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Pathway to
Supporting
Home Ownership
and Increasing
Affordability



Figure 5:
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1 Pathway to Supporting Home Ownership and Increasing Affordability

- Delivery of 54,000 affordable homes between now and 2030.
- An average of 6,000 affordable homes to be made available every year for purchase or for rent by Local Authorities, AHBs, the LDA and through a strategic partnership between the State and retail banks.
- A new, nationally available, affordable purchase shared-equity *First Home* scheme, until 2025, for new-build homes in private developments.
- A new Local Authority-led Affordable Purchase Scheme.
- The Land Development Agency (LDA) will be a new and important source of affordable housing on public land and will advance a new initiative, Project Tosaigh, to enable the early delivery of new affordable homes.
- The introduction of a new form of rental tenure and delivery of 'Cost Rental' homes.
- Expanded Part V requirements to increase the percentage contribution from 10% to 20% and applied to affordable as well as social housing.
- Launch of a newly expanded Local Authority Home Loan.
- A 'Fresh Start' principle for applications to affordable housing and loan schemes.
- Extended Rent Pressure Zone Protections to 2024 and rents linked to the Harmonised Index of Consumer Prices.
- Introduction of indefinite tenures for rent leases.



Putting Homeownership back within reach of the 'squeezed middle' and breaking the rent trap are core goals of **Housing for All**. The Government is acting decisively to expand the options for those currently facing affordability constraints in buying or renting a home with an unprecedented level of financial commitment and delivery ambition. This requires a step change in the interventions that must be put in place to support homeownership. It will also see the introduction of a new form of tenure in 'Cost Rental', which will deliver long-term security of tenure at affordable and predictable prices. These measures have been put on a statutory basis through the prioritisation of the Affordable Housing Act 2021. Taken together, these affordable measures will make homeownership achievable for tens of thousands of individuals and families in the near-term and will reduce the rental pressures on thousands of hard-pressed middle income earners. Short-term measures will support people immediately, allowing for longer-term measures to take hold.

The State is significantly increasing its investment in affordable housing and the State will manage its commitment so that people are helped when they need it most. It will recoup and recycle its investment so more people can be helped. This will move us away from an over-reliance on annual Exchequer funding in an economically counter cyclical manner. Our affordable housing measures will contribute to a more developed, responsive and appropriate housing system that offers people real choice at affordable levels when they need it.

Affordability and the chance to own a home are being placed at the very heart of our housing policy. People should be able

to access suitable affordable housing that meets their needs as they move through life. That means that we need a mixture of affordable rental options in urban areas near concentrations of employment, the option to buy in vibrant communities with reasonable commutes to work and education, and more options to live and work in our towns and villages in rural areas.

When these options are not sufficiently available, it upsets the balance of our housing system and can have a very negative impact on people's lives. This is true at all stages of life, but particularly at key life events, for example, when people are deciding to leave the family home, take up a new job, settle into a community or perhaps start a family.

In response to the demand for more affordable housing, the State will deliver 54,000 affordable homes to either purchase or rent between now and end 2030, with 29,000 delivered by end 2026. The majority of homes will be targeted at Affordable Purchase with an overall average delivery ratio of approximately 2:1 Affordable Purchase to Cost Rental. These new-build homes will be targeted primarily at first time buyers and those facing demonstrable affordability constraints.

First-time buyers, on low to moderate incomes, will now be able to buy a new home with State support through an equity stake. A new tenure of more affordable 'Cost Rental' will be introduced that will be based on the cost of provision rather than profit maximisation.

A 'Fresh start' principle will apply to applications to State-run affordable housing and loan schemes. This means that people who are divorced/separated and no longer have a financial interest in the family home, or

who have undergone insolvency proceedings, will be eligible to apply for State schemes.

To give people improved choice and opportunities to purchase as quickly as possible, the Government is simultaneously introducing two new affordable purchase schemes. The first will involve Local Authorities delivering, or facilitating the delivery of, new homes in areas where affordability challenges have been identified. The second, which will be nationally available, will see the State partnering with the banking sector to establish a new affordable purchase shared-equity *First Home* scheme.

Affordable Purchase and 'Cost Rental' homes will be delivered by our Local Authorities, AHBs and by the Land Development Agency (LDA). The LDA will be a new and important source of affordable housing on public lands. The Government will increase the funding available to the LDA to bring forward affordable housing developments at scale.

