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SINN FÉIN SPOKESPERSON ON HOUSING

FINE GAEL'S AFFORDABLE HOUSING FAILURE

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Introduction

Serviced Sites Fund

The Serviced Sites Fund (SSF) was announced as part of Budget 2018 in October 2017. It was the key affordable housing policy tool introduced by the last Government.

According to the then Minister for Housing, Planning and Local Government Eoghan Murphy:

I also secured funding to put in place a new serviced site fund of €25 million specifically to deliver affordable housing on local authority sites.¹

The funds stated objective was to:

...support local authorities in the provision of key enabling infrastructure on their (or Housing Agency) land, to get the sites ready for the delivery of affordable housing.²

Under this scheme councils apply for funding to cover land and site-servicing costs for the direct delivery of affordable homes or in partnership with private developers.

Homes are built on public land and made available to buyers approved by the council according to income and local connection criteria.

The homes are sold at a discount, with the local authority retaining an equity stake in the property. This must be paid down either over the lifetime of the mortgage or in a lump sum on sale or death.



1 <https://www.oireachtas.ie/en/debates/question/2017-10-26/274/>

2 Update on the Affordable Purchase Scheme and the Serviced Site Fund- July 2019- The Housing Agency

First Call for Applications

First call under the SSF was issued in June 2018 to the four Dublin local authorities, the Greater Dublin Area (Meath, Kildare and Wicklow), Cork City and County Council and Galway City Council.

Applications were received from nine local authorities for funding.

TABLE ONE - first round of approvals under the Serviced Sites Fund

Local Authority	Site	Total project cost (Provisional)	Exchequer Grant amount (89%)	Affordable units
Cork County	Glanmire	€1,500,000	€1,335,000	20
Cork City	Boherboy	€4,968,366	€4,421,846	103
Cork City	Kilmore Road	€1,410,551	€1,255,390	21
Dublin City	Cherry Orchard	€7,645,415	€6,804,419	183
Dublin City	Balbutcher	€4,135,351	€3,680,462	74
Dublin City	Silloogue	€3,975,000	€3,537,750	83
DLR	Enniskerry Rd.	€4,537,576	€4,038,443	50
Fingal	Church Fields, Mulhuddart	€11,000,000	€9,790,000	753
Fingal	Dun Emer, Lusk	€1,500,000	€1,335,000	74
Fingal	Hackettstown, Skerries	€2,198,667	€1,956,814	49
Total		€42,870,926	€38,155,124	1,410

An update on the Serviced Sites Fund published by the Capital Infrastructure & Affordability Unit of the Department of Housing stated that the first call was only sent to those local authorities where an affordability challenge was identified.³

Budget statement 2019

In October 2018 the Minister for Finance upped the expenditure for the fund. Minister Donohoe announced that the now €100m serviced sites fund would, "support local authorities in bringing forward lands for subsidised, more affordable housing."

Budget 2019 also increased the infrastructural funding available per subsidised home from €40,000 up to a maximum of €50,000, to support, "the delivery of homes at up to 40% below market prices."⁴

He also stated his government's intention to increase the level of this fund to €310 million over three years which will facilitate the delivery of approximately 6,000 affordable homes over the lifetime of the fund.

³ <https://www.housingagency.ie/sites/default/files/Affordable%20Purchase%20Scheme%20-%20Paul%20Hession%2C%20DHPLG.pdf>

⁴ <https://www.oireachtas.ie/en/debates/debate/dail/2018-10-09/3/>

Second call for applications

In August 2019 the Minister for Housing announced additional SSF approval for 25 infrastructure projects across 13 local authority areas. In total 31 submissions from 15 local authorities were made under this second call for applications.

