



**DELIVERING GENUINELY
AFFORDABLE HOMES
FOR WORKING PEOPLE**

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EXECUTIVE SUMMARY

- 🏠 It is time to abandon the failed Rebuilding Ireland housing policy and its over reliance on the private sector to meet social and affordable housing need
- 🏠 Budget 2021 provides an opportunity to do this and put in place a more ambitious approach
- 🏠 Sinn Féin's priority would be to deliver public homes on public land to ensure working people have access to genuinely affordable homes to rent and buy
- 🏠 A Sinn Féin Government would commence the largest public house building programme in the history of the state
- 🏠 We would increase capital expenditure for social and affordable housing by an additional €1.5bn on 2020 levels bringing the total capital spend to €2.8bn
- 🏠 This would deliver 20,000 public homes on public land in 2021
- 🏠 We would deliver 12,000 real social homes, 2,000 more than the Governments targets for 2021
- 🏠 We would deliver 8,000 affordable homes, 4,000 affordable cost rental and 4,000 affordable purchase
- 🏠 Affordable rents would be set at prices of between €700 and €900 per month in Dublin and lower elsewhere
- 🏠 Affordable purchases would be set at prices of €230,000 or less in Dublin and lower elsewhere, with no hidden equity charges
- 🏠 Eligibility for affordable housing would be set at a gross income of €55,000 for a single person and €85,000 for a couple
- 🏠 Public housing would be delivered by Local Authorities, Approved Housing Bodies and Community Housing Trusts
- 🏠 Capacity issues would be addressed by shifting construction workers from commercial and non-residential sector into public housing projects
- 🏠 Delivery would include new builds, turn-keys (with a focus on affordable housing) and acquisitions
- 🏠 Joint Venture and Land Initiative projects which propose the use of public land for unaffordable open market price homes would be revisited and where possible returned to fully public housing developments



1. INTRODUCTION – TIME FOR CHANGE

- 1.1 For decades Governments have relied on the private sector to meet housing demand. Significant sums of public money have been spent directly supporting or indirectly incentivising private sector development.
- 1.2 Tax breaks for investors and developers and lax regulation of mortgage finance drove the house building boom during the late 1990s and early 2000s.
- 1.3 The consequence was soaring house prices, rising rents, increased levels of rent supplement dependence and ever longer Local Authority housing lists.
- 1.4 While the crash in property prices and rents between 2008 and 2010 off set the worst excesses the absence of either public or private sector investment from 2008 through to 2016 created an even deeper housing crisis.
- 1.5 Rebuilding Ireland contained no public investment in or delivery targets for affordable homes to rent or buy. Instead it offered private developers substantial infrastructure grants through the Local Infrastructure Housing Activation Fund or cheap access to public land through the Joint Venture/Land Initiative models.
- 1.6 This approach was coupled with the reckless tax treatment of Real Estate Investment Funds and other property investment vehicles which by 2017 was shifting from commercial property into the residential market.
- 1.7 Once again, an overreliance on the private sector to meet social and affordable housing need has failed. Today we have unacceptably high levels of homelessness, enormous social housing need, house prices and rents at unaffordable level even for working couples on good incomes.
- 1.8 It is time for a radical change of policy and for a shift from propping up a private sector to an ambitious programme of investment in public housing on public land to meet social and affordable housing need.

2. AN AMBITIOUS PUBLIC HOUSE BUILDING PROGRAMME

- 2.1** Sinn Féin is proposing the most ambitious public house building programme in the history of the state.
- 2.2** Government must double capital investment in public housing to at least €2.8bn annually for a decade.
- 2.3** Such a programme would deliver 20,000 social and affordable homes a year every year until the housing crisis was resolved.
- 2.4** In our Alternative Budget for 2021 we will commit to delivering 12,000 real social houses and 8,000 affordable homes in 2021.
- 2.5** We would deliver 2,293 more real social houses than the current Government's plan
- 2.6** We would deliver 4,000 affordable cost rental homes at prices in Dublin and other main urban areas between €700 and €900 per month and lower elsewhere
- 2.7** We would deliver affordable leasehold homes at prices of €230,000 and less in Dublin and major urban centres and lower elsewhere
- 2.8** As confirmed by the Society of Chartered Surveyors of Ireland in the 2020 report *The Real Cost of Housing Delivery*, the public sector can deliver homes from up to €160,000 less than the private sector
- 2.9** Only the public sector, led by Local Authorities and supported by Approved Housing Bodies and Community Housing Trusts can deliver genuinely affordable homes for working people
- 2.10** This document sets out in detail how we would deliver genuinely affordable homes to rent and buy at prices that working people can afford