We will also revise and expand the Local Authority Home Loan scheme. Single people earning up to €65,000 will be eligible to apply in areas where the scheme's house price limit is €320,000 (i.e. Greater Dublin Area, Cork, Galway).

The Help to Buy Incentive is due to end on 31 December 2021 and the Minister for Finance will consider an extension to the timeline in the context of Budget 2022. The role of the Help to Buy incentive will also be reviewed using the Tax Strategy Group mechanism with the aim of ensuring that it is appropriately calibrated in the context of other measures contained in ***Housing for All***.

1.1 Implement the Affordable Housing Act 2021

Under the new Affordable Housing Act 2021, we are giving people a choice of affordable housing options. Firstly, we are going to invest to support people on low to moderate incomes to buy their *First Home*. Secondly, the State is introducing a completely new form of more affordable 'Cost Rental' homes, where the rent will be based on the cost of provision rather than on profit maximisation. This complex legislation is the most comprehensive piece of affordable housing legislation that has ever been brought forward and has been a top priority for the Minister for Housing, Local Government and Heritage.

1.2 Launch a new Local Authority Affordable Purchase Scheme

Local Authorities, working with delivery partners, will play a central role in the planning and provision of affordable homes through a new Affordable Purchase Scheme. The provisions of this scheme have been placed on a statutory basis in the Affordable Housing Act 2021. The homes will be available at a reduced price with the Local Authority taking an equity stake equivalent to the reduction from the prevailing market price for the property. The purchaser can redeem or 'buy out' this equity stake at a time of their choosing, but there will be no requirement to do so. If the purchaser chooses not to redeem the equity stake while living in the home, the State can do so when the property is sold, or transferred, or after the death of the owner.

These schemes will be primarily targeted at first-time buyers in those Local Authority areas with the greatest housing requirement and affordability challenges. Other categories will also be eligible, including people who have experienced relationship breakdowns or personal insolvency. Where demand exceeds supply, homes will be made available by Local Authorities using a 'Scheme of Priority', which will see applicant prioritisation based on a range of factors, including the size of the household applying and the length of time a household has been living in the local area.

Funding will continue to be made available to pay for land servicing, which will facilitate the delivery of new-build Local Authority affordable housing at a more competitive price. This funding is now being significantly increased and enhanced to support key Local Authorities in areas where affordability challenges are greatest. The Government will support, and work with, Local Authorities to deliver housing in targeted areas. This will include situations in which a Local Authority does not have suitable land to deliver the level of housing required.

This funding will be made available through the new Affordable Housing Fund (which will incorporate the existing Serviced Sites Fund) and will be effectively deployed to achieve the delivery of thousands of homes for

affordable purchase or rent. Depending on the type, size and location of the homes, which varies from project to project, Local Authorities have indicated in Serviced Site Fund submissions that they will aim to make homes available at average purchase prices of approximately €250,000.

Importantly, as the equity stake will return to the State over time, it can be recycled to help others facing affordability constraints. This will provide funding for counter-cyclical economic housing interventions, moving away from an over-reliance on the availability of annual Exchequer funding.

