Self Organised Architecture

ROADMAPPING A VIABLE COMMUNITY-LED HOUSING SECTOR FOR IRELAND

Self-organised and Community-Led Housing models (Cohousing) and the Community Land Trust as a basis for enabling democratic and permanently affordable housing and urban renewal in Ireland

FINANCE

SOA Research CLG
The Fumbally Exchange
Argus House
Blackpitts
Dublin 8
www.soa.ie

Authors: Tom O'Donnell, Padraig Flynn

Designed by Claire Prouvost
Proofread by Anne Murphy

SOA Research CLG is a not-for-profit action research think tank formed in 2017 to research and promote cooperative and collaborative approaches to housing in Ireland.

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Executive Summary

A primary goal of the research project is to roadmap viable financial approaches for Community-Led Housing initiatives in Ireland. In particular, we have focused on roadmapping three specific approaches: a cooperative 'owner-renter' model, an owner-occupied tenure model, and a Community Land Trust.

These roadmaps are structured with the aim of making Community-Led Housing an affordable model for the broadest possible income spectrum. Recommendations are made which will facilitate people in the intermediate or mid-market, people on low or irregular incomes, those with low savings, as well as those not qualifying for mortgages due to age, to adopt these approaches to develop housing that reflects their needs.

A further aim is to enhance the potential for savings through lowered housing cost and equity development, along with very affordable housing costs in retirement.

The sections contained in this handbook:

- **establish** and **demonstrate Financial Roadmaps** for three CLH approaches.
- **determine** what we mean by **'affordable'** to allow a **comparative analysis**.
- **establish what is possible** now in terms of **financing** a CLH project.
- propose **enabling measures based on established UK and EU practice** to address obstacles.

A problem for financing Community-Led Housing identified at a number of stakeholder forums is recognition. **Lenders cannot lend to something they are unable to appraise or don't fully understand.** This is particularly true of the cooperative approach, which is perceived as complex and at present could only be financed by shorter term commercial loans. This is although it has the most potential to be a genuinely inclusive model.

A recurring observation at stakeholder forums was that the **development of government policy for Community-Led Housing is a necessary first step to overcome obstacles in financing CLH.** This process might, following the example of the UK, begin with a consensus amongst stakeholders at to what Community-Led Housing is.

A next step would be **the establishment of a Hub or agency structure to build capacity in the sector** (The Policy handbook includes a case study of the London CLH Hub, established by the Mayor of London's Office). An important aspect of a Hub's work is providing CLH groups with expertise to develop a sound financial basis for their projects. It would also coordinate a project management framework for groups and could manage seed and capital funding grants to further de-risk and support groups in the early development stage to planning, at which point the project can be accurately appraised for financing. Lastly, it feeds into policy development, especially at local level.

In order to enable a diversity of approaches for Community-Led Housing and sustainable development, a policy recommendation is the establishment by the state of **a soft loan product to part-finance any qualifying sustainable development** (for example, all development meeting a BER A2 rating and above). This is modelled on a product offered by the German state development bank (KfW). It would be mediated by commercial banks and other financial institutions, and intended to:

- significantly **reduce the cost of credit** to enable development
- **de-risk projects** by reducing commercial banks' exposure
- **support and stabilise the construction sector** and
- **smooth credit supply cycles**

Combining lower development costs and low-interest long-term finance will enable a household in the intermediate or mid-market income range to finance its own housing through self-development of owner-occupied homes, cooperatives or with a Community Land Trust.

Irish interest rates are in general much higher than in Europe, where rates also tend to be fixed for much longer. The reasons for this are explored briefly within this handbook, but long-term fixed credit might be an area for innovation in the whole sector.

Regulating **an investment fund to enable credit unions (and possibly include pension and other funds) provide affordable finance to Community-Led Housing projects** in addition to Tier 3 AHBs, might allow them to finance community development more effectively than they are able to at present.

In the meantime, the Rebuilding Ireland mortgage will enable most approaches to owner-occupied tenure developments explored here, for those families who qualify and up to a certain point. Commercial banks do have scope to increase loan-to-income (LTI) levels to facilitate viable loans for low to middle income households.

As CLH offers a route to housing to very low and intermediate income, as well as other qualifying, households, a further recommendation is that **Community-Led Housing is charged to provide social and affordable housing as a Service of General Economic Interest** under EU state aid rules. Such an entrustment would allow certain approaches (notably cooperatives and Community Land Trusts) to avail of low-cost and long-term finance, and potentially benefit from other supports, such as being able to partner with AHBs and access various grants. These routes are currently closed or untested.

Our analysis of development costs and potential savings offered by Community-Led Housing indicates that CLH can be significantly more cost-effective than conventionally-procured housing, particularly if land is leased or granted. Further potential savings in Community-Led Housing are possible by reducing or omitting developer margins, marketing and other costs. As against this, lenders' risk margin for Community-Led Housing is unknown at this point. Costs are explored in the Analysis section.

Lastly, three case studies of key CLH projects in the UK and EU are examined in terms of their financial structuring. A final case study examines a philanthropic social investment fund enabling CLH projects in the UK.

How stable have you found cohousing groups as clients, in terms of repayment of loans?

"Very very stable. They identify with their house, it's their home. Normally before they move in they have meetings every week, sometimes two times a week, to get everything organised. Really I have never had a project defaulting on me, and I am working at this bank for 10 years.

Sometimes people see only the risk, because it seems "Oh, they don't know what they're doing, they are not experts in this area." But no, they put the time in to become experts. Because it's their building, they want to know what's going on, and they put the effort in."

DOROTHEE ROEGER,
Client Advisor at GLS Bank, Berlin,
Interview with SOA, January 2020

Glossary

COHOUSING
Cohousing communities are organised to foster mutual support, drawing on the skills and resources of residents to contribute to life in the scheme. In most projects, each household is self contained, but residents collaborate in managing communal spaces, and share decision-making through a legally defined arrangement. Shared spaces can range from a simple community garden through to shared guest bedrooms, kitchen/dining spaces and/or communal laundry or tool shed facilities. Many cohousing groups cultivate an ethos of sharing resources and space with a view to reducing their environmental footprint and increasing community activities and mutual support.

COMMUNITY LAND TRUST
Community Land Trusts (CLTs) are organisations set up to develop and manage homes and protect assets of community value, including affordable homes, workspace and green space. CLTs use legal structures such as covenants or planning agreements to provide long-term affordable housing, often by linking prices to local income or setting prices at a proportion of market rate. In the UK their legal entity typically comes in the form of a limited company, community benefit society and/or a charity.[1]

COMMUNITY-LED HOUSING
Community-Led Housing, as categorised by the stakeholder groups participating in this project,[2] is a socially, environmentally and economically sustainable approach to housing, with the following features:

1. Meaningful community engagement and consent throughout the process. The community does not necessarily have to initiate and manage the development process, or build the homes themselves, though many do.
2. The local community group or organisation owns, manages or stewards the homes in a manner of their choosing.
3. Benefits to the local area and/or specified community are clearly defined.

