European Union (Fethercasa, 2006).

Although the RRS fiscal incentives are identical to the ones provided under the Urban and Town Renewal Schemes, notably arrangements for selection of the target areas and implementation of the former differ significantly from the latter two. The Urban Renewal Scheme was significantly reformed in 1998 following a comprehensive evaluation which raised concerns about the poor architectural quality of some of the developments it subsidised, the lack of associated social benefits for the original residents of target areas and poor value for money (KPMG, 1996). As a result, from this year, local authorities had to prepare Integrated Area Plans (IAPs) to plan for the social and economic renewal and improvements in the physical environment of the neighbourhoods they proposed for inclusion in the scheme and in contrast to prior practice, during the post 1998 stage of the Urban Renewal Scheme, eligibility for the associated fiscal reliefs was confined to individual sites rather than entire districts. This reform was intended to minimize deadweight (developments which would have gone ahead in the absence of the tax incentives). Notably these implementation arrangements were also applied to the Town Renewal Scheme on its establishment in 2000, but not to the RRS. Instead Girst (2003, p. 250) complains 'unlike the later models of urban renewal schemes, the rural renewal scheme returned to the broad approach of designating large geographical areas without any specific planning framework to guide and focus development'.

A further distinctive feature of the RRS is the lack of consultation between central and local government regarding the districts designated under its auspices. From 1998 Urban and Town Renewal Scheme target areas were selected by central government on the basis of an analysis of the IAPs submitted by local government. By contrast, senior planner in one of the target local authorities claimed that in the case of the RRS such consultation was limited to '… a certain amount of political pressure to do something. There was lobbying from the elected members of the council, to put forward the idea of actually doing a RRS'. The director of a prominent rural

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development lobby group also suggested that target areas were chosen primarily on the basis of lobbying from politicians and construction industry representatives, but mentioned that the lack of urban centres in the RRS, which meant that most of this region did not qualify for inclusion in the Urban and Town Renewal Schemes, was also an influential factor. The geographical distribution of the areas designated under the two latter programmes (see Figure 1) supports this analysis, as does the fact that the rural districts in Ireland which have experienced population decline are both far more numerous and more spatially dispersed than those targeted by the RRS. For instance, the CLÁR programme which was established by the Irish government in 2001 to channel direct public grant aid into the EDs where the population has declined consistently since the mid 1920s, targets 1,614 EDs, located in all regions of the country, only 16% of which are also targeted by the RRS. Notably, like the RRS, the CLÁR rural development programme is also characterized by highly centralized control. Decisions regarding the selection of target areas and the distribution of grant aid under its auspices are central government responsibilities and incorporate no formal arrangements for consultation with rural local government or community interests. In contrast, the RAPID programme – the principal Irish government funded development programme for declining urban areas, and LEADER – the main EU funded rural development programme - both incorporate sophisticated mechanisms for involving representatives of target communities and relevant statutory and business interests in the planning and implementation of the interventions they fund (Fitzpatrick Economic Consultants, 2005; Department of Agriculture, Food and Rural Development, 2001).

Output:

In contrast to the Urban and Town Renewal Schemes, no arrangements were put in place for regular reporting by local government regarding the construction and refurbishment subsidised by the RRS and the associated cost to the exchequer. The only available data, which was collated by Goodbody Economic Consultants (2005) as part of a central government commissioned

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review of the Scheme, is based on applications made by the builders of RRS subsidised developments for the associated fiscal reliefs.

According to this report, total tax expenditure (i.e. tax revenue forgone) under the RRS averaged at €90.6 million per annum between 1999 and 2004. This compares to €256.2m and €40.1m annual expenditure on the Urban and Town Renewal Schemes concurrently. These variations reflect the low take up of the Town Renewal Scheme and the larger population targeted by the Urban Renewal Scheme compared to the RRS. Average expenditure per dwelling subsidised was similar for all three schemes – €31,427 between 1999 and 2004 in the case of the RRS (Goodbody Economic Consultants, 2005). RRS tax expenditure also significant exceeds direct public investment in the other principal contemporary rural development programmes. The LEADER programme, cost just €12.3m per annum to run between 2000 and 2006, while CLÁR cost €23.01m (Fitzpatrick Economic Consultants, 2005).