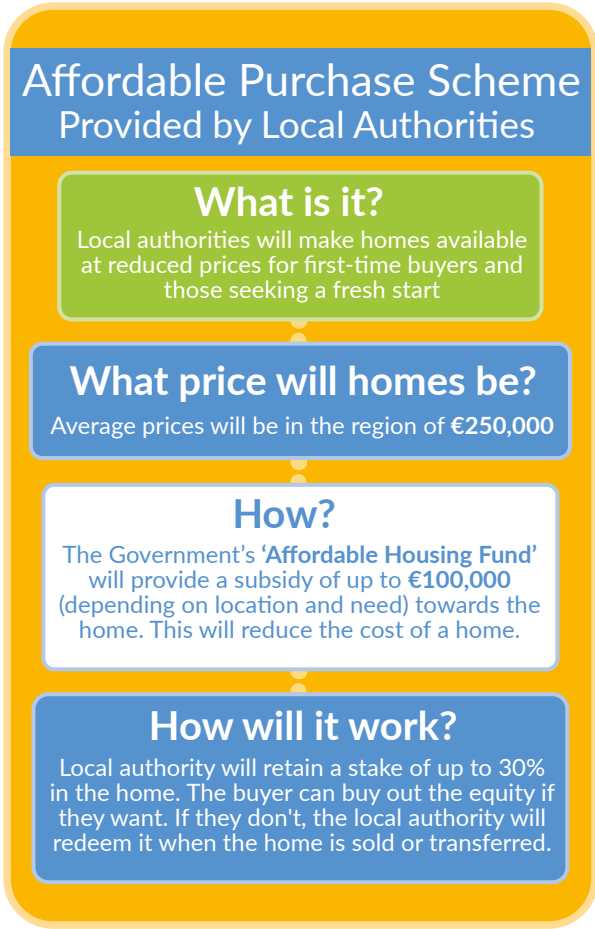


Figure 6:
Local Authority Affordable
Purchase Scheme

1.3 Establish a *First Home* Scheme

The Government, working in partnership with the banking sector, will establish a new national shared-equity *First Home* Scheme. Under this scheme, the State and participating banks will jointly support first-time buyers on moderate incomes to buy a new home. The support will take the form of an equity stake in the home equivalent to the level of funding provided. Unlike the Local Authority-led Affordable Purchase scheme, the First Home Scheme will be available nationally, and purchasers can themselves determine where they choose to buy. No service charge will be applied to the equity stake for the first five years, with a modest annual charge beginning to apply from year six. As is also the case with the Local Authority-led Affordable Purchase scheme, the purchaser will be enabled to redeem or 'buy out' this equity stake at a time of their choosing, but there will be no compulsion to do so.

The *First Home* Scheme will be available to eligible purchasers for the acquisition of new homes in private developments throughout the country. Homes made available will be subject to area-based price ceilings for houses and apartments. It is anticipated that these ceilings will be based on open market prices and will range from about €225,000 for homes in the most competitively priced areas of the country to approximately €450,000 in the most expensive areas. In exceptional cases, specific ceilings may be applied to stimulate the supply of apartments in urban areas. Up to 20% equity support

will be available to purchase these homes (or max 30% if the Help to Buy is not utilised). Utilising the support of the banking sector to match Exchequer funds in delivering this scheme, will enable the State to double the benefit of its investment for purchasers and support twice as many families and individuals to buy their first homes. This market based scheme will be established immediately, allowing time for the Local Authority new-build delivery to ramp up.



Figure 7:
First Home Scheme

1.4 Roll-out Cost Rental at Scale

Cost Rental is the most radical reform of the Irish rental system in the history of the State. The private rental sector has traditionally provided homes based on prevailing market rents and profit maximisation. As a result, and notwithstanding the introduction of Rent Pressure Zones, prevailing rents can fluctuate significantly and can be excessively high in the areas of greatest demand, with some households paying significantly more in rent than would be the required mortgage repayment on an equivalent property.

A new statutory basis is being established for Cost Rental under the Affordable Housing Act 2021, which sets out how this new sector will operate. Under Cost Rental, homes will be provided at rents that are set to cover only the cost of financing, building, managing and maintaining the homes, calculated over a minimum period of 40 years. Tenants will have significantly increased security of tenure, making Cost Rental a long-term rental option. Rents for these homes will be linked to annual inflation, providing greater cost certainty and meaning that the initial cost rents may become even more affordable over time. This measure is being targeted at middle-income households, with incomes above the social housing limits. The aim is to maximise effectiveness for those who do not already receive support from the State.

Over the period to 2026, it is intended that approximately 10,000 Cost Rental homes will be delivered in our urban centres by Local Authorities, Approved Housing Bodies and the Land Development Agency. In building to this scale, the State will provide certain focused funding supports to help delivery partners provide rental homes that target affordable rents at levels in the order of 25% below market rents. Increasing the scale of Cost Rental is a key objective and the Land Development Agency will have a key delivery role. Delivery of Cost Rental at scale will also have a stabilising effect on the wider rental market. Furthermore, Cost Rental investment by private-sector vehicles has been facilitated through legislation in the Affordable Housing Act 2021. Returns on such investment would be limited, but would be secure and consistent. Such investment under the environmental, social and governance (ESG) remit of institutional and pension funds, can provide for increased capacity in the delivery of Cost Rental homes.