TABLE 2: List of proposals that have received approval in principle

LOCAL AUTHORITY	SITE	PROJECT COST	DEPT. COST (89%)	AFFORDABLE UNITS
DUBLIN CITY COUNCIL	O Devaney Gardens*	€10,233,682	€9,107,977	117
DUN LAOGHAIRE RATHDOWN COUNTY COUNCIL	Ballyogan Court	€2,342,745	€2,085,043	52
DUN LAOGHAIRE RATHDOWN COUNTY COUNCIL	St. Laurence's Park, Stillorgan	€1,960,698	€1,745,021	40
GALWAY COUNTY COUNCIL	Raheen, Athenry	€1,500,230	€1,335,205	30
SOUTH DUBLIN COUNTY COUNCIL	Killinarden	€9,987,000	€8,888,430	300
SOUTH DUBLIN COUNTY COUNCIL	Rathcoole	€3,712,000	€3,303,680	100
SOUTH DUBLIN COUNTY COUNCIL	Clonburris*	€6,968,000	€6,201,520	133
CORK COUNTY COUNCIL	An Chora, Abbeywood, Midleton	€2,250,000	€2,002,500	45
CORK COUNTY COUNCIL	Cammog*, Kinsale	€2,819,458	€2,509,318	50
CORK COUNTY COUNCIL	Beechgrove, Clonakilty*	€1,041,432	€926,874	17
CORK COUNTY COUNCIL	St Joseph's Road, Mallow*	€2,800,791	€2,492,704	50
CORK COUNTY COUNCIL	Kilnagleary, Carrigaline*	€2,025,328	€1,802,542	38
CORK COUNTY COUNCIL	Broomfield, Midleton*	€2,952,823	€2,628,012	44
FINGAL COUNTY COUNCIL	Cappaghfinn	€3,552,500	€3,161,725	122
GALWAY CITY COUNCIL	Merlin Park Lands*	€5,040,000	€4,485,600	95
KILDARE COUNTY COUNCIL	Ardclogh Rd., Celbridge	€363,732	€323,721	10
KILKENNY COUNTY COUNCIL	Crokers Hill, Kilkenny*	€1,953,394	€1,738,521	26
LIMERICK CITY AND COUNTY COUNCIL	Toppins Field Lands	€10,193,382	€9,072,110	204
LIMERICK CITY AND COUNTY COUNCIL	Guinness Lands*	€5,817,049	€5,177,173	116
LIMERICK CITY AND COUNTY COUNCIL	Clonmacken Lands*	€3,664,292	€3,261,220	73
LIMERICK CITY AND COUNTY COUNCIL	Sonny's Lands	€943,393	€839,620	19
LIMERICK CITY AND COUNTY COUNCIL	Curragower Lands	€412,764	€367,360	11
WATERFORD CITY AND COUNTY COUNCIL	Gracedieu, Carrickpherish, Waterford City	€486,603	€433,077	28
WICKLOW COUNTY COUNCIL	Rathnew	€676,000	€601,640	21
WEXFORD COUNTY COUNCIL	Ramsfort Pk., Gorey	€261,242	€232,505	35
TOTAL		€83,958,537	€74,723,099	1,776

At this launch Minister Eoghan Murphy stated that the homes that will be delivered via this funding support, will be made available for affordable purchase under the provisions of the Housing (Miscellaneous Provisions) Act, 2009 which the Minister enacted in 2018, the operational provisions of which are currently being developed.

He also stated that SSF funding is also being made available to support the delivery of homes for rent via the Cost Rental model which, “will deliver rental options at rates significantly below market levels.”

The Enniskerry Road projected in Stepside, Dublin is an example of the only cost rental project currently underway and receiving funding via the SSF.

50 cost rental homes are due to be delivered on the site by 2021. The project will be delivered by Respond and Tuath Housing Associations in partnership with Dún Laoghaire-Rathdown County Council on land provided by the Housing Agency under the Land Aggregation Scheme.

The Enniskerry Road site had significant site servicing costs. Under the SSF €80,000 in funding was provided per unit and the European Investment Bank finance was restructured with help from the Housing Finance Agency to extend the loan out to 40 years.

The 50 two bed-roomed apartments will be rented for €1,200 per month.

The SSF will also be used by Dublin City Council and developer Bartra to deliver homes in O’Devaney Gardens, Dublin 7.

The O’Devaney Gardens redevelopment is a mixed tenure Dublin City Council Land Initiative project. Bartra will sell the “affordable” homes for €360,000 with the Council taking a 14% equity stake to the value of €50,000.

Draw down and projects delivered

Responding to a parliamentary question from Deputy Ó Broin on the issue in late October 2020, the Minister for Housing Darragh O’Brien produced the following update on the Serviced Sites Fund.