88.1% of RRS expenditure was in respect of new residential developments and 11.9% related to new commercial/industrial developments and refurbishment of business premises and dwellings accounted for only 3.7% of expenditure (Goodbody Economic Consultants, 2006). The Goodbody Economic Consultants (2005) report estimates that the RRS subsidised the construction and refurbishment of 10,596 residential units by the end of 2006 of which 6,358 were bought by owner occupiers and the reminder by private landlords. Analysis of housing ministry data indicates that the RRS played a key role in increasing housing output in the target area during its lifetime (Department of the Environment, Heritage and Local Government, various years). In County Leitrim for instance (all of which was included in the RRS) housing rose from 396 units (0.85% of total national output) to 1,545 units (1.65% of national output) between 1999 and 2006. Housing output in all five of the counties subject to the RRS (the boundaries of which do not entirely conform to the RRS operational area) increased from 5.6 to 10.6% of national output between these years, while output in the control RRS area rose from 11.5% to 12.8% of total national output concurrently. Interviews with local authority managers and senior planners

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conducted for this research confirm that there was a direct relationship between the introduction of the RRS incentives and the growth in housing output, although they suggested that housing output would have increased to some degree in its absence because of the dramatic growth in the Irish economy during its lifetime.

Intended Impacts:

The results of the analysis of the indicators of the extent to which the RRS achieved its stated aims are detailed in Table 1 below. These data indicate that its primary objective – stemming population decline, appears to have been achieved. Between 2002 and 2006 the population in the RRS area increased by 9.9%, which is higher than the concurrent average population increase at that time nationally (8.2%) and in the control RRS area (7.1%). The number of households resident in the RRS area increased by 15.3% between these years, which is significantly above the concurrent rate of household growth in the control area (12.3%) and nationally (13.5%).

Table 1 here.

Table 1 also indicates that the RRS had a positive impact on employment. Between 1996 and 2006 male unemployment fell from 12% to 7.4% of the population in its target area, however this is slightly below the equivalent trends in the control RRS area (11.1% to 5.2%) and the country as a whole (14.5% to 7.7%). Keane and Garvey's (2006) analysis of social security claimant trends within the RRS area further confirms this analysis – they report that mean unemployment inside the Scheme area fell from 990 to 770 persons during the lifetime of the programme, whereas mean unemployment in the wider Border Midlands West region (in which the RRS target area is located) fell from 1,418 to 1,129 persons concurrently. Controlling for other possible influences,

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their regression analysis indicates that the RRS resulted in a reduction of approximately 13% in unemployment in the target area during its lifetime.

Table 1 also provides some tentative indications of the type of employment generated by the RRS. Between 2002 and 2006 construction employment increased by 27.4% in the RRS area, which is twice the equivalent rate for the control area. The Scheme's key role in generating construction employment was confirmed by the community activists interviewed for this study. For instance, a small business person claimed: 'The construction industry has benefitted greatly. That's a very, very positive effect, there's no doubt about that. It has given a lot of money to local people and allowed them to expand their construction business…. All the builders who used to have to go away [migrate], they're now here'. However, the Goodbody Economic Consultants (2005) review raised concerns that the employment generated by the RRS was principally short term, construction employment, and had it been more successful in encouraging the development of business premises it might have generated more sustainable employment. This view was corroborated by several of key actors interviewed, such as an estate agent who complained:

> A problem of all Ireland is that there has never been a major increase in… primary industry… The [Irish] economy is based on building. The economy of Leitrim is based on building, definitely. And what happens if the building slows down? We're very vulnerable in that area because I would have to say that 90 per cent of the economy in Leitrim is based on building.