COOPERATIVE
Cooperative homes are managed and owned by members of the cooperative. Residents are members of the cooperative and participate in management and decision-making. As per cohousing, mutual support, cohesion and shared activities are a feature of cooperatives. Cooperative housing is a strong feature of the housing landscape in many European countries, for example representing 17% of the housing stock in Sweden and Germany, and 15% in Norway. In the UK, 70,000 people nationally are cooperative members, and there are more than 300 cooperative housing schemes in London alone.[3]

COST RENTAL
Homes for rent are provided by approved providers at a rental cost to cover development and maintenance costs (including sinking funds) only. The scheme is aimed at the intermediate household income bracket and is not a form of social housing assistance.

PART V
Part V of the Planning and Development Act 2000 outlines the conditions by which a developer will meet their obligations to contribute to delivery of social and affordable housing. When submitting a planning application, developers must specify how they intend to comply with these obligations.

SHARED EQUITY
The State provides equity support (a share in a house purchase) to households seeking to purchase homes in the private market but unable to secure the full mortgage to do so. The State's equity stake is the difference between the maximum the resident can afford and the open market value of the home. There is a charge placed on the deeds of the home in the Land Registry and conditions placed on resale. Residents have the option to buy the state's equity out during or after the charge period (a specified duration after the purchase of the house).

SOFT LOAN
A soft loan is a loan with a below-market rate of interest or another concession to a borrower such as long repayment periods or interest holidays.

ABBREVIATIONS

AHB	Approved Housing Body
CAF	Charities Aid Foundation
CHG	Cohousing Group
CLT	Community Land Trust
CLH	Community-Led Housing
CSO	Central Statistics Office
DAC	Designated Activity Company

R50 Cohousing, Berlin
Photograph © Luke Butler

HBFI	Home Building Finance Ireland
HFA	The Housing Finance Agency
KfW	Kreditanstalt für Wiederaufbau (German State Development Bank)
LTI	Loan-to-Income ratio
LTV	Loan-to-Value ratio
MHOS	Mutual Home Ownership Society
NPL	Non-Performing Loan
OMC	Owners' Management Company
OMV	Open Market Value
Part V	of the Planning & Development Act 2000
PRS	Private Rental Sector
SCSI	The Society of Chartered Surveyors Ireland
SGEI	Services of General Economic Interest

01

Approaches to Financing CLH in Ireland

Overview

Project Ireland 2040 estimates that by 2040 the population of Ireland will reach almost six million. This will result in a need for 550,000 more homes with current estimated housing demand of 30,000-35,000 per annum to overcome the current shortfall and then this will reduce to 25,000 new homes per year.

In 2019, 68,693 households were on the waiting list for Social Housing Support, of which 53% were in the private rental sector and 30% in receipt of rent supplement.

Since 2011, demand for housing has been increasing for a number of reasons[1], while supply has until recently been flat. By the end of 2019, planning permission for over 4,000 apartments have been granted in Dublin and 'New Dwelling Completions' rose by 18.3% to 21,241 in 2019.[2]

Private rents have increased by 37% in Dublin to 2019 from the 2008 peak, with an annual inflation rate of 6.6%[3], in part as a result of the increasing financialisation of Irish housing, especially in the private rental sector. This stems from combinations of international and institutional investment funds' availing of Irish Banks' sale of non-performing loan (NPL) portfolios (€45bn of NPL from 2014-2017), Private Rental Sector (PRS) investment and buy-to-let investments, including for short-term lets.

According to Savills[4], "*capital is particularly attracted to Irish PRS by a perception that rents and occupancy are underpinned by an acutely undersupplied market.*" (There were only 4,610 rental properties available to let nationally as of 31 December 2019.[5]) PRS investment more than doubled in 2019 to €2.4bn, 74% of which was foreign capital. The average PRS transaction has increased from €6.64m in 2017 to just over €48m in 2019. The average price being paid per unit by PRS investors is €408,678 (23% more than apartments in the mainstream).[6]

Ed Sibley of the Central Bank of Ireland asserts that "*The relationship between incomes and house prices mean that unless incomes rise or there is a decrease in house prices or there is further access to more affordable housing, the ability to purchase a home supported by mortgage finance will be increasingly difficult for more of the Irish population...The solution to this societal issue is to build more and affordable housing.*"[7]

Why Can't Irish Banks Loan At Lower Interest Rates?

A commercial mortgage with an interest rate of 0.77% APR, fixed for 20 years, is available in Germany[8]. European lenders typically lend at fixed rates for longer (15-20 years). Commercial Banks' ability to lend at low rates in Ireland is curtailed by legacy issues from the crash including high levels of non-performing loans (NPLs), of which 18,000 were buy-to-let loans in 2017.[9]

"Key determinants of mortgage pricing include the risk of default and the associated capital that a bank is required to hold to cover this risk. This is reflected in Irish banks holding considerably more capital for mortgage lending than some European peers. It is also why the higher interest rates and net interest margins in the Eurozone are typically, albeit not exclusively, found in the countries with higher levels of NPLs."

> ***"There is also a correlation between these same countries and the shrinkage in their banking sector, and so a reduction in competition in the sector, as has been the case in Ireland. The exit of providers and the impact on the attractiveness of the Irish market for new providers is also attributable to the level of non-performing loans."[10] A smaller sector also has an effect on competition.***

The required capital reserves to cover bad debt and risk, and the continued high level of NPLs is affecting banks' ability to lend at internationally competitive rates. In order to reduce NPLs and restore stability and resistance to future cyclical downturns, banks are encouraged by the European Commission (as a pillar of the Capital Markets Union) and the Central Bank to dispose of NPL portfolios to secondary markets. The entry of non-banks/investment funds (sometimes referred to as 'vulture funds') has consequences for further heating in the rental market.[11]

Lending Landscape for CLH

Building more and building affordable housing requires funding to be available for construction and for purchase. The Central Bank is keen to see a diversification of funding away from banks to include financial institutions such as private equity, pension funds and insurance undertakings, to reduce risks to the system in the event of a downturn.

Can Credit Unions Play A Role?

Investment regulations permit an Investment Fund to exist for credit unions, but at this point only Tier 3 AHBs may benefit, and a regulatory change would be required to include or establish a new fund for CLH.

Credit Union Community Loans might allow CLH groups borrow to fund technical design, professional and legal fees, however, these are limited by regulation to 2.5% of assets held by the credit union.

