

DÁIL ÉIREANN

AN COMHCHOISTE UM THITHÍOCHT, RIALTAS ÁITIÚIL AGUS OIDHREACHT

JOINT COMMITTEE ON HOUSING, LOCAL GOVERNMENT AND HERITAGE

Dé Máirt, 2 Márta 2021

Tuesday, 2 March 2021

Tháinig an Comhchoiste le chéile ag 10 a.m.

The Joint Committee met at 10 a.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Francis Noel Duffy,	Victor Boyhan,
Joe Flaherty,	John Cummins,
Thomas Gould,	Mary Fitzpatrick,
Emer Higgins,	Rebecca Moynihan,
Paul McAuliffe,	Mary Seery Kearney.
Cian O'Callaghan,	
Richard O'Donoghue,	
Eoin Ó Broin.	

Teachta / Deputy Steven Matthews sa Chathair / in the Chair.

General Scheme of the Affordable Housing Bill 2020: Discussion (Resumed)

Chairman: The committee is meeting today to deal with pre-legislative scrutiny of the general scheme of the affordable housing Bill 2020. We are joined remotely by the following witnesses from the County and City Management Association, CCMA: Mr. Frank Curran, chair of the housing, building and land use committee; Mr. Eddie Taaffe, programme co-ordinator, housing delivery and co-ordination office, and Ms Catherine Keenan, director of services, Dún Laoghaire-Rathdown County Council. We are also joined from the Housing Alliance by Ms Sharon Cosgrove, chief executive, Oaklee Housing; Mr. Declan Dunne, chief executive, Respond; and Mr. Brian O’Gorman, chief executive, Clúid.

The opening statements have been circulated to members. I will first ask the witnesses to make their opening statements and then members will be invited to address their questions.

Members attending from their Oireachtas offices are protected by absolute privilege in respect of their participation at this meeting. This means they have an absolute defence against defamation action for anything they say at the meeting. However, they are expected not to abuse this privilege and it is my duty, as Chair, to ensure this privilege is not abused. Therefore, if statements are potentially defamatory to an identifiable person or entity, a member will be directed to discontinue their remarks.

There are some limitations to parliamentary privilege for witnesses attending remotely. As such, they may not benefit from the same level of immunity from legal proceedings as a person who is physically present.

I remind members of the requirement to be physically present in the confines of the place in which Parliament has chosen to sit, namely, Leinster House and-or the Convention Centre Dublin, in order to participate in public meetings. They are directed that only evidence connected with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable, or make charges against a person outside the House, or an official either by name or in such a way as to make him or her identifiable.

The opening statements submitted to the committee by the organisations will be published on the committee website after this meeting.

I invite Mr. Curran from CCMA to make his opening statement.

Mr. Frank Curran: As stated, I am chairman of the CCMA sub-committee on housing, building and land use and I am also chief executive of Wicklow County Council. I thank the committee for its invitation and look forward to assisting it in its pre-legislative scrutiny of the affordable housing Bill.

All local authorities, along with approved housing bodies, perform an extensive range of housing services, including a multibillion euro programme of new social housing construction across all parts of the country. In the ten-year period up to 2008, local authorities delivered more than 26,000 affordable homes and they have extensive experience and knowledge of affordable housing as a result.

While the emphasis over the past number of years has been on social housing delivery, lo-

cal authorities welcome the new affordable housing Bill. Affordable housing delivers homes to middle-income earners facing housing affordability challenges. When built along with social housing units, it enhances the sustainability of these communities. The addition of cost rental affordable housing to the delivery methods available to local authorities is also welcomed.

The majority of the Bill's provisions are amendments to Part 5 of the Housing (Miscellaneous Provisions) Act 2009. They relate to intended improvements in the areas of assessment of purchaser eligibility, scheme of priority, charging period and the role of the Land Development Agency. Other key provisions cover cost rental and the affordable purchase shared equity scheme. The CCMA is of the opinion that measures in the Bill, in particular heads 3 to 8, inclusive, will give greater clarity and certainty to both local authorities and prospective purchasers.

The primary delivery mechanism enabling local authorities to deliver affordable housing is the serviced sites fund. To date, funding of almost €188 million has been approved in principle in support of 38 infrastructure projects in 14 local authority areas, which will assist in the delivery of almost 4,000 more affordable homes. Of these, 140 homes will be delivered this year, with an additional 700 in 2022 and 1,500 in 2023.

It is important to note that the serviced sites fund is provided to support the cost of infrastructure associated with the construction of new affordable purchase homes on local authority lands. However, the financial ability of local authorities to deliver affordable housing at scale is dependent upon a simplified serviced sites fund bridging the entire gap between the full cost of provision of housing by a local authority and the affordable selling price. The CCMA and the housing delivery co-ordination office are in discussions with the Department in this regard.

The timeframe for the delivery of such projects must accommodate detailed design, the consultation process, planning, procurement and construction. As with all large projects of this type, the nature and scale of the developments will generally evolve as plans are progressed by local authorities. The provision of affordable housing by local authorities utilising funding via a simplified serviced sites fund will allow local authorities progress development of larger mixed tenure housing schemes delivering social, affordable purchase and affordable rental housing.

However, it should also be pointed out that local authorities are still dealing with the legacy of previous affordable housing programmes before 2011. Currently local authorities have approximately 2,000 unsold affordable dwellings with associated unfunded costs of approximately €350 million. While all these dwellings are currently occupied as social housing units, these legacy issues require resolution.

Local authorities are currently assessing their remaining housing land banks and will be acquiring land over the next number of years upon which to further deliver social and affordable housing. Consideration is required on how best to fund these land purchases in order not to disproportionately impact on other local authority general services.

The CCMA is of the opinion that local authorities are best placed to assess the level of demand for affordable housing in their functional areas. It has been working with the Department on setting targets.

The CCMA welcomes the measures in the affordable housing Bill. Coupled with the serviced sites fund, it will allow local authorities deliver affordable housing in conjunction with the other suite of measures in the programme for Government.

Chairman: Thank you, Mr. Curran. I invite Mr. Declan Dunne of the Housing Alliance to

make his opening statement.

Mr. Declan Dunne: The Housing Alliance thanks the Chair and the committee members for inviting us to discuss the issue of affordable housing. Cost rental is the one that applies mostly for approved housing bodies.

The Housing Alliance is a collaboration of six of Ireland's largest approved housing bodies, namely, Circle Voluntary Housing, Clúid Housing, Co-operative Housing Ireland, Oaklee Housing, Respond and Tuath Housing. The Housing Alliance was formed to promote the delivery of social and affordable housing, address barriers and challenges to delivery, and promote strong professional approaches to housing management.

We warmly welcome the cost rental scheme. We await further clarity on receipt of full details of the conditions and will reflect on those details when received. We have responded enthusiastically to the expression of interest for funding, which was oversubscribed, demonstrating the commitment of Housing Alliance members to contribute to the new initiative. It is our contention that, in time, affordable cost rental will be seen as marking a significant and important development in housing policy. It provides a long-term affordable housing solution for those households that choose to rent, with the advantages that this bestows on the wider economy. The housing sector has lacked an affordable rental option for some time. The provision of affordable cost rental homes is an important initiative for those households whose income falls between private and social rental. It brings Ireland more in line with other European housing systems, which tend to have a cost rental element in their housing provision.

Many households become trapped in the private rented sector, unable to move to a more secure or affordable tenure, yet their incomes are above the threshold to qualify for social housing. They are not earning sufficient income to purchase a home of their own. The cost rental equity loan, CREL, represents a remedy at a critical juncture in housing policy. While the initial 440 homes is a relatively small number, given the proportion of households in need of an affordable rental option, we believe that the success of this initial year will provide the evidence and demonstrate the value of significantly increasing recurring budgetary allocations to allow many more cost rental homes to be provided in future.

As is clear to everyone, housing affordability is an increasing challenge in the Irish context. Without a secure place to call home, it can be challenging to engage in many aspects of life, including employment, education, training and recreation. Never has the centrality of the home been more acute than during the Covid-19 crisis, with the call to action to stay home and stay safe. For many households, having a secure home of their own is out of their reach and unaffordable. For example, 16% of households spend more than 30% of their net income on housing, with this figure rising to 70% for the lowest quartile of the income distribution, according to ESRI research in 2018. That study also found a variation in affordability in respect of age group, location and household formation.

In social and economic terms, lack of access to affordable housing impacts on family life, household job prospects, household finances, family formation as well as national competitiveness and growth. Furthermore, according to most recent figures, the median gross income per household in Ireland was €45,256 while nearly two thirds of Irish households had a gross income of less than €60,000. Despite marginal reductions in rents in recent months, market rents in Dublin city are still at almost €2,000 per month, comprising more than 69% of the net income of a household on a gross income of €45,000 and just over 56% of the net income of a household on a gross income of €60,000. Rents in other cities, including Cork and Galway,

continue to rise at a rapid pace.

