

DÁIL ÉIREANN

AN COMHCHOISTE UM THITHÍOCHT, RIALTAS ÁITIÚIL AGUS OIDHREACTH

JOINT COMMITTEE ON HOUSING, LOCAL GOVERNMENT AND HERITAGE

Dé Máirt, 27 Aibreán 2021

Tuesday, 27 April 2021

Tháinig an Comhchoiste le chéile ag 9.30 a.m.

The Joint Committee met at 9.30 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,	
Eoin Ó Broin.	

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

Business of Joint Committee

Chairman: The business of the committee meeting today is to consider the draft Planning and Development Act 2000 (Exempted Development) (No. 3) Regulations 2021 and the draft Planning and Development (Street Furniture Fees) Regulations 2021. This will be followed by consideration of the draft report on pre-legislative scrutiny on the general scheme of the affordable housing Bill. Later, we will suspend for 15 minutes to reconvene in private session to discuss correspondence.

Planning and Development Act 2000 (Exempted Development) (No. 3) Regulations 2021 and Planning and Development (Street Furniture Fees) Regulations 2021: Discussion

Chairman: We will commence then with the Planning and Development Act 2000 (Exempted Development) (No. 3) Regulations 2021 and the Planning and Development (Street Furniture Fees) Regulations 2021. We are joined this morning by the Minister for Housing, Local Government and Heritage, Deputy O'Brien, accompanied by Mr. Terry Sheridan, Mr. Conor O'Sullivan and Mr. Jason Taylor from his Department. The members have been circulated with the opening statement and briefing material. I will first ask the Minister to make his opening statement. If members wish to contribute on this I would ask them to keep their contributions as brief as possible as these are quite straightforward exemptions to the planning regulations and, as the members will know, we are pressed for time on the second item we have on the agenda.

On privilege, members are protected by absolute privilege in respect of their participation in this meeting. This means that they have an absolute defence against any defamation action for anything that they say at the meeting. However, they are expected not to abuse this privilege and it is my duty, as Chairman, to ensure that this privilege is not abused. All members are fully aware of the rules regarding privilege.

The opening statement submitted to the committee will be published on the committee website after this meeting. I call Deputy Ó Broin to speak.

Deputy Eoin Ó Broin: On a point of order and very briefly, as members know news has broken that a former member of this committee and former Minister for Housing, Planning and Local Government, Deputy Eoghan Murphy has resigned his Dáil seat this morning. Notwithstanding the very significant policy differences I have had with the Minister and his Government, I want to state that the Minister worked very closely with a number of us, including myself and the now Minister for Housing, Local Government and Heritage on a number of pieces of legislation, including legislation which protected student renters. Notwithstanding the political and policy disagreements, I want to acknowledge the work that he did during his time, in particular in those areas where we were able to find common ground and to collaborate in the better interests of those sections of society that we worked on.

Chairman: I thank Deputy Ó Broin and echo his comments that that is the spirit in which all of us on this committee work, which is in a collegiate and collaborative manner to try to forward, as best we can, housing policy.

I invite the Minister now to make his opening statement.

Minister for Housing, Planning and Local Government. (Deputy Darragh O'Brien): I

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am aware that the Chairman is tied for time so I will keep my remarks brief. I wish to follow in the vein of Deputy Ó Broin. I spoke with Deputy Murphy this morning. Even though we crossed swords quite a great deal, members of the committee worked well together, particularly in respect of student rent. It is quite coincidental that tomorrow we will begin with student rents again in the Dáil. I wish former Minister, Deputy Murphy, all the very best. He is a decent guy. We had policy differences but he certainly tried his best, was very earnest and was a good person to get on with. I wish him very well in whatever his new choice in life is and in his new career.

I thank the Cathaoirleach and the members for affording me the opportunity to present to the committee today the two sets of proposed planning regulations which have been circulated. First, we have the Planning and Development Act 2000 (Exempted Development) (No. 3) Regulations 2021, which concern planning exemptions for restaurants to maintain operations as takeaways for the remainder of 2021. That provision would have expired without these regulations. Second, we have the Planning and Development (Street Furniture Fees) Regulations 2021, which will waive section 254 of the street furniture licence fees for the remainder of 2021.

A third set of regulations, which do not require the approval of both Houses of the Oireachtas but about which I also want to advise the committee, is being progressed simultaneously and provides for the erection of awnings, coverings and other similar apparatus for outdoor dining to be a licensed activity under section 254 of the Planning and Development Act 2000, as amended, when it is linked with a street furniture licence for tables and chairs under that section. This means that we will take it out of the planning piece and put it in under section 254. This will mean that proposals for the installation of awnings, coverings - which we do need from time to time this country, as members will know - and other similar apparatus to facilitate outdoor dining will no longer be subject to planning permission and will instead be dealt with under the street furniture licensing regime in association with the provision of outdoor tables and chairs.

As we all are acutely aware, like many other sectors, the hospitality and restaurant sector and the wider tourism sector has suffered the brunt of the Covid-19 pandemic both last year and this year. We want them to have a summer where they can make up for lost ground. They have been subject to both temporary closure and long-term closures for considerable periods. It has taken a very heavy toll on their own businesses and staff. I, as Minister, and the Government are committed to providing any necessary supports to assist these sectors as much as is possible with a view to facilitating recovery as the current Covid-19 restrictions are further eased and lifted. Big decisions are to be made this week with regard to the next phase from May onwards.

The two sets of planning regulations that I am presenting to the committee today, in conjunction with the third set of regulations that I have just mentioned on the provision of awnings and coverings, are practical measures that have merit, are within my remit, can be done and will help businesses. There is, thankfully, light at the end of the tunnel and with the further expedited roll-out of the vaccination programme and continued business supports, we want to ensure that those in particular in the hospitality and the food sector have an opportunity to recover and that any potential barriers are removed particularly for the summer. I propose that we then, later in the year, review these regulations further.

There is one permanent change on awnings and coverings and, second, the extension of the takeaway provisions for restaurants which will allow that to continue until the end of the year, together with the waiving of the fee for street furniture across the country.

In conclusion, I note that some local authorities have already done this which I welcome, but I want there to be no ambiguity across all of our local authority areas that businesses are not to be charged for street furniture and that there are now practical changes in the regulations. Hopefully we will have a good summer and when businesses open back up again they will be able to utilise the public space that we all enjoy for the safe reopening of their businesses. I thank the committee.

Chairman: I thank the Minister. These are entirely sensible amendments to the exemptions and they support that funding of €17 million that was announced through Bord Fáilte for outdoor dining equipment and the announcement yesterday of a further €15 million to enhance those public, outdoor and open spaces for local authorities. This goes hand in hand with those measures and it is entirely sensible.

I have one comment on the requirement now that one does not need to apply for planning permission for awnings and other structures as long as they are associated with a licensing application; I ask that care and consideration for protected structures is included in this also.

Do members wish to contribute on this? I call Senator Seery Kearney to speak and then Deputy Ó Broin.

Senator Mary Seery Kearney: I thank the Chairman and the Minister for his opening comments. I congratulate the initiative and the pro-business and pro-living nature of these measures, for the living of our lives in all of the areas and businesses that will be impacted by this.

I have a number of requests for consideration. First, as to disabilities where we have street furniture now being used to a greater extent, I ask that we consider having some mechanism in place to ensure that we are not inhibiting in any way ease of access for people, particularly those in wheelchairs, or, where there is visual impairment. We must be accommodating and give these requirements some consideration in terms of where we locate street furniture on the footpath left after its installation, if provision is not made out on the street, as has been very sensibly done in Dublin city. We need to consider ease of access for people to ensure they are able to sit if there are raised plinths or some such feature.

If we learned anything from “Claire Byrne Live” on RTÉ last night it is the level of waste. I would certainly be in favour of considering the added cost and added services that will be required if we allow continuity of takeaway, which is eminently sensible, to ensure that we are maximising the potential covers in sales for restaurants. At the same time, if there is an associated waste we should make provision for being pragmatic, in the words of Councillor James Geoghegan last night, in how we address that. We should take the dual approach of, ideally, educating people to bring home their waste but also putting in place adequate bins and ensuring we have that complementary provision.

Deputy Eoin Ó Broin: I thank the Minister for his presentation. We were all heartened watching the scenes of the opening up of a variety of outdoor activities and certain sports yesterday, particularly for younger people and children. That is giving people the sense that we are near the exit, which is to be welcomed. Citizens, residents and businesses have had a hard number of months and anything we can do collectively as an Oireachtas to ensure we make the transition back to some level of normality as easy as possible is to be welcomed. I fully support the two propositions. I have some questions and I ask the Minister to come back on them in his résumé at the end.

Can the Minister clarify the timelines for the extensions about which he is talking? With respect to the takeaways, can he confirm that the regulations are only for existing, operating and licensed restaurants, as opposed to new businesses that are looking to establish themselves? Regarding street furniture, while local authorities will not be charging for that, there is obviously a cost involved. I ask the Minister to outline what the Department is going to do to support the local authorities to address any costs incurred and any revenue lost.

I have two questions about awnings and coverings. First, when does Minister intend to lay those regulations before the Oireachtas? Second, some of our villages, and particularly urban villages, have much more stringent planning rules about street signage and signage on buildings. How is the Minister going to deal with the interaction of those rules? Those of us from Dublin Mid-West will know that Lucan, for example, has very strict rules about what people can and cannot do. Is the Minister designing these regulations in a way that will remove the requirement for planning permissions while at the same time ensuring that is restricted where there is a certain heritage element or planning restriction in a given area, so as not to change the heritage character of said village?

Deputy Emer Higgins: I will start by paying tribute to my colleague, Eoghan Murphy, who was my director of elections in the by-election in 2019. As Minister for Housing, Planning and Local Government, he initiated an awful lot of the policies that we discuss at this committee. He introduced Rebuilding Ireland, he went for the acceleration of social housing and he laid the foundations for the affordable housing and Land Development Agency, LDA, Bills, about which we are talking at this committee. I wish him well with the next chapter in this life.

The regulations that are before us to support cafés, restaurants and gastropubs are reasonable, sensible and will support small businesses that really need support right now. It is great to see them backed up by Government funding and we are all looking forward to availing of outdoor dining as the country reopens. This move will support us all to get back to normality but it will also support jobs in each of our local areas.

Senator Victor Boyhan: I welcome the Minister and join others in wishing his predecessor, Eoghan Murphy, well. He was an exceptional Minister who had a fantastic record of engaging with all people on all sides of the Houses at this committee. I also thank his staff because sometimes we forget it is the staff who serve the Minister and provide support. They were a formidable team and I want to record my sincere thanks. One of the great things about this is that there is life after politics. Many people come into politics with a lot of experience but they go out with another set of experiences. I wish him well in whatever he does because he is a gentleman. He was diligent in his work and was always respectful of difference even if we had difference of opinion. It is important that we put that on record. I again welcome the Minister and I would apply the same principles and considerations to him and his staff. I wish him well in what is a challenging job.

