

AILG Webinar

Affordable Housing



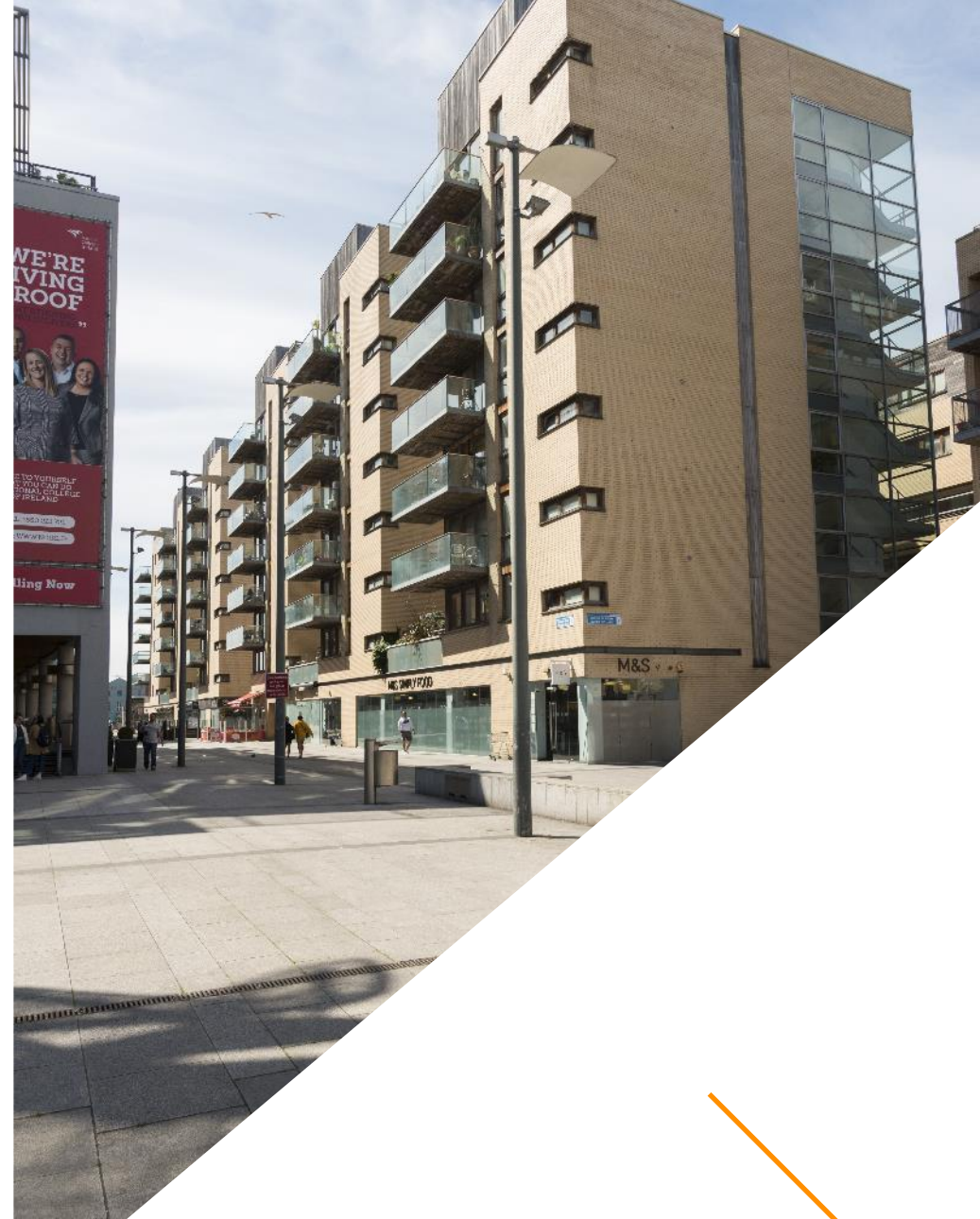
25th April 2025



**An Ghníomhaireacht
Tithíochta
The Housing Agency**

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Legislative Basis



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Affordable Housing Act 2021

- [Affordable Housing Act 2021](#) sets out the legislative basis for
 - Local Authority Affordable Purchase housing (Part 2)
 - First Home Scheme (Section 46)
 - Cost Rental housing (Part 3)
- Regarding Affordable Purchase housing, the Act rescinds previous affordable purchase schemes
- The Act also provides for the LDA and Local Authorities to enter into arrangements regarding Affordable Purchase housing (Section 42)

Who Delivers Affordable Housing?