Unintended Impacts

Rather than its take-up or its success in achieving its stated aims, the government's decision to discontinue the RRS in 2006, was driven primarily by concerns about its unintended impacts and among these its contribution to rising rates of vacant dwellings has received most attention from commentators. Census data indicates that vacancies rose from 11.4% of all habitable dwellings in 1991 to 16.7% in 2006 and Fitz Gerald (2005) among others argues that the property-led regeneration schemes such as the RRS played a significant role in this development. SAPS data

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on vacancy rates are only available for 2006 and provide some support for this analysis. For instance, they reveal that the vacancy rate in the RRS operational area (21.4%) is significantly above the national average and, in the three countries which are only part designated under the Scheme, vacancy rates in designated areas are much higher (25.9%) than in the non designated districts (20.5%).

The relationship between the RRS and increases in vacancy levels is complex, however. Notably holiday homes were explicitly exempt from support under the Scheme – private rented dwellings had to be available for rent all year round in order to qualify for the tax incentives – which indicates that any relationship of this type is indirect (Department of Finance, 1999). The Goodbody Economic Consultants (2005: iii) review of the RRS suggests that it increased vacancy rates by effecting '… very substantial increase in housing output' which has 'resulted in excess supply'. Whereas, the local government officials interviewed for this study specifically blamed the incentives for the provision of dwellings for rent provided under its auspices. In this vein one interviewee argued:

> … people who lived in [major cities], knew that Longford had this famous incentive [the RRS], so they were buying houses, and they were letting them out … The next thing, the number of tenants began to dry up and then the landlords would let the houses vacant… In the meantime developers keep building and landlords buying until they realise there's no one to let to. And now we have all these vacant houses lying around. The Rural Renewal Scheme… is the only reason. There is no other reason why this has happened.

This and several other interviewees also raised particular concerns about the management and maintenance of the vacant RRS dwellings, which they claimed were regularly vandalised and were poorly maintained by landlords and about the letting of dwellings to benefit dependant tenants was creating 'ghettos' in the words of one interviewee.

Several planners from the RRS local authorities blamed excess housing output on the fact that in the period prior to its introduction they had revised their statutory plans for residential and business development (called Development Plans) to zone the areas around existing towns and villages as suitable for building of this type. This revision is in line which current national planning

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policy which aims to channel new building into existing settlements and away from the open countryside, where houses in many parts of rural Ireland has traditionally been located (Gkartzios and Scott, 2009). However, the Development Plans were revised on the basis of existing trends (i.e. rural depopulation, limited construction, etc.) and not on the expectation that construction rates would increase radically as a result of the RRS. Thus a planner acknowledged 'We zoned areas, but did not expect them to be developed at the rate which they were developed [when the RRS was introduced]', but argued that, once these areas had been zoned the local authority had no reason for refusing applications to build on them and would most likely be subject to legal challenge had they done so. A planner at another local authority suggested that the very strongly pro development ethos among local politicians in the RRS area ensured that applications for planning permission were very rarely refused:

> [The RRS was] designed [by central government]… and they took the view that we don't have to worry about the planning of the Scheme because this will be done by the local authorities. People will have to apply for planning permission, and if it is not a good thing it won't go [be granted]. I think that was far too simplistic…. Leitrim had not seen any development for 100 years. It has been said that if somebody wants to build a house on a white line in the middle of the Dublin Sligo road in Leitrim would get it! 'Cause there was nothing happening. It was very naive to think that the [local] politicians would take a long term overview as to what was appropriate. I am afraid that the attitude was that every house built in Leitrim is five jobs for a year. It didn't matter that there was nobody going to be able to buy it.

Notably, the local government planners and managers interviewed also often cited the role of the RRS in channelling development into zoned towns and villages as a very positive impact of the Scheme. For instance, one interviewee reported:

> If you go and look at… the kind of planning applications made prior to the RRS, you will see that 80% [were for]… one-off [single] houses in the countryside. Practically no development was going on in the town and villages…. The Scheme had a significant impact in that. If you look at the number of housing built in the county during the RRS, 80% were in the towns and villages.... The last two years [after the RRS was abolished], the only housing applications we are now receiving are for one-off houses in the countryside.