I have one main concern in respect of this matter, about which people will have known over the past few days. I happen to live out in Dún Laoghaire. I went around with shame on Sunday morning and took 22 photographs, which I sent to my local authority. What disappointed me more than ever was that the streets were full of bottles, human faeces and urine. The evidence was clear everywhere. There are no public toilets. We have public toilets within the local authority area that have been locked up for years. People are consuming large volumes of food and alcohol. In Dún Laoghaire - and I want to be specific because that is where I live and have worked and that is where I know best - we have bye-laws that do not permit any citizen to consume alcohol in a public place. Those laws have not been suspended. The elected members of

the council took that decision and have continued to keep that stipulation in place. Therefore, we need clarity. If we are to have outdoor tables and so on, of which I am supportive, we need absolute clarity that the Department and council officials will be empowered to support the elected members who seek to uphold bye-laws. We talk about giving power to local councils and communities but if they put bye-laws in place and the establishment does not support the elected members in seeing those bye-laws through, there is a deficit.

I welcome having more outside trade and I welcome the development of the public realm. I would go so far as to say that that development should not only be temporary. We could see the potential of keeping some of these public spaces, subject to proper planning and regulations.

I also want the Minister to bear in mind the people who are disabled, the visually impaired and the problems they encounter on some of the many narrow footpaths there are, particularly in areas of architectural conservation and small heritage villages, of which we have many in the north and south of Dublin and all over the country.

I support what the Minister is trying to do but we need to give councils resources to clean up. Great credit is due to the staff and the grounds maintenance people in local councils who are out there in Bray, on the seafront, Seapoint, Galway, Donegal and Fingal. They are the people who have to get out at 6 o'clock in the morning and clean up this absolute filth, dirt and rubbish that is dumped. There is a price. We can talk about greening and recycling and the responsibility of our citizens but that is not happening. It is not the Minister's problem or my problem but we need extra resources for the council staff. We have to acknowledge that they may need additional staff on a temporary basis to deal with the cleaning up of these areas. Ultimately, we have to make the traders and owners of these businesses responsible because while they are rightly gaining and profiteering from their businesses, they also have to be involved in the cleaning up of this mess.

Chairman: Three more members are indicating so I ask everyone to keep their contributions as brief as possible because we have further items on agenda with which we have to deal.

Senator Mary Fitzpatrick: I welcome the Minister and thank him for coming in. I apologise for being late. I was in my office and thought we were having this meeting on Teams. I would have hated to miss the party.

I pay tribute to the former Minister, Eoghan Murphy. I served with him on Dublin City Council and while I disagreed with his politics, I always admired his energy, commitment and enthusiasm for the role. I wish him well. He is a bright and capable person and I hope he has much success after politics.

I thank the Minister for these proposals and amendments. He is true to form. He has supported businesses during this pandemic through the local authorities. The decisions and proposals he is making are pragmatic. My understanding is that while the Minister is waiving the fees, he is not abolishing the process by which businesses have to apply for the permissions. It is important that that is understood by both the businesses and the local communities.

The issues that have been raised in respect of mobility and access are very important. The Minister knows this and does not need any of us to tell him. There is a valid point to be made that, while we are supporting businesses with the waivers and the Minister is supporting them by allowing them to operate a takeaway service, those businesses need to take responsibility for the waste that has been generated from those takeaway services. Public space has never been

more valuable in the city and around the country. Our public spaces are there for all of us to enjoy but we must all protect them. I urge the Minister, through the local authorities and their offices, to communicate with the businesses that are benefiting from the rates waiver and to actively encourage them to engage in responsible packaging and clean-up. I also urge the Minister to ask the local authorities to review their cleaning schedules for our public places. The schedule of once a week, or once every 12 weeks as it is in some residential and more suburban areas of Dublin, is not sufficient in Covid times. I would appreciate it if the Minister could take those issues up with the local authorities.

Deputy Thomas Gould: I would like to support the amendments that are coming today. It is a time when we need to support local businesses and to do everything we can. It is only part of the issue. A few members have touched on the fact the whole issue consists of providing the local authorities with resources for extra staff and bins and for more collections. I was in Cork city centre last Saturday night and there was a fabulous atmosphere in there. The business community has done its part and the city council is trying to work with it but it needs more resources to make this work.

Cork City Council has implemented a great initiative in closing off a lot of the streets to have more on-street dining, which was a tremendous success last summer. The side effect of that last year was that it moved disabled parking spaces from where they were on these streets to peripheral streets. All that was done in the majority of cases was to just paint a disabled parking sign. That is not good enough. There are areas in Cork city that have had disabled parking spaces that people cannot access because when they open their doors, it is onto a main road, and there are other examples affecting such people and others with limited mobility. This is not acceptable for Cork City Council or any local authority. The local authorities need the resources. We welcome the initiative. On-street dining is a good thing and we want to support businesses but we have to make it accessible to all.

I have raised the following issue a number of times in the Dáil. There is a plan to carry out walkability audits for all local authorities. I asked Cork City Council if it would carry out a walkability audit in Cork but the problem is there are no resources to do it. I do not see why people with disabilities must always campaign and fight to get things that every citizen is entitled to, accessibility being one of them. They have the same rights as everyone else. We welcome the amendments today but this is only part of the issue. The whole issue is that of disability. As other members have mentioned, everyone needs to have the same rights.

Deputy Paul McAuliffe: I am anxious to move on to the votes on the affordable housing Bill so I will keep my comments to welcoming the amendments, which are positive. I might forward the Minister a copy of the Dublin City Council cafés and restaurants working group report from 2015, which looked at this area long before Covid. It examined the positive impacts of the passive policing elements of having street furniture and so on.

One issue the Minister might look at between now and the end of the year when these amendments will lapse is fully devolving this responsibility to local authorities. A Minister should not be setting the fees for tables and chairs in each local authority. That is a power we could give to local authorities to allow them to be more nimble. In places like Glasnevin, where we want to encourage the use of tables and chairs and where we do not have the same demand, we could have a different policy than we might have on Grafton Street or O'Connell Street. This is an area where we could enhance local government over time if the right consideration is given to it. I will be happy to forward the Minister that report.

Deputy Cian O’Callaghan: I strongly welcome these necessary measures. On the measures to combat excess packaging, I am familiar with some of these high footfall areas where there have been huge problems with litter. Some of them are well serviced with bins and everything else but there is a massive amount of excess in unnecessary packaging. Is the Minister is looking at giving powers to local authorities to be able to deal with that or will some other measures be put in place? That needs to be tackled. It is worse now than it ever has been.

Deputy Darragh O’Brien: I thank all the members for their input. I will be as brief as possible and any items I do not get to I can return to. I thank members for their support for these measures. They are practical and they will help. There are other issues that have rightly been raised but I will deal with specific questions about the extension of the two regulations.

The extension of the takeaway provision and the waiver is until the end of 2021. Senator Fitzpatrick has rightly said we are not waiving the process, just the fee. It means the appropriateness of a set of tables and chairs or awnings would be a matter, under the licensing arrangement, for each local authority to decide upon. I had asked them about this and I will be issuing a circular next week to every local authority. I want them to be expeditious in their turnaround of applications as we need to get ready for the summer and the reopening of outdoor dining. I will be saying clearly to all 31 local authorities that this should be treated as a matter of priority but it is only in the areas where they are appropriate.

Access for those who have mobility impairments, disabilities and are blind has rightly been raised. Senator Seery Kearney mentioned that at the start. If it is not appropriate for a table and chairs to be put in a certain area, that permission will still not be given. We have looked at this in detail. I mention awnings and the question about protected structures. That will bring the awnings to be a licensed activity. If it is deemed that awnings are not appropriate for a certain type of building, the local authority will still be able to decide on that. I know our heritage towns and some local authorities like Fingal County Council are already looking at a uniform nature of certain awnings in different towns and villages. I would encourage that to be done. Our local authorities have quite a deal of autonomy. Already some of them have moved with the installation of parklets as well. That happened last summer.

I mention disabled parking. I am certain Deputy Gould has raised it with Cork City Council and I have seen other local authorities that have dealt with it in a different way. Disabled parking bays cannot be removed in some local authorities and the same goes for the new age-friendly parking, which I welcome in my local authority area of Fingal. It is question of what is appropriate and where it is appropriate for these to be taken in.

This is a different summer. We all recognise the fact that most of the businesses in our hospitality sector, in particular our restaurants, cafés or gourmet pubs, are family-run businesses. Thankfully, a lot of them have been here for generations. Any help that can be given to help them trade more easily should be given. We have had in excess of €900 million so far in rates waivers and there will be up to €1.2 billion in such waivers by the time they are finished. Let us remember we have given a 100% rebate to local authorities, even those local authorities that did not collect 100% of rates. Local authority budgets have never been bigger. There are vacancies in local authorities I want to see filled. I believe in local government and it has performed incredibly well throughout the pandemic. It has been the tip of the spear of the national response on the ground.

Litter is something I am actively looking at with regard to additional crews and the system of cleaning. I saw the Phoenix Park, St. Anne’s Park, Malahide Castle and all of our beauty

spots last weekend. A small number of people are engaging in disgusting behaviour and showing no responsibility. They should take their litter home with them. Even if the bins are full, they should not be packing them up. Some of the stuff you see is awful and it is our staff who end up cleaning the mess of other people. I ask people in general to be much more responsible. I will be asking the local authorities to look at their cleaning schedules and the provision of temporary bins, particularly as we come into the summer months and the two bank holiday weekends in May and June when we know we tend to have more people congregating.

This is an opportunity for us, and we are doing it as a Government and some local authorities are doing it to great effect, to reimagine our public spaces and realms. It is an opportunity to look at our roads and streets in a different way, to make them friendly for pedestrians, cyclists and families, to start moving the car away from the middle of our towns and villages, and to let people get back into those open spaces.

I know the Cathaoirleach has a lot of work on this morning. If there is anything I have missed I apologise and we will come back on any specific queries. I will be moving these motions tomorrow in the Dáil now that I have briefed the committee.

Deputy Eoin Ó Broin: Two motions?

Deputy Darragh O'Brien: I hope the other one will also be signed this week. I will sign all three together but the two will be moved tomorrow, the other being the change in the planning regulation. I will sign all three of them together. I intend that will be done in the coming days. Certainly, by the middle of next week, they will be in place. A circular will then go out to all local authorities. I encourage members to make sure their own local authorities are fully in tune with what is happening. This is a priority for our SME sector and our hospitality sector, and I do not want any barriers put in place for businesses to trade through the summer months. I thank members for their indulgence and input into the process today.

Chairman: That concludes our consideration of the draft Planning and Development Act 2000 (Exempted Development) (No. 3) Regulations 2021 and the draft Planning and Development (Street Furniture Fees) Regulations 2021. I thank the Minister and his officials for attending the meeting.

Messages to Dáil and Seanad

Chairman: In accordance with Standing Order 101, the following message will be sent to the Dáil:

The Joint Committee on Housing, Local Government and Heritage has completed its consideration of the following Orders in draft:

Planning and Development Act 2000 (Exempted Development) (No. 3) Regulations 2021 and the Planning and Development (Street Furniture Fees) Regulations 2021.

