



An Ghníomhaireacht
Tithíochta
The Housing Agency

Delivering Housing *for All* –

Pathway 1- Supporting Home Ownership
and Increasing Affordability

AILG Training

6th May 2022

Affordable Housing Measures



- 54,000 homes 2022 –2030 –average 6,000 per year
- Approx. 4,000 affordable purchase and 2,000 Cost Rental
- **Three legislative schemes**
 1. **Local authority** affordable purchase shared equity scheme
 2. First Home affordable purchase shared equity scheme
 3. Cost Rental

Four delivery channels/agents

1. **Local Authorities** (initially affordable purchase with Cost Rental later)
2. LDA (Cost Rental with some affordable purchase)
3. AHBs (Cost Rental)
4. First Home –affordable purchase



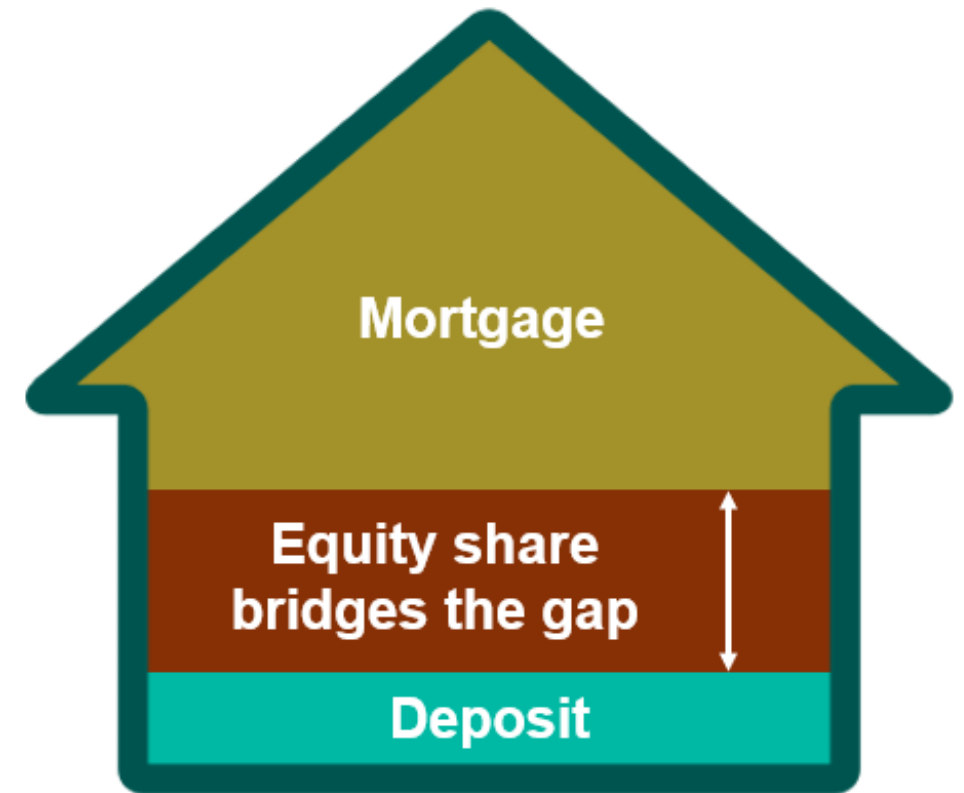
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Affordable Purchase Schemes

Home purchase: bridging the funding gap with an equity share



- First time home buyers can face a **funding gap** where the combination of deposit, and the maximum mortgage, from a participating bank, is lower than the cost of a home:
- $Price - (Deposit + Mortgage) = Funding\ Gap$
- Home buyers can bridge this funding gap with an **equity share**



Affordable Housing Regulations 2022



- The Scheme aimed at people who availing of their maximum mortgage entitlement are unable to buy a home at market price.
- Minimum equity share of **5%** must be required to “bridge the gap”. Maximum equity share **40%**.
- In general, the **income limit** for a affordable dwelling is **85.5%** of market value divided by 3.5 (maximum MPR).

Example:

- Market Value - €300,000
- 85.5% of MV - €256,500
- Divided by 3.5 = **€ 73,285**
- Certain **exceptions** to this rule.
- Income based on preceding **12 months gross average income** prior to the date of receipt of application.
- The income of **all** the persons making the application shall be assessed.