“The majority of SSF projects are currently at the detailed design and planning stages, the funding drawdown for constructions costs to date is approximately €2 million.

“There are currently two SSF projects on site; the Boherboy Road project in Cork City, with the first phase of this anticipated to be delivered in the first quarter of 2021 and the Enniskerry Road project in Stepside, which will be one of the Cost Rental pilot projects in the State”.⁵

Despite a first call being issued for projects in June 2018 only two SSF projects are on site and only €2m in funding has been drawn down.

5 https://www.oireachtas.ie/en/debates/question/2020-10-21/100/#pq_100

Not one affordable home has been delivered via this scheme even though the affordable purchase under the provisions of the Housing (Miscellaneous Provisions) Act 2009 was enacted by the Minister in 2018. The “operational provisions” of which are still being developed.

There are still no “operation provisions” for any State-backed affordable housing scheme despite the new Fianna Fáil Minister stating on numerous occasions since July 2020 that the regulations were on the way.

The Serviced Sites Fund had a stated objective, when it was launched three years ago, to get sites ready for the delivery of affordable housing of which the government has yet to provide a scheme.

Despite the Minister for Finance stating in October 2018 that the fund would facilitate the delivery of homes at up to 40% below market prices, this is not how the sums are adding up, when taking into account the up to €50,000 SSF per unit of housing and the Help to Buy in some cases, which has been revised upwards to a maximum of €30,000.

Information contained in the tables below contain information obtained from individual local authorities on the status of the projects that have received SSF approval in their local area.

TABLE 3 - Indicative Affordable homes cost

Local Authority	Site/Project	Status	Initial Sale Price	Full price including SSF
SOUTH DUBLIN	Killinarden	No planning sought yet- projected end date 2024/2025	Indicative prices €225,000 - €306,000	€275,000 - €356,000
	Rathcoole	Planning is not approved on this site and work has not commenced on site- projected end date 2025	Indicative prices are €192,441 - €308,081	€242,441-€358,081
	Clonburris	Work has not commenced on the site. The projected end date is 2023/2024	Indicative prices are €175,694 - €291,334	€225,694- €341,334

Local Authority	Site/Project	Status	Affordable	Full price including SSF
DUBLIN CITY COUNCIL	Cherry Orchard, Balbutcher & Sillogue, Ballymun	Design teams to be in place at end of Dec 2020	Cost of affordable units dependent on the outcome of the tender process	
	O’Devaney Gardens	A planning application will be submitted by the developer in February 2021	Projected costs of the affordable units commercially sensitive	

Local Authority	Site/Project	Status	Affordable	Full price including SSF
FINGAL	Church Fields, Mulhuddart	Planning application will be submitted for this part of the development early 2021	The expected house prices are not known at this stage in the process	
	Dun Emer, Lusk	Planning permission granted. Construction to commence this December with delivery of first dwellings in Q4 2021.	Prices start at €166,000 for 2 bed apartment, €206,000 for 3 bed duplex and 3 bed houses from €250,000.	€216,000 €256,000 €300,000
	Hackettstown, Skerries	The development is at pre-planning stage and the LDA propose to lodge a planning application early 2021.	Not yet known	
	Cappaghfinn	Non Social Units at pre-planning stage	Expected house prices are not known at this stage	

Local Authority	Site/Project	Status	Affordable	Full price including SSF
WEXFORD	Ramsfort Park	Yet to go to Part 8 (affordables contingent on demand) Timeline of 3-5 years	Not yet decided on the price per unit	

Local Authority	Site/Project	Status	Affordable	Full price including SSF
CORK CITY	Boherboy	Construction commenced in Oct 2019 with a 30 month delivery timeframe	From €243,000 ⁶ for a three bed	€293,000
	Kilmore Road Lower / Churchfield East, Cork	Has Part 8, Planning Permission- Restricted Tender Process' to be advertised in January 2021	The price of the units to potential purchasers will be dependent on tenders	

⁶ This price is the price of the unit without application of the €20,000 (increased to €30,000 for enhanced relief) available to purchasers through the Revenue, 'Help to Buy' Scheme.