In accordance with Standing Order 75, the following message will be sent to the Seanad:

The Joint Committee on Housing, Local Government and Heritage has completed its consideration of the following Orders in draft:

Planning and Development Act 2000 (Exempted Development) (No. 3) Regulations

2021 and the Planning and Development (Street Furniture Fees) Regulations 2021.

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

Chairman: The next item is the consideration of the draft report on pre-legislative scrutiny of the general scheme of the affordable housing Bill 2020. At the private meetings last week, we dealt with many of the amendments that came in. There are some amendments that we could not agree on at that meeting. The proposers have asked us to put them to a vote. To put this into context, there were 54 amendments submitted. That is an indication of how committed members are and the amount of time everyone on this committee has put into this report so far. It shows how well the committee works together, that of the 54 amendments, we could not agree on the final wording of six or seven. Hopefully, we can do that in this session.

The first vote is on additional recommendations to the pre-legislative scrutiny report. This was proposed by Deputy Ó Broin. Are you pressing a vote on this?

Deputy Eoin Ó Broin: I am.

Chairman: I invite Deputy Ó Broin to speak on this. I request that a member from each political grouping speak on this. We will get through the amendments that way rather than everyone speaking but I will leave that up to the members. We have possibly eight votes to get through. There is a process of ringing bells and it is time consuming.

Senator Mary Fitzpatrick: The Fianna Fáil group is happy to have only one speaker on each amendment.

Chairman: I will leave that to each member. They are all entitled to speak but it would assist the process if we could restrict it like that.

Deputy Thomas Gould: That is helpful.

Senator Mary Fitzpatrick: We just want to get through it.

Chairman: Yes. I invite Deputy Ó Broin to speak on amendment No. 1.

Deputy Eoin Ó Broin: As members of this committee know, we are in the middle of an affordable housing crisis the likes of which we have not seen for a long period of time. Average rents in Dublin, for example, are €1,700 per month for a standard two-bed. In fact, in many parts of Dublin city, in particular, rents are now at €2,000 to €2,500. Purchasing a home is becoming increasingly difficult for larger numbers of people, including young people on good incomes. A recent report by the Society of Chartered Surveyors Ireland showed that in terms of live apartment-building projects currently under way in Dublin, the all-in development and sales cost is now somewhere around €400,000. It is important to stress that it is not just first-time buyers who are being locked out of affordable housing. Many Deputies and Senators are contacted regularly by people at a later stage in their career who, because of the loss of their family home arising from repossession or a relationship breakdown, are also unable to buy. This is particularly affecting single people.

The measures we are discussing today and, in particular, the way in which the serviced sites fund, which this amendment relates to, is used is really important because if the serviced sites fund is used in the correct way, it can deliver genuine affordability. We can use it to assist our

local authorities and approved housing bodies to deliver homes at prices people can actually afford. However, the problem is that if we continue to repeat the mistakes of the past, and if we allow private developers to have access to this finance, the consequence will be twofold. The purchasers will end up paying higher prices and in some cases large numbers of affordable purchasers will not be able to afford those properties. Also, the taxpayer will be cross subsidising developers profit.

For clarity, in this instance, I am not talking about private building contractors. Private building contractors build all public homes. This amendment does not refer to that. Nor am I talking about finance. Almost all public housing is built with some form of borrowed finance, whether it be from Government borrowing, the Housing Finance Agency or other groups. This is specifically about private developers.

Briefly, I will give two recent examples of the impact bringing in private developers into affordable housing provision has had, which demonstrates why it does not make any sense. In my constituency, South Dublin County Council had a significant piece of public land named the Kilcarbery estate. Members of this committee who were previously with me on South Dublin County Council will know the estate very well. There was a proposition to build approximately 1,000 houses on that site, consisting of social rental, affordable rental, and affordable purchase. However, in their wisdom a majority of members of that council decided to sell that land to a private developer. As a consequence of that the all-in development cost of those homes, which are currently commencing construction, has increased significantly. For example, the cheapest discounted home on that land will retail for more than €325,000, which is way beyond the affordability reach of many of the people we are trying to target with the serviced sites fund.

The example is one we all know, because we debated it at length in the House previously, namely, O'Devaney Gardens where Dublin City Council, under instruction from the Department of Housing, Local Government and Heritage, engaged in a lengthy competitive dialogue with private developers and eventually signed a deal with Bartra. In this instance, they have access to the serviced sites fund and yet the all-in cost that will be paid for the affordable homes is €360,000. The buyer will pay €310,000 but will ultimately have to pay the €50,000 serviced sites fund amount back as well.

Compare that to what happens when one allows only the local authorities of the approved housing bodies sector to use the serviced sites fund. Homes are developed by, for example, Ó Cualann Cohousing Alliance, whereby the homes sell for between €160,000 and €200,000. This is well below, in fact, €60,000 less, than what is happening in Kilcarbery or in O'Devaney Gardens.

This amendment only refers to the serviced sites fund. We will talk about cost rental later. The amendment clearly states the only people who should have access to this fund in terms of the developer are not-for-profit agencies, local authorities, approved housing bodies, and community housing trusts. The consequences of allowing private developers access to this funding is that it pushes up prices, it locks people out from being able to afford these homes and it has the taxpayer cross subsidising private developers very substantial level of profit, which is not a good use of taxpayers' money. Therefore, I commend the amendment to the committee.

Senator John Cummins: In saying what I am saying, it is important to put context on it. What we envisage is a mix of housing based on what is needed in any given area. In most cases, the State will be required to develop 100% social and affordable housing, particularly in the Dublin area, which the Minister is on record as having said. However, there may be areas

in the country that have only had social housing built over the last decade. What we need to do is to ensure there is a mix in a given area, so we do not have areas which are predominately or solely private, predominately or solely affordable or solely social. It is important in the context of what I am saying is that we are seeking to achieve a mix of housing tenure in any given locality. We have to be mindful of areas in the country where there has been only one tenure type built over the last number of years.

I suspect the wording in the amendment, which includes the words “private” and “for-profit developers”, has been put in there for a reason. It was put in there to create the impression that Government parties are in some way supportive of this method at the expense of the approved housing body, the housing co-op or the community housing model. That is not the case and I want to make that clear. If we are supportive of this amendment, we may inadvertently exclude low-return funds from entering the State in order to provide affordable housing. That is a model replicated across Europe; Vienna is held up as an exemplar. The committee cannot inadvertently put blocks in place that may prevent a mixture of housing types in a given area and tie one hand behind the State’s back as it tries to deliver affordable housing. That is why we cannot support this amendment. It is not because of the impression that might be given that we are in some way supportive of private development.

We need a mix in this country. We need low-return funds to provide affordable housing so it is not solely the State. We also have to be very cognisant of the fact that approved housing bodies are on the State’s balance sheet. We have to be mindful that we may be in a financial squeeze over the next number of years.

Senator Mary Fitzpatrick: On behalf of the Fianna Fáil group, I advise the committee that we will not support this amendment. We are very anxious to conclude our business today. We are trying to facilitate the completion of the report on the affordable housing Bill so that legislation can be introduced to start to address the housing crisis in a meaningful way, with the provision of affordable housing to rent and purchase by local authorities, approved housing bodies and not-for-profit organisations.

The political motivation behind this amendment is fairly clear but the reality is that the serviced site fund is set up under regulation. It is a €310 million fund dedicated to supporting the provision of affordable housing not for-profit housing. The second criterion mentioned in this amendment is private developers. It is a very broad term to use. It is used, in this instance, to signal a certain political position but it excludes ethical, sustainable investors. We are determined to use every mechanism to address this housing crisis, which is one of both supply and affordability. On that basis, the Fianna Fáil group will not support this amendment.

Deputy Cian O’Callaghan: I will support this amendment. I agree with previous speakers that a housing mix is very positive and should be encouraged. I do not see an issue with this amendment in regard to that. This is about whether we give public subsidies to private developers in delivering affordable housing and whether it is a good way to proceed if we want affordable housing. This amendment does not preclude low-return funds and ethical investment in housing and affordable housing. Currently, low-return investment funds and ethical funds are quite successfully investing in social and affordable housing through approved housing bodies. If this amendment is passed, and followed through in the legislation, that would continue to be the practice. The question is whether or not we give public subsidies to private developers.

As regards providing affordable housing at a rate people can genuinely afford in terms of their income, rather than a percentage discount off a full market rate, we need to ask whether

private developers are good at delivering that. Are private developers good at that, as opposed to private builders who can be contracted by approved housing bodies or local authorities? The evidence, certainly to date, is that they are not. They have a more costly form of delivery than approved housing bodies or local authorities.

We can see that quite clearly in the example of the Ó Cualann Cohousing Alliance and what it is building which ranges from about €160,000 to €250,000. Its houses are coming in at a significantly more affordable cost than those of private developers. It is worth noting that Ó Cualann contract private builders, but as a developer managing the project it has lower finance costs and lower risk margins. While it takes a margin, which it uses to reinvest in its next project, its overall profit margin or reinvestment take is lower than private developers. It is not just Ó Cualann. Approved housing bodies and, in general, local authorities, are more effective in terms of delivery.

There is the issue of the State balance sheet. If we are serious about what needs to be invested in affordable and social housing, the only approach that can be taken is one where we are willing to break the EU fiscal rules. This is in the context of such low interest rates, especially. Other countries have done this in the past. It is absolutely justifiable to break fiscal rules in the context of a housing and homeless crisis. I have no issue with that at all. Every party in the Oireachtas should support it. I am strongly supportive of the European Union but there are countries in the EU flouting much more serious breaches in its fiscal rules and the rule of law. There is no proper action being taken against them so we should have no fear in breaking those rules, if needs be, in addressing our housing and homeless emergency and investing in affordable and social housing.

Chairman: Deputies Duffy and Gould and Senator Boyhan are indicating. I ask them all to be as brief as they possibly can because we will not get through this if everybody speaks on it. Again, everybody has the right to speak on it. I am not trying to stifle that.

Senator Victor Boyhan: Is there a rota system?

Chairman: I am taking people as they indicate.

Senator Victor Boyhan: As a point of order, we agreed a rota system for doing our business. The Chairman did not inform the committee he had changed the system. He did not seek the consent of the committee to change the system. It is his assumption. He has now decided to apply a different regime. We agreed to a rota system and have not changed that agreement. Please tell the committee what it is doing and do not deviate from established practice without seeking its consent. That is the point I am making.

Chairman: Absolutely. We can revert to the old system. I am trying to keep this as flowing as possible.

Senator Victor Boyhan: I ask the Chairman to inform the committee if he is changing the system. We agreed it.

Chairman: I said that members could indicate. I thought I made it perfectly clear in this session. I made it perfectly clear, in the last private session, how we were probably going to conduct this. I call Deputies Duffy and Gould and Senator Boyhan.

Deputy Francis Noel Duffy: The Green Party will not support this amendment. The Land Development Agency, LDA, will be implementing or master-planning this process. Its remit

is to assist local authorities and the affordable housing bodies, AHBs, in delivering affordable housing. Therefore, in that tendering process, they will tender out projects and the contractors who take on that work will get their profit within the profit margins of any contractor. That is my understanding.

