

AFFORDABILITY IS KEY TO ADDRESSING IRELAND'S HOUSING CRISIS

The introduction of new measures to make homes more affordable is at the heart of the Government's ambitious housing plans, according to Bob Jordan, CEO of The Housing Agency. He says the Agency will be on hand to assist local authorities by providing information, advice and expertise to assist in the delivery of these new schemes and initiatives.

It has been a busy few months for housing legislation and policy in Ireland. On 21 July, the Affordable Housing Act 2021 was signed into law. It represents the first standalone affordable housing legislation in Ireland and introduces a range of measures to

make affordable home ownership and cost rental homes available for many households.

Then the Government's 'Housing for All - A New Housing Plan for Ireland' was unveiled in September, which outlined its commitment to growing housing supply in

Ireland to an average of 33,000 homes per year over the next decade. A key priority of the plan is the delivery of new social and affordable homes and this forms an important element of the overall new housing delivery.

As part of Housing for All, local



September 2021 saw the start of the applications process for 50 purpose-built cost rental homes at Enniskerry Road in Stepaside, Dublin. These cost rental homes, to be managed by Respond and Tuath Housing, will be delivered on land provided by The Housing Agency under the land aggregation scheme. Pictured (l-r): Nick Sheward (Director of Construction & Property Services at Tuath), Dún Laoghaire Rathdown County Council Cathaoirleach Cllr Lettie McCarthy, Parag Joglekar (Head of Development at Respond), Minister for Housing, Local Government and Heritage Darragh O'Brien TD, Barry O'Leary (CEO Housing Finance Agency), Daragh O'Sullivan (Chair of Tuath's Board of Directors), and David Silke (Director of Operations, The Housing Agency).

THE HOUSING AGENCY

authorities have been asked to develop and submit their Housing Delivery Action Plans to Government by mid-December. These will include the details of social and affordable housing delivery over the period of 2022-2026.

AFFORDABLE PURCHASE

The Affordable Housing Act, which aims to provide homes that are affordable for households across a wide range of income groups, provides for two affordable purchase schemes. These seek to address the affordability gap that exists for moderate income householders who are first time buyers but are constrained from accessing the finance needed to buy homes at open market prices.

The local authority-led Affordable Purchase Scheme will operate in certain local authority areas. Affordable homes will be developed by local authorities or in partnership with Approved Housing Bodies, the Land Development Agency and housing developers, and located in areas where affordability challenges have been identified.

The discount from the open market value will be achieved by a combination of low-cost land and other specific State funding. The local authority will hold an equity share equal to the discount to the market price and the affordable homes will be offered for sale to eligible households.

The purchaser can redeem or 'buy out' this equity stake at a time of their choosing, but there will be no requirement to do so if the purchaser chooses not to redeem the equity stake while living in the home. The equity stake will be redeemed when the property is sold, or after the death of the owner.

LOCAL AUTHORITY HOME LOAN

The Rebuilding Ireland Home Loan will be expanded. Under its new name – the Local Authority Home Loan – single applicants with a gross income of up to €65,000 in the Greater Dublin Area, as well as Cork and Galway, will be eligible for the loan, and the interest rate has been reduced.

The First Home Shared Equity Scheme is aimed at first-time buyers needing support to purchase new-build homes in private developments. It will be operated in partnership with participating banks.



The Housing Agency promoted the concept of cost rental to many policymakers in the Irish housing sector when it co-hosted an exhibition on the Vienna model of cost rental homes in July 2019, in partnership with Dublin City Council and the City of Vienna.

Eligible purchasers will be able to buy new homes for sale on the open market that are below the relevant location-based price caps.

Under the First Home scheme, an equity share will be available to eligible purchasers where there is a shortfall between their mortgage capacity and the new home price. The equity share will be owned by a Special Purpose Vehicle jointly funded and overseen by the participating banks and the State. The equity share can be bought out at any time and, after five years, an annual charge will apply to the equity share value.

THE HOUSING AGENCY'S ROLE

With so many new initiatives, The Housing Agency is here to help. Through our Local Authority Services Unit (LASU), we are working to ensure that local authorities are supported to deliver both social and affordable homes at scale.

Furthermore, our Affordable Housing Unit (AHU) is available to provide

advice and support to local authorities on affordable and cost rental housing. As part of our role in providing central loan underwriting services to local authorities, work is underway to inform and support our stakeholders around changes to loans provided by local authorities.

The Agency will also play a key role in the First Home Scheme, supporting the Department of Housing, Local Government and Heritage in its nationwide rollout.

As part of Housing for All, our Procurement and Delivery Unit (PDU) will be expanded to provide more technical services and supports to local authorities. The Housing Agency also has responsibility for ensuring consistency across local authorities in the application of the new arrangements for social and affordable housing, as required under Part V of the Planning and Development Acts 2000 to 2021.

The recent amendments to the legislation mean that, for land purchased

prior to 1 September 2015 and on or after 1 August 2021, any planning permission granted after 3 September 2021 for housing development on that land will have a 20% Part V requirement.

Local authorities can then use this land to build social and affordable housing themselves or pay the developer to build housing on their behalf within the wider development.

Leasing and offsite options are also still available under Part V, subject to agreement with the local authority. These new Part V provisions should help increase the number of affordable homes in the country while reducing the cost of land.

COST RENTAL MEASURES

A key affordability measure recently introduced – Cost Rental – provides tenants with the long-term security enjoyed by homeowners but without the need for a mortgage. It's an attractive option for many who may be unable to avail of a loan, to save up a deposit, or who may prefer to rent.

The overall aim of Cost Rental is to have homes available for rent at levels that are below market rates while sufficient to meet the financing and on-going management and maintenance costs of the homes. Homes must be designated as cost rental dwellings for a minimum period of 40 years with rents required to be a minimum of 25% below market rent at the outset.

The Housing Agency has been central to developing a vision for cost rental homes in Ireland. The Agency promoted the concept of cost rental to many policymakers in the Irish housing sector when it co-hosted with Dublin City Council, an exhibition about the Vienna model of cost rental homes in 2019.

The Housing Agency manages and administers the Cost Rental Equity Loan (CREL) available to Approved Housing Bodies on behalf of the Department of Housing, Local Government and Heritage. We are also facilitating the delivery of cost rental homes by two Approved Housing Bodies on public land in Enniskerry Road, in partnership with Dún Laoghaire-Rathdown County Council.

The role of local authorities in the roll-out of the Cost Rental model will be key

ABOUT THE AUTHOR – BOB JORDAN

Bob Jordan, who succeeded John O'Connor as CEO of The Housing Agency, took up his new position in September 2021. With a strong leadership record in the housing sector, since 2018 he has been the National Director of the Government's Housing First programme, which provides permanent homes and wraparound supports to people who have experienced rough sleeping and long-term homelessness.

Based in Dublin City Council, Bob Jordan has worked closely with local authorities, Approved Housing Bodies, health services and homeless charities to extend the programme nationwide. Prior to his role in Housing First, Mr Jordan was Chief Executive of the housing charity Threshold for nearly a decade. He was Special Adviser to the Minister for Housing during 2016-2017.



to this new scheme's success. Approved Housing Bodies will need their support in delivering affordable, secure homes.

The Housing Agency is here to assist

local authorities in whatever way it can to ensure the success of this and other affordable housing measures and the long-term success of the Housing for All Plan.



**An Ghníomhaireacht
Tithíochta
The Housing Agency**

For more information and updates from The Housing Agency visit
www.housingagency.ie