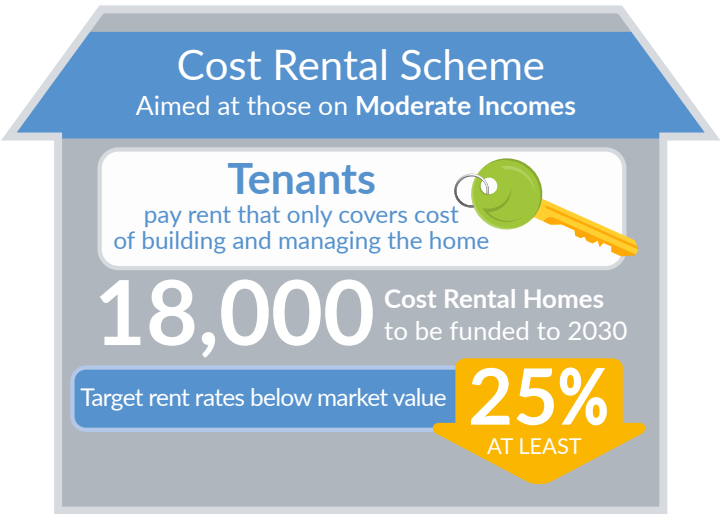


Figure 8: Cost Rental Scheme

1.5 Launch 'Project Tosaigh' to Deliver more Affordable Homes through the Land Development Agency

The Government recognises that, for a multitude of reasons, many non-State sites where homes could be delivered, even those that have planning consents, are not being built out quickly enough, or at all. The LDA has specific statutory responsibility to deliver affordable housing, primarily on State land, but also to enable more affordable homes through engagement with other actors. As the Government's key institutional intervention in the housing market, the LDA will be tasked with intervening in these slow or stalled developments, through an open and transparent process, designed to ascertain the potential for it to enter into strategic partnerships with landowners in order to unlock and accelerate delivery. This will be known as 'Project Tosaigh' as it will get development started at scale.

If value for money for the State and affordability can be ascertained following this process, the LDA will be funded by an additional €1bn above current levels to enable the delivery of up to 5,000 new affordable homes on such lands that otherwise would not have been delivered, or would be delivered much more slowly. It will do this by entering into strategic partnerships with suitable parties that have a proven ability to deliver homes. These homes will be delivered in the near term from next year. This significant and immediate delivery initiative will be supplemented by further large-scale affordable delivery from the LDA's growing State land bank.

1.6 Expand the Part V Requirement to 20% to include Affordable Homes

The requirement in Part V of the Planning and Development Act 2000 to provide 10% of the uplift in value of zoned residential land for social housing, has been increased to a mandatory 20% for social, affordable and cost rental housing requirements, of which at least half must be applied to social housing provision⁴. The link to a specified percentage need in the Housing Strategy reflected in the Development Plan objectives has been removed, so the focus will be on capturing the full share of the planning gain for the State on every applicable site, in every Local Authority area. The 20% will apply to all land transacted after the new legislation comes in to force, or bought before 2015, where planning permission has not been granted.

Current planning permissions will be unaffected, and land purchased between 2015 and 2021 will also continue at 10%. Near term supply will not be affected by these changes. However, this will change in 2026 when the 20% will apply to all land regardless of when purchased. Developers, therefore, must act now to bring forward housing or they will face the new higher obligation at that time. This is a balanced and fair way to allow supply to come forward at pace, while also ensuring that the State is getting as much benefit as possible for social and affordable purposes. The Housing Agency will support local authorities to ensure the revised requirements are applied consistently.

⁴Per Part 6 of the Affordable Housing Act 2021

1.7 Reform the Local Authority Home Loan scheme

Changes will be made to the current Local Authority mortgage product which enables first-time buyers, on low to moderate incomes, to access sustainable mortgages to purchase new or second-hand properties, or to self-build. The loan, in its current form, has had over 2,200 mortgage drawdowns in just over 3 years of operation. The product will be changed by lowering the interest rate for new borrowers by 0.25% and raising the maximum income ceiling for single persons to €65,000 in areas where the house price limit under the scheme is €320,000 (Greater Dublin Area⁵, Cork, Galway). These improvements will extend the reach and impact of the scheme, particularly for single people, whilst ensuring that the Home Loan's features remain appropriately positioned compared to commercial mortgages.



Figure 9:
Local Authority Home Loan Scheme

1.8 Set Out a new Owner-Occupier Guarantee

The Government has introduced new, higher-rate stamp duty measures and planning permission restrictions to minimise the bulk buying of traditional family homes. We will also introduce a new form of 'owner-occupier guarantee' which will enable Local Authorities, following on from the introduction of the Housing Need & Demand Assessment Framework, to specify a minimum proportion of the houses and duplexes in a new development as being restricted to first occupation by individual purchasers or 'owner occupiers'.