Credit unions are permitted to offer mortgages to individuals who qualify as members. There are two types of common bond, namely 'community', which is through residence or working in the designated area that the credit union serves, or the 'industrial' common bond which is defined by profession. Mortgages in each credit union are grouped with business loans and collectively are capped at 7.5% of assets.

Several credit unions do not currently offer mortgages, this may be due to limited skills or in their capacity to make such loans. Loan participation across credit unions, currently not permitted, might allow smaller credit unions to become more involved in the mortgage market. Business loans by credit unions, as defined in regulations, are not permitted for property purchase and **so a cooperative would not at present avail of long-term credit to finance development**.

Rebuilding Ireland Mortgages

Home loans are available for individual households who are first-time buyers, between 18-70 years, and in continuous employment with gross household income less than €75,000, or €50,00 for singles, and are unable to raise a commercial mortgage. APR 2.78% fixed for up to 25 years / APR 3.04% fixed for up to 30 years. Maximum Property Value applies (€320,000 in Cork, Dublin, Galway, Kildare, Louth, Meath and Wicklow, €250,000 rest of Ireland). Loans are offered to 90% of value.

Clann Credo

Clann Credo generally lend a maximum of €0.5m, and high social impact is a priority. It could potentially finance the purchase of a site. Its current rates are circa 6% for short- to medium-term loans.

Community Finance Ireland (CFI)

CFI lend to a maximum of €0.5m, and high social impact is a priority. On a CLH project, CFI would be more likely to come in at the later stages of a project, to provide additional financing if required. CFI's interest rates are circa 5-6% or above, with a maximum loan term of 15-20 years. CFI would also like to see a minimum 15% equity investment by groups.

Home Building Finance Ireland (HBFI)

Depending on scale of project, HBFI will fund partial or full land purchase and development finance for a corporate entity. If the project is ten units or above, and subject to planning permission, HBFI can fund up to 80% of development costs (LTC) at interest rates of 5-8% (6-9% under 10 Households), up to a maximum €35m, which must be repaid in less than 5 years. Borrower must have 20% equity. Entry and exit fee of up to 1%.

Housing Finance Agency (HFA)

At present the HFA lends to local authorities and AHBs, where its remit is largely restricted to social housing. There could be more potential here for Community-Led Housing if HFA remit was extended by government to encompass 'affordable' housing. Typically a fixed-rate loan at 3% for 25 years, circa 80% Loan-to-Cost, 20% Deposit. The HFA does not lend directly to individuals or households.

Commercial Banks

Individual mortgage products, including in some cases Self-Build Mortgages. SOA are not aware of any long-term financing products for smaller housing cooperatives similar to those offered by the so-called 'ethical' banks in the UK and Europe. For more information, see the interview with the Client Advisor at GLS Bank in Berlin (**Appendix A**).

A State Low-Interest Fund For Sustainable Development

Clarification is needed to establish if there is an issue with a state low-interest loan product to part-finance sustainable development regarding national debt. Ireland is subject to the preventive arm of the Stability and Growth Pact (SGP). Since its public debt is above the 60% of GDP, it needs to ensure compliance with the debt reduction benchmark. Ireland's general government debt-to-GDP ratio has been steadily falling since its peak of just below 120% in 2012 and was on track to be below the 60% reference value by 2020[12] (pre-Covid).

Spreefeld Cooperative, Berlin
Photograph © Ute Zscharnt

Analysis And Methodology For Financing CLH

This section summarises the main issues relevant to financing a Community-Led Housing project in Ireland and follows the process taken in modelling specific programmes of two CLH groups participating in the Community of Practice. The purpose is to bring into relief the obstacles that exist and to provide a basis for considering possible future approaches to financing.

The modelling process attempted to look at financing CLH in the round, to better understand the variables at play in order to be able to develop concepts for genuinely affordable housing. This has been informed by UK and European practice and policy but is cognisant of issues and structures particular to financing projects in Ireland at the time of writing.

The outcome of the process is the development of **financial roadmaps** for three approaches:

- **A COOPERATIVE 'OWNER-RENTER'** tenure
- **AN OWNER-OCCUPIER TENURE** model
- **A COMMUNITY LAND TRUST** with an owner-occupied leasehold tenure

In addition, financial workshops conducted with the Community of Practice were intended to allow groups to start outlining financial concepts for their own projects. Project Forums allowed for feedback from stakeholders as to possibilities, limitations and obstacles for financing CLH in Ireland.

Methodology

Two theoretical projects were modelled using a London CLH Hub appraisal template to assess development costs and project viability relative to variables such as income levels, loan interest rates, land costs and tenure model (purchase or rental).

Grants and subsidies were not assumed to be available except where land costs were omitted. In this case, it is assumed that land is leased by the local authority. Development levies are included.

Two finance workshops were held with groups to develop realistic models for study. These workshops provided the basis for the spatial programme analysed.

Base development and land costs are taken from the most recent (2020) SCSI reports on development costs, as these offer a generalised breakdown of development costs for both houses and apartments in the Dublin area.[1] Headline figures were analysed and adjusted to reflect reductions or additions that might be expected with a CLH approach for comparison. These adjusted costs were modelled to the spatial programme of Group A, which is outlined further below.

Potential Savings

Modelling exercises have identified a number of areas for potential savings in Community-Led Housing approaches vis-à-vis conventional development:

1. Firstly, it should be noted that the residents, as the client body, are responsible for design and cost oversight and are able to deliver value engineering from the outset. Each home will cater for the present and future needs of the household, and as such there is scope to strip out unnecessary elements at the design stage and to incorporate elements of self-finish or delayed finish to offset costs. Additionally,

a compact site arrangement with minimised road space and car-free living (or reduced car dependency) is envisaged

Furthermore, from the conceptual phase, CLH has outstanding examples of fundamentally intelligent approaches to construction. Spatial sufficiency, configuration and rational design typically constitute the qualitative, rather than expensive materials or designs that require high labour and material costs (See 'Architecture' below)

2. It is assumed in the modelling that as the residents are the project developers, and each development is a one-off, there will be no margin payable, with a corresponding decrease in VAT payable on the selling price. This yields a maximum saving of 15% plus VAT on a house in the Greater Dublin Area and circa 12% for an apartment (See additional Extra costs below regarding risk)

   A development undertaken by a Community Land Trust with ambitions to undertake further developments would require a margin. London CLT, for example, generates a margin to help cover operational costs and seed future projects

3. As a commitment to purchase or occupy dwellings is made prior to construction, it is assumed that marketing and sales costs can be reduced or avoided (2%)

4. Land and associated financing costs (circa 16% and circa 2.5% respectively) can be removed or reduced by a long-term lease arrangement or by a discounted sale. (Where local authorities/state agencies decide to lease instead of selling land, this would be a saving open to any development that best meets the assessment criteria of the leasing body)