Scheme of Priorities



- **Regulations** provides that **70%** of homes advertised by an LA to be allocated on the following basis:-
 - a) H/Hs of at least 3 persons be given priority to a 4 bed dwelling;
 - b) H/Hs of at least 2 persons to be given priority for a 3 bedroom dwelling
 - c) All others “**first come first served**” basis.
- The remaining 30% must be prioritised on the basis as set out above but additional criteria can be set e.g. to include resident in the LA area.
- The LA can decide not to apply different criteria to the 30%

First Home Scheme (FHS)



- Equity share of **up to 30%** of house price to part fund the purchase of a new-build home for eligible first-time buyers.
- **'Fresh Start'** principle announced in 'Housing for All' will apply.
- Buyers will first avail of their **maximum permitted** (typically 3.5 times LTI) senior mortgage, from a participating lender. Equity share may then be available to plug the gap between what people have and what is needed to buy their new-build home.
- **No specific buyer income limit** will be imposed.
- A **minimum deposit**, contributed by the home buyer, of 10% will be required.
- FHS will place a **burden** on the home ranking behind the senior mortgage for the % equity share.
- The homeowner can choose to buy out the equity share (staircasing or a full payment) at any time based on the original equity share percentage of the **updated market value/sale price**.
- A modest **annual service charge** will apply from year six onwards over the life of the equity share.
- Scheduled to go live in **June 2022**.



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Local Authority Home Loan

Local Authority Home Loan



- **Replaced** Rebuilding Ireland Home Loan on **1 January 2022** under S.I. 701 of 2021.
- New website www.localauthorityhomeloan.ie and application form available now.
- Website is the primary reference point for information on the LAHL scheme, with full details of the loan workings, including eligibility requirements, interest rate options, an online calculator for applicants, comprehensive FAQ's, information about making an application, contact details for local authorities and the LAHL national contact centre.
- Housing Agency provides centralized credit assessment service to all local authorities.
- Extends income eligibility ceiling for **single applicants to €65,000** where the property is situated in the county of Cork, Dublin, Galway, Kildare, Louth, Meath or Wicklow.
- Retains income eligibility ceiling for **single applicants to €50,000 in all other counties and €75,000 for all joint applicants in all counties.**

Local Authority Home Loan



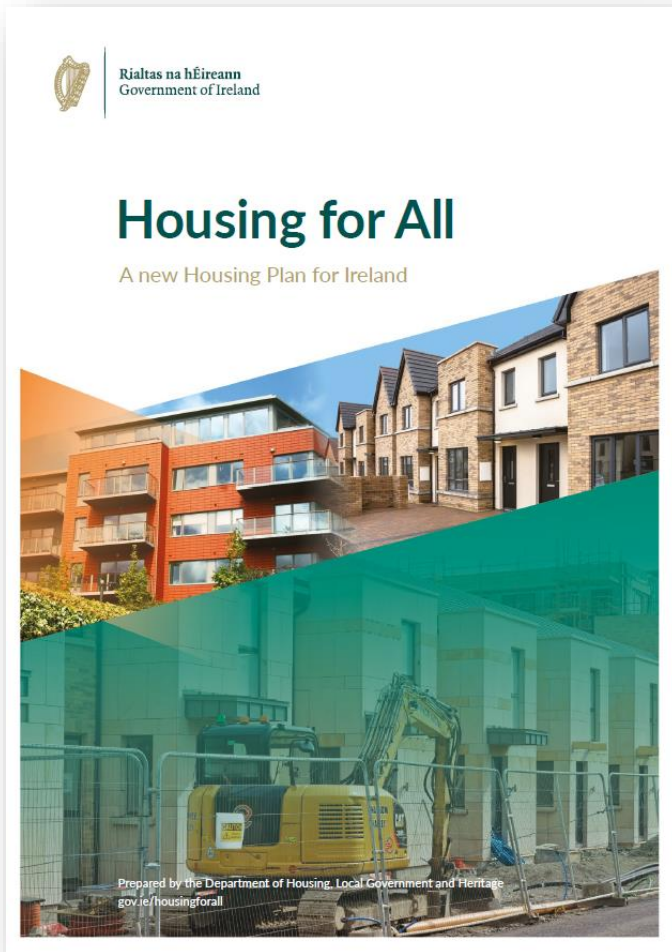
- Targeted at **First Time Buyers**.
- Introduces the principle of **“Fresh Start”** where:
 - a previous purchase/build of a home with a previous partner does not render the applicant ineligible and/or
 - a previous purchase/build of a home has been sold or divested of as part of a personal insolvency or other legal process consequent upon insolvency does not render the applicant ineligible.
- **Two interest rate options**: 2.495% fixed for up to 25 years and 2.745% fixed for up to 30 years
- Maximum market values of the property that can be purchased or self-built are:
 - **€320,000** in the counties of Cork, Dublin, Galway, Kildare, Louth, Meath and Wicklow, and
 - **€250,000** in the rest of the country.