⁵Greater Dublin Area refers to Dublin, Louth, Wicklow, Meath, Kildare

Housing Policy Objective 1: Enable Homeownership and Increase Affordability

No.		Timeline	Lead
1.1	Provide an average of 6,000 affordable homes each year under the provisions of a new Affordable Housing Act	Ongoing	DHLGH
1.2	Place affordable housing measures, including a Local Authority Affordable Purchase Scheme and Cost Rental, on a statutory footing via the Affordable Housing Act	Q3 2021	DHLGH
1.3	Establish a new Affordable Housing Fund, incorporating existing affordable housing funds, to support Local Authority and Approved Housing Body delivery of affordable housing	Q3 2021	DHLGH
1.4	Provide a <i>First Home</i> market based Shared-Equity Scheme	Q1 2022	DHLGH
1.5	Introduce a new form of tenure in Cost Rental and deliver Cost Rental homes at scale with delivery partners, including AHBs, LDA and Local Authorities	Q3 2021	DHLGH, LAs, AHBs, LDA
1.6	Reform the operation and deployment of the current Serviced Sites Fund, incorporating same under the new Affordable Housing Fund, in order to provide more flexible support to Local Authorities in delivering affordable housing for sale or rent	Q4 2021	DHLGH
1.7	Increase funding available to the LDA to provide affordable homes at scale	Q1 2024	DFIN, DHLGH
1.8	Expand Part V requirements to increase the percentage contribution from 10% to 20% and apply to affordable as well as social housing	Q3 2021	DHLGH
1.9	Ensure consistency in the application of the new arrangements under Part V by Local Authorities	Ongoing	Housing Agency
1.10	Introduce a form of 'owner-occupier guarantee', which will enable Local Authorities to specify the proportion of houses and duplexes in a development for owner-occupiers	Q4 2021	DHLGH
1.11	Revise and expand the Local Authority Home Loan	Q4 2021	DHLGH
1.12	Consider an extension to the timeline of the Help to Buy Incentive in the context of Budget 2022	Q4 2021	DFIN
1.13	Review the Help to Buy Incentive to ensure it is appropriately calibrated	Q4 2021	DFIN

HPO = Housing Policy Objective

1.9 Protect Tenants in Private Rental Accommodation

Too many people have been caught in an unaffordable, insecure rent trap. In order to support those who wish to buy their home and facilitate people who want to rent, we need to protect tenants. Changes in society such as longer stays in education, starting families later, immigration and difficulties in accessing mortgage finance have driven demand for rental accommodation. As an open economy, a steady supply of good quality accommodation, including rental accommodation, is also a necessary precursor for Ireland's targeted levels of foreign direct investment and related employment.

While supply of private and social housing has increased, with Cost Rental and affordable housing due to come on stream, it is not yet at a scale that will significantly impact the overall private rental market. Rent increases are unsustainable and are causing affordability issues, particularly for those with low incomes and the more vulnerable of our citizens.

According to the 2011 Census, the numbers relying on the private rental sector nearly doubled from the 2006 Census level of 9.9% to 18.5%. In the 2016 Census figures, the private rental sector accounted for nearly 18.2% of all tenures. This underlines the importance of the private rental sector to our housing system.

The Government has introduced measures to protect renters with affordability challenges by extending Rent Pressure Zone controls to the end of 2024 and linking rent increase limits to the cost of living (through the Harmonised Index of Consumer Prices (HICP)). In addition,

short-term protections for tenants experiencing Covid-19 related arrears have been extended to January 2022. Security of tenure will be strengthened for tenants, subject to legal advice, by legislating for tenancies of indefinite duration. Oversight of tenancies will also be strengthened by the introduction of an annual registration process.

The Government will also facilitate increased enforcement of registration of tenancy requirements. Enforcement will be generally enhanced through measures such as the expansion of data-sharing arrangements between the Revenue Commissioners and the Residential Tenancies Board (RTB) to assist in enforcement of residential tenancy obligations.

The Government recognises that it is in the interest of both the tenant and landlord to resolve any disputes as early as possible without recourse to lengthy adjudication and tribunal processes. The DHLGH will provide additional resources to the RTB to ensure that it can continue to play its part, including to facilitate early engagement to prevent disputes escalating to formal RTB dispute resolution, particularly in cases of rent arrears and where a legal tenancy termination or illegal eviction is in prospect. Mediation and conciliation help to resolve disputes at an early stage. In recognition of this, the Government intends to amend the Residential Tenancies Acts to provide for default conciliation as part of the dispute resolution process.

In response to the Covid-19 pandemic, the Government introduced the Pandemic Unemployment Payment (PUP) and adjusted the Rent Supplement income threshold to reflect PUP payment rates.