This analysis is supported by Goodbody Economic Consultants (2005) who found that 40% of the total RRS subsidised construction took place in the only large towns within its operational area. Furthermore, they conclude that RRS subsidised construction played a very positive role in

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animating other economic development in these centres, but it would have been more beneficial had more business premises been subsidized under its auspices. However, the local government planners interviewed for this article confirmed that there was no decline in the number of single houses in the open countryside built during the lifetime of the RRS, rather they fell proportionately as total housing output increased, and housing estates and apartment complexes accounted for the majority of this increase. In addition, in view of the fact that the RRS incentives did not discriminate in favour of higher density development or urban centres within its target area, this positive impact was unintended, rather than due to deliberate policy action.

Value for Money:

The evidence regarding the limits of the positive intended impacts and the negative untended impacts generated by the RRS raise questions about the value for money of this initiative for the taxpayer. These concerns are reinforced by evidence that it was associated with significant deadweight. On the basis of an analysis of historic housing output trends in the RRS target districts, Goodbody Economic Consultants (2005) estimate that some 46.4% of the housing and business premises development it subsidised would have gone ahead in its absence. They suggest that the deadweight associated with the RRS was heightened by the fact that, unlike the Urban and Town Renewal Schemes, it applied to very large geographical areas, rather than specific development sites or derelict buildings. Evidence from the Urban Renewal Scheme, which ran from 1986 to 2006, indicates that the levels of associated deadweight increased as the broader economy improved, because neighbourhoods which might have been unattractive for development during recessionary times, became economically viable development prospects during the economic boom (KPMG, 1996; Goodbody Economic Consultants, 2005). In view of this evidence, the economic arguments for the establishment of the RRS, or indeed any fiscal incentive programme, in the midst of an economic boom are weak.

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Conclusions:

This article has examined the Rural Renewal Scheme, which provided fiscal incentives to subsidise the construction and renovation of housing and business premises in an effort to which address population decline in the rural north west of Ireland. It has revealed that take up of these incentives, particularly those for new house building, was very high and the Scheme has been largely successful in achieving two of its key objectives – stemming population decline and increasing housing output. It has also contributed to significant employment generation, albeit mainly in construction, which is unlikely to be sustainable over the longer term. However the RRS has also resulted in some significant negative unintended impacts. Most notably excess housing output, which has effected high vacancy rates and problems related to the management and maintenance of these dwellings. A number of important lessons arise from the preceding analysis. As discussed in the introduction to this article, these relate to rural governance, housing policy and planning and property-led regeneration strategies.

Arrangements for the governance of the RRS were highly centralised. This is surprising for two reasons: first because rural development policy and in particular the vehicles for its implementation which originated in EU level initiatives, as the LEADER programme, are expressly committed to multi-governance arrangements, involving rural community groups in programme design and implementation; and secondly, because inclusive governance arrangements are the norm in urban regeneration measures, such as RAPID and the Urban Renewal Scheme (Government of Ireland, 2007). However, this article has demonstrated that top-down design and implementation of the RRS is keeping with the norm for many Irish government run rural development measures such as CLÁR. Therefore, the case of the RRS demonstrates that the 'shift to governance' identified particularly in the UK rural development literature is not necessarily generalisable to other European contexts. Rural areas with limited financial and administrative resources and poor institutional infrastructure are still subject to top-down policies (emphasising

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on *government* as opposed to *governance*), which in many cases fail to recognise their particular spatial and socio-economic characteristics.