Cost rental housing in Ireland is providing discounted rental housing developed by approved housing bodies, AHBs, and local authorities; guaranteeing long-term security of tenure to tenants; charging rents of at least 25% below prevailing market rents, with affordability likely to increase over time; and assisting tenants with housing assistance payments, HAP, after six months should they temporarily lose employment. As in other European countries, cost rental properties act to counter the boom and bust cycles that often plague the housing market. For example, in Austria where two thirds of the population live in subsidised housing-----

Chairman: I am sorry to interrupt, but we must keep opening statements to approximately five minutes each. I ask Mr. Dunne to conclude his opening statement. We will definitely return to the issue of cost rental and the benefits of same with our questions.

Mr. Declan Dunne: Okay. In conclusion, AHBs are organisations with a social purpose and have a particular role to provide for people in need of housing, including those above the social housing limits. We have a strong track record of delivery. For example, 41% of all social housing in 2019 was provided by AHBs.

This is a good scheme and we look forward to future budgets as an opportunity to reward low-to-medium-income workers, especially front-line workers for their extraordinary contributions during the Covid pandemic. Access to cost rental is a cross-party issue and we ask for the committee's continued support for providing this much-needed affordable rental housing for families and individuals who need it.

We are happy to answer questions.

Chairman: I thank Mr. Dunne. We will now move to questions from members. I remind them that, if each member sticks to five minutes for questions and answers, we will get considerable value from this session. There is a great deal of experience in housing delivery present in the form of the local authorities and the Housing Alliance. I also ask members to identify themselves clearly for the Debates Office and to confirm that they are within the confines of Leinster House or the convention centre.

Senator Mary Fitzpatrick: I thank the witnesses for participating. For the record, I am in Leinster House.

My first question is for the Housing Alliance, which I thank for its presentation. It is reassuring to have the Housing Alliance's support. As Mr. Dunne stated, the alliance provided 41% of social housing. It is important that there be a change in the State's housing policy and that we provide affordable rental accommodation to people on modest incomes. It is good to have the alliance's endorsement of that.

Much has been made of the 400-odd units in the first year, but will Mr. Dunne confirm what the Housing Alliance's delivery target over the next three years will be? How many units does it intend to deliver?

Mr. Declan Dunne: The housing associations - the members of the alliance - had in their social housing stock up to December 28,000 homes. They are on schedule to deliver at least another 12,000, bringing the number up to 40,000 in the next couple of years. Does the Senator wish to know about cost rental in particular?

Senator Mary Fitzpatrick: The 12,000 number is encouraging. It would be helpful if, after this meeting, Mr. Dunne circulated to the committee a projection of where those 12,000 units would be. I have a couple of questions for Mr. Curran as well and I am trying to keep to the time, so I apologise.

I thank Mr. Curran for his presentation and his participation. Local authorities have a strong track record of social housing provision, but today's report is disappointing in its ambition and scale. It seems to indicate a target of approximately 2,000 units over the next three years, yet the CCMA is discussing acquiring land. How many units can the land that is currently available to local authorities provide? Are the targets indicated in the report based on the new legislation or are they old? If the latter, when will they be revised to reflect a greater ambition?

Mr. Frank Curran: In recent years, our focus has been on developing social housing units. From 2016 up to quarter 3 of 2020, we built approximately 6,400 units, acquired 6,600 and assisted the AHBs in building 5,500. In the same period, AHBs acquired approximately 3,500 units. There were 2,800 homes delivered through Part V and 4,500 leases. These numbers are significant. Currently, 15,000 dwellings are under construction and the target is 10,000 per year over the next five years and a further 2,500 leases. It is a very ambitious programme in terms of social housing delivery. Right now, through the housing delivery and co-ordination office, we are assessing the land local authorities have to deliver those 10,000 social units. We are also assessing demand for affordable housing units. We are working with the Department in this regard. We are looking at the staff local authorities will require to deliver on this ambitious programme of social and affordable housing and what land we need to acquire. We will be going out to acquire this land.

Senator Mary Fitzpatrick: Will Mr. Curran circulate more details to the committee? It is very encouraging to hear those numbers. It is way more ambitious than the 1,900 or so referred to in the report. How many local authorities made an application for the CREL funding?

Mr. Frank Curran: At present, the CREL is open to approved housing bodies. They would have applied and that was assessed by the Housing Agency. It is not open to local authorities at present.

Senator Mary Fitzpatrick: Are local authorities keen to pursue that? Have they expressed any interest in pursuing it?

Mr. Frank Curran: Cost rental is something local authorities can look at through the serviced sites fund. Into the future, we need more mixed tenure development in terms of social, affordable and cost rental housing, so we are very much in favour of that.

Deputy Eoin Ó Broin: I confirm I am in Leinster House. I thank Mr. Curran, Mr. Dunne and their teams for their presentations. As somebody who has been a long-time advocate of local authority and approved housing body delivery of affordable rental and purchase accommodation, it is good that we are finally having these conversations. I must say, however, that I do not believe any lack of ambition is on the part of the people in this meeting. If central government does not provide significant funding from AHBs or councils to deliver affordable housing then we will not be able to deliver it. It is important that committee members know there was no additional funding for the serviced sites fund in budget 2021 above pre-existing commitments. Only €35 million was allocated to the AHBs for cost rental whereas we need to be spending far greater sums of money over the next five years to meet the level of need that exists.

I have two questions, the first of which is for CCMA. As we know, €300 million was allocated for the serviced sites fund over three years to deliver more than 6,000 affordable homes by the end of 2021. That obviously has not happened. As was said, we will only get 140 this year, 700 next year and 1,500 the year after, and those are pre-Covid figures. What needs to change to allow Mr. Curran to accelerate the drawdown and delivery of homes under that fund? If the fund were to be increased, what is Mr. Curran's capacity to handle that? We need thousands of these units every year, not hundreds.

I congratulate Mr. Dunne and his colleagues on the success of the applications, the details of which I know we will get soon when they are announced, for the affordable cost rental scheme. My concern here, however, is that it is a very small amount of money and a small number of units. The real concern is the rent levels, however. This is not a criticism of the Housing Alliance but a whole range of people will not be able to afford those rents, for example, single people or those on a modest dual income who are above the threshold for social housing. What needs to happen in that scheme to drive the rents down below €900, €800 or €700? Are we going to see any units in the city centre given the price differential there? We need to make sure these units get to the people who need them most. We are hearing figures of €1,100, €1,200 or €1,300 for rent on Land Development Agency, LDA, cost rental sites. What does the Housing Alliance need from Government to bring rents down below the €1,000 mark?

Mr. Declan Dunne: I will make an initial comment and then invite my colleague, Mr. O'Gorman, to answer. Our ambition is to have the lowest rents we possibly can. This housing cannot be delivered without a subsidy, however. Therefore, having the cost rental equity loan provides a level of subsidy. Then there are other factors with regard to land cost and construction costs that feed into it.

Our initial responsibility is thinking about those who are in the current situation where they are paying €2,000 per month, which I know all members care about. We are looking to see how we can significantly reduce that amount. If I may, I will invite my colleague, Mr. O'Gorman, to make further comments.

Mr. Brian O'Gorman: Mr. Dunne has more or less given the case. We are obviously trying to drive down the rents as low we can. We realise that the more we can drive those down, the bigger the pool of people that will be available to us. We have tried to develop the properties in as reasonable and cost-effective a way as we can. We have applied an affordability measure to our assessment of potential applicants. We do not want anybody to spend more than 35% of his or her net income on rent because that just brings people into unaffordability and issues regarding rent arrears, debt and so on. We have managed, therefore, to bring the rents between €900 to approximately €1,100 across the various schemes.

We hope the success this year, which we are anticipating, will deliver a permanent budget line in order that this will be something allocated year on year. Then we can begin to plan much further in advance. We can develop sites ourselves. These are all acquisitions. We will be able to develop sites if we know a programme is coming. We hope to be able to drive that down further.

In addition to what Mr. Dunne said, the rents will be indexed to inflation, to consumer price index, CPI, which will be less than the increase in market rent. Therefore, we expect that affordability will increase over time. These are 40-year terms. At the end of that 40 years, when they are available to other households, long after I have left the scene, we hope we can bring down the rents even further because the loans will have been paid back.

Chairman: I will bring Mr. Curran in on that question of the serviced sites fund.

Mr. Frank Curran: As I said earlier, the serviced sites fund covers infrastructure costs. What would help, and we are in discussions with the Department and the Minister is willing to look at this as part of the new housing strategy, is if the serviced sites fund could be expanded in order that it would cover the entire cost of the difference between the actual cost of building a house and the affordable price. That would help very much in terms of delivery.

This Bill will also be of assistance in terms of providing clarity and certainty on affordable housing on the side of the local authority and the applicant and will give greater certainty to local authorities. As I mentioned, we also need to acquire land. That will give us greater opportunities to develop more mixed tenure developments.