   Upfront purchase of land with own equity will allow for a saving on land finance costs (circa 2.5%)

5. Development carried out as an entrusted affordable housing provider would reduce development levies payable (3-4%), in addition to land and finance costs

A best-case scenario for CLH, based on SCSI figures and where CLH is a form of private rather than subsidised development is:

- Where land costs, margin and marketing are omitted, savings in development costs of around 35% are possible. There are also associated savings on VAT and financing costs to be considered on any saving
- Where land is purchased at market value, savings of up to 20% are theoretically possible
- Additional savings are theoretically possible through design decisions regarding layout and materials

Post construction, further ongoing economies are possible by:

- Management of OMC by residents, and coordination of repair and upkeep schedule
- Low running costs due to incorporation of sustainable technology and high build-quality
- Low interest credit

Potential Extra Costs

Possible extra costs for CLH projects (in addition to shared facilities) include:

1. A lender premium on CLH to offset risk or perceived risk as the model becomes recognised.
2. Higher design and professional, as well as legal, fees to reflect increased input and greater scope of service.
3. Higher costs for the incorporation of sustainable technology and achievement of high energy rating.
4. Leasing land might incur an annual charge (in London CLT St Clements project this is £230, or in Hamburg this is 1.5% of the land valuation/m^2/year)

Groups Modelled

Data from two CLH groups was collected:

GROUP A

The first group was an urban group, largely made up of self-employed creative people. In the main, they currently rent both living and working accommodation. An aim of their project is to develop working and living spaces that allow for a more compact and economic lifestyle. There is a further opportunity to develop commercial creative spaces that would cross-subsidise living or working spaces and residents would also like to develop guest or temporary accommodation for other creative people. For simplicity, and to prove basic viability, neither of these concepts were modelled at this stage as they don't form the core of the group's concept. The group would like to develop affordable living accommodation as owner-occupiers and to share other accommodation on a co-working basis. A shared garden and a second phase community space are important elements of the concept. Due to land costs in Dublin, this groups is now exploring a development outside of the Greater Dublin Area. In this model a company (DAC) is formed to undertake the development. On practical completion, development loans are transferred into individual mortgages on each household.

GROUP B

The second group intends to develop ecologically low-impact homes as a Cooperative, following the LILAC Mutual Home Ownership (MHOS) model project in Leeds. They are planning shared garden space and a community room and other shared facilities. Central to the model is that each resident pays an affordable proportion (35%) of their net earnings as 'rent', including maintenance charges. Equity shares are circa 10% of build cost per member per dwelling. As members repay development loans through their 'rent', they acquire equity. Higher earners acquire equity faster than lower earners and provide a level of cross-subsidisation. When a household wants to move on, they can recoup their equity plus an uplift which is linked to local wage inflation. Once loans have been repaid, members pay 10% of their net income as 'rent' to cover maintenance and sinking fund charges. In this model, the cooperative takes on a loan to finance development which is serviced by residents' rents. The cooperative is owned by residents, hence this model is sometimes referred to as an "owner-renter" model.

Assumptions Regarding Costs and Repayments

Although actual construction costs will vary, SCSI building cost figures offer a point of reference and comparison. Two approaches have been modelled using SCSI base costs as an owner-occupier and as a rental tenure model:

- **A 12-house scheme** with a 180m^2 shared community space and shared external spaces, such as garden, bike store and small car park. Each house is 97m^2, but also finances 17m^2 of shared space. Each household therefore finances 114m^2 (which, for comparison, is the household size in the SCSI Real Cost of New Housing Delivery Report 2020)

- **An apartment scheme with 19 private households** of 91m^2 each, a guest apartment and a shared internal heated 130m^2 space and kitchen, plus shared roof garden and technical and bike facilities. The project does not have a car park

Each household **carries its own costs and the relevant proportion of shared areas.** Both internal heated shared spaces and unheated and external shared area costs have been loaded back on to individual households giving **a higher base per m^2 construction cost than comparable developments** outlined in the SCSI reports.

A 20%-of-development-cost deposit (own equity) is assumed in the owner-occupied model. Where a household might avail of a first-time buyer loan, or where a Cooperative or CLT is developing the homes, it is reduced to 10%. If land is to be purchased, it will be purchased using this fund on receipt of planning permission, giving a saving on land finance costs.

Corrigan et al. suggest adoption of an amended version of the 30/40 benchmark (see Supporting Paper on Affordability in Section 05) where housing cost overburden is assessed as 30% of net household income where that household is within the bottom 40% of income distribution.[2] Therefore, despite Group B's intention that 'rents' will be 35% of net income, we have adopted **30% of net household income** as the benchmark for cost overburden here for clarity.

The household income modelled is the **CSO Median Nominal Household Disposable Income (2019, Urban areas), which is €44,998.**[3] Housing costs of **30%** of this income amount to **€1,125/household/month**.

How Can A CLH Project Be Funded Now?

Group A's programme[4] for twelve houses with shared indoor and outdoor spaces was modelled in three scenarios, as:

a. A cooperative 'owner-renter' tenure
b. An owner-occupier tenure model
c. A CLT with an owner-occupied leasehold tenure

Our task is to finance development costs within what is currently available and allowable for each scenario. A construction cost of €1,895/m^2 including shared spaces was used for houses,[5] following the base cost of €1,570/m^2 established by SCSI.

Preliminary analysis gives **€260,591 development costs per 97m^2 house (also financing 17m^2 shared space)**[6] without land costs. Land costs are assumed to be €60,823[7] per 97m^2 house in the Greater Dublin Area.

Cost overburden is understood to occur if housing costs are over 30% of net household income, which using **the Median Nominal Household Disposable Income (2019, Urban areas),** is **€1,125/month**. Assuming the Nominal Median Household Income (gross)[8] is used, each household can raise a minimum budget of €199,177 (with 10% own equity and a 90% commercial mortgage of €179,260[9] with 3.5 LTI).

A COOPERATIVE

A1. Where land is leased or granted, the cooperative must at present raise a commercial real estate loan of circa €2.58m.[10] It has members' equity of 10%[11] of development costs which is refundable. It raises a 20-year loan[12] at 4%.

This requires a

- repayment of €1,069+10% maintenance charge for a 73m^2 house to give a "rent" of €1,176/month
- repayment of €1,421+10% maintenance charge for a 97m^2 house to give a "rent" of €1,553/month

In this scenario, a maximum household budget of **€1,125/household/month** would be overburdened by circa **5%** in the case of the smaller house or circa **38%** for the larger house.

However, after 20 years when the loan is paid off, households would pay a 'rent' of 10% of net income to cover maintenance and would have accumulated a full refundable equity stake via monthly 'rent' repayments.