Deputy Thomas Gould: I am obviously supporting Deputy Ó Broin's amendment. I am not sure whether there is a lack of understanding or people realise where Deputy Ó Broin is coming from on this issue. That is the crux of the problem.

When I first became a councillor in 2009, I thought the housing crisis was as bad as could get. Unfortunately, because of Covid-19, there is an unbelievable crisis in terms of family break-ups. Those who have contacted me include partners, parents, children and grandchildren. We are looking to provide an opportunity, and to give people a chance, with affordable housing and affordable cost rental. We have a crisis in social housing. Tens of thousands of people are on the waiting lists. We also have people trapped in the middle who are earning too much to be on social housing but cannot qualify for a mortgage. This is where affordable housing comes in. Deputy Ó Broin is trying to make affordable housing as affordable as possible. His whole point is to ensure that local authorities, approved housing bodies, housing co-ops, community housing trusts and non-profits are the vehicles that deliver it.

We are talking about allowing private developers in on this specific part. Senator Fitzpatrick said earlier the political motivation behind this amendment was very clear. She was absolutely right; it is very clear. Deputy Ó Broin is trying to make affordable housing as affordable as possible.

Senator Mary Fitzpatrick: He should vote for the Bill then.

Deputy Paul McAuliffe: Nonsense.

Deputy Thomas Gould: I find it unbelievable parties would oppose this. Let us be honest, I am not shocked at Fine Gael opposing this because we know its position.

Senator John Cummins: I take exception to this line of comment. I thought we were supposed to be working together as a committee to get this affordable housing Bill in place for people and if we play party politics with it, we will not go very far today.

Deputy Thomas Gould: I was just about to finish. I have not interrupted anyone since I became a member of the housing committee. I will finish my last point, which is that we want to deliver affordable housing and cost rental----

Deputy Paul McAuliffe: Everyone does.

Deputy Thomas Gould: Members say they want to get through this as quickly as possible and yet I have been interrupted numerous times. My point is I want to help families and people who are struggling. I want to support this and Deputy Ó Broin's amendment is the best way to do it.

Senator Victor Boyhan: I, too, want to get through it and will be short and sweet. I have always said I did not give a damn who builds the houses. I am not hung up on the ideology of it but when we talk about affordability, we must keep costs down. I have an issue with the subsidisation when the housing co-ops, the community groups, the affordable housing bodies, AHBs, and all the others are trying to build public housing. Deputy Ó Broin set out the rationale and

I am happy to support him.

I was particularly taken by the rationale set out by Deputy O'Callaghan. Regardless of what happens, this is a pre-legislative scrutiny, PLS, and it will be a matter for the Houses. I accept it is a critical part of the process but there will be many other opportunities.

On the issue of political motivation, we are all politicians. We are all motivated by our political agenda and beliefs and no one should apologise for that. In short, I will support the amendment.

Senator Mary Seery Kearney: All of us are motivated to ensure a maximum amount of affordable housing and a maximum supply of housing. The way to do it is to ensure nothing fetters supply and it will be a significant contributor to what makes something affordable or not.

There is an inference in the contributions by Deputy Ó Broin that the criteria for accessing these schemes is an exclusive preserve. Every committee member supported widening and recommending the widening of criteria, including me, to ensure we have maximum accessibility for those who lost their homes due to the financial crash and those who, for a variety of reasons, find themselves, yet again, without homes. We all agreed on that, so to allude to it, or exclaim an exclusive preserve of it in public session, when we were in agreement in private session, is disingenuous.

All of our motivation is to ensure a maximum of housing supply. It is what we need to do and it is why I will not support this amendment.

Deputy Eoin Ó Broin: I will briefly respond to some of the key arguments of the Government members of the committee. It is not the case to say the Government is not supportive of facilitating private developers to make profit. If one looks at the housing policies around social housing, in particular, over the last five to ten years, it has all been about trying to attract high cost, private finance through the provision of profit because the State did not want to directly deliver large volumes of social and affordable homes. It is why we are in the housing crisis.

Government policies, whether it is the enhanced leasing scheme, local infrastructure housing activation fund, LIHAF, excessive tax breaks for real estate investment vehicles or the shared equity loan scheme proposed by Fine Gael and either supported or facilitated through the abstention of Fianna Fáil, say to private developers the Government will give them profit in exchange for development. There is a cost to it and people need to be clear, which is why I raise it.

The cost is that it reduces the volume of affordable houses delivered and increases the cost. I take Kilcarbery, in my constituency, as an example. For a decade, we campaigned for Government to invest with South Dublin County Council to deliver 1,000 homes on the site. Some 300 would have been social rental, approximately 300 would have been affordable rental and approximately 300 would have been affordable purchase. It would have given the social mix Senator Cummins proposed, but Fine Gael would not fund it and instead the council was forced, if it wanted to develop the land, to sell it.

The consequence is we will have 30% social housing, which I welcome, but 70% of the homes on the site will be open market unaffordable. If one takes O'Devaney Gardens as an example - none of the Deputies or Senators on the Government side addressed this point - the consequence of bringing in a private developer with the serviced sites fund is those homes are €60,000 more expensive than if one restricted it to the approved housing body, local government or community housing trust sector.

With respect to the off balance sheet - Senator Cummins knows this - Ó Cualann is the largest supplier of affordable homes with the serviced sites fund and they are off balance sheet. One can have off balance sheet vehicles with this financing and, therefore, it is not an issue. It is not the case this amendment would prevent ethical investors. In fact, last week Clúid Housing announced a deal with an ethical investor, a long-term, low-yield pension fund, for the delivery of more than 500 homes, so, again, it is absolutely not the case. With respect to Deputy Duffy, the Land Development Agency, LDA, cannot access the serviced sites fund, so it does not apply this sense.

The central issue is whether or not we want to continue with the failed Fianna Fáil-Fine Gael housing policy of privilege and private developers using public money to cross-subsidise very significant profit while driving up the price of homes.

Senator Seery Kearney is wrong. Supply, in and of itself, will not fix the problem. The supply must be affordable which the Senator's Government has failed to take into account for the last number of years, so we either use the funding-----

Chairman: It is a good summation. Deputy Ó Broin had plenty of time.

Deputy Eoin Ó Broin: This is my concluding sentence. We can either bring the price of affordable homes down, which Fianna Fáil and Fine Gael never understood, and we can do it by giving this money to the not-for-sector, or, we can continue to assist the developer and investment friends of Fianna Fáil and Fine Gael in failing to meet people's housing needs.

Deputy Paul McAuliffe: It is a shocking statement from a housing spokesperson.

Deputy Eoin Ó Broin: It is also a matter of policy fact.

Deputy Paul McAuliffe: It is a shocking statement.

Deputy Eoin Ó Broin: It is the truth.

Senator Mary Seery Kearney: It is not true.

Chairman: I ask the members to bear in mind we have two very long meetings on this report. Of the 54 amendments, these are ones on which we could not quite agree the wording. It does not need to turn into a political to and fro on policy's of the last ten years. We are discussing-----

Senator Mary Seery Kearney: With respect to the Chair, it does if misleading statements are made, by virtue of this being a public meeting. It is deliberate grandstanding and misleading.

Chairman: Given the time constraints we are under, I ask members to stick solely to the wording of and to speak on the amendments. We will see if we can get agreement. I will put this amendment to a vote. I have been informed-----

Senator Victor Boyhan: I just received a text from Deputy Richard O'Donoghue who sends his apologies. He will not be here for the vote. I think everyone else is here. I hope that is a helpful intervention on my part.

Chairman: Thirteen of the 14 members of the committee are present, so we do not have to ring the bells.

Senator Victor Boyhan: It means we are here. We do not have to ring the bells.

Chairman: It gives us a bit of time. As 13 members of the 14 members are present and if they are agreeable to it, I will proceed to the vote. We will do a roll call on amendment No. 1 which reads:

The Bill be amended to explicitly prohibit the use of the Serviced Sites Fund for the delivery of for-profit housing by private developers thus ensuring only Local Authorities, Approved Housing Bodies, Housing Co-Ops and Community Housing Trusts and other non-for-profit vehicles can access the funding.

Deputy Eoin Ó Broin: Is Senator Moynihan here?

Senator Rebecca Moynihan: I am.

Amendment put.

The Committee divided: Tá;, 5; Níl, 8.	
Tá;	Níl;
Boyhan, Victor.	Cummins, John.
Gould, Thomas.	Duffy, Francis Noel.
Moynihan, Michael.	Fitzpatrick, Mary.
O'Callaghan, Cian.	Flaherty, Joe.
Ó Broin, Eoin.	Higgins, Emer.
	Matthews, Steven.
	McAuliffe, Paul.
	Seery Kearney, Mary.

Amendment declared lost.

Chairman: The question is lost. Proposal No.1 is not agreed. We will move on to proposal No. 2 from Deputy Ó Broin. Are you pressing this, Deputy Ó Broin?

Deputy Eoin Ó Broin: Yes.

Deputy Paul McAuliffe: There is broad agreement with that proposal.

Chairman: The proposals is as follows:

The Department carefully consider any proposed linking of affordable cost rents to an index such as CPI in the context of stagnant wage growth for lower income workers and to ensure any system of rent reviews or rent increases is exclusively tied to the principal of full cost recovery only.

Is the proposal agreed? Agreed. There is no requirement for a vote on proposal No. 2 which will be included in our report.

We will move on now to proposals Nos. 3, 4 and 5. Proposal No. 3 originated from Senator Moynihan and was discussed previously. Deputy Ó Broin also discussed it with Senator Moynihan and that discussion resulted in an amendment, which is proposal No. 5 from Deputy Ó Broin, encompassing Senator Moynihan's proposal. There is an additional amendment to

that, which is proposal No. 4. I propose to proceed with a vote on No. 5. If that fails, we will vote on proposal No. 4.

Senator John Cummins: If proposal No. 5 is acceptable to everyone, I will withdraw proposal No. 4.

Chairman: We will begin with proposal No. 5, which reads as follows:

The Department and Local Authorities carefully examine the interaction between social housing, HAP and affordable cost rental tenancies to ensure the provision of social housing and affordable cost rental accommodation is based on need, that residential developments funded through the Serviced Sites Fund and Cost Rental Shared Equity Loan are sustainable and mixed income communities and that the welcome focus on increasing the provision of affordable cost rental accommodation is not done at the expense the provision of social housing provision.

Is the proposal agreed? Agreed. That rules out the requirement to vote on proposals Nos. 3 and 4. We will now proceed to proposal No. 6 from Deputy Ó Broin, which is very closely aligned to the arguments he has made previously with regard to affordability in proposal No.1. We probably do not need to have a debate-----

Deputy Eoin Ó Broin: We can have a shorter debate on it.

Chairman: Yes. I invite Deputy Ó Broin to outline his proposal briefly, which reads as follows:

The Bill be amended to explicitly prohibit the use of Cost Rental Equity Loan for the delivery of for-profit housing by private developers thus ensuring only Approved Housing Bodies, Housing Co-Ops and Community Housing Trusts and other not for profit vehicles can access the funding.