Senator John Cummins: I confirm I am in Leinster House. I, too, thank witnesses for attending this morning to give evidence on this very important legislation. This affordable housing Bill will provide local authorities, the LDA, approved housing bodies and the private sector with a set of tools they have not had before to try to increase supply of units and bridge that affordability gap for many individuals and households in the State. I know there has been much public commentary regarding one element of the Bill. I am glad we are talking about the other two elements of the Bill this morning. It is quite useful.

I will focus first on the cost rental scheme. The way I see it, the approved housing bodies have been tasked, initially, with proving the concept of cost rental in the Irish context, and the 440 units have been mentioned. I do not want anyone to take this as a criticism, but I believe that to expand this scheme and drive the delivery of the units, we will have to expand the scheme beyond the approved housing body sector. Would Mr. Curran or Mr. Taaffe, who is also on the line, agree that keeping it on balance sheet, as it is at present through the CREL, is going to potentially hamper the expansion of the scheme in the future? Do they agree that flexibility is required in the legislation and regulations to allow housing organisations outside the AHBs to take part in this model? In my opinion, there is no point in developing a scheme in which we will not be able to quickly drive the number of units that will be provided. I am certain there are funds and organisations that will be willing to provide long-term leases. The 40-year horizon has been mentioned. There could be long-term lease arrangements agreed with organisations to provide units and at the end of the 40-year period they revert to the State for a nominal fee. Have those discussions, beyond the approved housing bodies sector, been ongoing with the local authorities? Can Mr. Curran or Mr. Taaffe expand on that?

Mr. Frank Curran: There are other options available. There is the LDA. In Shanganagh in Dún Laoghaire-Rathdown County Council there is a development through the LDA that will deliver 306 cost rental units, 200 social units and 91 affordable units. Also, on the Enniskerry Road in Dún Laoghaire-Rathdown County Council, the serviced sites fund is being used to assist in the delivery of cost rental units with the assistance of an approved housing body. I will ask Ms Keenan to expand a little on those. They are outside the CREL but are delivering cost rental.

Ms Catherine Keenan: As Mr. Curran said, we are delivering a total of 597 homes in Shanganagh, 306 of which will be cost rental, 91 affordable purchase and 200 social housing. We are delivering this in partnership with the LDA. The rents there will be approximately €1,200. I know people would like to get those lower, but if one compares them to the market rents in the area, which are €2,000, it is a considerable difference. We are due to go to tender in April and we will be on site in the latter half of this year. That is 306 cost rental and renting and affordable

housing in collaboration with the LDA.

In terms of the Enniskerry Road, Mr. Declan Dunne from Respond Housing Association is present. We are working with Respond Housing Association, Tuath Housing, the Housing Agency and the Housing Finance Agency. That will deliver 50 cost rental homes. They are on site now and almost at completion. They will be completed in autumn this year.

The key point in both of these projects is the collaboration. We have collaborated very well with the approved housing bodies, the Housing Agency and the Housing Finance Agency on Enniskerry Road, and in Shanganagh the LDA is driving that delivery.

Senator John Cummins: I am sorry to intervene, but time is limited. The specific question here relates to on balance sheet and off balance sheet. If everything is being channelled through the approved housing bodies sector, which is doing fantastic work, we must be cognisant that this is on balance sheet. I know there is a desire eventually to attract long-term pension funds with a 40-year horizon that are looking at a low return over a period. That is what is happening across Europe. However, to do that, it must be off balance sheet. Everything that has been described so far is on balance sheet. My question was whether the witnesses agreed that there has to be flexibility in the legislation and the regulations to allow this to go beyond the approved housing bodies sector to get it off the State's balance sheet.

Chairman: We might return to that question. We are out of time in this slot.

Senator John Cummins: It is a very important question.

Chairman: Yes, and we will get a response to it, but I have to keep the meeting moving along so every member gets an opportunity to speak. The next speaker is Deputy Duffy.

Deputy Francis Noel Duffy: Can everybody hear me?

Chairman: Yes, we can hear you, loud and clear.

Deputy Francis Noel Duffy: I thank the witnesses for their insightful presentations. I welcome seeing Mr. Taaffe in this forum. The representatives of both the CCMA and the Housing Alliance spoke about the benefit of delivering cost rental en masse in the context of rent affordability and to stabilise the housing sector. I agree with this and the AHBs play a pivotal role in helping to reshape our housing market into one that is affordable and inclusive of all income levels. In a previous committee meeting on this Bill it was suggested by the Housing Agency and the National Economic and Social Council, NESC, that we require at least 2,000 cost rental units per year to stabilise the market and eventually drive down prices. NESC also cited multiples of that figure, up to 6,000 units per year, as what we really needed. Have the witnesses engaged with the Department of Housing, Local Government and Heritage on multi-annual funding and access to local authority land, given that AHBs will have to deliver cost rental units on such a scale?

Second, we often cite the success of the Vienna model, which has exemplified the housing model centred on affordability. In a recent meeting with the Austrian Green Party, which forms part of the Austrian Government with the Social Democratic Party, its members noted that every fourth flat in Vienna is city-owned, with up to two thirds of the population in affordable and high quality public housing. That includes high-income earners. Only about 20% of people own their own homes in Vienna. That is not because house prices are expensive, but because of the significant investment in delivery of public housing as well as the evident rental culture

that exists there. What is the witnesses' perspective on the lease terms and the provisions we need? Would they support leases of indefinite duration, considering the State's current six-year lease terms?

Finally, in order to maintain cost rental as a non-profit driven model, do they agree that cost rental rents should be priced on the construction and maintenance and capped at a profit of 3%, akin to the Vienna model?

Chairman: The first question was on engagement with the Department to allow AHBs to provide at scale.

Deputy Francis Noel Duffy: Yes, at scale. Is the funding available on a multiannual basis?

Mr. Declan Dunne: I will answer that. It is interesting to hear about the NESC report with regard to 2,000 per annum. We also hear about the 440 in the CREL scheme. Ms Keenan has outlined that the Shanganagh scheme will have 306. We are quickly approaching at least 50% of that target, and that is encouraging. However, this is very much the beginning, the initial phase where we all need to prove this model, be satisfied and improve it. There are opportunities to improve it as we proceed. Certainly, the Enniskerry Road project was the initial pathfinder project and we have learned from that.

In terms of engagement with the Department about the funding and scaling up the model, the Housing Alliance has raised this. I represent the alliance on the delivery group that the Minister chairs and we have raised two matters. One is the need for us to get on with this and prove its viability, and then to make the case to the Department for future budget allocations to scale it up. We have also highlighted the importance of the request for expressions of interest to be made much earlier. We had expressions of interest late in December and we are delivering most of this in this year, and that is quite a tight timeline. We believe it is important that it might happen in August and September while there is the parallel process of the Department making its submissions to the Government about budgetary allocations. There is no doubt that is important.

On the issue of classification, we are actively involved in making an effort to reverse classification. We are optimistic about doing that. We are having conversations with the National Treasury Management Agency, NTMA, and the Government about it. We believe it is entirely possible for us to address it. The Senator's comments were well made and they must be addressed. We are working hard to address them.

With regard to the elements that go into the cost, we agree that the profit element of this must be reduced as much as possible. The purpose of this is to keep the cost down. I cannot see how involving private sector actors or investors is going to keep those costs down when they are required and entitled to make a substantial return on investments in order to get the investments they need. Between the local authorities, the AHBs and the LDA, we would be optimistic that the State could adequately do this, that we are adequately placed to do it and that we are focused on the lowest possible rents for tenants.

Deputy Francis Noel Duffy: What about indefinite tenures? I think we are currently stuck at six years.

Mr. Declan Dunne: We are familiar with people having indefinite tenures in the 28,000 tenancies the approved housing bodies have now. Not only do these people have lifetime homes in perpetuity, but if their children qualify under the income criteria, they can also live in those

homes, and that is our intention. The wonderful thing about the model is that the houses are paid for once and that cost might be repaid over 25 years, and then those homes are available at no additional cost in the remaining 75 years, except for maintenance. Our perspective then when it comes to cost rental is that we would like these properties to be available in perpetuity and that the tenure should not be limited.

Senator Victor Boyhan: I confirm I am in Leinster House. I welcome Mr. Curran and Ms Keenan from the CCMA and Mr. Dunne from the Housing Alliance. We have talked about affordability. I and most other members operate on the understanding and belief that affordability is based not on location but on income. I ask the witnesses to comment on that because it is critical and many people miss it. I live in Dún Laoghaire. Ms Keenan represents Dún Laoghaire-Rathdown County Council and she will be aware of the costs there. Wherever we go in the country, there is a different impact in respect of affordability and we must address this key issue.