A2. Where land is purchased,[13] this requires a commercial real estate loan of circa €3.18m:

- repayment of €1,317+10% maintenance charge for a 73m^2 house to give a "rent" of €1,449/month
- repayment of €1,750+10% maintenance charge for a 97m^2 house to give a "rent" of €1,926/month

In this scenario, a maximum household budget of **€1,125/household/month** would be overburdened by circa **29%** in the case of the smaller house or circa **71%** for the larger house. After the loan period, 'rent' would revert to 10% of net income.

The Bridge Street Project,
Callan, Co. Kilkenny
Photograph © Rosie Hervey

B OWNER-OCCUPIER TENURE

B1. Where land is leased or granted, a household can finance development costs of €260,591 by:

- A loan with a loan-to-income (LTI) ratio[14] of 4.6 or 4.1, with resident equity of 10%, or 20% respectively.

OR

- If the household contributes equity of >30%, borrowing at 3.5 LTI of €179,260.

OR

- A Rebuilding Ireland 90% loan[15] will finance development costs of €260,591. The Rebuilding Ireland loan already permits a higher than 3.5 LTI ratio and in this case would have an affordable repayment of €990/month.

B2. Where land is purchased,[16] this gives a development cost of €321,414:[17]

- A Rebuilding Ireland loan has a maximum property value of €320,000. A household with a gross income of €75,000 would qualify to borrow €288,000 to meet development costs.[18]

OR

- In order to remain within a LTI=3.5, residents will have to raise 44% equity (€142,155).

OR

- With an LTI=5 and 20% equity, and with a loan interest rate of 3% pa. for 30 years, repayments would be affordable for the median household income at €1,085/month.

C COMMUNITY LAND TRUST

A Community Land Trust acquires land and develops a scheme of 12 apartments. On completion individual homes are sold at a discounted rate, but sales prices include a margin of 6% for operational costs.

Following the methodology developed by London CLT, a formula to determine apartment sale prices is developed based on median net household income in the area. Assuming this is **€44,998**, a genuinely affordable mortgage repayment would be **€1,125/month**. Over 25 years at 3% this gives a sale price of €237,236 +10% deposit = €263,767.

If land is leased or transferred to the CLT at no cost, then the development costs are €260,591 per 97m^2 home. A 6% margin on sales brings costs to €276,226.

This gives a shortfall of €12,450 per 97m^2 home. This can be made up by fundraising, a community share offer or a grant, or a higher apartment sale price.

If land is purchased on the market, householders' deposits could purchase a site worth €290,415. Additional funds could be secured by a loan from, for example, Clann Credo at circa 5% per annum. Financing the loan and the reduction in funds to offset development costs would increase the shortfall between affordable sale and development cost correspondingly.

We can conclude from these examples that the approaches modelled are largely within reach of the target median household income using available and conventional financing routes if land is leased or granted.

Once land costs are included, approaches modelled begin to show cost overburden for median household income and require higher LTI ratios and higher own-equity levels, grant support or low-cost long-term fixed loans to finance development. This is especially the case for the viability of cooperatives, where a shorter-term commercial real estate loans at higher interest requires correspondingly higher repayments.

Financing and the Role of Interest

There is at the time of writing a commercially available loan of **0.77% fixed for 20 years** in Germany.[19] How will long-term fixed low-interest loans affect the viability of the three approaches modelled?

COOPERATIVE

- **A1:** Where land is leased or granted, the cooperative must a commercial real estate loan of circa €2.58m. A **25-year mortgage at 1.25%** pa with a 10% deposit will be affordable with repayments of €910 + 10% maintenance charge = **€1,001**/month.

- **A2:** Where land is purchased, this requires a commercial real estate loan of c. €3.18m. A **30-year mortgage at 1.25%** pa. with a 10% deposit will be affordable with repayments of €963 + 10% maintenance charge= **€1,059**/month.

OWNER-OCCUPIER

- **B1:** We have shown that a product such as the Rebuilding Ireland home loan will be affordable.

- **B2**: Where land is purchased, a house will cost €321,414. A **25-year mortgage at 1.25%** pa. with a 10% deposit will be affordable with repayments of **€1,123**/month.

COMMUNITY LAND TRUST

The CLT develops homes and sells at cost plus a 6% margin to cover operational costs.

- **C1:** Where land costs are not included, this gives a sale price of €276,226 for a 97m^2 home (with 17m^2 shared space element). A **25-year mortgage at 1,25%** pa with a 10% deposit will be affordable with repayments of **€965**/month+10% maintenance charge = **€1,061**/month.

- **C2:** Where land costs are included, this gives a sale price of €290,415 for a 97m^2 home (with 17m^2 shared space element). A **25-year mortgage at 1.25%** pa. with a 10% deposit will be affordable with repayments of **€1,015**/month+10% maintenance charge = **€1,115**/mth.

COOPERATIVE APARTMENT SCHEME

An apartment scheme with nineteen private households of 91m^2 each, a guest apartment and a shared internal heated 130m^2 space and kitchen, plus shared roof garden and bike facilities was also modelled. Modelling the apartment scheme using SCSI figures, we arrive at a development cost of €339,187 per 91m^2 apartment, including a land cost of €40,000 per apartment.[20]

- A Cooperative receiving a 90% loan of €308,352/apartment, a **30-year mortgage at 1.25%** pa. with a 10% deposit will be affordable with repayments of **€1,028**/month+10% maintenance charge = **€1,130**/month.

To compare, rent for a subsidised cooperative apartment of 91m^2 in Munich is €1,001 for a household income up to €122,400.

What Constitutes Viability?

The vision set out for social housing strategy in 2013 is "*that every household will have access to secure, good quality housing suited to their needs at an affordable price in a sustainable community and that the State, for its part, will put in place financially sustainable mechanisms to meet current and future demand for social housing supports, ensuring value for money for taxpayers...*"

If this vision were to be updated for an affordable housing strategy today, it might be "to enable communities to develop genuinely affordable housing in a way that represents value for money for the State." If the State were to offer long-term low-interest finance (eg. 30 years at 0.77%) for the cooperative apartment project above, it would enable the development of 19 homes where the 'rent' (repayments and maintenance costs) is affordable for a household whose net income is €42,220. This income is €2,778 less than the net median household income, and corresponds to the upper qualifying income for social housing support in Band 1.

What is the cost to the State of offering soft loans? This is a question that needs more research to establish precisely. The Euribor rate is 0% at the time of writing, which would give the state a 0.77% margin to cover cost and risk.

