

DPER DFIN 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.

The use of CALF, P&A and HAP to fund a tenancy is not permissible and would be wasteful of public resources.

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

Advance Pilot Cost Rental Project — initially Enniskerry Road

Summary

Description of action	Objective (should include a target output for 2018 & beyond)	Timeline	Principal Officer
Advance a pilot cost-rental project, with the Housing Agency, Dublin Local Authorities and AHBs.	Demonstrate cost rental model with provision of 155 units at cost rental, 2/3 of which will be provided to social tenants and 1/3 to low to middle income key worker households.	Q4 2017 start 2019 Cost rental units delivered.	Earnán Ó Cléirigh
<p>How will it operate? The project will demonstrate how a not-for-profit (NFP) housing provider could use the cost rental model to provide rental accommodation in Dublin at a rent based on the cost of providing the unit. Such rents would be more affordable than market rents and, at scale, would also serve to dampen local market rents. The project will involve the delivery of substantial developments of dwellings provided by AHBs at cost rental to social housing tenants and low to middle income key worker households.</p> <p>A first phase will deliver 155 units in in Dun Laoghaire Rathdown. Subsequent developments will be</p>			

identified in DCC sites such as St Michael's Estate, Oscar Traynor Road and others.

The Housing Agency are in the process of developing the Land Aggregation Scheme (LAGS) site in Dun Laoghaire Rathdown Co administrative area. As part of the development it is intended that 155 units will be constructed - a mixture of 1, 2 and 3 bed units. These units will be delivered in partnership with an AHB (Tuath/Respond!) will be operated as a cost rental development.

Rents will be set to cover the actual costs to the AHB for providing the accommodation. The cost of provision will be reduced by providing the site to be transferred (from the Housing Agency) at nominal/zero cost, which reduces the initial cost of providing the units. Core build costs and the costs of ongoing management and maintenance will this dictate the level of the rent, which, because of the absence of land costs, the not for profit nature of the operation and low-cost management by AHB, will be lower than market rent.

All tenants will be charged the same rent. The Local Authority will nominate tenants from the social housing list for 105 of the units (1, 2, 3 beds). These tenant's rents will be paid through the HAP scheme.

Tenant eligibility for the remaining units would be based on:

- Income – range rather than fixed limit;
- Social and work related links to local area;
- Housing need.

The cost rents will set initially to deliver an agreed yield in relation to the capital cost of the development. Rents will not adjust in function of market rents, but will inflate in line with CPI and will become more affordable over time, relative to market rents. Once the development finance is paid off in 25 years, there will be scope to reduce rents further or fund further cost rental developments.

It is intended that tender prices will be sought from pre-qualified contractors in Q3 2017, with construction likely to start on site before the end of 2017 and the first units delivered in 2019.

Who are the key stakeholders & have they been consulted?

Dun Laoghaire Rathdown County Council and Housing Agency are key stakeholders in the process and are currently engaged in the second stage of the tendering process.

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

Work on the initial phase of the pilot scheme can go ahead immediately. Analysis will be required to determine the costs of provision, appropriate rent yield and levels and the specific criteria for the selection of the non-social housing tenants.

Any other information