3. WHO IS AFFORDABLE HOUSING FOR?

- 3.1** Affordable housing is for those households whose income is above the eligibility threshold for social housing but are either unable to access housing in the private market or whose housing costs in the housing market are considered high.
- 3.2** High housing costs are measured as above 30% of net disposable income.
- 3.3** This means that affordable housing is targeting households whose gross incomes are below €85,000 pa for a couple and €55,000 for a single person.
- 3.4** Following the introduction of this scheme the Department will commission the Housing Agency and Economic and Social Research Council to review the income eligibility as described above, with a view to determining whether the upper threshold is appropriate or in need of amendment.
- 3.5** The Incremental Purchase scheme will be amended to allow existing tenants of Local Authority or Approved Housing Body properties whose incomes exceed the current eligibility criteria for the scheme to access the affordable purchase scheme if their income meets the affordable housing eligibility criteria.
- 3.6** Local Authorities will be tasked with determining the level of need for affordable rental and affordable purchase accommodation in their administrative areas and integrating targets for the delivery of affordable accommodation into their housing plans following consultation with the Department
- 3.7** Allocations will be made on the basis of a simple application process in which applicants must demonstrate:
- They are first time buyers
 - They are second time buyers who meet specific criteria inc (previously lost home due to home repossession, relationship breakdown or are seeking to trade up due to family size but are trapped in Celtic Tiger negative equity properties)
 - they fit the income criteria
 - they are unable to access private bank finance to purchase a home on the private market (refusals or insufficient)
 - they have mortgage approval for affordable purchase (private or Council mortgage)
 - they have a centre of interest (current residence, employment, educational institution, health institution, family connection) within the Local Authority's administrative area

- the elected members of the Local Authority following consultation in the Strategic Policy Committee with the Director of Housing can decide whether the Designated Area is the entire Local Authority area or a sub area of the Local Authority such as a municipal district, area committee district or social housing allocation area
- individual allocations will be made on a first come first serve basis administered by the Local Authority
- provision would be made for Local Authorities to have joint schemes whereby applicants could purchase or rent properties across a number of adjacent Local Authorities dependent on demand

3.8 Affordable housing will be delivered as part of mixed income and mixed tenure public housing developments on public land integrating social rental, affordable rental and affordable purchase, with the ratio between the different tenures being determined by local need in accordance with the Local Authorities housing plan.

3.9 This will mark a step change in the scale of Local Authority development with a return to large scale developments of between 100 to 500 units in urban centres but will not preclude smaller developments in non-urban centres or rural settings as deemed appropriate by the Local Authority.



4. WHAT PRICE IS CONSIDERED AFFORDABLE?

- 4.1** In order to simplify the delivery of affordable housing the Department intends to set price points for both affordable rental and purchase accommodation
- 4.2** In determining these price points the Department is considering the 30% of net disposable income, the average loan offering of the Rebuilding Ireland Home Loan Scheme and the Central Banks Macro Prudential Rules
- 4.3** With respect to the setting of the rent levels for affordable rental accommodation the Department is considering the need for a general though not exclusive targeting of this tenure for those on the lower end of the income eligibility for affordable housing and that at that lower end affordability may be determined by a figure below 30% of net disposable income
- 4.4** Based on a single person household with net income of €35,500, a two-adult household with net earnings of €37,000 and a two adult and two child household with net earnings of €39,000 the affordable rental scheme would seek to have entry level rents set at €700, €800 & €900 respectively for a one bed one person, one bed two person and two-bedroom, four-person apartment.
- 4.5** For non-urban centre and non-commuter belt areas the desired entry level rents may be lower depending on scheme viability and local need
- 4.6** Based on a household with a gross income of €59,000 accessing a private bank mortgage within the Central Banks 3.5 times gross income loan to value ratio and a household with a gross income of €45,000 accessing a Rebuilding Ireland Home Loan at 33% of their net disposable income, the desired affordable purchase price for a standard 2 bedroom dwelling will be set at €230,000 in cities and surrounding commuter belts with adjusted prices for one bed and three bed dwellings.
- 4.7** For non-urban centre and non-commuter belt areas the desired purchase price for a standard three bed should be €220,000 with adjusted prices for one bed and three bed dwellings.
- 4.8** Appropriate variations on entry price rents and purchase prices will be calculated for smaller and larger dwellings as appropriate.
- 4.9** The Department in consultation with Local Authorities will ensure that there is sufficient flexibility in the final entry level rents or purchase price to take account of variations in regional rental and purchase markets, with a particular emphasis on lower price markets in predominantly rural areas.