- **Affordable Purchase Housing** is delivered by:

- Local Authorities on their own land
- Local Authorities with developers on private land
- Local Authority with Part V where the planning condition provides for affordable housing
- Local Authority with the LDA
- First Home scheme

- **Cost Rental Housing** is delivered by:

- Approved Housing Bodies (AHBs) with CREL funding
- Local Authorities with AHF funding
- The LDA with STAR funding
- Private entities with STAR funding

Affordable Purchase Housing

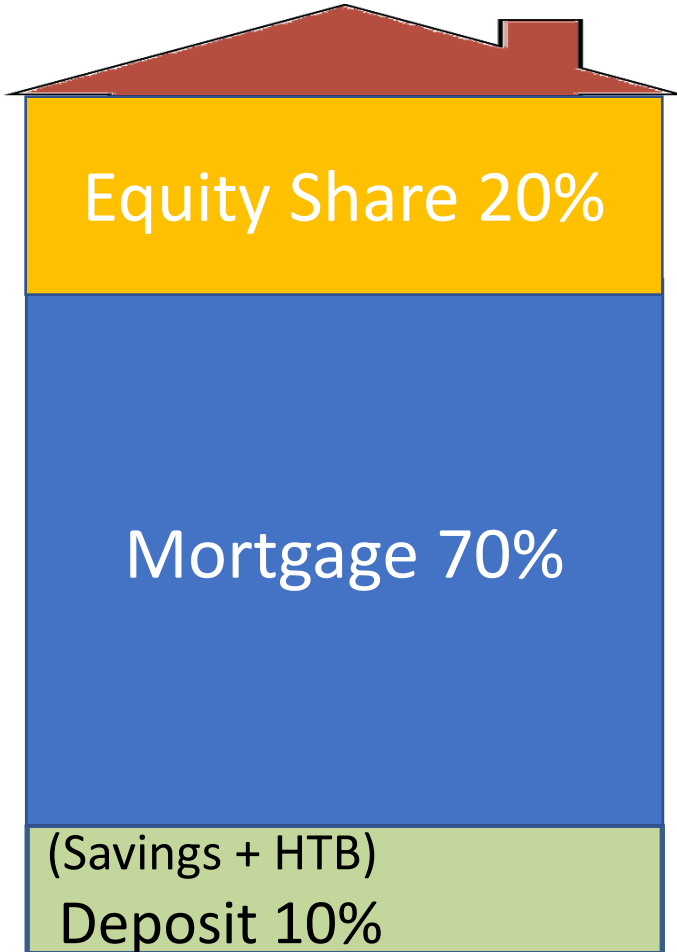


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Affordable Purchase with Shared Equity

- Shared equity schemes aim to make house purchase more affordable by **reducing the initial cost burden** a house purchaser faces in acquiring a property.
- A percentage, say 20%, is taken off the initial purchase price of the property **allowing people on lower incomes a chance to purchase a home.**
- However, the equity share **has to be repaid** by the purchaser at a later date.
- Applicants are required to **maximise their mortgage capacity.**
- **Equity repayments** received from purchasers **can be re-invested** to provide more affordable housing in the future.