I am conscious of time and I want to stick to a few questions. The Minister announced 390 new cost rental units and I see that members of the Housing Alliance, namely, Clúid Housing, Respond and Tuath, have been involved in some of those endeavours. Of those 390 cost rental units, will the witnesses confirm that 50 of those units are already accounted for as part of the Enniskerry Road project? Mr. Curran mentioned the issue of acquisition. I am taken aback by that. We know a number of local authorities have a legacy regarding the land aggregation scheme. Nothing has happened in that regard. That legacy needs to be brought into play in respect of affordability. I accept there is a need for mixed tenure. I would like to hear what the CCMA is doing in that context because there has been no mention of it.

I was somewhat surprised by what I thought was a bland statement from the CCMA this morning. I expected it to be a bit more ambitious. I am not suggesting the association is not ambitious but I did not see ambition reflected in its statement. In the greater scheme of things regarding this proposed Bill, the witnesses might also comment on the LDA and how it will interact with the local authorities. I know for certain from talking to city and county councilors around the country that they have serious concerns about the proposed adjustments to the section 183 disposal system. The witnesses and anyone who works in the local authorities will know there are many good reasons that elected members may decide not to release land to the LDA, while there are also many other reasons that they would do so. I ask the witnesses to comment on that.

Chairman: Section 183 has been dealt with under the Land Development Agency Bill 2021. We are here to discuss the affordable housing Bill so the witnesses may not be in a position to comment on the last question from Senator Boyhan. Would the Senator like to direct his questions to anyone in particular?

Senator Victor Boyhan: There are only two representatives of the CCMA here and they will clearly understand the context of the Land Development Agency and section 183 disposal. The matter relates to and is covered in this Bill.

Mr. Frank Curran: The role of the LDA is to undertake strategic land assembly and to utilise fully State lands to build affordable housing and sustainable communities. Local authorities will co-operate with the LDA in delivering social, affordable and cost rental housing. We already have the example of the scheme in Shanganagh, where the local authority in Dún Laoghaire-Rathdown co-operated fully with the LDA and significant delivery of housing is now under way. The LDA has a number of schemes coming through around the country, with some

of those deriving from the land aggregation scheme, such as those in Naas and Lusk and also a scheme now coming through in Cork. The LDA has a very ambitious programme for delivering social, affordable and cost rental housing in the next year. We welcome that.

Going back to the land aggregation scheme, we are looking at all the lands in the land bank, that is, all the lands owned by the local authorities. We are looking at the services available for those lands. We are examining what land can be made available for social and affordable housing. We are also in discussions with the Department and the Housing Finance Agency concerning land which is unlikely to be delivered in the next number of years and how to deal with existing loans.

Turning to the Senator's comment regarding our ambition, I think we are very ambitious. As I said, there is a target of 10,000 units for social housing for each of the next five years, in addition to 2,500 leases. This proposed affordable housing Bill will give us clarity and certainty in this context. We also have the serviced sites fund in operation and we are seeking to expand it. We are actively looking for land on which to deliver affordable and cost rental housing. There is considerable ambition on the part of the sector. We will examine issues such as the staff complement in each local authority, the skill set we will require and the recruitment of the staff we need to be in a position to deliver on this ambitious programme.

Senator Victor Boyhan: Regarding the 390 affordable houses the Minister announced, will the witnesses confirm that 50 of those are already part of the Enniskerry Road project?

Mr. Declan Dunne: The 390 figure does not include those 50 houses. That is why the Housing Alliance statement refers to 440 houses. The reference to 390 affordable houses concerned the call for expressions of interest. Added to that figure are the 50 houses being developed in Dún Laoghaire by Respond, Tuath, the Housing Agency and Dún Laoghaire-Rathdown County Council, supported by the Housing Finance Agency.

Deputy Cian O'Callaghan: I have two questions for the witnesses from the CCMA. The expansion of the serviced sites fund was mentioned. Will the witnesses tell us more about that? What is envisaged? Is it that there will be flexibility in the amounts and it will be possible to go beyond €50,000 or will the amounts be fixed? If the approach is that of some flexibility, how would that be worked out? I ask the witnesses for more detail on that.

Part of the process of achieving housing affordability must focus on driving down the costs of delivery and construction. Is the CCMA considering that aspect? Has the possibility of more universal internal design been considered to achieve economies of scale, for example, in procuring internal fittings? I do not believe universal external design is desirable or a good idea.

Is the cost procurement process being examined to see what might be done to lower the costs of construction? There have been issues with some larger developments, for example. If they have not been broken up, only a couple of large developers bid in the tender process. The resultant lack of competition has been driving up costs. Has consideration been given to breaking up some of the bigger projects so that smaller bidders can make bids? That would then bring costs down. Does that form part of the work being done on the serviced sites fund? That is one way of bridging the affordability gap. However, we should also be looking at areas where we can drive costs down while maintaining good standards. I ask the witnesses to expand on those issues.

Mr. Frank Curran: When we talk about expanding the serviced sites fund, we are referring

to discussions we are having with the Department and the Minister in regard to applying the fund to all the costs of construction in order to provide affordable housing. An individual who can borrow 90% of the cost of a house does not need a subsidy, but a discount would be applied for people who fall below that level of affordability and who cannot secure a loan to cover 90% of the property cost. We are looking for that sort of flexibility. We are also looking to expand it to current developments, rather than just construction, which will give us another route to providing affordable housing.

In terms of affordability, we are looking at other forms of delivery, such as design-build, which will allow for delivery to be achieved much more quickly. We are looking at frameworks to put in place in that regard. We are also looking at economies of scale and larger developments that will provide better value for money. I ask my colleague, Mr. Taaffe, from the housing delivery and co-ordination office, to comment on that aspect.

Mr. Eddie Taaffe: We have been working with the Office of Government Procurement, OGP, on rolling out design-build frameworks for the whole country and we hope to advertise for them in the next few weeks. We see a need for design-build contractors to take on some of the more straightforward sites in order to speed up the whole delivery process and bring in economy of scale in that regard. We are also working with the Department on trying to standardise as much as possible floor plates and floor plans for particular types of units. That should lead to greater certainty in the construction sector in regard to design-build schemes.

We are also trying to review how we operate frameworks, particularly for design teams and consultants such as architects and quantity surveyors. We are co-ordinating that better across the sector and making sure the right frameworks are in place to meet the needs of local authorities throughout the country. One of the considerations with frameworks is that they must provide for smaller consultants and builders to be involved in the delivery of housing, as well as the larger and medium-sized operators. The frameworks will be tailored to allow all cross sections of the sector to deliver different sizes of projects across the country.

Deputy Cian O’Callaghan: I thank the witnesses for their replies. In regard to design-build frameworks, will they clarify that there will still be plenty of flexibility in terms of external design in order to ensure it is not overly uniform? Is it the case that the approach being taken is looking more at the internal side?

Mr. Eddie Taaffe: That is correct.

Mr. Frank Curran: Architectural quality is very important in all our schemes. That is absolutely the case.

Deputy Cian O’Callaghan: It is very important. I thank the witnesses.

Senator Rebecca Moynihan: At the outset, I confirm that I am in Leinster House. I have a couple of questions for the witnesses from the CCMA. Mr. Mark Bourke from Dublin City Council told us about the problems local authorities have in comparison with the private sector in delivering housing. In some cases, the process they have to go through can see construction taking six years. In the context of the affordable housing Bill, are the witnesses speaking to the Department about the steps and processes that take place between local authorities and the Department in regard to the provision of funding? Where does the CCMA see the longer delays arising in local authority delivery of social housing?

Mr. Curran said that he is talking to the Department about additional funding under the ser-

viced sites fund. What type of infrastructure is he talking about in this regard? Is he referring to enhanced infrastructure? In the case of the Dublin local authorities, for example, when it comes to building anything like playgrounds, parks and other facilities that build communities beyond the bricks and mortar of housing, they often feel that they are forced to sell land in order to get the money to provide that enhanced infrastructure. Is there any case being made to the Department for funding of enhanced infrastructure, which currently is not covered?

How does the CCMA see the issue of guaranteed affordability in regard to purchase prices? In the case of O'Devaney Gardens, for instance, some of the affordable housing units cost more than €400,000. What steps can the Department or the CCMA take in terms of the procurement process to bring that price down? Following on from what Deputy Cian O'Callaghan said, where there are one or two builders on large sites, local authorities are often forced to take what those builders say is an affordable unit. Are there any steps that can be incorporated into the affordable housing Bill to enable direct dealing with small builders in order to reduce the cost of the affordable purchase element of schemes?

Mr. Frank Curran: In regard to delays, we have had many discussions with the Department down through the years about the approval process. The Department, like us and every other public body, is subject to the public spending code and the various governance arrangements that are in place. We previously agreed to bring it down to a four-stage approval process that takes approximately 50 weeks. In more recent years, we have been working on the design-build process, which has shortened that. In Wicklow, we are delivering schools through design-build and the initial process is taking 43 to 45 weeks, which is a significant improvement. The Department now has a single-stage approval process for schools for projects up to €6 million, which speeds up the whole process. It is very useful for local authorities and we will certainly be taking the Department up on it.