Under the National Economic Recovery Plan, the Government has extended the PUP for existing recipients and set out how the PUP rates will be reduced in stages. The Rent Supplement income threshold will remain aligned with the top PUP rate for this extended period and will be adjusted in line with changes in the top PUP rate. The Department of Social Protection will also continue to show flexibility in respect of rent limits.

Targets for inspection of rental properties will be set at 25% of all private residential tenancies as soon as Covid-19 public health restrictions permit. This process will be supported by the full implementation of virtual inspections to complement the traditional inspection process, and by examining the potential extension of the role of estate agents to support compliance of rental properties with the required standards before placing them on the market.

The continued supply of new properties to the rental market is critical. Therefore the initial rent setting for new properties will continue to be at market level for the duration of any RPZ or successor restrictions. RPZ restrictions will apply for rent increases that follow the initial rent setting (either within or between tenancies).

The Government will support the continued participation of small scale landlords in the rental market. The DFIN will review the recommendations of the Working Group on the Tax and Fiscal Treatment of Landlords and other taxation measures.

The holding of deposits can create difficulties for both the tenant and the landlord. In 2020 there were 1,410 deposit-related disputes accounting for 27% of all disputes. It was the second most common reason for disputes.

This is a complex area that includes obligations on both tenants and landlords. Deposit retention can cause serious hardship for tenants, as many will require the return of their deposit in order to access alternative rental accommodation. The Government is committed to examining the creation of a system of deposit retention based on best international practice.

In support of the Government's Climate Action Plan objectives and targets, energy efficiency in private rental housing needs to increase. The Government will develop a roadmap to implement minimum Building Energy Rating (BER) standards, or 'Cost Optimal' equivalent, for the private rental sector. This will increase energy efficiency, help to alleviate fuel poverty, help to protect tenant's health and improve comfort levels in rental homes.

On-campus purpose-built student accommodation can alleviate pressure on the private rental market. Universities have developed significant numbers of student accommodation units in recent years, through borrowing from the European Investment Bank via the Housing Finance Agency. Section 21 of the Technological Universities Act 2018 provides for borrowing by Technological Universities subject to borrowing approval. The Technological University Dublin – the largest higher education institution in the State – has identified a student accommodation requirement and proposal and there is similar potential to do so amongst other technological universities. The Government will support technological universities to develop purpose-built student accommodation where such a requirement exists, through access to appropriate financing (see section 3.6.3).

Housing Policy Objective 2:**Increase protections for Tenants in Private Rental Accommodation**

No.		Timeline	Lead
2.1	Bring forward legislation with provisions to address long-term security of tenure	Q4 2021	DHLGH
2.2	Increase enforcement of registration of tenancies by Residential Tenancies Board (RTB)	Ongoing	DHLGH, RTB
2.3	Extend changes in the Rent Supplement income threshold in line with the adjustment of PUP rates under the National Economic Recovery Plan	Per timeline in the National Economic Recovery Plan	DSP
2.4	Retain the rent limit flexibilities in the Rent Supplement Scheme	Ongoing	DSP
2.5	Expand data-sharing arrangements between RTB and Revenue	Q1 2023	DHLGH, DFIN
2.6	Provide additional resources to the RTB in order to make available trained RTB facilitators to intervene at an early stage to prevent disputes escalating between parties	Q2 2022	DHLGH
2.7	Extend Rent Pressure Zone (RPZ) protections to end 2024 and link rent increases to Harmonised Index of Consumer Prices	Q3 2021	DHLGH
2.8	Review the recommendations of the Working Group on the Tax and Fiscal Treatment of Landlords	Q3 2022	DFIN
2.9	Retain market based settings for first rent of new properties to the market for the duration of RPZ protections or any successor restrictions	Ongoing	DHLGH
2.10	Examine the potential extension of the role of estate agents to include an initial inspection of rental property to the extent possible	Q4 2022	DoJ
2.11	Support diversification of housing stock and increase availability of rental stock by supporting the development of Purpose Built Student Accommodation by Technological Universities	Ongoing	DFHERIS, DFIN, DHLGH
2.12	Examine the creation of a system of holding rental deposits, informed by international experience	Q2 2023	DHLGH
2.13	Legislate through the Residential Tenancies Acts for default conciliation as part of the dispute resolution process within the RTB	Q1 2022	DHLGH
2.14	Implement Minimum BER standards, where feasible, for private rental properties, commencing in 2025	Q1 2025	DHLGH