Equity Share – Example 1



New House Price	€375,000
Household Gross Income	€66,000
Mortgage at 4 Loan to Income	€264,000
Deposit (cash savings)	€7,500
Deposit HTB (capped at €30k)	€30,000
Total (mortgage & deposit)	€301,500
Equity Share 20% (funding gap)	€73,500
30 year Mortgage Monthly Repayment (3.1% interest 3 year fixed Green Mortgage)	€1,127

First Home Scheme

- Launched in 2022, the First Home Scheme is available to qualifying purchasers of new build homes including apartments
- Eligibility for the scheme is subject to price ceilings (maximum purchase prices) to focus support on more affordable properties
- Scheme includes specific (higher) apartment price ceilings in Dublin, Cork, Limerick and Waterford
<https://www.firsthomescheme.ie/about-the-scheme/property-price-ceilings/>
- As of Q1 2025:
 - **6,399 buyers had been approved for the scheme**
 - **3,923 contracts issued**
 - **3,151 homes purchased**



Home Products ▾ About the Scheme ▾ FAQs ▾ Guides/Resources

GET HELP WITH UP TO 30%* OF THE COST OF YOUR NEW HOME

*If you are availing of the Help to Buy Scheme (HTB), the maximum amount that you may be eligible for from the First Home Scheme will be 20% of the cost of your new home

New Build Self-build Tenant Home Purchase

Local Authority Affordable Purchase

- Local Authorities can apply for **Affordable Housing fund (AHF)** to deliver the affordability discount to prospective purchasers.
- The AHF scheme is managed by the Department of Housing, Local Government and Heritage (DHLGH). The Housing Agency **carries out assessment of AHF funding** applications on behalf of the DHLGH.
- Available funding is linked to housing density. The maximum subsidy is €100,000 per property for developments with densities of more than 50 homes/hectare.
- Just over **4,300 affordable purchase homes have been approved for AHF** funding in 99 proposals across 22 Local Authority areas

LA Affordable Purchase



Church Fields, Fingal
Prices from €263,500



The Fairways, Middleton
Prices from €269,000

affordablehomes.ie

AFFORDABLE HOMES

Affordable Purchase | Eligibility Indicator | Cost Rental | Menu

Find Your New Home

Buy | **Rent**

Location ↓ | Bedrooms ↓ | **Search**

Latest Properties to Buy or Rent



Affordable Purchase Scheme Differences

- First Home Scheme is available **from a central source anywhere in the country** that eligible homes are constructed (NB Tenant Scheme).
- First Home scheme **includes a Service Charge** which increases over time payable from year 6 (after purchase).
- First Home scheme can provide equity **up to 30% of value of property** (NB 20% if HTB is used).
- Has **regional price ceilings**
- Local authority scheme dependant on a **local authority sourcing housing** (NB Part V affordable).
- Local authority scheme **has no Service Charge**.
- Local authority can provide equity **up to 40% of the value of the property**.

Cost Rental



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What is Cost Rental?

- Cost rental is a new tenure of **secure, affordable, long term rental housing** in Ireland that aims to mirror successful cost rental housing systems in Europe (e.g. Vienna)
- Rents in cost rental housing must be **at least 25% below comparable open market rents** at the time of initial letting.
- There is **no ongoing link to market rents**. Once the initial cost rents are set, these rents can only vary in accordance Section 33 of the Affordable Housing Act. In the long term, it is envisaged that cost rents being paid in a property will become increasingly affordable relative to comparable open market rents.

How Are Cost Rents set?