This article has also highlighted the lack of strategic vision regarding the relationship between the RRS and national policy on rural housing and planning. The RRS, as a instrument created by the finance ministry, operated without any planning vision of where the dwellings subsidised under its auspices would be built (within villages or the open countryside), what types of dwellings would be supported (single houses or higher density units), without any analysis of the potential demand for all this housing or the relationship between RRS investment and other government initiatives to support the economic diversification of rural areas, combat rural depopulation and promote rural development. The disconnect between the RRS and rural planning and development policy reflects however the wider detachment between rural housing policy in Ireland and wider rural and regional development policy which, in turn is related to the influence of the construction lobby in Irish politics and the strong tradition of using housing as a rural development strategy (Gkartzios and Scott, 2009; Scott and Murray, 2009). However it runs counter to contemporary developments in planning policy in Ireland, which has moved from a narrow focus on local land-use planning to embrace strategic regional and spatial planning perspectives - a transition on marked by the publication of the country's first National Spatial Strategy in 2002 (Department of the Environment, Heritage and Local Government, 2002).

Finally, this article highlights the risks, in terms of deadweight and perverse outcomes, associated with employing property-led regeneration measures except in clear instances of market failure. Such market failure is unlikely to occur during an economic and property boom of the scale experienced in Ireland during the last decade. It is also less relevant to rural, green field sites, than brown field, inner-city sites, because the latter are more expensive and more complex to develop because sites commonly require assembly from several owners, clearance and decontamination. As this case study of the RRS demonstrates, in the context of a liberal planning regime, such as Ireland's, low rural housing output is less likely to be related to the market failure

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to meet demand and more likely to be the result of low demand for housing. In this context, efforts to promote housing output by means of fiscal or other incentives from government are likely to result in oversupply and the associated problems experienced in RRS target areas. In this case this tenancy was further exacerbated by poor governance, top down programme design and implementation and failure to integrate it with wider planning arrangements. For instance, deadweight could have been reduced if the RRS had been more closely targeted at individual districts or sites identified in consultation with local authorities, involving them at programme design stage and using of the Integrated Area Plans employed in the Urban and Town Renewal Schemes. Such arrangements would have embedded the RRS in the planning system, which might in turn have helped to avert the problems of housing over supply in the target area.

The research on which this paper is based was funded by the Irish Research Council for the Humanities and Social Science (IRCHSS) Research Development Initiative.

Acknowledgements

The authors wish to thank the Irish Research Council for Humanities and Social Sciences (Project: Twenty years of residential property led regeneration in Ireland: an assessment of the global impacts of the 'Section 23' tax incentives, 1986-2006) for funding this research.

The research on which this paper is based was funded by the Irish Research Council for the Humanities and Social Science (IRCHSS) Research Development Initiative.

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Figure 1: Electoral Divisions designated under the Urban Renewal Scheme, the Town Renewal Scheme and the Rural Renewal Scheme