Deputy Eoin Ó Broin: I want to make two separate or distinct arguments with respect to this. Obviously it is related to No. 1 in the sense that I am arguing that the cost rental equity loan should not be available to private developers, and there are two key elements here to make that case. The way cost rental works is twofold. As members know, you look at the financing, development, management and maintenance costs of the unit and the idea is that whoever provides the unit has to get full cost recovery over a period of time. However, you can make the rent more affordable if you structure the finance in such a way as to allow the full cost recovery to happen over a longer period of time, thus bringing down the entry level rents to an appropriate point. This is really significant because the current cost rental schemes that are under development, including the Enniskerry Road cost rental pilot scheme, for example, will have rents of between €1,200 and €1,300 per month. Other cost rental projects in Dún Laoghaire could have rents of €1,300 per month and, in Cork city, of €900 per month. That is going to cause a very significant problem for a large cohort of working people not eligible for social housing and for whom we would like to have cost rental as a viable option. These are often workers who are just above the income threshold for social housing, and we know from very detailed research by the ESRI that they are people who do not experience significant levels of wage growth. Therefore, the entry level rent of cost rental projects is really key if this is to be affordable. Mr. Brendan Kenny, the director of housing at Dublin City Council and officials from the Department of Finance told the Oireachtas Joint Committee on Housing, Planning and Local Government in 2019 that if the financing of this is structured correctly, we could bring entry level rents down to between €700 and €900 per month for a one, two or three-bedroom unit, which is substantially

below what is currently being proposed as the guiding rent of about €1,200 per month.

The difficulty with bringing in private developers is twofold. First, it adds a significant additional layer of cost above the cost of financing, building, managing and maintaining because developers are required to have a 10% to 15% profit and risk margin. That is an extra layer of cost that makes things more difficult. That 10% to 15% cost margin is taken from four separate reports by the Society of Chartered Surveyors Ireland of private sector development and it is a well-established principle. There is a more significant consequence of bringing in private developers. The key about cost rental is that once the financing loans are paid down, let us say over 20, 30 or 40 years, the accommodation generates a surplus. It generates a revenue stream for the housing provider. That is how, for example, the not-for-profit and voluntary sector providers in other European jurisdictions actually have a housing stock that is self-financing after a period of 20, 30 or 40 years. The revenue surplus on the cost rental side helps providers to cross-subsidise social rental as well as to fund future stock. The best way of delivering cost rental, whether it is through local authorities or other public agencies or not-for-profit entities, is to have social and cost rental units together and when the cost rental loans are paid down, the providers will benefit from the surplus. Those of us here who have been councillors know the great difficulty our local authorities have had getting adequate resources from central government for the management and maintenance of social housing stock. That is why they often have to opt for very expensive refurbishment projects and so on.

If we say that private developers can have access to the cost rental equity loan, what we are essentially doing is giving that revenue surplus, which would be about half of the rent that would be paid at that stage, permanently to the private sector at a future point in time. In that way, we are denying the not-for-profit sector, particularly the local authorities but also the Land Development Agency, LDA, which I do not support, and the approved housing bodies, AHBs, access to that surplus. Again, this will make the rents more expensive and will deny our local authorities and other not-for-profit providers access to a really valuable revenue stream into the future. It is completely contrary to the logic of cost rental. I am not aware of any jurisdiction where for-profit private developers deliver cost rental because the whole point is that it is meant to be about full cost recovery and is not profit driven. I do not see why we should use taxpayers' money to deliver more expensive rental accommodation and cross-subsidise private developers indefinitely into the future when that funding could be used for more affordable accommodation to the benefit of our local authorities indefinitely.

Senator Mary Fitzpatrick: Fianna Fáil will be opposing this proposal. It is similar to the first one brought forward by Sinn Féin and is political virtue signalling. We all understand that cost rental means affordable rental accommodation. As with the serviced sites fund, funding can only be applied to affordable homes that are provided for purchase or rent. The funding cannot be applied to for-profit housing. I do not know exactly what is meant by for-profit, which is a really broad description. I know what the Deputy is getting at when he uses the term but just in case anybody missed it, the LDA legislation and the affordable housing legislation that we are bringing forward are designed specifically to insert the State into the picture, using public lands to deliver affordable homes for purchase and rent and to increase our social housing stock. That is what the aforementioned legislation is about, very simply, and this type of delaying tactic is very unhelpful. It displays a complete disregard for everybody who is trapped by the housing crisis, for those on the social housing list and those whose family has broken down because of the inadequacy of their housing conditions.

We will not be supporting this proposal and I would urge the Chairman to call a vote on it

as soon as possible.

Deputy Francis Noel Duffy: The Green Party will not be supporting this proposal. The definition of cost rental is that the renter pays for the cost of construction and maintenance, as well as a profit capped at 3% to 3.5%. That is the way the Vienna model works. I am not sure where Deputy Ó Broin got the figure of 10% to 15%. I go back to the Government agency that will deliver these, namely, the LDA. It is a Government agency; it is not interested in profit. It is interested in delivering public housing on public land. I do not think it will be looking for that. There will be a tendering process within which one invites contractors to tender to the agency to deliver the housing. It will work with the best contractors to give the best price. There will be profit included with any of those tendering processes but it is not 10% to 15% based on my experience.

Senator John Cummins: Following on from Deputy Duffy's points, a return of 3% or 4% through ethical funds or special vehicles that will deliver cost rental in addition to the LDA is profit. That is profit. Deputy Ó Broin's proposal is an attempt at grandstanding by presenting for-profit housing by private developers as something that is not in existence in this country. We are looking to attract special vehicles where there is a low return of 3% or 4%. That is what builds houses across Europe. If we are going to get party political about it, as was the case in the first debate on the first motion and if Sinn Féin wants to tie one hand behind the State's back to make sure we can only provide cost rental accommodation through AHBs or local authorities, it will do that and make sure we cannot scale up the model. What matters with cost rental is the more units that are delivered over time, the more affordable those units become because they rise in line only with the consumer price index whereas the wider rental market is probably increasing at a higher rate if one looks at it over a ten, 20, 30 or 40-year period. These cost rental properties will become more affordable for the tenants over time and Deputy Ó Broin knows that. To tie the State's hands is not what we should be doing here. We should provide affordable homes and cost rental by any means possible. Senator Boyhan said that he did not mind who provided housing. I also do not mind who provides it once people who need it and who are facing high rental costs get it. That is what we are about on all sides of this committee and we should work together to that aim.

Deputy Thomas Gould: I had not signalled to speak but given some of the contributions, I feel I have no alternative but to educate some members. In 2011, I proposed a development of a site involving the building of 800 houses on Old Whitechurch Road that got the support of the majority of members of Cork City Council but was then blocked by the Minister at the time, Phil Hogan. Affordable housing was part of that plan. That site is now being developed ten years later. They are putting in the infrastructure with LIHAF funding. Not a single house has been built on it so for Fianna Fáil and Fine Gael Members to accuse Sinn Féin of trying to slow down the delivery of affordable housing is mind-boggling.

The LDA got planning permission last week for the St. Kevin's site in Shanakiel, Sunday's Well for 266 units. I proposed this eight years ago. This is the level we are at. I did not want to come in here and get adversarial but this is where Fianna Fáil and Fine Gael are. I mean no disrespect but I do not know how the Green Party can stand over this because there were Green Party councillors on Cork City Council when I was a member. We could have delivered thousands of houses years ago so how can others come in here and say that we are trying to slow down delivery? We want to make affordable housing affordable. Housing is the number one issue for the people I represent in Cork North Central. We want to get this done and dusted. Some have said we want to tie the State's hands behind its back. For years, we wanted to free

the State's hand and that of the local authorities and everyone else to build houses. Members should go to corkcitycouncil.ie and read the motions I tabled and how Fianna Fáil, Fine Gael and Green Party councillors voted because most of the time, the Green Party voted with us. They should go back and look at those motions aimed at delivering affordable housing.

Going back to the recommendation, what we are trying to do is make affordable housing as affordable as possible. This is like a golden egg to private developers-----

Senator Mary Fitzpatrick: It is not.

Deputy Paul McAuliffe: Read the wording.

Deputy Thomas Gould: I have not interrupted anyone. I have been interrupted, as has Deputy Ó Broin. I was just finishing my contribution. I have no problem if they want to go down this road but I would like my contribution to be completed without interruption and to be listened to.

Chairman: Does Deputy Ó Broin wish to make a brief summation?

Deputy Eoin Ó Broin: I do. We are making good time so I think I can have a minute or two, which is all I am looking for.

Chairman: Prepare for the worst.

Deputy Eoin Ó Broin: I always do when it comes to Government housing policy. Let me make a couple of points-----

(Interruptions).

Deputy Eoin Ó Broin: It is entirely legitimate for any member of this committee to table amendments on matters of housing policy. We can disagree with those amendments, which is fine, but to suggest that we are tabling them for anything other than the reason that we believe they would improve the policy in the Bill is wrong. I respect all members of this committee. I might disagree profoundly with the policies they propose. Coming into this committee and tabling these amendments is legitimate. It is not, to quote Senator Fitzpatrick, a “delaying tactic”. In fact, we are making good progress. For the record, I suggested in private session that I would be quite happy if we took these votes without debate to speed up the process but it was Government members who legitimately, and I have no objection to this, wanted to have this debate publicly. They cannot then criticise us for wanting to have that debate.

In response to Deputy Duffy, the LDA does not have access to this cost rental equity loan. This is currently a loan for AHBs. This is how it is designed and, therefore, his reference to the LDA is not factually correct. The next point in respect of the 10% to 15% figure is really important because it seems some members on the Government side might misunderstand either my intention in tabling this motion or the way these funds will work. When a private developer is developing, and private developers are a very clear entity, they are required both through their private financing and standard practice to have what is called a profit and margin line on their development of between 10% and 15%. I am quite happy to send Senator Cummins the four SCSi reports that deal specifically with this. The reports itemise that and they are from real live development projects over the past number of years for houses and apartments. The consequence of that is that separate to the cost of finance, which members will also see as a line item in the SCSi reports, bringing in developers adds an extra 10% to 15%. That is on top of the cost

of the finance and other costs. The key issue is that if we allow that to happen, entry rents would increase. I have not heard a single member on the Government side respond to my key concern, which is a genuine concern, that opening the door to private developers accessing this scheme, as with the previous scheme, would push up prices. We have real-life examples where that has happened. When the row over O'Devaney Gardens was happening in Dublin City Council, there was a proposition that the local authority and an AHB should acquire at full market value additional properties from Bartra and rent them out as cost rental. Any calculation of what rent repayment would look like over a 40 or 50-year period was €1,600 to €1,800 per month. That is the consequence of bringing in a private developer. Thankfully, so far, the Department has refused to fund that proposition because it is not affordable by any stretch of the imagination.

In respect of scaling up, the reason we do not have cost rental accommodation in this State is Governments have refused to fund it. It has been Government policy since 2014. Deputy Alan Kelly, in the Social Housing Strategy 2020, promised cost-rental. Rebuilding Ireland promised-----

Senator John Cummins: This is the Bill.