5. WHO WILL DELIVER AFFORDABLE HOUSING?

- 5.1** Local Authorities will be the primary delivery agent for affordable rental and affordable purchase accommodation.
- 5.2** Local Authorities will develop, manage and maintain the affordable rental accommodation in its stock.
- 5.3** Approved Housing Bodies will have a secondary but significant role in the delivery of affordable rental accommodation. They may also consider the delivery of affordable purchase accommodation following agreement with the Local Authority and Department on a development by development basis.
- 5.4** Community Housing Trusts (in partnership with AHBs, Housing CoOps and Self Build Architecture initiatives) will also be facilitated in developing affordable housing developments following amendment to the Housing Acts and in consultation with the Local Authority and Department on a development by development basis.
- 5.5** Local Authorities may also pursue partnerships with pension funds, credit unions and sub-market operators for the delivery of affordable rental accommodation developments on public land in large urban areas where demand for affordable rental is substantial and where the Local Authority is already at full capacity in delivering its own stock of affordable housing. Such a partnership would only be considered for very large schemes under strict lease hold covenants and tenancy agreement terms and conditions subject to approval from the Department. Such developments must also be consistent with the National Planning Frameworks requirements for urban densification and mixed-use mid rise high density masterplanning by the Local Authority.

6. FINANCING AFFORDABLE HOUSING?

- 6.1** The central principal for all delivery agents of affordable accommodation will be full cost recovery.
- 6.2** The costs to be recovered are the financing costs required to build the accommodation (construction, professional fees, compliance certification, administration) and the ongoing management and maintenance costs (including response maintenance, cyclical maintenance etc).
- 6.3** Land costs, site servicing costs and development levies will not be factored into the rent or purchase price calculations.
- 6.4** As a general rule no land will be sold or transferred out of public ownership for the purpose of delivering affordable accommodation. Further detail on the treatment of land is set out in Section 7 below.
- 6.5** In the case of affordable purchase housing the financing will combine a Service Site Fund contribution (the amount allocated to be site specific) from central government and low interest finance from sources such as HFA, EIB etc. An indicative model is outlined below:

All in development costs (including construction, design, finance, legal)	€250,000
Service Sites Fund	- €20,000
Sale price	€230,000

- 6.6** In the case of affordable rental accommodation, the financing will combine a 30% Capital Advance Loan Facility from central government combined with 40-year low interest finance from sources such as the HFA, EIB etc. Entry level rents will be calculated by combining the cost of servicing the 40-year development finance along with a monthly operation cost calculation based on the Housing Agency's financing model used in the Enniskerry Road, Dún Laoghaire Rathdown County Council cost rental development. An indicative model is outlined below:

All in development costs (including construction, design, finance, legal)	€250,000
CALF loan	€75,000
Development finance loan repayments on €175,000 @ 1% over 40 years	€442.50 p/month
Operation costs (inc response & cyclical maintenance, insurance, re-letting costs etc)	€357.50 p/month
Entry level rent	€800 per month

- 6.7** The primary source of development finance for affordable housing will come in the form of loans from a range of agencies including the Housing Finance Agency, the European Investment Bank, and Home Building Finance Ireland. Affordable rental accommodation will require long term (40 yr +) loans from these sources.
- 6.8** The repayment of the CALF loan to central government will commence in year 41 at 0% interest and according to a repayment schedule to be agreed with the Department.
- 6.9** All tenancy agreements will be of indefinite duration, with terminations only possible by landlord for breach of contract (ie non payment of rent, damage to property or anti social behaviour) and standard 4 week notices of termination from tenants. Rent reviews will be permitted every two years and index linked to inflation.



7. LAND VALUES AND AFFORDABLE HOUSING?

- 7.1** It will be the aim of Government policy to develop a permanent stock of affordable rental and affordable purchase accommodation.
- 7.2** This will ensure a stock of non-market housing is available into the future for those whose income is above the threshold for social housing and who will therefore require access to affordable rental and purchase accommodation into the future.
- 7.3** It will also generate a revenue for Local Authorities and Approved Housing Bodies when the financing loans on the affordable rental stock mature. This revenue will then be reinvested into general housing stock management and maintenance funds.
- 7.4** Maintaining a permanent stock of affordable purchase accommodation requires the units to be sold leasehold and under strict covenant that prohibits the sub letting or open market sale of the property in the future. If an affordable purchase owner wants to sell in the future they must in the first instance sell the property to another nominated affordable purchaser at the affordable price indexed lined to inflation and property improvements. Where there is no requirement for affordable purchase homes as determined by the Local Authority the property may be sold into the private market but with the full value uplift after inflation and property improvements being returned to the Local Authority.
- 7.5** In the case of Approved Housing Bodies and Community Housing Trusts public land will no longer be transferred under a Section 183 but leased freehold under-covenant stipulating the use of the land for social and affordable housing.
- 7.6** Maintaining full public ownership of the land has a number of benefits. It allows Local Authorities to control the future use of the land ensuring the stock of affordable accommodation remains permanent. It removes the value of the land from the development costs for both affordable rental and purchase accommodation reducing the price of the rents and the purchase. It leaves the value of the land on the books of the Local Authority thus requiring no compensation to the Council for the use of the land.
- 7.7** In cases where land owned by Local Authorities continues to impose costs on the Local Authority the Department will offset this cost with a one off payment.

