

Joint Committee on Housing, Planning, Community and Local Government

**Opening Statement by John O'Connor,
Chief Executive Officer of the Housing Agency**

In relation to Affordable Housing

Introduction

Chair, Members, we are pleased to be here this morning to assist the Committee in its examination of the issues facing us in relation to Affordable Housing. I am accompanied by my colleague Jim Baneham, Head of Housing Delivery.

The Agency's vision is to promote the building of sustainable communities. Critical to this is that everyone is able to live in good quality and affordable housing.

Affordability

The overall aim for our society is to have housing available that is affordable for households across a wide range of income groups. Housing for purchase and for rental are the main elements of this. As a general rule housing cost should be below one-third of a household's income. For lower income groups this needs to be lower again.

There are households on very low incomes that require social housing or housing support to ensure their housing costs are affordable. There are other households that have sufficient income and finance to purchase or rent. Then there is the group on low, medium and moderate incomes that may need some assistance to purchase or rent. It is this group that I will focus on.

We will focus on two areas in particular;

- Affordable Purchase Housing
- Cost Rental Housing

Affordability and Access

The first approach is to take measures to keep down the cost of housing to rent or buy. The basic elements of this are keeping down construction, land, and finance costs.

A number of measures have been taken, for example:

- improving the planning system,
- introducing the vacant site levy,
- direct funding for infrastructure,
- rental controls and the introduction of rent pressure zones and,
- making development finance available.

Affordable Purchase

The main focus of the state over many decades has been on measures to assist home ownership. This includes, various home loan provisions, mainly through local authorities, first time buyers grants, tax relief on loan interest, affordable housing, shared ownership and low cost sites schemes.

Currently there are three particular measures in place:

- The Help to Buy Scheme that effectively provides a grant, by way of a tax rebate, of up to 5% of the purchase price of a new home costing up to €500,000. The maximum payment is €20,000 per property.
- The Rebuilding Ireland Home Loan that provides low cost fixed and variable interest rate home loans for certain income groups.
- Tenant purchase scheme for local authority social housing tenants.

A new affordable purchase scheme is being commenced. This follows the commencement of Part 5 of the Housing (Miscellaneous Provisions) Act 2009. Under this scheme local authorities can provide affordable housing. The aim is to use local authority and state lands; and/or infrastructure funding to provide affordable housing. Most importantly the discount from market value is retained by the local authority as equity in the property. When this equity is repaid the local authority can recycle this to provide more affordable housing.

Under the **Serviced Sites Fund** €310m has be provided to pay for infrastructure to help local authorities deliver affordable housing for purchase or rent.

Cost Rental

The focus for affordable housing has been on home ownership. A key element of achieving affordable housing in many countries is the development of a cost rental sector that over time provides a significant amount of housing that is affordable to a wide range of households.

The Housing Agency is currently supporting the Department of Housing, Planning and Local Government in the development of a cost rental or not-for-profit rental model.

This form of rental is common in other European countries such as the Netherlands, Austria, and Denmark.

Some points to note on cost rental are:

- The main elements for cost rental to achieve affordability over time are the use of low-cost land, long-term lower cost finance and funding; and the non-for-profit approach. Thinking long-term – 50 years plus, is key to making this work.
- It is a more sustainable model where assets and rental income flows can be used to leverage further investment, building a cost rental sector.
- There are currently two pilot projects being progressed in Dun Laoghaire on the Enniskerry Road and in Dublin City at St. Michael's Estate, Inchicore.
- The Department is being supported by the European Investment Bank (EIB) to leverage its international experience and its advisory and research capacity in the development of an appropriate cost rental model.

Chair, there is a lot more information we can provide on affordable housing. We are happy to answer any questions which Members may have, or to provide further details as required. Thank you.

ENDS