(Interruptions).

Deputy Eoin Ó Broin: Either the members across want us to proceed quickly or they want to keep interrupting. They can do whichever they want. The reason why we do not have those units is not because of the absence of legislation but because of the absence of Government investment. Only a few years ago, we were told that there would be 6,400 affordable rentals and purchase units available by the end of this year because of a €300 million investment in the serviced sites fund and virtually none of it has been spent. This year, only €50 million will be spent.

The fundamental problem, to correct Senator Cummins, is not that that we are not letting the private sector in. In fact, that has been our problem for too long. It is that we are not providing the necessary funding in budget after budget to allow local authorities, approved housing bodies and community housing trusts, to deliver at scale. That will still be the case even when this legislation passes. Members have to make a decision. Either they want to drive down the cost of renting or buying these units or they want to let in private developers to maximise profit at the expense of the taxpayer and make these units less affordable. That is what the parties opposite have already done, voting in Dublin City Council and South Dublin County Council with respect to O'Devaney Gardens and Kilcarbery.

Chairman: I thank the Deputy.

Deputy Eoin Ó Broin: This is my final sentence.

(Interruptions).

Chairman: I ask the Deputy to conclude.

Deputy Eoin Ó Broin: The new Deputies and Senators might not understand the difference between a political charge and a challenge.

(Interruptions).

Deputy Eoin Ó Broin: I have the floor. The consequence of the kind of politics that the parties opposite have implemented in government and local authorities has been to make hous-

ing so unaffordable that even people on good incomes cannot afford to live in the city. The parties opposite are going to allow that to continue into the future.

(Interruptions).

Chairman: Deputy Ó Broin will be aware that we agreed an amendment that would limit the equity return on cost rental to 3% or 4%. He will also be aware of an amendment that we tabled that will scale up the delivery of cost-rental housing provision in a manner which ensures that cost-rental housing stock remains permanently affordable. I and other members of the committee take great comfort in that. I thank the Deputy for agreeing that recommendation.

Deputy Eoin Ó Broin: That does not speak-----

Chairman: I thank Deputy Ó Broin. I am going to put this to a vote.

Clerk to the Committee: The proposal is: “The Bill be amended to explicitly prohibit the use of Cost-Rental Equity Loan for the delivery of for-profit housing by private developers thus ensuring only Approved Housing Bodies, Housing Co-Ops and Community Housing Trusts and other not for profit vehicles can access the funding.”

Amendment put.

The Committee divided: Tá;, 5; Níl, 8.	
Tá;	Níl;
Boyhan, Victor.	Cummins, John.
Gould, Thomas.	Duffy, Francis Noel.
Moynihan, Rebecca.	Fitzpatrick, Mary.
O’Callaghan, Cian.	Flaherty, Joe.
Ó Broin, Eoin.	Higgins, Emer.
	Matthews, Steven.
	McAuliffe, Paul.
	Seery Kearney, Mary.

Amendment declared lost.

Chairman: Proposal No. 7 is as follows:

That the Department include a definition of affordable rental linking it to 30% of net income contained in the CSO annual earnings indicators.

Senator Moynihan did not get a chance to speak on this. Is she pressing the amendment?

Senator Rebecca Moynihan: I am. Looking at it now, the wording is perhaps somewhat clunky. However, what is proposed in the Bill is essentially affordable rental being at a market discount. Through the affordable housing Bill and the LDA Bill, it is important that we try to link affordability to 30% of net earnings, which is what all the outside experts who have given evidence to this committee on this Bill refer to. I am open to tightening up the wording on this. Hopefully it will be tightened up in the Bill. What is proposed for affordability is a market discount. It is important that we have a definition linking it to indicators. There are a number of different indicators. I picked the CSO net income figure. The CSO sometimes only does gross

income. I think the Department can come up with words that link affordability to income as opposed to a market discount, so I am pressing this amendment.

Deputy Eoin Ó Broin: I support Senator Moynihan on this. One thing that we discussed at the committee was significant ESRI housing research which was published in summer 2018. It asked a simple question, which is how many households not eligible for social housing support, including people who cannot get HAP, RAS or social housing, have high housing costs. It did extensive research, going right back to 2002. It looked at renters and owner-occupiers. The findings of the survey were startling. It found that, in general, about 30% of those households not eligible for social housing support have high housing costs. That was defined by the ESRI as over 30% of take-home pay with some factors taking into account the ability to afford an ordinary basket of goods afterwards. What was most startling about the survey is that in those two income deciles just above the income thresholds for social housing, 70% of those people had high housing costs, above 40% of take-home pay in many cases. These are people who are in steady jobs but with low pay. Sometimes there are one and a half or two incomes in a household. They are people who, unless something dramatic changes, are unlikely to ever be able to purchase a home and obviously are not eligible for social housing. We have to ensure that that group of people, who would be a main target cohort for affordable cost-rental, will be able to afford the rent that is being proposed.

The great difficulty at the moment is that some of the rental projects that have been proposed would be charging rent above that 30%, because there is no requirement to have a maximum level. The best way to deliver cost-rental is to make it affordable cost-rental, with full cost recovery over the lifespan of the repayment of the loans. The entry level rent should be affordable. I think having affordable rents linked to a maximum of 30% of net income, if the Senator is willing to take that friendly amendment to insert the words “a maximum of” before “30%”, would be eminently sensible. If we do not do this and find some way of linking affordability with full cost recovery, which I think can be easily done, there will be a big group of people in between the thresholds for social housing and the actual price that is being charged who will be either locked out or have high housing costs.

Since the Government has repeatedly set itself against raising the thresholds for social housing eligibility, on the basis of the most recent oral questions we had with the Minister of State, Deputy Peter Burke, we have to ensure these people get in. Between €1,200 and €1,300 a month is not affordable for large sections of people. We need rents of between €700 and €900. This amendment would ensure that that would be achieved, especially in local authority developments. I fully support it but would recommend those three additional words.

Deputy Paul McAuliffe: Fianna Fáil will oppose this amendment. I understand the motivation behind it. We are putting this legislation before the House for a reason, which is to have a significant intervention in the market to provide affordable purchase and affordable rental. The programme for Government was put together to respond to the issues which Deputy Gould and other Deputies in this House, including the Minister, have spoken about over the past ten years. Therefore, in order for us to have that intervention, we have to put forward legislation in these two significant policy areas, for affordable purchase, which we have discussed, and for affordable rental. It is important that affordable rental is let out by affordable housing bodies and by the State, initially on balance sheet. In order for us to provide a broad base of affordable properties in the State, provided through a public housing model, we have to scale up.

I believe that a full cost-recovery model is the key to affordable rental. It is also the key to ensuring that the model can be scaled up so that affordable rental actually becomes the predomi-

nant rental model in the market. For many of the reasons for which we objected to the previous amendments, although I do not suspect it is with the same motivation, I will oppose this amendment. I am opposed to this amendment because the linking of affordable rent, in particular through the wording, to “30% of net income” is too specific. It could, for example, be below or above that. My view is that it is better to link it with the full cost recovery model which allows for that element of affordability, including supply. I am therefore opposing the amendment.

Senator Victor Boyhan: It is likely that this is perhaps the most important amendment before us. In respect of affordability, whether it relates to affordable purchase or affordable rent, the public housing model or any other model, surely 30% of net income would be the maximum. I would go as far as supporting the point Deputy Ó Broin made in respect of Senator Moynihan’s amendment, that the maximum should be 30% of net income. Let us forget about location. Housing is either affordable or not affordable. Affordability judged by what one has in one’s pocket at the end of the day.

We must simplify and demystify the debate on housing. Many people outside these Houses are bellyaching about their commitments to affordable housing. They should be honest and keep it simple. Affordability is about what one has as disposable income. I consider 30% of net income to be a maximum. That is the key message about affordable purchase, rental or whatever scheme. It is the one line that constantly resonates with people outside. People talk about whether rents “are linked to our income”. Nothing is affordable if it is not based on net income. This amendment is perhaps the strongest message that we can send out today. It is something I wish to echo and hang on to, because it is simple and clear. We need some clarity in this debate. We must reflect on what the people outside understand by the term “affordable” and what they are calling for. They are calling for equity, fairness and affordability. A figure of 30% of net income is a maximum. I appeal to all members to reconsider and support what is a very reasonable proposal and amendment.

Deputy Francis Noel Duffy: We must distinguish between affordable renting and cost rental. Cost rental is based on the cost; affordable is where assistance is provided by the State, essentially. We need to make sure which one is which, when we are speaking to them.

In Vienna, state assistance is given to people who cannot afford cost rental. It is the first time that cost rental has happened. There was a concept in 2015, as Deputy Ó Broin told me previously. This year, we are pushing a lot more out. I would say that, for the first time, cost rental is happening. It will be a long time, or 20 years, before we have quite a bit of capacity at cost rental and can see the benefit of it. However, cost rental is what it says on the tin. It is the cost of the unit, and the rent comes from that. Therefore, I assume, going forward, that when this model evolves, the State will come in and assist people to rent those units. That is what happens in Vienna and it is how it works.

Deputy Cian O’Callaghan: I agree with Senator Boyhan. This amendment is definitely one of the most important and I fully support it. I agree with the rewording suggested by Deputy Ó Broin.

I am genuinely surprised and quite worried that the Government is opposed to the amendment. I would have thought that there would be a consensus that affordable rental should actually be affordable. There is a general consensus outside of these Chambers.

Senator Mary Fitzpatrick: There is consensus on that.

Deputy Cian O’Callaghan: Okay, there is consensus on that. That is good. If there is consensus on that, why would the figure of 30% of net income not be the measure of that? That is the part that I do not understand. One could make the argument that for flexibility one might go a bit higher than that or something, but I would have thought that it is a key point to be agreed, there should be consensus on that and therefore the amendment should be supported.

I understand the points that Deputy Duffy made about cost rental being full cost recovery. That is absolutely a valid point. I agree with him when he asserted that assumably the State will step in when there is a need to fill that gap. However, by us passing the amendment rather than assuming or hoping that the State will step in, it will mean that as a committee, we are actually looking for the State to step in if necessary. It is also linked to arguments made by Deputy Ó Broin that we do need to look at the cost of full delivery and trying to get that down. It is an ongoing challenge. I see heads nodding, so there seems to be agreement on that point. I am left not understanding why we are not agreeing to the amendment.

Senator John Cummins: Further to what Deputy Duffy said, cost rental is a mathematical calculation. As a committee, what we have done is to set the parameters and the formula for that mathematical calculation. We have said that it is going to include full cost recovery, including the full cost of providing and maintaining the unit over the term. We have also stated that we are going to limit the model to a 3% or 4% return so that high-yielding funds cannot come in and make a quick buck. We have also agreed that cost rental will have a minimum of a 25% discount on market rents. In the eight hours of debate that we had in private session, where we agreed more than 40 amendments or recommendations for this report, what we did was set the formula and the model, and that essentially is what determines the rental cost. That is what cost rental is. That is what we are trying to emulate across Europe. It is right that there are other State mechanisms in place should someone need assistance. We have also incorporated into those recommendations the provision that if people experience a reduction in their income over the term, the State will also allow them to maintain their cost rental property and they will receive State support.