As is being proposed in the Affordable Housing Bill 2020, an affordable lending scheme for sustainable development could develop into a revolving fund, rather than be financed solely through borrowing. Assuming this is feasible, a preliminary analysis suggests that an affordable apartment building can be developed for low-income families **without any further subsidy** than (very) affordable long-term finance. **This would represent a streamlined approach to enable capital grant-free financing of dwellings at little or no cost to the State, where homes are affordable for residents and where there is scope for residents to develop equity.**

The Affordable Housing Bill 2020

A. AFFORDABLE DWELLING PURCHASE ARRANGEMENTS (SHARED EQUITY)

The proposed scheme will work on the basis that the applicant will be required to take out their maximum bank mortgage, and the percentage equity charge will be based on the difference between the full bank mortgage and the market value of the unit. The scheme is for first-time buyers of newly built homes.

In its current draft, the proposed allocation procedure would present the following challenges for a CLH group:

1. A person may apply for affordable housing to a housing authority only in response to a local authority advertisement to apply for a specific project.
2. The local authority will allocate homes on the basis of the date or time of their application (among other criteria).

A further issue is the use of **open market value** as the basis for determining the local authority equity stake. In CLH schemes, homes are typically returned to the **market at a discounted rate** so that affordability is permanent.

If procedural issues could be overcome, and if in the case of CLH, **the proposed discounted market value** are the basis for determining the local authority equity stake, the scheme would represent an opportunity for Community-Led Housing Groups to affordably develop homes.

There is scope for a local authority to enter into arrangements with an approved body, public private partnerships, arrangements with the LDA or Housing Agency to provide affordable homes. It is conceivable that a CLH group would be or work with an AHB, or work under a public private arrangement, or in partnership with the LDA or Housing Agency. Part V development would also present a possible route.

A maximum 40% local authority equity stake is allowable. A grant of land might qualify as a part or full equity stake. At the end of the charge period, residents may buy out the remaining unpaid equity, or equity can be recouped by the local authority at the point of resale of the home. There is scope for the scheme to be funded by a special purpose vehicle operating as a revolving fund.

B. COST RENTAL

Proposals for Cooperatives illustrated here **operate on a cost-rental basis**, where residents collectively own the cooperative and where the cooperative is their 'landlord'. This allows residents to develop equity and for a reduced rent in the post-loan period. Residents' 'rent' is composed of loan repayments for development costs and maintenance costs.

If the whole of the CLH group meet the qualifying criteria, they could apply with an Approved Housing Body (AHB) developer as a landlord under the terms of the Affordable Housing Bill. Tenancies are governed by the Residential Tenancies Act 2004. A cost-rental tenancy is not a social housing support, it is aimed at moderate-income households (income levels are yet to be defined).

A qualifying Cooperative or group (it must be an AHB, or residents would rent from an AHB) might then qualify for the Cost Rental Equity Loan (CREL) scheme. Loans will be made available to Approved Housing Bodies on favourable terms to cover up to 30% of capital costs for the construction or acquisition of homes for Cost Rental. CREL loans will be long-term (40 years), low-interest, and will use simple rather than compound interest. The remaining 70% of capital costs for the new Cost Rental homes will be funded by long-term, low-interest, fixed-rate loans to AHBs from the Housing Finance Agency (HFA).

This scheme has the further advantage that households who get into financial difficulties can avail of Housing Assistance Payments (HAP). Should the development be apartments, shared spaces might be provided in compliance with Standards for New Apartments (DHLGH 2018).

Loan to Open Market Value Issues

Modelling indicates that CLH owner-occupied houses are more viable in areas of high property prices. The Greater Dublin Area is borderline unaffordable for the median household if site costs are taken into account, so CLH groups are exploring sites at a radius of one hour's travel from Dublin. Sites here are more affordable; especially in towns. However, if low house-price levels in the area form the basis of the Open Market Value (OMV), it would make a LTV ratio of 70-80% unviable as development costs will be at or above local prices.

There is an issue here of comparing like with like. The

LILAC MHOS, Leeds
Photograph © Simon Dewhurst

houses modelled in this analysis are 97m², but have co-financed (17m²) additional shared community spaces. Therefore each 97m² house has cost the equivalent of 114m².

This disparity would be especially true in a city such as Limerick, and where renovation costs on a brownfield site might push development costs up further or where average local prices are low. A potential remedy would be a capital grant to make up the shortfall or a junior[21] low-interest loan. Depending on the context, the development might also qualify for URDF funding or the serviced sites fund.

Loan-to-Income Ratio Issues

We have demonstrated that with a fixed long-term low-interest loan, a low income can finance a high quality dwelling and additional shared facilities. An advantage of the cooperative approach is that a gross income of around €50,000 can theoretically and affordably finance development costs including land of €339,187, that is, a loan of €308,352 will have a LTI ratio of 6:1.

Where the loan can be fixed long term at low interest rates, an appropriately affordable repayment burden rather than a fixed ratio might be a better rule to determine risk and viability. This would enable the gap between low incomes and high development costs to be narrowed, and there is scope for lenders to do this (up to a limit of 10-20% or loans/calendar year).

De-risking Projects: Early-Stage Support

Early-stage support for CLH projects allows groups develop projects to planning stage, at which point interested lenders can properly assess viability and risk.

- **Early-stage support** can include **seed funding for group organisation and feasibility work, grants for design** and professional services as well as **technical expertise and professional support** offered by CLH Hubs, who can also help to build capacity in the sector

- **Options on land provide another layer of surety and credibility**, and this facility allows projects to progress from abstract to specific proposals which can be accurately priced

- **In the UK, CAF Venturesome offers loans to support early-stage development** that are converted to grants if projects do not proceed

Architecture

In addition to modelling data from two CLH groups, the outline programme of a Berlin cohousing project in Berlin called R50 was modelled to get a realistic idea of costs of a low-tech, high-performance approach with reference to SCSI apartment costs.

