

DPER View: Reject. The priorities for the use of available fiscal space for housing are LIHAF to increase overall supply and the construction (as opposed to the purchase of private units) of LA social housing to increase the supply of social housing.

The demands on current expenditure for HAP and SCHEP means there are no resources available to fund any new affordable housing measures. Affordability will be addressed as the supply of houses increases to match demand arising from the impact of the various existing tax and expenditure measures.

Therefore, any measure involving the use by LAs of surplus lands free or for nominal cost will have to be funded by LAs from their own resources.

Attempts under the Social Housing Strategy involving expert groups and stakeholders to produce off balance Cost Rental and Affordable Rental models proved unsuccessful. Cost Rental would have no attraction in the context of the current housing supply shortage to private suppliers/financiers who can earn a greater return from the prevailing market rent.

Analysis has shown that in addition to elevated State subsidy exposure (via CALF and HAP) these options also require a significant degree of rent cross-subsidisation by tenant type to render such schemes viable. In certain cases, the private rent payment required can exceed both gross income thresholds provided for in the social offering and also on occasion even exceed market rent levels.

The outcome to a CSO and Eurostat Review of Not for Profit (AHBs) is that they are likely to be deemed to be within general Government by end year/early next year. Their private borrowings to match State CALF funding will come on balance. In the circumstances, direct housing provision by LAs would be more efficient and provide better VFM.

Rebuilding Ireland Review

Affordable Housing

Summary

Description of actions	Objective (should include a target output for 2018 & beyond)	Timeline	Principal Officer
We will define the household eligibility criteria for "affordable" housing and introduce affordable schemes for purchase and rent.	Given the prevailing market conditions in areas of the country (house prices; rents and incomes) the State will intervene to make housing available at below market prices to eligible households. Output 2018?	End 2017	Barry Quinlan

Definition:

Generally, housing is deemed affordable if housing costs represent 30% - 35% of gross income. The affordability of housing is therefore a factor of purchase prices/rents and income.

How will Scheme(s) operate?

We are proposing the introduction of affordable purchase and cost rental based on housing being developed on local authority sites with lower cost land as the subsidy. Previous affordable purchase Scheme(s) included the principle of additional Exchequer capital funding being made available to meet affordability targets if the land value alone was insufficient. A key challenge for both affordable rental and purchase Schemes is achieving desired affordable rental or purchase price/rent points (linked to household income and purchasing power) based on the subsidy available from the land value alone. Providing the funding for serviced sites and foregoing State levies and charges is another possible way to reduce the cost of provision and make homes more affordable.

Part 5 of the 2009 Housing Miscellaneous Provisions Act (not commenced), inter alia, replaces the time limited clawback, applied under all affordable housing purchase schemes, with an equity based approach. We are reviewing it with a view to commencement.

Who would be eligible?

Under the proposed (not progressed) affordable rental scheme the maximum income threshold was €59,200 targeting those with the greatest affordability challenge. Under previous purchase schemes the maximum qualifying income varied but was in the range of €50,000 for a single person up to €100,000 for a couple. We are re-examining these thresholds and the other terms and conditions of the Scheme(s). The Scheme(s) will be targeted at first time buyers with the income thresholds based on the principle of housing cost affordability being c1/3 of gross income.

Who are the key stakeholders & have they been consulted?

The Housing Agency and local authorities (Dublin City Council) have been consulted with further consultation planned once the proposed details of the Scheme(s) are worked up further.

Does the action require detailed research/new Budget/new funding arrangements/new legislation/regulation?

Work is underway on the detail of the Scheme(s): income limits - based on SILC survey data, RTB rental data and CSO house price data; selection procedures; the number of affordable homes LA's can deliver from their sites at what price/rent points from site subsidies. We are also examining Part 5 of the 2009 Act with a view to early commencement/amendment.

Any other information

Based on demand and as part of the State Land Management Strategy, local authorities are required to use their lands in line with housing need, including the delivery of affordable homes. Each local authority is required to submit to the Department, in the coming weeks, a strategic management plan for their land banks, setting out how they intend to develop their residential sites for housing.

The implementation of an Affordable Housing Scheme(s), in conjunction with other elements of Government housing policy will ensure more sustainably mixed communities are created.