Conclusion

The Serviced Sites Fund was established to facilitate local authorities and Approved Housing Bodies to deliver affordable Homes.

When the expansion of the fund was announced by Minister Eoghan Murphy in August 2019 he stated:

Unless the government steps in to bridge the gap, young couples and workers may not be able to afford to buy their own home in our cities and large towns. That's why we are using local authority land to build more affordable homes for young workers and couples, and that's why these approvals announced today are so important. The market will not fix our housing problems alone, the government must lead on providing more affordable homes.⁷

€310m was to be invested delivering 6,200 affordable homes were between 2019 and 2021

To date only 50 cost rental projects are set for delivery in 2021 and only €2m in funding has been drawn down from the €310m fund to date, just 0.6%.

The 50 cost rental units due to be delivered in Enniskerry road out of a promised 6,200 affordable homes is just 0.8%.

And while the cost rental homes on Enniskerry Road might be below market rent for the area, at €1200 per month they are still not affordable. For cost rental to be truly affordable homes should be rented at between €700 and €900 per month.

Equally the full cost of the homes funded through the SFF in O'Devaney Gardens, at €360,000 is well beyond the reach of most working families.

Government claim that the deduction of the shared equity portion of the full price at initial purchase stage combined with the Rebuilding Ireland Home Loan will make these homes accessible to working families.

However, given that the average Rebuilding Ireland Home Loan offering in Dublin City Council is below €200,000 and only a handful have been offered the maximum amount of €288,000, the Governments claim does not stand up.

The truth is that the Serviced Sites Fund scheme hasn't worked, it is way behind schedule; and the homes it will eventually deliver are not affordable.

The government know this which is why no additional funding was provided for the scheme in Budget 2021.

The SSF, like the Local Infrastructure Housing Activation Fund, has not delivered on its objective. It is a salutary tale in the failure of Fine Gael housing policy to deliver genuinely affordable homes to working people.

⁷ <https://www.housing.gov.ie/housing/rebuilding-ireland/affordable-housing/minister-murphy-approves-eu84m-funding-25-local>

Appendix 1

Wednesday, 21 October 2020
Eoin Ó Broin

QUESTION

100. Deputy Eoin Ó Broin asked the Minister for Housing, Local Government and Heritage the allocation of serviced sites fund by project for 2019 and 2020, in tabular form; the amount allocated and drawn down; the location of the development; the number and typology of homes per project; if the project has planning; if the project has commenced construction; and the estimated target date for completion. [31817/20]

WRITTEN ANSWERS (Question to Housing)

Minister for Housing, Local Government and Heritage

Under my Department's Serviced Sites Fund (SSF), €310 million has been allocated to provide infrastructure to support the delivery of more affordable new homes for purchase or rent in those areas where local authorities have identified an affordability challenge and the viability to deliver homes and below open market purchase prices.

Funding under the SSF is available for new-build homes on local authority land. With a maximum of €50,000 funding available per home, at least 6,200 more affordable homes, to buy or rent at below market values, can be facilitated. To date, Serviced Sites funding of €127 million has been approved in principle in support of 35 projects in 14 local authority areas, which will assist in the delivery of almost 3,200 affordable homes.

The requested details for these projects is available on the Rebuilding Irelands website as follows;

Call 1 <https://rebuildingireland.ie/news/minister-murphy-gives-the-go-ahead-for-ten-local-authority-sites-for-affordable-housing-under-the-serviced-sites-fund/>

Call 2 <https://rebuildingireland.ie/news/minister-murphy-approves-funding-of-e84m-to-support-delivery-of-1770-affordable-homes-under-the-ssf/>

SSF projects involve public infrastructure developments which pave the way for associated housing development. This requires extensive design, planning, public consultation and procurement processes in advance of the projects moving to construction. Reflecting the fact that the majority of SSF projects are currently at the detailed design and planning stages, the funding drawdown for constructions costs to date is approximately €2 million. There are currently two SSF projects on site; the Boherboy Road project in Cork City, with the first phase of this anticipated to be delivered in the first quarter of 2021 and the Enniskerry Road project in Stepside, which will be one of the Cost Rental pilot projects in the State.

Fine Gael's Affordable Housing Failure



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