Regarding the serviced sites fund, it currently deals with large-scale infrastructure projects, including roads, sewerage and so on, that are over and above the norm. They are covered, which will allow the houses to be more affordable. The Senator is talking about social infrastructure, such as playgrounds and parks, for which there are various sources of funding. It would usually come through us, by way of our community development levies, and we provide parks, open spaces and playgrounds all the time. There are also various grants available such as the town and village renewal scheme, the outdoor recreation infrastructure scheme and the urban regeneration and development fund. We draw on those sources of funding all the time to develop community infrastructure.

In terms of guaranteed affordability, as Mr. Taaffe pointed out, we are doing a lot in terms of our procurement process. We are working with the OGP on design-build and having standard layouts etc. in order to reduce the costs as much as we can. After that, the serviced sites fund would kick in to provide the subsidy and discount available to people.

Mr. Eddie Taaffe: On the delivery of associated community infrastructure for housing developments, in the case of a couple of instances, local authorities are making cases for funding for community infrastructure to be tied in with the funding for the housing schemes. The Department, in discussions we have had with it, is open to that argument being made, particularly where it is a requirement and condition of the public consultation process that associated infrastructure like playgrounds or community facilities are tied into housing developments. It strengthens the hand of local authorities to get the funding and get the infrastructure delivered because it is a condition of the public consultation planning process. We are having ongoing discussions in this regard and there is a recognition from the Department that where there is a

community deficit of infrastructure associated with particular housing schemes, a level of funding to address it should be provided under those schemes.

Chairman: Senator Moynihan's time is up but I may be able to bring her back in on the second round. Who is the next speaker for Fine Gael?

Senator John Cummins: I will come back in, if I may.

Chairman: That is fine.

Senator John Cummins: I will take up where I left off in my first round of questions. Do the witnesses agree that in order to ramp up the scale of delivery of affordable homes, we must get cost rental taken off balance sheet? Do they agree that flexibility is required in legislation and regulations in order to enable organisations beyond the approved housing bodies to partake in cost rental schemes?

Mr. Frank Curran: In the long run there will be a case for that and the Minister can make regulations on the limiting of returns etc. In the short term, the focus is on the pathfinder and approved housing bodies through the Land Development Agency and ourselves through the serviced sites fund. In the longer term, if we are delivering cost rental at scale, there is a role and it is allowed for in the Bill.

Senator John Cummins: We all accept we must ramp up the provision of these homes. It is no disrespect to say that, as I did in my first round of questions to the alliance members, who are doing fantastic work in the provision of social homes. Cost rental is a new sector and approved housing bodies have been tasked with proving the concept. In order to ramp up production of these homes, we must get this off balance sheet. It is a key metric. There is a desire from the approved housing bodies to get their provision off balance sheet but there is no guarantee that can happen. If we look at a 40-year horizon with long-term leasing, is Mr. Curran aware of organisations that have approached local authorities to provide affordable schemes outside the approved housing body sector?

Mr. Frank Curran: We are looking at long-term leasing for social housing and that is ongoing.

Senator John Cummins: Yes.

Mr. Frank Curran: It is something that will happen down the line.

Senator John Cummins: What horizon would it be?

Mr. Frank Curran: It is a matter for the Minister and the Department and we will certainly be in discussions on it. For the next two or three years we can focus on the LDA, the approved housing bodies and the delivery of cost rental, as outlined earlier.

Senator John Cummins: Is Mr. Curran aware of organisations outside of the approved housing bodies that have approached local authorities to provide affordable schemes? I do not mind whether it is a local authority, a land value alliance, an approved housing body or the private sector that comes in to provide these homes. I do not believe the public cares who provides such a home as long as people can get it. I do not want to see a tug of war, with people vying to provide these homes and nothing being done. I want to see them delivered and, to be frank, I do not care who provides them.

Mr. Frank Curran: There is still significantly reduced rent, which covers the cost of construction and operational maintenance, along with a marginal return. That is allowed for in the Bill. Mr. Taaffe might comment on this. We are getting enhanced and long-term leasing from institutional investors and it certainly could be available down the line to provide that affordable rent.

Senator John Cummins: It would be off balance sheet.

Mr. Frank Curran: Yes.

Mr. Eddie Taaffe: All I am aware of are companies specialised in acquiring properties and leasing them in the long term to local authorities either through enhanced leasing or regular leasing for 20 or 25 years. I am not aware of any other sectors that would offer it outside the approved housing body sector. I suspect that when cost rental becomes a feature, we may well see that. It may become another delivery channel and that would only be a good thing, depending on how finances work and value-for-money elements. There is also the matter of the whole-life cost to the State of that type of housing. We are not seeing it currently but I suspect we will in the near future once affordable rental and cost rental becomes a growing feature.

Senator John Cummins: Mr. Taaffe is right and it would be a welcome move. Any provision of homes is clearly welcome.

Chairman: Perhaps I could follow up on that. The long-term leases mentioned by Mr. Taaffe are where a local authority enters into a 25-year arrangement, for example. What happens after those 25 years to tenants in those long-term leases? What is the plan after the 25-year lease?

Mr. Eddie Taaffe: There are a number of options. In some cases the lease could be renewed by agreement. We are only at the beginning of leases but there could also be alternative lease properties found. It could well be the case that the properties could be acquired by the local authority at the end of the lease. There are a number of options available to local authorities. It is important to note that as we know when a lease will end, we have time to work out a resolution for what happens at the end of the period. Local authorities will have time to do that and there are a number of options available at the end of the lease period.

Deputy Thomas Gould: I thank everyone for coming to the meeting and giving their thoughts. As a Deputy, I want to see the delivery of social and affordable housing and affordable cost rental properties. People need action and they are looking for us to provide it now. They are sick of announcement after announcement. We need to deliver these for the people.

I have a question for the CCMA delegation. With the legacy issues, is a full write-down of loans required or what must be done to get rid of the burden on local authorities caused by these loans? The opening statement indicated that in the ten-year period to 2008, local authorities delivered over 26,000 affordable homes but 2,000 of those were unsold. What lessons can be learned from this? Has there been an analysis of the 24,000 homes that were sold to see if the tenants felt they had a good or fair deal and what changes would be made if we were in a similar position now? How would the CCMA envisage the process of determining the price of an affordable home under the proposed scheme?

The Housing Alliance statement referenced cost rental prices and the relation to market rates. Would it consider market rates to determine cost rental rates as appropriate? There are areas where current market rates are extremely or excessively high. Should the cost rental af-

fordability calculation be done on the median wage in those areas so as to make these properties affordable for people? There was an announcement for a proposed cost rental scheme on the St. Kevin's site, with rates between €900 and €1,100, but for most people that is not affordable.

Mr. Frank Curran: We are looking at the legacy loans, as I mentioned earlier. The first step is to look at all those land banks and see what can be developed for social and affordable housing. That is the best way to deal with it. At the end of that exercise, there may well be land that is unlikely to be developed for various reasons, and the type of discussion we are having with the Department and the Housing Finance Agency is on how to clear those loans. There are a number of options. There could be another scheme. The loans could be cleared by the Department or paid over time. There could be an arrangement between ourselves, the local authorities, the Department and the Housing Finance Agency. That is all up for discussion and we are analysing all those land banks.

On the unsold affordable housing units, there were 29,000 units built and the vast majority of people are very happy with the deal they got. We get that information anecdotally. Despite the scale of the crash, which was unprecedented in Ireland, only 2,000 remained unsold. Those that were unsold are now fully occupied by social housing tenants. They were leased to approved housing bodies and occupied by social housing tenants. The lease then paid the loan. We are in a position now where we must look at what to do with those loans. We are looking at whether we should continue and transfer them to the approved housing body or what is the best way to deal with that. There is a working group between the Department and ourselves that is looking to resolve that matter. On affordability, the way it is set out in the Bill is that if somebody can afford a mortgage to purchase a house on the private market, he or she will not be eligible. The plan is to consider what a person can afford, and provide a discount in respect of what he or she can afford and the price on the market. That is how the discount would be provided. It would be based on the individual and not the individual's circumstances. There is a maximum discount of, I understand, 40% set out in the notes on the Bill.

Deputy Thomas Gould: I have a question for Mr. Curran. Cork City Council has €36 million in loans in respect of land it purchased. There is no way it will recoup that money if it is providing social, affordable and cost rental properties. They will have to be subsidised or something else will have to be done. Cork City Council has another €36 million in unsold homes. That one local authority has a debt of €72 million in total. We know there are many other local authorities in the same position. If local authorities are to deliver housing, surely these loans need to be dealt with.

Mr. Frank Curran: They are being dealt with. As I said, unsold homes are being occupied by social housing tenants. The interest on the loans is being paid. We need to sit down and examine this situation. As I said, a working group has been established. In terms of what to do in the future, do we leave them or transfer them to approved housing bodies and continue to let them to social housing tenants?