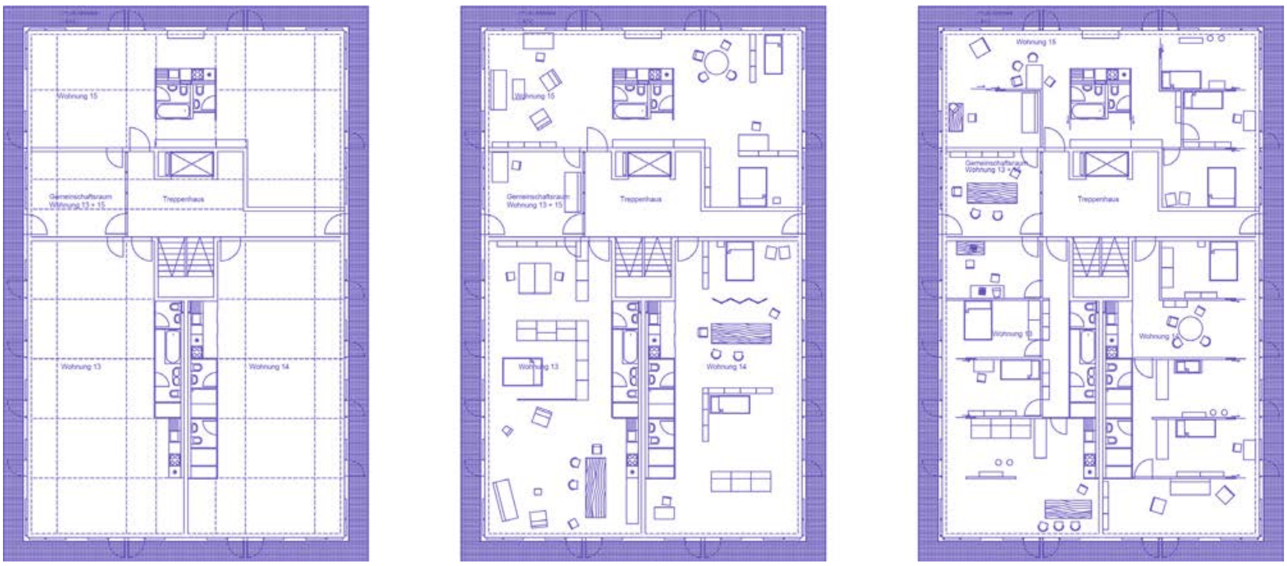
Some observations on this exercise and the approach taken by the residents and designers are relevant to a discussion on what is unique to CLH and how this approach can create high-quality dwelling that use space and materials efficiently and sustainably.

Detailed discussions took place between designers and residents to create individually-tailored floor plans. Residents have circa 20% less private floor space per m^2 than the average in the city, but have access to circa 20m^2/apartment shared spaces, including a 130m^2 community space with kitchen and guest facilities, roof garden with garden room and so on. The building's structure is a simple concrete skeleton which allows all internal walls to be non-load bearing, which allows residents the flexibility to adapt living arrangements in the future. The facade is timber frame, with timber cladding and a high proportion of folding glass doors maximising light. There is a narrow (70cm) continuous balcony of galvanised steel and mesh supported from the floor slab. When folding doors are fully opened the balcony extends into the room.

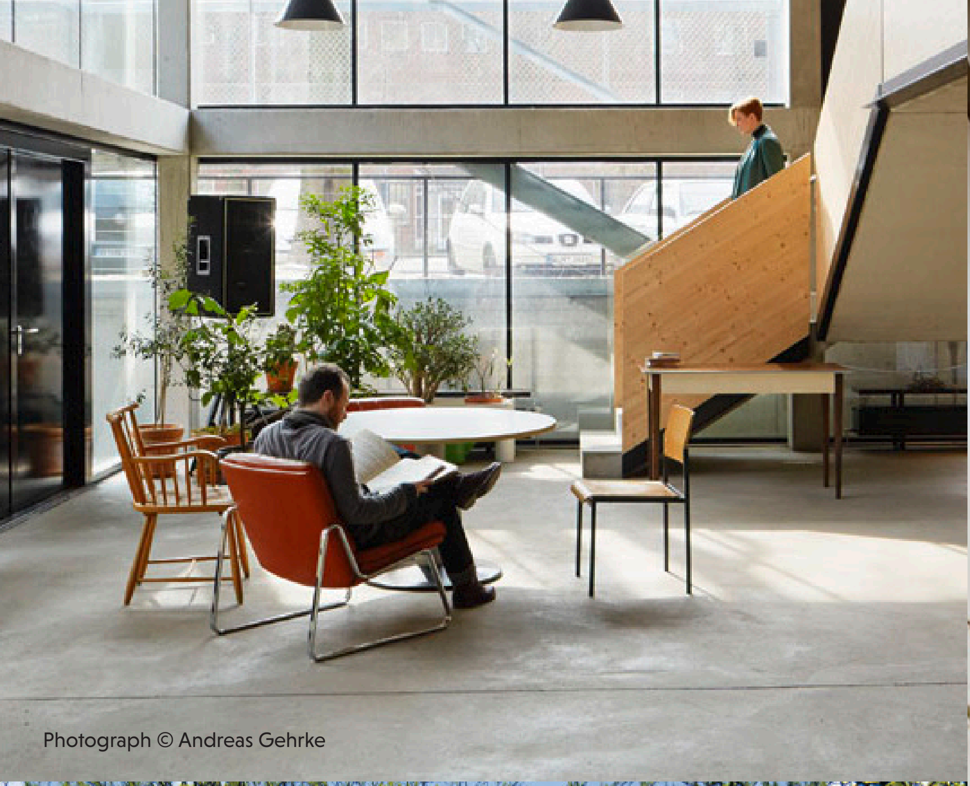
Materials and construction are simplified to reduce labour and building costs, and residents are responsible for the layout of their own apartments. A build cost of €2,160/m^2 was achieved (that is, a 100m^2 apartment costs €216,000 plus land costs).

Fire regulations treat each apartment as a single fire compartment, allowing for an open plan arrangement without sprinklers (there is a protected central staircase and a second escape point per apartment from the balcony).

There is no onsite parking provided, a semi-basement provides a large covered bike store. The site was obtained at open market value in a competitive process based on social value criteria.



Typical Floorplans, R50 Cohousing, Berlin
Drawings © ifau, Jesko Fezer and Heide & von Beckerath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02

Roadmaps

The following three Financing Roadmaps have been prepared by SOA, with the aim of outlining three possible approaches to financing a Community-Led Housing project in Ireland.

ROADMAP NO 1.

Tenure model: Standalone Cooperative

01 **COHOUSING GROUP FORMS A DAC OR COMPANY WITH COOP RULES (NOT AN AHB)**

02 **CO-OP ENGAGES A PROFESSIONAL TEAM TO MANAGE THE PROCUREMENT PROCESS**
Co-op takes out loan for project development and professional fees (Credit Union Community Loan or other)

03 **INDIVIDUAL RESIDENTS RAISE C.10-20% DEPOSIT/EQUITY**
Co-op buys land on planning approval with own equity/loan from Clann Credo /CFI/HBFI

04 **CO-OP OBTAINS LONG-TERM LOAN APPROVAL FROM BANK: LOAN SECURED ON THE FUTURE VALUE OF THE HOMES AND THE LAND**
Individual 'rents' (repayment+ maintenance) include proportional cost of shared spaces and will finance the long-term loan

05 **CO-OP COMPLETES MEMBERSHIP AND ORGANISES WAITING LIST TO REPLACE MEMBERS WHO LEAVE**

06 **CO-OP CONSTRUCTS PROJECT**

07 **ON COMPLETION**
Co-op begins repaying loan with 'rent' from residents

08 **CO-OP MAINTAINS PROPERTY/ MANAGES SINKING FUND**

09 **RENT MAY DECREASE ON LOAN REPAYMENT**
Residents' equity accumulates as loan is repaid to a pre-agreed maximum value. Default by resident results in co-op recovering individual home. Individual home is re-allocated to persons on its waiting list. Project default results in homes and land reverting to lender

ROADMAP NO 2.