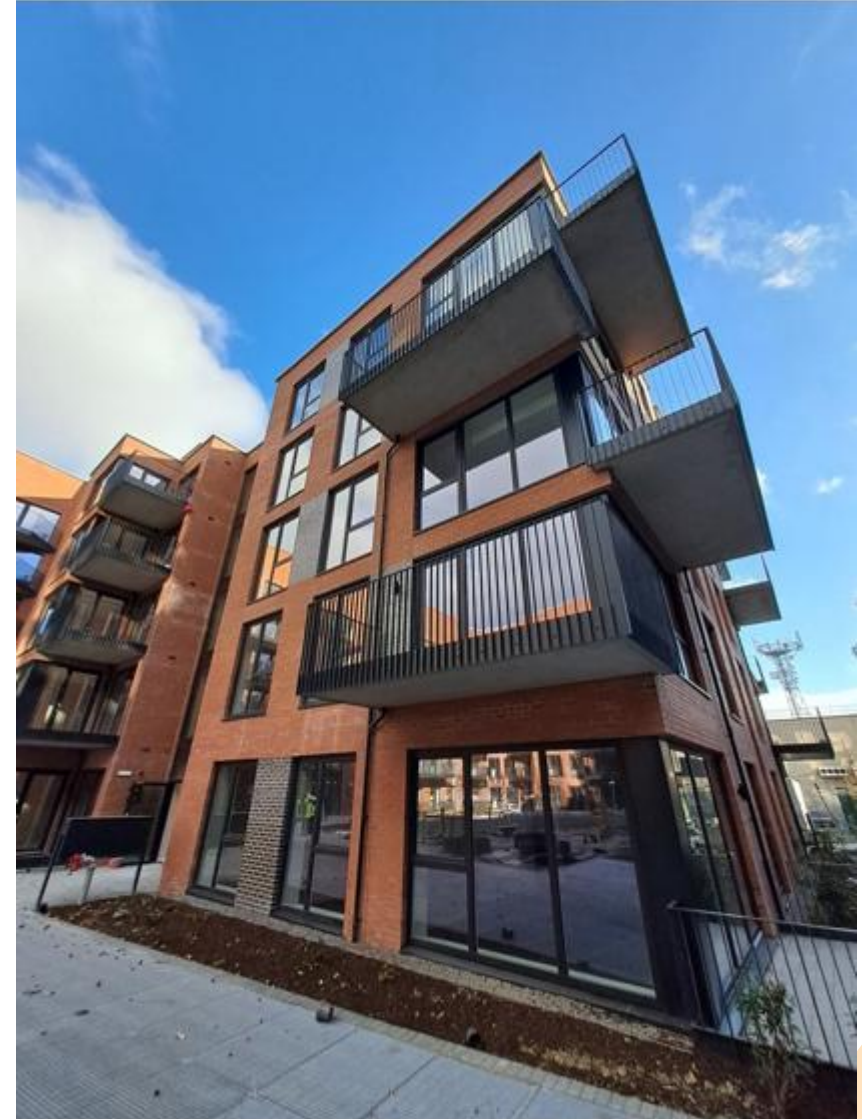
- Cost rents must be based on the cost of providing, letting, managing and maintaining the relevant housing calculated over a period of at least 40 years
- *Section 29.3(f) of the Affordable Housing Act 2021*
 - (i) costs associated with **making the dwelling available for rent**
 - (ii) **financing costs** associated with making the dwelling available for rent
 - (iii) necessary and appropriate **management costs** associated with the dwelling.....
 - (iv) costs associated with necessary and appropriate **maintenance of the dwelling during the cost calculation period [40 years]**,
 - (v) costs of maintaining a prudent contingency surplus in addition to a sinking fund created to meet projected maintenance costs associated with the dwelling during the cost calculation period;

Cost Rental Eligibility

- Applicant households must have net incomes of **€66,000** or below in Dublin and **€59,000** or below elsewhere in the country
- Cost Rental Regulations require that *“the landlord shall assess the number of persons in each household and **place tenants into particular dwellings of a size appropriate to their needs.**”*
- Under Section 34 of the Affordable Housing Act 2021, *“... a housing authority **shall not provide housing assistance** [HAP] in respect of a cost rental dwelling”*
- However, a cost rental tenant who has been a tenant for at least 6 months may be eligible for HAP subject to qualifying for social housing support

CREL (AHBs Cost Rental)

- Cost Rental Equity Loan (CREL) is a **low-cost loan** available exclusively to AHBs for delivery of Cost Rental dwellings. Interest rate is **1% simple interest**.
- **40 year term** – no repayments due during the term.
- Following 2023 CREL review, CREL loans can now be supplemented by an additional **equity investment** from the State. The combined limit of CREL loan and the equity investment **is up to 55%** of the cost of delivery.
- The balance of funding is generally provided by the **Housing Finance Agency** as a commercial loan on competitive terms.