Mr. Taaffe is involved with Cork City Council through the housing delivery co-ordination office. It is examining the parcels of land, in particular, and determining in the first instance whether we can develop social, affordable and cost rental housing on those pieces of land. If that is not possible or is unlikely, we, along with the Department and the Housing Finance Agency, will consider what the best option is for dealing with the loans. That is actively being worked on at the moment.

Deputy Thomas Gould: Will there be a resolution of the loans in 2021? I was a councillor

for 11 years and every year the loans were a major issue at budget time.

Mr. Frank Curran: It is a priority for the Department. As I said, we have established a working group and are examining the issue in detail.

Deputy Paul McAuliffe: I want to ask the Housing Allowance about mixed income, mixed tenure and the cost rental model. I will leave some time for that.

I would like to concentrate on the CCMA. I welcome today's discussion because we have focused on the vast majority of the Bill, which does not involve shared equity home loans but rather the cost rental model and council-led affordable housing. I ask Mr. Curran to clarify the targets for council-led affordable housing from the CCMA.

Mr. Frank Curran: That is something we are examining. We will then look at the housing affordability issue. That is a detailed exercise and we plan to do it as part of our county development plans. In particular areas we will look at future household formations, the future housing supply, affordability and market rents. It is a detailed exercise that needs to be done. It is usually done as part of the county development plan process.

Deputy Paul McAuliffe: I suggest that is a process rather than a target. Does Mr. Curran have a ballpark-----

Mr. Frank Curran: No, we do not have a target until we go through the process. We need to look at the counties where there is an affordability issue and the quantity of affordable housing we need. We will then sit down with the Department, which is producing guidelines on developing the housing needs demand assessment. At that point, local authorities will have targets. Research needs to be done and is being done at present.

Deputy Paul McAuliffe: The fear is that, as Deputy Gould said, for the best part of 11 years, one of the main reasons developments did not happen was that the absence of the tools needed for mixed income and tenure development meant we could only build social housing. Now we will have the tools to do all three, and the fear is that local authorities will not have the ambition that is needed and will leave cost rental to the AHBs and affordable housing to the LDA. That is not the purpose of the Bill. It is very important that there be an aggressive and ambitious target set by local authorities.

Mr. Frank Curran: I agree with the Deputy. We are very ambitious in this regard. As he said, the tools are now available. We are talking to the Department about expanding the serviced sites fund, which would be very welcome. The Bill will provide clarity on those issues of priority and eligibility, the rent, the period of the charge, etc. All of that will be clarified which will make it much easier for local authorities.

I mentioned we are considering acquiring land and we are looking at our staff structure in terms of gearing up for increased demand. We are also examining providing mixed tenure which, as I said, is important from a sustainable communities point of view. We certainly have the ambition and the tools available to us to accelerate the delivery of affordable housing into the future.

When we have set the targets and as go through that exercise, we will forward the information to the Deputy. We will forward any information we have in the interim to the committee and Deputy.

Deputy Paul McAuliffe: On the ability to deliver mixed income and tenure estates for the first time, does Mr. Curran believe that will also assist in the approval process through council chambers and in getting communities to buy into these developments?

Mr. Frank Curran: Mixed tenure means mixed income, and they are more sustainable communities. We are hearing in the chambers that councillors want mixed tenure, affordable housing and cost rental for all of the reasons that make communities sustainable when there is a mixture of people with different incomes, and that is very welcome. Councillors and elected members will certainly support that and the approval process will be a lot easier, not that we are having any problems.

I do not think we have ever had a major difficulty here in Wicklow in terms of councillors approving social housing, but it becomes all the more attractive with mixed tenure. It avoids any difficulties that may have arisen in the past with mono-tenure estates.

Deputy Paul McAuliffe: I thank Mr. Curran. On mixed income and tenure housing, every other sector of housing is responsible for providing it. Private providers do so via Part V. We always ensure there is a balance, even in places like Ballymun where Mr. Dunne and I worked. We sought to have mixed income housing and prevent cost rental developments becoming gated, middle class enclaves. How do we ensure there is mixed income within cost rental developments, in particular with retired people or tenants that might be eligible for council housing?

Mr. Declan Dunne: Thriving communities are made up of private housing estates where people have ownership of their houses, including through shared ownership schemes, cost rental and social housing, as well as specific supported housing for older people, etc. We all want a mix, which is the ideal for a community, and it will be important for AHBs to be able to deliver social and cost rental schemes so that the Government's commitment in the programme for Government to take AHBs off balance sheet is followed through on. We have every confidence this will be the case. We and the Department are working actively on it.

In our role in AHBs to provide mixed tenure communities we work closely with the private sector. A lot of our work is done in partnership with the private sector. There is a role for private sector companies in the delivery of housing on a fixed price basis. We have a strong track record of having the types of frameworks that the CCMA is looking at. That is how the AHB sector works and how we deliver fixed price housing on time. That is the way forward.

In terms of potential investment from the private sector, there is an opportunity for pension funds and credit unions to invest in delivery through local authorities and in cost rental housing, via AHBs, that is off balance sheet, and we are actively working on that. We consciously believe that it is not a question of having mono-tenure and it is not desirable to have social housing alone. We do not see cost rental as being in any way some kind of private sector enclave. Everywhere we are already working with developers that are building private housing we want there to be an element of social and cost rental, and that will provide the mixture that is required.

Chairman: I thank Mr. Dunne. I have a couple of questions. The purpose of today's meeting is to scrutinise the affordable housing Bill, to help us report back on that Bill and suggest improvements that may be necessary. We know that local authorities and approved housing bodies have a long track record of delivering good quality housing and they will continue to do so. We must also examine the Land Development Agency Bill which is going through the Houses. There will be a certain partnership between the agency and the local authorities.

I have questions for the representatives of both organisations today. Do they see any difficulties with aspects of the legislation before us that would impede delivery or are there ways by which the legislation could be improved? I will ask the Housing Alliance to respond first.

Mr. Declan Dunne: AHBs are involved in supporting people in need in the rental sector. To date, we have worked in social housing rental and now, through the legislation, we will be involved in supporting other income groups through cost rental. Our opinions are limited to that part of the work that we are involved in. We are happy with what we see with the legislation. We are particularly interested in hearing the details that will come later on the conditions that will apply to the cost rental equity loan and the specific eligibility criteria and so on which will be announced soon. Otherwise, once the value of this is established along with the value for money and the value for tenants is established, our focus is on how it can be scaled up in the future.

Chairman: Equity return is mentioned in the cost rental section. Does Mr. Dunne think the legislation would be improved by defining that as limited equity return, and the limit being defined?

Mr. Declan Dunne: Possibly. The cost rental equity loan is a long-term loan which is the equity that the State puts in and is repayable in a bullet payment at the end.

Chairman: The perspective I am taking is that the equity return on cost rental should be provision of affordable cost rental housing, long-term secure tenancies, fixed to the consumer price index. The focus of cost rental should not be profitability but affordability. That is why I make the point about the equity return. I think it should be defined as limited equity return in order to define that is our objective on cost rental housing.

I will put a similar question to the CCMA.

Mr. Frank Curran: We welcome the Bill, there is no question about that. There is a lot of clarity on eligibility which is useful as it is more streamlined now and focused on the individual, which will be very welcome. On priority, it is effectively first come, first served. If there is an affordable housing scheme available, it will be advertised, people will apply and they will be assessed on their length of time living in the area, the suitability of the house and when they applied. Rather than going into distance from home to work and home to school, which is cumbersome and inconsistent around the country, it simplifies it. The plan is to have 70% of units allocated on those priorities and then 20% through a local scheme which local councils will arrive at. That is very welcome. The clarification around the charging period is welcome. We have been in discussion with the Department on the serviced sites fund and expanding it, which would be very useful. There is a question of what happens to unsold affordable units, whether they transfer to social housing, for instance, as is effectively the case now. That is something we need to consider. If there is a change of circumstances while we are building these units, there needs to be consideration of what happens if the houses are not sold. Acquiring land is a big issue. It is a big outlay for us. Currently, we recoup those funds when we start building, which is effectively stage 4 of the four-stage approval process which I mentioned. Bringing that forward a stage or two might allow us to buy more land for social and affordable housing. We will continue to discuss issues such as that with the Department, but generally we very much welcome the Bill.

Chairman: The Land Development Agency is going through the Houses now. The Land Development Agency will have responsibility and capability in infrastructural delivery and

acquiring land and working closely with local authorities. Does the CCMA see the advantages of the measures in the Land Development Agency Bill and the affordability legislation working in tandem?

Mr. Frank Curran: Yes, absolutely. The LDA will have an ambitious programme. It will work with us. We saw the example of Shanganagh earlier. Examples such as the developments in Naas and Lusk are coming through, which are lands that came through the land aggregation scheme. The LDA will have the advantage that it will be able to strategically assemble land and fully utilise State lands to build affordable homes and sustainable communities. It is providing affordable and cost rental housing. We will work with it as best we can. It is very welcome.