Therefore, it is important in the context of this debate to actually state what we agreed in private session. The sooner that those recommendations can be published in respect of what we agreed, then this debate that we are having here will not just be seen in isolation. We have committed, as a committee, to all of the parameters of what the definition of what cost rental is.

Deputy Thomas Gould: I am actually surprised at the Government’s stance here. I moved a similar amendment to that of Senator Moynihan, although not the same, which stated that “draft regulations concerning the pricing of rental tenancies make clear that it must be based on affordability and not market value.” I believe that Senator Fitzpatrick tabled an amendment then, and we reached a compromise that full recovery would be included over a longer term.

I thank Senator Moynihan because the inclusion of the figure of 30% of net income in her amendment is very important. I thank her for tabling that amendment, because it goes to the heart of the affordability issue.

It is something on which we can agree. We have come a long way in private session in agreeing a wording on this. We have the wording of my amendment as the basis. I even think that the figure of 30% of net income could be excessive because we know that for many people, affordability could be anywhere between 24% and a maximum of 30% of their income. My fear is that the maximum figure would be used as a baseline. I support Senator Moynihan’s amendment. It goes to the heart of affordability and cost rental. It is something on which we

could agree together, perhaps if the Government parties step back from it. We did a lot of work on this in private session. As she said, this amendment delivers the affordability we all want.

Senator Mary Seery Kearney: When the report is published, there will be an abundance of evidence to demonstrate all of our wholehearted commitment to affordability. Deputy Gould's amendment did not set a precise figure, hence the reason we could accept it and move forward with it. The difficulty is that we are putting in place a precise definition that fetters the decision making and the discretion of a Minister in a context also where there are many other external moving parts outside of even the Department of Housing, Local Government and Heritage. These include initiatives such as the introduction of the living wage and the movement in that direction. Fixing anything at 30%, in a sense, may become irrelevant very quickly in the coming years. While the sentiment of it is there, that sentiment of affordability is already enshrined within the report on an all-party and all-committee basis.

Deputy Joe Flaherty: I agree with the spirit of what the Senator is saying but this is reflected in the report as well. The issue is the arbitrary nature of the 30%. To take an example, a couple in my county with two children will be over the income threshold if they are earning €510 per week. If they were in local authority housing, they would be paying a rent of €112 but if we apply the 30% rule, they would be paying €155. For the sake of that €5 that they are over the income threshold, they would be paying over €40 more. It is not that we dispute the spirit of the proposal, it is just the arbitrary nature of that 30%. It is dangerous to ever put a line in the sand.

Chairman: I will call Senator Moynihan next. The definition of a cost rental tenancy is quite clearly laid out in section 96 of the heads of the Bill that were sent to us. We have also included secure tenancies, tenancies of indefinite duration, permanent affordability and adapting rents to meet people's needs if their income levels change. I think the affordability of cost rental is well covered by the recommendations so far, and that is what is contained within the heads of the Bill. I invite the Senator to summarise the proposal and we can then put it to a vote.

Senator Rebecca Moynihan: Like others, I am genuinely surprised by the Government response to this. The 30% is not an arbitrary figure. All the experts we had in to the committee explained that between 30% and 35% of net income is the acceptable definition of affordability when it comes to housing income. In that sense, if we are opposing this recommendation for the Department to come up with a formula that defines affordability, we may as well rename this Bill the market discount Bill, because that is essentially what the Government side has argued. Market discount is not necessarily affordability, and all the experts who came in to us described what that was. This recommendation was to go to the Department to ask it to come up with a formula, and I thought that would have been a very reasonable assessment. I am surprised the Government side is opposing it. Fundamentally, this shows that the Government side is not concerned with affordability. Rather, they are concerned with market discount and using market forces in order to shave a couple of euro off housing.

This should have been a straightforward amendment that was accepted, although I am not going to change their minds at this stage. I would have been open to amendments such as that suggested by Deputy McAuliffe, because I think up to 35% is generally the agreed definition of affordability. If they are willing to do that and reach a compromise, I would also be willing to move and reach a compromise. However, I do not get the impression from the deliberate misunderstandings and the deliberate statements from the other side of the House in response to this that they are willing to reach a compromise. It was very clearly communicated by both the ESRI and the National Economic and Social Council that it was a generally internationally

recognised definition of affordability. I think the Bill should be renamed the market discount Bill because of the response today.

Chairman: We will put amendment No. 7 to a vote.

Clerk to the Committee: The proposal is that the Department include a definition of affordable rental linking it to the 30% of net income contained in the CSO annual earnings indicators.

Amendment put:

The Committee divided: Tá, 5; Níl, 8.

Tá	Níl
Boyhan, Victor.Gould, Thomas.Moynihan, Rebecca.Ó Broin, Eoin.O'Callaghan, Cian.	Cummins, John.Duffy, Francis Noel.Fitzpatrick, Mary.Flaherty, Joe.Higgins, Emer.McAuliffe, Paul.Seery Kearney, Mary.Matthews, Steven.

Amendment declared lost.

Chairman: We move to amendment No. 8. Senator Rebecca Moynihan, Deputy Cian c and Deputy Eoin Ó Broin put forward similar amendments. We put Deputy O'Callaghan's and Senator Moynihan's together to give us amendment No. 8. Amendment No. 9 covers that as well, right down to the last line on re-profiling the €75 million allocation. Would Deputy O'Callaghan and Senator Moynihan be agreeable to taking amendment No. 9 to include theirs?

Senator Rebecca Moynihan: Yes.

Chairman: Amendment No. 8 is withdrawn as it is covered by amendment No. 9.

Chairman: Amendment No. 9 is proposed by Deputy Ó Broin and Deputy Gould, and, obviously, Deputy O'Callaghan and Senator Moynihan are part of that. I ask everybody to stick to the times. I call Deputy Eoin Ó Broin.

Deputy Eoin Ó Broin: I move amendment No. 9:

In light of the serious concerns expressed by the Department of Public Expenditure and Reform, the Economic and Social Research Institute and the Central Bank regarding the impact of the proposed Shared Equity Loan Scheme on house price inflation and in the absence of details on the scheme including whether private banks will be participants in the scheme, whether the Central Bank would approve such participation, what the interest rates on the shared equity loan will be and what the regional price caps will be, the Committee calls on the Minister to remove this scheme from the Affordable Housing Bill and to reprofile the €75 million allocation for the scheme provided for in Budget 2021 to the Serviced Sites Fund and/or Cost Rental Equity Loan.

More than any of the other amendments, this amendment speaks to the key issue of this Bill. We have to find ways of delivering homes at prices that working people can genuinely afford, both to rent and particularly to buy. The shared equity loans scheme does not do that and, therefore, should not, in my view, be called an affordable housing scheme and should not be included in this Bill.

It is significant to note that this is the one element of this Bill that was not under consideration and development by the outgoing Minister, Deputy Eoghan Murphy, and his departmental

team. Both cost rental and the serviced sites fund had a long gestation under the last Government and, in fact, no political party advocated a serviced sites fund during the general election of last year, when we all had different propositions around how to deliver affordable purchase homes. The origin of this proposal lies in two documents that were developed by two industry lobby groups, Property Industry Ireland and Irish Institutional Property, which came and did a round of meetings with housing spokespeople between February and May 2020, after the general election, and I was one of those spokespeople. Both of those lobby organisations had very well developed propositions and called on the Government to introduce a shared equity loan scheme based on, and similar to, a controversial and unsuccessful scheme that operates in Britain, and which they wanted the Government to do here.

It is very clear that the proposition the Minister is developing, because he has put so much of it into the public domain, albeit through leaks and unofficially, is based on these two lobby documents. This is the clearest example I have seen in all of my time in the Oireachtas of private industry writing the policies of Government. Because of that, it has proven very controversial. We heard, for example, from the ESRI that it had very significant concerns about this scheme as it is currently proposed. We received written correspondence from the Central Bank outlining, again, very significant concerns in terms of the scheme as it understands it. The former Secretary General of the Department of Public Expenditure and Reform, in a freedom of information request that I received has widely criticised the scheme. They are all saying the same thing. They are all saying this is a demand-side scheme that will push up house prices at a time of limited supply.

Our problem at the moment, particularly in the context of Covid, is that supply is even more limited. If it was sluggish before the pandemic and the closure of, and then restrictions on, construction activity, it is even more sluggish now. What we are proposing is to put a pot of money into a fund that will allow hard-working people, desperate to own their own home, to take out a secondary loan, and that secondary loan will be used to buy unaffordable, overpriced houses up to €400,000 in Dublin and lower prices elsewhere, according to the Minister. There will also be an interest charge and that interest charge will be set at 15-year intervals and will increase over that time. By my calculation, on the basis of the information that is in the public domain, if people were to take the full shared equity loan of €100,000 on a property of €400,000 in Dublin, by year 30, if they do not pay it down, and there is no obligation on them to pay it down and the Minister has given that commitment, they will have accumulated an additional €50,000 of debt on top of whatever the increased equity value of that 25% stake is. Thus a person could actually owe not €100,000, not €150,000 but €175,000 or €200,000. What this is doing, therefore, is saddling hard-working people with a very high level of debt. That is why there are a great many people in Fine Gael who are deeply uncomfortable with this scheme. All the Fine Gael councillors on Dublin City Council called for it to be scrapped because it would push up house prices. They wrote to the Minister and urged him to transfer the €75 million of finance allocated for the budget this year into the two other funds we have just been discussing, namely, the serviced sites fund and the cost rental equity loan. We also know from some of the coverage in the newspapers that within both the Department of Public Expenditure and Reform and the Department of Finance there are real concerns, shared by the respective Ministers, about what this scheme will do.

This being the case, I do not understand how anybody who says he or she wants to help working people buy their own home could support such a scheme. If we look at the evidence from Britain, for example, it has pushed house prices in London up by 6%. While it has led to an increase in supply, it did so on the English-Welsh border where houses are not needed. The

most independent research into that scheme from the London School of Economics has made it very clear that this is about putting money in the pockets of developers and pushing up house prices and it is putting working people at very significant risk of mortgage default and loss of property into the future.

The last thing I will say is that Fianna Fáil has done this before. The last shared ownership scheme, which members will remember, and which was closed by Fine Gael, was modelled on something similar. It was a shared equity product where the cost of the equity and the interest charged increased over a period of time. That meant people who bought into that shared equity scheme at the end of the Celtic tiger experienced a doubling of their mortgage repayments if they chose to pay it down over a decade and a half. There was four times the level of mortgage default and mortgage arrears among that cohort of borrowers, when the crash hit its depth after 2010, than there was among regular borrowers. This, therefore, is not affordable housing, and any Deputy who supports the shared equity scheme is not doing right by hard-working people. He or she is saddling them with debt and pushing up house prices. I cannot stand over it and that is why the amendment would delete all the recommendations in the report related to shared equity, it would call for the shared equity loan scheme to be removed from this Bill, and it would call for the €75 million to be transferred to the cost rental and serviced sites funds for genuinely affordable homes. If the Minister, when he has finalised the scheme and the Central Bank and European Commission have given their views, wants to introduce a separate Bill, let him come and defend that but he should not title it an affordable housing Bill.