CREL (AHBs Cost Rental)

- As of end of March 2025, **AHBs have delivered 2,059 Cost Rental homes using CREL** and have just over **3,600 dwellings with funding approval** at different stages of delivery.
- AHBs are actively working to expand their delivery pipeline.
- CREL has **transformed how AHBs, and local authorities, can deliver large mixed income, sustainable communities**
- CREL is allowing AHBs to serve a section of our community that struggles to find affordable rental accommodation

AHB Cost Rental Projects



Kilcarberry Grange, Dublin
(Tuath Housing)



Lancaster Gate, Cork
(Clúid Housing)

STAR (LDA and Private Cost Rental)

- The Secure Tenancy Affordable Rental (STAR) Investment Scheme was launched in August 2023 and seeks to increase the supply of Cost Rental homes from new delivery partners with a **budget of €750 million**.
- The scheme aims to deliver **at least 4,000 Cost Rental homes** and **is open to all market operators including those in the private sector**. The **Land Development Agency (LDA)** can apply for STAR funding.
- STAR is an equity investment in the relevant cost rental properties. The term of the STAR agreement **is 50 years**.

STAR (LDA and Private Cost Rental)

- Provision of Cost Rental dwellings under STAR **represents an entrustment of a public service obligation** and is subject to requirements set out under **EU Commission Decision (2012/21/EU)**
- Proposers can receive a **'reasonable profit'** set out in Article 5(5) of EU Commission Decision (2012/21/EU)
- Reasonable profit will be assessed on the basis of **Gross Yield**, taking account of the State's STAR investment.
- In addition to the above, **the Housing Agency must be satisfied that cost rents are directly linked to costs**. Proposals must comply with Part 3 of Affordable Housing Act 2021

Available Funding

Location	STAR investment available per home	Sustainable investment per home	Total amount available per home
Dublin	€175,000	€25,000	€200,000
Other locations	€150,000	€25,000	€175,000

STAR Delivery and Programme for Government

- To date, **1,231 Cost Rental** dwellings have been delivered under the STAR programme with a further 192 dwellings approved, all of them by the LDA.
- There are **more than 20 STAR proposals** at different stages of the approval process.
- The **Programme for Government** includes a commitment to continue the STAR scheme and to “... *reviewing its criteria, to ensure greater take-up by the private development sector*”

STAR Cost Rental Projects



Dún Óir, Dublin (LDA)



The Quarter, Dublin (LDA)

Local Authority Cost Rental

- Local Authorities **have been more cautious than AHBs** in pursuing Cost Rental housing.
- Local authorities can use the **Affordable Housing Fund (AHF)** to subsidise the initial cost of providing cost rental housing. **Up to €150,000 is available** per dwelling for cost rental apartments.
- Local Authorities will need to borrow the majority of delivery costs from the **Housing Finance Agency (HFA)**.
- Cost Rental will also require that Local Authorities **adopt different practices compared to social housing**. Unlike social housing, Local Authorities will have to ensure that they have systems in place to directly link the cost of providing and managing Cost Rental dwellings to rental income.

LA Cost Rental

- AHF funding has been approved for just over **800 cost rental dwellings** in 16 proposals from 7 Local Authority areas.
- The first operational local authority cost rental dwellings are in **Waterford** (22 dwellings)
- South Dublin County Council are completing a scheme of **133 apartments** in **Belgard Square, Tallaght**

Local Authority Cost Rental projects



Belgard Square (South Dublin County Council)



Emmet Road (Dublin City Council)

Cost Rental Tenant in Situ (CRTiS) Scheme



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Cost Rental Tenant in Situ (CRTiS) Scheme

- Commenced as a temporary scheme on 1st April 2023 on termination of **Winter eviction ban**
- Scheme is operated by the Housing Agency
- Applicants must **first apply to their Local Authority** to be assessed for (1) valid notice of termination and (ii) risk of homelessness
- Subject to assessment by their local authority, applicants **referred to the Housing Agency for income assessment**

Cost Rental Tenant in Situ (CRTiS) Scheme

- Households must qualify under Cost Rental income thresholds (**€66,000 net in Dublin, €59,000 net elsewhere**)
- Once assessed as eligible the Housing Agency will engage with their landlord to acquire their rented property. Acquisition is **subject to same Acquisition Cost Guidelines** that apply to Local Authorities for the Tenant In-situ Scheme for HAP & RAS tenants.
- When acquired, the Housing Agency becomes the landlord to the tenant at the existing rent level
- Intention to sell properties to AHBs and to transition the homes to **designated cost rental homes**

Thank you

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