Senator Victor Boyhan: Mr. Curran keeps repeating the point about the acquisition of land. Many of the local authorities have very substantial land banks which have not been developed. The Chair asked about the synergy between the Land Development Agency and local authorities. There seems to be some conflict here. On one hand, we are discussing disposing of land and on the other we are talking about acquiring more, where the focus must be on delivering houses. One thing that has come clearly from today's discussion is the strong support for the mixed tenure. I do not think anyone is in doubt about that.

I posed a question at the beginning of the meeting. Affordable rental and purchase must be based on income, not on location. I referenced that in terms of market rents. I am interested to hear a comment on that statement.

Mr. Declan Dunne: I agree. What is the focus of this entire thing? It is about providing a housing solution that is affordable for people who find themselves in the situation where the price of private rental is far too high, they cannot afford to buy a house and their income is above the social housing level. The test of the success of this will be whether or not it provides for those people. That is our objective and what we are trying to achieve. My opening statement referred to the challenges faced by a high percentage of people who are unable to rent or buy on average incomes, and who do not have access to social housing. That is what we are trying to achieve. Everything we do is done in partnership with local authorities. Whether it is social or cost rental, our first point of call is the local authority. We discuss the housing need and demand in the area and what the local authority wants us to do and where we can help. We do not see ourselves as the primary mover in housing in Ireland. Local authorities develop the development plan, it is the planning and housing authority in that county, and our role is to assist when invited and when it is helpful for them to have us there.

For the people who live in those counties whose rent we are trying to address, we are trying to match two things, namely what they can afford to pay and how we can drive the cost down as far as we possibly can, through reducing our own costs around housing management, buying at the best price, buying at fixed prices and using modern construction methods. AHBs have been involved in modular house building in 2D and 3D designs and we are trying to do this. There is no doubt we can improve on it and that we want to improve on it but we work with the private sector, and we drive as hard a bargain as we can. My organisation has 1,366 homes in construction. That means we have the skill set to be able to tell the private sector that we know what we are doing; we know the costs, we know what we pay and we will only pay the absolute minimum. The Senator has raised the issue of the real challenge, which is the gap between the cost of housing and land in Ireland and what people can afford to pay. We are trying to close that gap as much as we can and clearly there is more work to do.

Mr. Frank Curran: It should be targeted at the individual. Where applicants cannot secure

a mortgage for 90% of the market value of the unit, they are into the affordable category, assuming their income is above the social limits. The equity and discount should be based on what individuals can afford to pay. This is a sensible approach. As Mr. Dunne outlined, it is very important for us to provide the affordable units at the best value we can by looking at design, build, approvals, purchase and the serviced sites fund.

Senator Mary Fitzpatrick: My first question is for the CCMA. Mr. Curran referenced the county and city development plans. This process takes about two years. Considering all the pent-up need for affordable housing and how long we have all waited for an affordable rental scheme, I really hope we will not be waiting for two years for the local authorities to give us a projection on the need for affordable housing for purchase and rent in each local authority area. Will Mr. Curran explain to us when we can expect to see a statement from the CCMA on what the projected needs are and what the targets will be?

Deputy Paul McAuliffe: Will the CCMA comment on how it envisages the council-led affordable scheme operating? Once the legislation is passed, when do the witnesses believe they will be at a stage where applications can be issued so that people can make an application for the scheme?

Mr. Frank Curran: As I said, our ambition is to start as soon as we can. We have the serviced sites fund and I hope it will be expanded. The Bill will provide us with the clarity and certainty we need with regard to eligibility, priority and the charging period. We are now in a position to start to acquire land. Our plan is to provide these in as short a timeframe as possible to provide mixed tenure developments. As soon as we have concrete targets available, we will certainly send them to the committee and pass them on to the communities. Each local authority now recognises this as a priority for very obvious reasons. We hear it from our councillors in their respective council chambers. There is a demand for affordable housing and cost rental and we will certainly act on it. Applications can be made as soon as the schemes are complete. We will be looking for applications and people will be applying. As I said, we will be looking at eligibility in terms of what people can afford to pay. We will be looking at priority in terms of whether a house is suitable to the needs of people, how long people are living in the area and how long it has been since their application was made. We may well go for expressions of interest when we are assessing the demand in a particular area. As soon as we have concrete schemes, they will be advertised. As soon as we have data on what will be delivered and what the targets are, we will send them to the committee.

Senator Mary Fitzpatrick: It is my understanding that local authorities have already available to them land with a capacity for 110,000 or 120,000 units. Is this correct? Is there a report to which the witnesses could refer us that will give us details of what land is in local authority ownership in each jurisdiction and the capacity for housing on these land tracts?

Mr. Frank Curran: Affordable housing is coming on stream now with the serviced sites fund. I mentioned that earlier. A total of €188 million has been approved and 4,000 units will come from that. They are starting this year. Affordable housing is coming on stream. This year, it is coming on stream in Boherboy in Cork city and Lusk. With regard to the exercise to assess the amount of land, I mentioned that we have a target of 10,000 social housing units a year for the next five years, along with 2,500 leasing units. Mr. Taaffe of the housing delivery co-ordination office is involved in the detailed land mapping exercise and I will hand over to him.

Mr. Eddie Taaffe: We have been involved in this and I will differentiate between two types

of land. There is land that local authorities own and which is in the pipeline for construction, so there might be planning permission on it but there has not been construction yet. It is in a pipeline and it is scheduled to deliver housing, for example, in 2023 or 2024. We estimate that throughout the country land for approximately 25,000 units is in a pipeline and committed to a project. There is also land that is not committed in a pipeline but may well be suitable for housing if something happens, such as, for example, if a new piece of road infrastructure or Irish Water infrastructure were to be put in place. We are trying to quantify this at present. We do not believe there is a significant amount of land in this category. It could be in the order of another 5,000 to 10,000 units. The important point about land is that we need to start buying it this year and next year if we are to deliver housing on it in 2024 or 2025. However, there is nothing like the order of land available to deliver 100,000 units over the next three years. We have to start buying land again because of the lead-in time required to identify land, get it serviced in some cases, go through the planning and procurement processes and then deliver housing on it.

Deputy Emer Higgins: I confirm I am in Leinster House. I thank the witnesses. This has been a very informative discussion and it has been great to get all of the witnesses' viewpoints. This is very exciting legislation that will deliver affordable homes and affordable rental in secure and long-term leases. That is something we all share as a goal. The Housing Agency plays a key role in delivering social housing and I agree it has the skills, experience and knowledge to play a key role in delivering cost rental affordable housing. I would not want to see any sector have a monopoly in the delivery of any particular type of home. This is why it is so important that the Housing Agency is involved but also that we get other viewpoints.

I agree with what the CCMA representatives said with regard to local authorities being best placed to know their own land and what is best suited for the land. I know the association is doing a lot of work on land mapping. I am conscious that target-setting was mentioned in the opening statement. I am interested to hear what the witnesses have to say on how these targets are being set and how they feel they should be set. They spoke about the need to acquire new land banks to meet the housing targets, which is quite welcome. It will be interesting to see how the Land Development Agency figures in this. Mr. Curran mentioned many of the acquisitions in the pipeline and Mr. Taaffe spoke on that too. Does what they spoke about cover Shanganagh? Are we looking at schemes similar to this that will all be done in collaboration with the Land Development Agency? How will the Land Development Agency figure in this? Mr. Taaffe spoke about the design and build scheme and I wonder about streamlining the frameworks. He spoke about the economies of scale that will be delivered. Will there also be an acceleration in the delivery of these homes?

Mr. Frank Curran: Generally, the demand for affordable housing and cost rental is in the greater Dublin area and the larger cities where prices are higher. That is the kind of in-depth exercise we need to do now. We need to look at the market, house prices, the supply of housing units over the next number of years, household formations, and the type and size of houses needed. That exercise will be done and that will determine where we need to provide affordable housing because we want to provide it in the areas where it is needed. As I said earlier, the serviced sites fund and the outlines in the Bill on eligibility, priority and so forth all help and we are going to acquire land in that context. Affordable housing, as per the Bill, can be provided through AHBs, CREL, which we mentioned, the LDA or local authorities via the serviced sites fund. It is a combination of everything but we need to look at the demand and target development at the areas where it is needed.

I will hand over to my colleague, Mr. Taaffe, to answer the design and build question.

Mr. Eddie Taaffe: There are definitely time and cost savings to be made through design and build but primarily time savings. At the moment local authorities effectively do preliminary design via the Part 8 process. Once the Part 8 is approved by councillors, that is enough of a preliminary design and if that is tied together with the standard specification documents and the standard internal layouts prepared by the Department, it should be relatively straightforward and quick to begin a tendering process for design and build rather than having to go out with a separate procurement for an architect and another one for a builder. It can be wrapped up into one process to get on site quicker. The construction sector is well used to design and build because that is how a lot of private sector housing is done. It is design and build but we do not call it that. We need to use that more and accelerate delivery more. That will free up some council resources to do other schemes like vacant renewal and combating dereliction via the social housing construction programme in our towns and villages, which is a very worthwhile area. There will be a greater emphasis on that in the new Housing for All programme. Design and build will not work on every site, but we should definitely be utilising it more and there is a definite desire to see it used more by local authority design teams.