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Cost Rental

Housing for All Targets

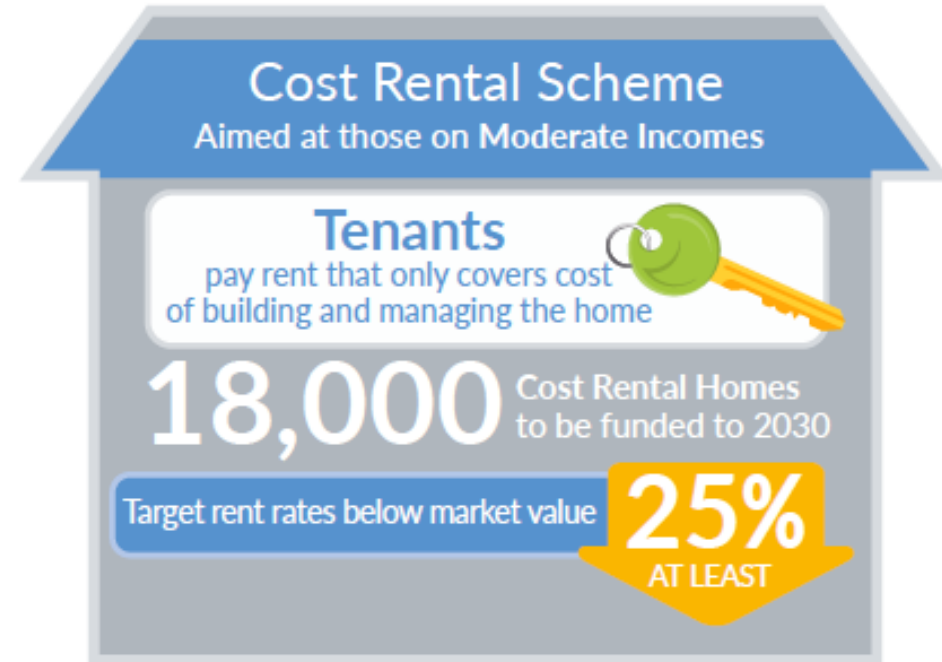


Average 2,000 new Cost Rental homes every year

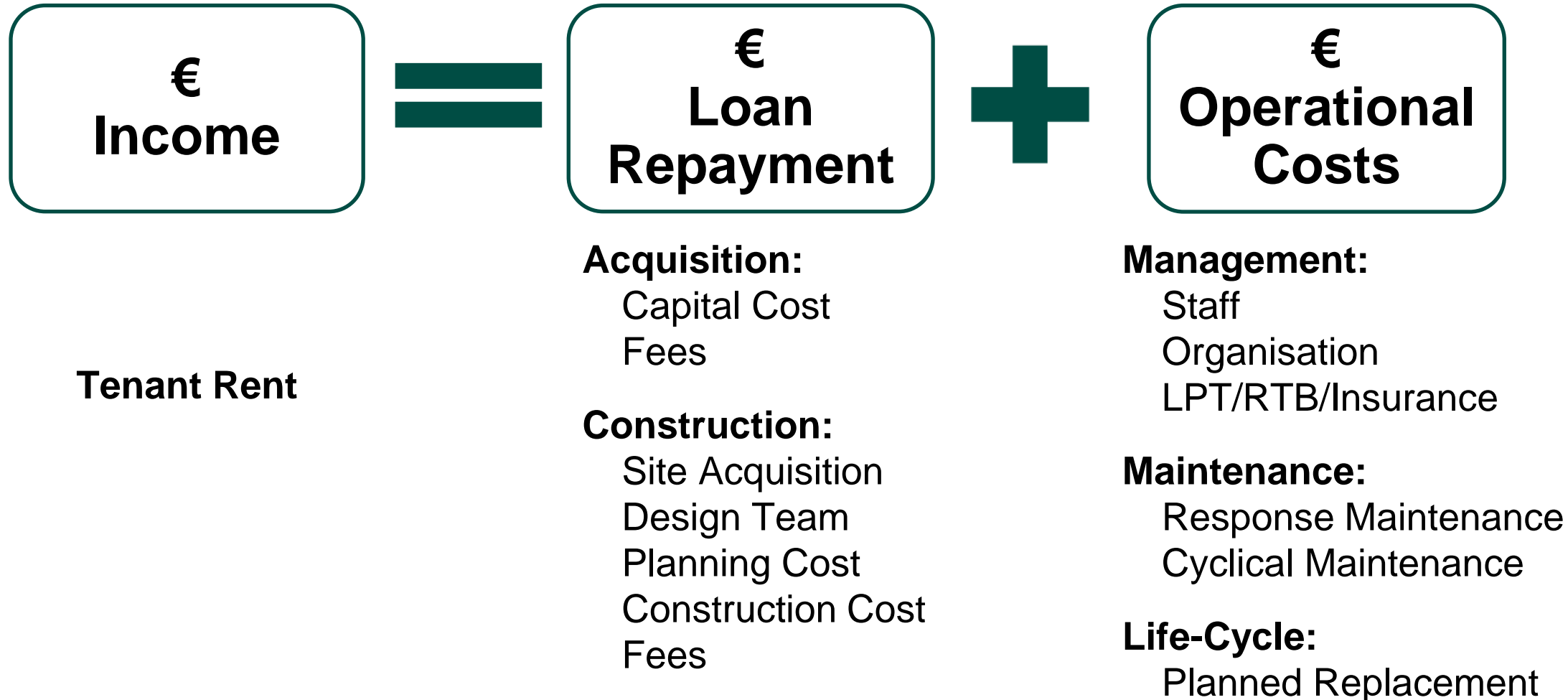
18,000 Cost Rental homes to 2030



Beginning of the Journey



Cost Rental Funding Model



Delivery Models in Ireland



1. **Local authority direct delivery** using **Affordable Housing Fund**
2. Local authority through **partnerships with Land Development Agency / AHBs**
3. **AHBs** using **Cost Rental Equity Loan (CREL)**
 - €35m approved for 390 homes
 - €70m set aside for 2022



Cost Rental: A New Tenure



- Cost rental is a **new housing tenure** in Ireland
- Rents based on the **cost of provision**, and **not on what the market can bear**
- It is a **success story** elsewhere in Europe
- Delivering it at scale will **moderate overall rent levels**



Benefits of Cost Rental



- **Stable** rents that are affordable
- **Secure** tenancies through professional long-term management and retention of cost rental housing
- **Sustainable** funding model for providing homes
- Scaling up of cost rental can have a **moderating** influence on rents

Cost Rental Equity Loan



- The Housing Agency provides cost rental equity loans to AHBs
- Cost rental equity loan of up to 30% can be provided with a 40-year term, and with no repayments due during the term
- AHB borrows 70% from Housing Finance Agency or bank
- A total of €83.5m in loans has been provided for 821 units in 16 projects to date, with 65 built and occupied
- CREL open call from end of Q2 2022



First Schemes launched



Taylor Hill, Balbriggan – Cluíd Housing

- 25 homes, mix of two-, three- and four-bedroom homes
- Rents between €935 and €1,150 a month
- Around 50% below local market rates



Woodside, Enniskerry Road – Respond & Tuath

- 155 houses & apartments – 105 social & 50 cost rental
- Rents €1,200

The key to reducing rents:

- Site provided by the Housing Agency through Land Aggregation Scheme
- Infrastructure partly funded by State grant
- Long-term low cost finance (Housing Finance Agency)

Making Cost Rental affordable



- ✓ Local Authority or State land may be available **at low cost**
- ✓ Affordable Housing Fund (Grant) or **Cost Rental Equity Loan** (AHBs) can **reduce the initial cost burden** that needs to be serviced by rental income
- ✓ **Long term debt arrangements** play a key role in lowering rents e.g. 40 year financing term provided by Housing Finance Agency or bank