Deputy Emer Higgins: The motion before us is seeking to reallocate the €75 million that is going to support 3,000 couples, young families and individuals caught in the rental trap to own their own home. There is planning permission for 40,000 housing units in Dublin alone but these approved plans are not being turned into homes fast enough. We all agree on that. This shared equity scheme will stimulate housing delivery by stimulating building on these approved sites, and by enabling the State to take a 30% stake in new homes, it will make those homes affordable to people who want to buy. Therefore it is going to boost supply and increase affordability.

The Opposition is saying we do not know enough about the scheme yet, so we should scrap it, but let us look at what we do know. We know there is no charge on 30% for the first five years and we know that there is no onus to pay off the 30% until, or indeed if, the house is sold. We know this will enable people to afford their own home, and that is the main difference between what the Government is proposing and what Sinn Féin is advocating for. We want people to be able to own their own home and to sell it at market value to whoever they want. Sinn Féin's housing plan means people would be able to buy a home in a public housing estate if they earn a certain amount under a threshold but they cannot buy the land it is on so they could not sell it on to whoever they want. They would have no freehold. This Government scheme will increase supply, increase affordability and give people ownership in the true sense of the word.

Last year, housing supply was less than 60% of what was needed. We all know that and we all want to increase housing supply. This will increase supply. We hear talk of the UK scheme, which the Government has looked at and has learned from, and that is why there are going to be regional caps in this scheme. We know that and we got that commitment. It is only one part of this Bill and it is only 2% of the housing budget. We need to give it a chance. We need to give it a chance to increase supply, to increase and introduce more affordability and to enable home ownership across Ireland.

Senator Mary Fitzpatrick: The motion calls for the removal of the provision in the legis-

lation to create a shared equity loan scheme. The details of the scheme are not actually going to be in the legislation and we all know that. Therefore what Deputy Ó Broin and others are opposing here is the principle of the State providing financial support to people who are paying more in rent than they would on a mortgage for their own home which they would then own. They will not be saddled with it. Nobody is going to come with a gun, put it to their head and tell them to take out this loan. It is an option. It is giving people who are paying more money in rent than they would on a mortgage the opportunity to afford their own home.

We completely agree that this is not the definition of affordable housing. That is why we are bringing forward legislation to deliver truly affordable housing both to purchase and to rent on public lands provided by the State via approved housing bodies and not-for-profit NGOs. We know what affordable housing is and we will deliver affordable housing, but in the meantime we have also listened to the industry experts. We also know there are 40,000 planning applications sitting there and the State is in a financial position to support people financially who are paying more money in rent than they would in a mortgage to own their own home.

For that reason we are opposing the amendment. We want to give the Minister and the Government the power to introduce a scheme that will be calibrated and will have control mechanisms in it, as we all had recommended in this committee and which are included in the report. This will ensure they do boost supply, that they will increase the supply of new build homes, and that they will provide finance and financial support to first-time buyers, owner-occupiers, people whose relationships have broken down and who have lost their family home, and people who desperately want to get out of the rental trap and own their own home. I confirm to the Chairman we will not be supporting this motion.

Deputy Cian O’Callaghan: This is fundamentally about what is the best way to support people who need affordable homes and whether this is the right measure. On that, we have heard from the ESRI, the Central Bank and senior officials in the Department of Public Expenditure and Reform who have expressed concern that this will increase demand and prices rather than supply. We know from the UK what happened after a similar scheme was introduced, namely, that in the more than four years since the scheme was introduced there, the share prices of the main construction companies that availed of the scheme increased by 230% over the period. We know from looking at the price of homes availed of under this scheme that, if we take the east midlands as an example, while the average first-time buyer bought a home for £157,000, homes sold under this scheme were going for an average of £235,000. In the north east of England, the average first-time buyer was buying in at £109,000 whereas the average home sold under this scheme was at £182,000. Thus we know from the UK that this has pushed prices up.

We have a history of subsidies and tax breaks which developers have availed of and which have pushed up prices and had very serious consequences. We also know we already have an issue with house prices in Ireland. Prices are increasing here at the moment. Demand is already high so we do not need a scheme to increase demand but one to increase the supply of affordable homes. We have the second highest house prices in the EU if one looks at it in terms of square metres and we are being warned this measure is going to increase those prices again. Therefore, I strongly urge committee members to accept this amendment. We must call this out now and not in a couple of years when the damage has been done.

Chairman: There are three more members indicating a wish to contribute so I ask them to be brief.

Senator Rebecca Moynihan: I will be as brief as possible but maybe we should rename

this the market discount and subsidisation of developers Bill. The Government members have been very clear that they believe this is needed. Essentially, they are trying to treat this as a supply-side measure. We had economists and people coming in on an expert level and I thought it was so we could use their expertise; they said this was a demand-side measure rather than a supply-side measure.

The thinking behind this demonstrates how much some of the developer lobbyists have captured the debate. This will not put planning permission applications into the system because people cannot afford to buy under current construction costs. Rather than addressing the underlying issue of the high cost of construction, this would, as Deputy Ó Broin has said, saddle people with higher prices. I am surprised that after all the evidence from all the outside groups, the Government still insists on continuing with the shared equity scheme without fully publishing the details and the experience in the UK. It is reasonable to delete this from the so-called affordable housing Bill. If required, it could return in a different measure. This is not a supply-side scheme; it is a demand-side scheme that will push up the cost of housing and it will not release more planning permission applications into the system.

Deputy Francis Noel Duffy: My understanding is this will not be the same as the UK scheme. I have a tracker rate mortgage and I will pay 100% of the interest on that. I would love to pay 50% of the interest due on my mortgage over its life. I am not sure if that fact is correct but if it is 50% less interest than what I would pay, for example, it would be a very good mortgage.

Deputy Thomas Gould: A comment was passed that this is Sinn Féin policy. This is not just a Sinn Féin recommendation. It is partly a Sinn Féin recommendation and the Social Democrats and Labour Party have a similar recommendation. We know other parties, groups and Independents support the removal of the shared equity scheme from the affordable housing Bill. These are contradictory terms. I am new to the Chamber but we have seen how insertions can be made to Bills that should not happen and this provision should not be in this Bill. As Senator Moynihan indicated, we attended meetings where experts were brought before the committee. I am trying to learn all the time and from our meetings I understand that this measure will not provide affordable housing.

The Government parties contend that this will increase supply but it will not. It will increase prices and that will have a negative effect on affordability. If we wanted to increase supply, we should not have driven hundreds of thousands of people from the country because we introduced austerity measures. I have friends and family in Australia, America and Canada and they are only there because Fianna Fáil, Fine Gael and the Green Party introduced austerity measures.

Chairman: We should stick to the proposal as we are almost out of time.

Deputy Thomas Gould: The Government parties contend the shared equity loan scheme was introduced to increase supply. I have friends and family in Australia and right across the world but if the country had not introduced austerity measures, those workers would be here and we would not have such an issue with supply because we would have workers to build houses.

In Cork there are projects at a standstill because they do not have the workers. How many apprenticeship schemes have been rolled out? The Government wants to use the shared equity scheme to increase supply but we need apprentices and workers to build houses. People, and not shared equity schemes, build these houses.

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Chairman: Due to time constraints I must put the question.

Deputy Eoin Ó Broin: I have a right to reply.

Chairman: I gave you a lot of time at the start.

Deputy Eoin Ó Broin: A number of charges have been made against the party and I have a right to respond.

Chairman: You do but I am asking you to waive that right.

Deputy Eoin Ó Broin: We are already over time so another two minutes will not hurt us.

Chairman: Could you do it in a minute?

Deputy Eoin Ó Broin: I can. Deputy Higgins is wrong to suggest that under Sinn Féin's affordable housing plan, people will not own their own home. They will. The benefit of our plan is that home will remain permanently affordable but under the Government's plan, people will not own their own home because they will have a debt of €150,000, €175,000 or €200,000.

Senator Fitzpatrick is also wrong to say this is only a small part of the Government's affordable housing plan. It is the biggest. There will be €75 million in Government expenditure this year plus €75 million from the banks.

Senator Mary Fitzpatrick: That is not true.

Senator John Cummins: A terrible statement.

Deputy Eoin Ó Broin: It is. I am trying to be brief.

Chairman: The Deputy should proceed, without interruption.

Senator Mary Fitzpatrick: It is not true.

Deputy Eoin Ó Broin: Perhaps the members on the other side could just listen. There is €75 million for the shared equity scheme and that will be doubled with an extra €75 million from the banks. That is €150 million. The cost rental equity loan has funding of €35 million and only €50 million will be spent this year on the serviced sites fund. The Government will spend almost three times that on a provision to put money into the pockets of developers rather than delivering genuine affordable homes to rent or buy.

Deputy Duffy should understand that this is not meant to be a mortgage. This is on top of the Central Bank approved mortgage of 3.5 times salary so somebody must pay a full mortgage over 30 years and still have a debt of €100,000, €150,000 or €200,000. That is the inequity in all this. We have seen how the help-to-buy scheme increased house prices. Fianna Fáil extended it and it has increased house prices since. Worse still, 60% of the people who got it did not need it. This is not affordable housing but instead it is Fianna Fáil and Fine Gael doing what they always do in housing policy, which is putting money in the pockets of developers. Shame on all of the Government members.

Deputy Paul McAuliffe: Put it to the vote.

(Interruptions).

Deputy Paul McAuliffe: Do not play into it. That is what they want.

Deputy Eoin Ó Broin: They come here and show crocodile tears for the working people, who they have forced into the rental trap. These are the people that the Government has forced into unaffordable housing. It is the Government's housing policy failures.

(Interruptions).

Chairman: I am putting the question.

Deputy Eoin Ó Broin: It is a result of decades of bad housing policy by Fianna Fáil and Fine Gael that has created generation rent. It is on the Government members.

Chairman: Could we have some decorum? I have given the Deputy plenty of leeway.

Amendment put.

The Committee divided: Tá;, 5; Níl, 8.	
Tá;	Níl;
Boyhan, Victor.	Cummins, John.
Gould, Thomas.	Duffy, Francis Noel.
Moynihan, Rebecca.	Fitzpatrick, Mary.
O'Callaghan, Cian.	Flaherty, Joe.
Ó Broin, Eoin.	Higgins, Emer.
	Matthews, Steven.
	McAuliffe, Paul.
	Seery Kearney, Mary.

Amendment declared lost.

Chairman: Before adjourning, it is important to point out that some really good amendments and submissions have been made across the parties. The amendments we agreed today will be included in the report. At heart, all of us want to provide affordable housing, which is the reason for the impassioned arguments. It is good.

The joint committee adjourned at 12.40 p.m. until 12.30 p.m. on Tuesday, 4 May 2021.