Deputy Emer Higgins: Will Mr. Taaffe give me an example of the time that could be saved through that tender process?

Mr. Eddie Taaffe: Depending on the project, the saving could be anything from three to six months.

Deputy Emer Higgins: Mr. Curran spoke a little about looking at where the supply and demand lies, but will he talk about target setting and how he feels that should work?

Mr. Frank Curran: As I said earlier, our targets are set now for social housing delivery, which is fine, but I do not think we will have affordable targets until we do the analysis I referred to. It is something we will be proactive on because we want to start building affordable housing as soon as possible. There is no question about that and there is no question about our ambition to do that. We have the tools with the serviced sites fund and the new Bill and we are gearing up in terms of extra staff to deliver these units. However, before we set concrete targets, we need to assess the demand and we will work very closely with the Department on that. As soon as we have those targets, we will pass them on to the committee.

Deputy Eoin Ó Broin: I thank all of the witnesses for their contributions, which have been very helpful. I wish to make a couple of comments and then pose two specific questions. There is a lot of talk about ambition and targets, particularly from committee members, which is good, but let us all just remind ourselves that targets will only be set in accordance with the funding provided. Unless the Government invests more than €50 million in the serviced sites fund and €35 million in the CREL scheme, we will not see the local authorities or AHBs expand their ambition. We need to be realistic about this. If we want ambition, it will have to be matched by funding. Otherwise, the stuff does not get built.

I support Deputy McAuliffe's call for mixed income AHB developments. Of course, the easiest way to do this is to allow the capital advance leasing facility, CALF, to be used by AHBs for mixed social and affordable rental schemes. They have been calling for that for years and neither the previous Minister nor the current one has agreed to it. If the Deputy has any influence with his party colleague and he wants to make sure this is delivered, he should use it. Let us not have two separate funds. Let us allow the AHBs to have one fund to deliver exactly the kinds of schemes Deputy McAuliffe is rightly calling for.

On the target setting, Mr. Curran is being very generous to the Department. The methodology for the housing needs demand assessment has not actually been produced by the Department yet. Local authorities are drawing up their development plans without this methodology. I know from my own local authority, South Dublin, that the development plan will be finished before that methodology is complete and issued. Again, if we want our local authorities to set targets, the Department should give them the methodology for these exercises before they complete their development plans. If anybody has any influence on that, it would be very helpful.

I want to go back to price because ultimately, all of this comes down to what price people are paying. Let us take the example of a two-bedroom unit renting at €1,200 and a family over the threshold for social housing in the Dún Laoghaire-Rathdown local authority area. A family with a gross household income of €38,000 or €39,000 paying €1,200 in rent will be left with a weekly income of €490. Trying to raise two children, for example, on a weekly income of €490 is simply not acceptable so we have to find ways of bringing rents down for those people or raising the social housing threshold. What can be done to bring rents down further?

In terms of house prices, the guide price we are hearing is about €250,000 and that is before the shared equity element of the serviced sites fund is taken into account; it is after that discount. The average Rebuilding Ireland home loan in Dublin is €200,000. What can we do to bring those costs down in order that the above-average income worker can get the finance to purchase a home, even with the serviced sites equity element built in, at a price that is affordable?

Mr. Frank Curran: In terms of bringing the costs down to make units affordable, it goes back to what we said earlier about value for money, using design and build, building units at scale, looking at the design in terms of standard layouts that will drive the costs down while still maintaining good architectural quality, and things like going through frameworks with the Office of Government Procurement. All of that will help to drive costs down. Obviously, expanding the serviced sites fund will also help. There are a number of things that can be done. The situation is similar with regard to cost rental because the level of rent depends on the cost of construction, operation and maintenance. If we can lower those costs, we can lower the rent. People can get a significant discount. I know that in Dublin, in places like Dún Laoghaire, rents of €1,700 per month are being paid and if they come down to between €900 and €1,200, that is a very significant reduction. I will hand over to Mr. Dunne now.

Mr. Declan Dunne: I invite my colleague, Mr. Brian O’Gorman, to answer this question.

Mr. Brian O’Gorman: One of the virtues of the social rental housing system that we have is that it applies a differential rent in order that, by definition, the housing is affordable. Rent is based on someone’s income and a certain proportion of that income. Ideally, we would also like that to be operative in the cost rental model so that people would pay according to their income and that would be, by definition, affordable going forward. It is to be hoped that kind of unitary model between social and cost rental will be where we eventually end up. In some ways, it has been a long time coming. A number of people around the table here have argued for a long time for cost or affordable rental, or whatever term one prefers. We need to prove the concept but the organs of the State have, in some ways, come on board now. The rates, in terms of 30% CREL over a 40-year period and the 1.25% loan finance being provided by the Housing Finance Agency, have made this possible. It could be better; we all want it to be better. We all want the affordability to be much wider so that more households will be eligible for it. We have brought the rents as low as we can. Ideally, doing more to bring them down to within affordable levels is where we all want to be.

Chairman: Deputy Duffy mentioned the meeting with the Austrian Green Party to look at the Vienna model. Cost rental is a model the Green Party has promoted for a long time, so I am delighted to see it placed on a statutory basis now. The Vienna model has been in place for generations, and that is why it is so successful. It is because it has proven track record. Do we have a bit of work to do in this country to explain or promote cost rental as a long-term affordable solution, that tenancies are secure? We have a history in Ireland of security of tenure not being good and tenants always being fearful of a landlord's knock on the door. Have we a bit of work to do to show that this is a long-term, affordable solution for housing needs that will be safe and secure, that rents will be at an affordable rate based on incomes, that tenants will be secure and will not always be desiring to attain home ownership? Would the Housing Alliance have a view on that?

Mr. Brian O'Gorman: The Chairman is right, and he has hit the nail on the head. In a way, there does need to be a marketing exercise. One significant advantage Vienna has over us is they began to build cost rental after the Second World War and even before that, so a large stock of housing was built up, and it is much easier to add to that stock because it can be cross-subsidised. We are starting from a very low base. Ideally, we are trying to achieve on the cost rental what housing associations have achieved on the social rental. Organisations like the Iveagh Trust, for example, which began in the 1890s before the foundation of the State, have properties which were developed and which, if there is a vacancy, are still available to rent more than 100 years later. We want to see that kind of model into the future, where we build up the stock of rental accommodation which will, over time, as a number of members have said, drive down the cost and bring that stability to the market so that we do not get these huge hikes and falls in rent but rather have much more stability and drive down the cost for everybody.

Deputy Paul McAuliffe: I thank all of the witnesses. The discussion has been very broad and positive. Unlike previous sessions, we have focused on many of the positive elements of the Bill which will see secure and affordable public housing being delivered by public agencies, which is a significant shift in the Bill.

I take on board the issue around funding. That has been discussed. Of course, something can only be funded in a given year when there is capacity in that year, and it would be irresponsible to fund it if there is not current capacity. In fact, it might actually be suggested it would have an inflationary impact, but that is a matter for a different day.

Has the Housing Alliance had discussions with the LDA? This Bill is a companion one to the LDA legislation. Has the alliance had discussions with the LDA about how these tools might be deployed on the agency's sites in partnership with the alliance?

Mr. Declan Dunne: In the previous year I have had nine meetings with the chief executive of the Land Development Agency. Over that period we have both explored how the needs of citizens in this country can be best met: what our role is, what their role is and what the local authority's role is. That is still evolving. I spoke to the chief executive only yesterday on this subject and there will be future meetings. This is entirely the way things should be done and the way they are going. We have to figure out where our strengths are, where the agency's strengths are, what the role of the local authority is, and then the three of us together figuring out how best to go forward. There is a good relationship and common cause.

Again, the relationship between AHBs and local authorities is extremely positive. There is nothing we could do without the support of local authorities. It is their plans for their counties that determine our role in them. When they decide we have some role to play in them, they

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invite us to be involved, complementing their own work, and this is the way it should be. We are a relatively small player in terms of the State itself, the role of local authorities and the councillors in that area, which we accept. We are very keen to work in partnership with everybody while all three entities think and are focused on the people - the children, the young people and the families - who depend on them not only for the provision of housing but also thriving communities.

Chairman: I thank the witnesses for their attendance and for sharing their experience and knowledge of this subject with us. We are trying to put together a report on this legislation that will feed into and improve it. The attendance of the witnesses here this morning has assisted us with that.

The joint committee suspended at 11.56 a.m., resumed in private session at 12.15 p.m. and adjourned at 1.09 p.m. until 6.30 p.m. on Tuesday, 9 March 2021.