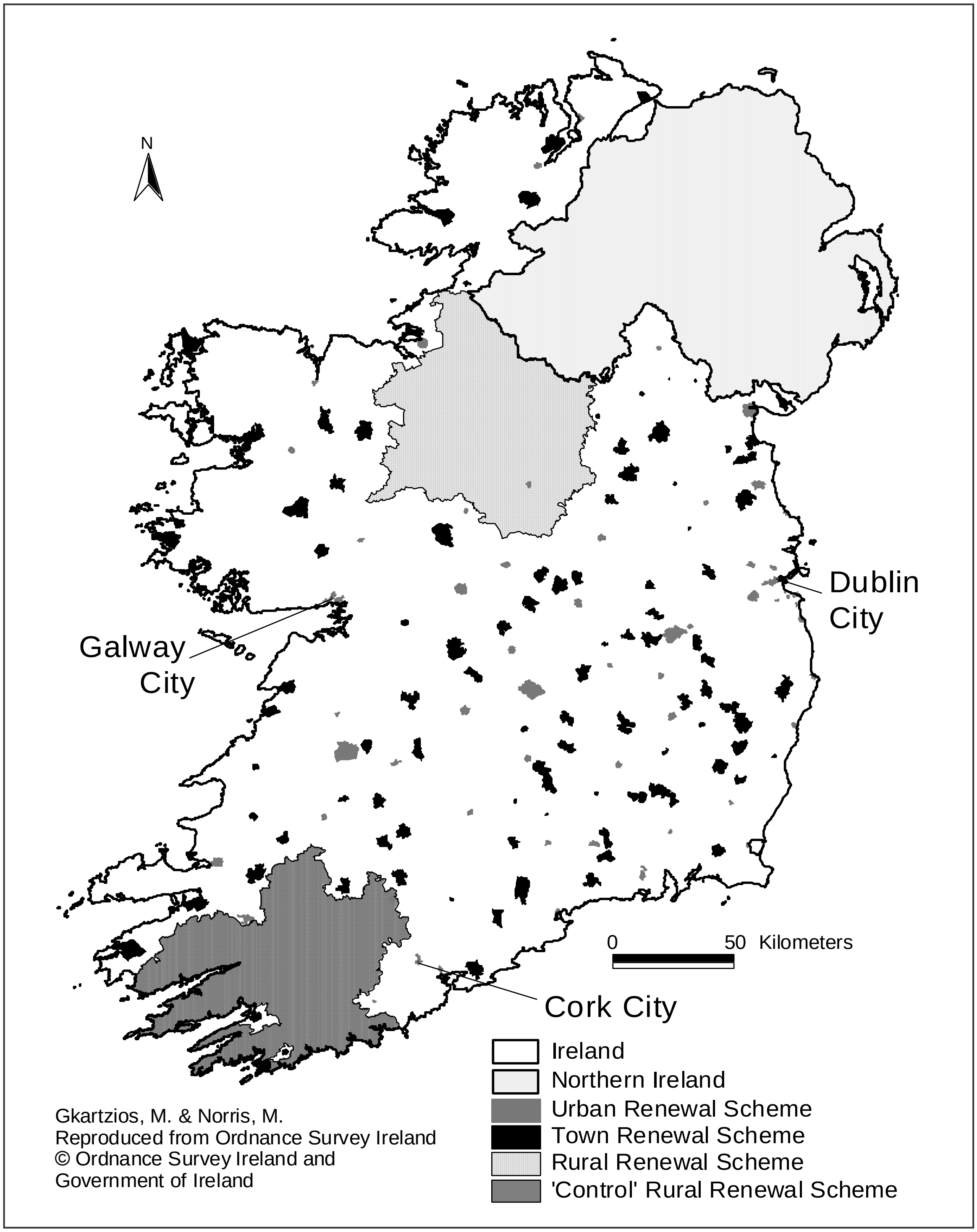

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Table 1: Indicators of the Rural Renewal Scheme's intended impacts

Indicators	**Rural Renewal Scheme**				**'Control' Rural Renewal Scheme**					
	1996	**2002**	**2006**	**2002-06**	**1996**	**2002**	**2006**	**2002-06**	**1996**	**2002**
Persons (N)	112,597	115,594	127,003	9.9%	109,504	115,647	123,891	7.1%	3,626,087	3,917
Private Households (N)	36,489	38,511	44,412	15.3%	33,995	36,719	41,251	12.3%	1,123,238	1,252
Persons with Third Level Education (N)	14,942	20,314	28,961	42.6%	17,903	25,131	32,893	30.9%	715,349	1,020
Workers in Construction (N)	4,973	5,315	6,772	27.4%	4,701	5,581	6,257	12.1%	156,974	171,6
Social Renting Households (N)	2,318	2,518	3,276	30.1%	1,419	1,449	1,775	22.4%	94,360	88,20
Private Renting Households (N)	2,013	2,619	4,354	66.2%	2,180	2,774	3,785	36.4%	112,283	141,4
Owner Occupier Households (N)	30,833	31,611	34,913	10.4%	29,561	31,346	34,467	9.9%	900,408	990,7
Male Unemployment Rate (%)	12.0%	8.3%	7.4%		11.1%	5.9%	5.2%		14.5%	8.6%
Female Unemployment Rate (%)	10.2%	7.2%	7.3%		10.5%	6.7%	5.4%		11.4%	7.6%