- ✓ **Keeping operational costs down** while maintaining good properties that are desirable to rent



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Part V

What is Part V?



- Part V of the Planning and Development Acts 2000 – 2021
- A grant of planning permission results in land value increase = planning gain / betterment value of land
- Part V is intended to capture a portion of that value increase for the State to be used for the provision of social and affordable housing
- Integrated development



Part V – Recent Changes



- 20% Part V requirement on all residential developments in all local authority areas
- 10% must apply towards provision of social housing support
- Temporary transition arrangements apply to sites purchased when the requirement was 10%
- <https://www.housingagency.ie/PartV>





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Croí Cónaithe (Cities)

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- Managed by The Housing Agency
- Croí Cónaithe (Cities) fund aims to **activate** development of apartments in **high density areas** in our cities and urban areas for sale to individual purchasers
- Croí Conaithe fund is available for **un-commenced** apartment developments of four storeys or more high located in the 5 NPF cities (Dublin, Cork, Limerick, Galway, Waterford)
- **Call for Proposals** to Issue

How will Croí Cónaithe help?



- Croí Cónaithe (Cities) helps to address the **viability barriers** to development of apartments
- By stimulating development, the Croí Cónaithe fund will ensure that:
 - **new apartments** are made available for sale in our cities to individual purchasers
 - compact, **sustainable** urban development is supported



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Next Steps

Implementation



- Enhancing early delivery of **new** affordable homes
- Addressing acute viability challenges in urban areas
- Fostering new **Strategic Partnerships** - between State and retail banks, LDA and private developers / AHBs
- 54,000 affordable homes between 2022 - 2030

Conclusion



- Government commitment
- Increasing capacity and expertise
- Building confidence and public understanding
- Bringing in new providers
- A learning journey: monitor implementation and evolve



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Thank You

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