Tenure model: Owner-Occupier

01 **COHOUSING GROUP (CHG) FORMS A DAC COMPANY**
Legal form to allow group to buy and develop land

02 **CHG TAKES OUT TERM LOAN FOR PROJECT DEVELOPMENT AND PROFESSIONAL FEES AT OWN RISK**
(Credit Union Community Loan, Clann Credo, CHI, or other)

03 **INDIVIDUAL RESIDENTS RAISE 10-20% DEPOSIT/EQUITY FOR CHG COMPANY**
CHG DAC buys land on receipt of planning permission, preferably with own equity (loan-stock, savings) and/or with term loan from Clann Credo /CFI/ HBFI Development Loan

04 **INDIVIDUALS OBTAIN OWN MORTGAGE APPROVAL FROM OWN LENDER (SHARE OF DAC AS DEPOSIT)**
Individual mortgages include proportional cost of shared spaces. Configuration, location and size of individual households fixed (red-line)

05 **CHG DAC RAISES DEVELOPMENT FINANCE FROM BANK / HBFI WITH LAND AS SECURITY**

06 **CHG DAC CONSTRUCTS PROJECT**

07 **ON COMPLETION CHG DAC IS DISSOLVED**
Individuals buy their own homes from the CHG DAC. CHG DAC repays development loans and is wound up with €0 profit/debt

08 **CHG FORMS OWNER MANAGEMENT COMPANY TO MAINTAIN PROPERTY/MANAGE SINKING FUND**

09 **RESIDENTS OWN THEIR OWN INDIVIDUAL HOUSEHOLDS AND HAVE A SHARE IN OMC**
Residents repay individual mortgages and maintenance charges. Default results in CHG having first right of buy-back or individual home is put on market / reverts to lender

ROADMAP NO 3.

Tenure model: CLT + Owner-Occupier

01 **COMMUNITY LAND TRUST (CLT) REGISTERS AS A DAC AND/OR A CLG WITH CHARITABLE STATUS (POSSIBLY AN AHB)**

02 **CLT TAKES OUT TERM LOAN/ HAS REVOLVING FUND FOR PROJECT DEVELOPMENT AND PROFESSIONAL FEES**
(Credit Union Community Loan for fees/Commercial development loan)

03 **CLT BUYS LAND ON PLANNING APPROVAL**
Land purchased with residents' equity (deposits) and/or community shares and/ or with a loan from Clann Credo/CFI

04 **INDIVIDUAL RESIDENTS RAISE 10-20% DEPOSIT/EQUITY AND ORGANISE OWN MORTGAGE APPROVAL FROM OWN LENDER**
Individual mortgages include proportional cost of shared spaces. Mortgages secured on the leasehold of the completed homes

05 **CLT RAISES DEVELOPMENT FINANCE FROM BANK / HBFI WITH LAND AS SECURITY**

06 **CLT CONSTRUCTS PROJECT**

07 **ON COMPLETION**
CLT sells leasehold homes to individual households (apartments) or agrees co-ownership structure of individual houses with residents. Term and development loans are repaid by CLT from proceeds of sale

08 **RESIDENTS + CLT FORM OWNER MANAGEMENT COMPANY TO MAINTAIN PROPERTY/MANAGE SINKING FUND**
Residents pay rent if scheme has a shared ownership structure. Otherwise residents pay a service charge.

09 **RESIDENTS REPAY INDIVIDUAL MORTGAGES.**
Default results in CLT having first right of buy-back or individual home reverts to lender. Individual home is re-allocated to persons on CLT waiting list/ re-marketed by lender (worst-case)

03

Financing Options With and Without State Support

Financing Options Without State Support

Cooperative

A cooperative can avail of a commercial term loan, assuming a lender would be willing to approve it. Feedback thus far indicates that approval is unlikely at the time of writing, and that individual members of the cooperative would be assessed for credit worthiness. Analysis also shows that short-term credit repayment levels will make repayment levels unaffordable.

An alternative approach would be if a Community Land Trust acting as an AHB obtained long-term finance and developed the homes, which are leased on practical completion to the cooperative. This assuming the income profile of the cooperative residents fits the requirements of the local authority strategic housing plan and the local authority is willing to allow the cooperative to nominate its own residents.

Owner-Occupied Tenure

A CLH group developing homes as owner-occupiers must obtain individual loans. In the event that commercial banks are unwilling to loan, they are able to avail of first-time loans from Rebuilding Ireland.[1] Potential borrowers must, inter alia:

- be aged between 18 and 70 years
- be in continuous employment for a minimum of two years, as the primary earner or be in continuous employment for a minimum of one year, as a secondary earner
- have an annual gross income of not more than €50,000 as a single applicant or not more than €75,000 combined as joint applicants
- submit two years certified accounts if self-employed
- provide evidence of insufficient offers of finance from two banks or building societies

Interest rates/loan durations are:

- 2.745% fixed for up to 25 years (APR 2.78%)
- 2.995% fixed for up to 30 years (APR 3.04%)

There is a maximum property value of €320,000 and a maximum gross household income of €75,000. Residents can borrow up to 90% of the market value of the property.

Developer Supported

An owner-occupier CLH group partners with a developer as part of a larger or as a one-off development. The CLH group benefits from the expertise and know-how of the developer as well as a de-risked process, which may make finance cheaper. The developer finances development costs and if necessary, site purchase and manages the project from as early as planning stage. Residents purchase completed homes on practical completion with a commercial or Rebuilding Ireland mortgage.

AHB Route

See our information paper on AHBs and Community-Led Housing (Policy handbook).

Part V

Many CLH projects in the UK fulfil developers' Section 106 requirements. CLH in Ireland might be developed under Part V if it is an AHB or if it meets the strategic housing requirements of the local authority,[2] although the latter needs clarification. Refer also to the Information Paper on Affordability.

Loan-Stock

In order to help secure development finance, and bridge the gap between groups' own equity, project costs and bank lending, CLH groups can raise loan-stock from members and extended community networks. These loans are unsecured. A range of interest options (from 0%+) may be offered to investors. Loan-stock contributions depend on how much investors can afford to lend. Loans are offered for a defined period and repayments are factored into groups' cash-flow projections.

Junior Loans

Both Community Finance Ireland and Clann Credo offer loans that might make up a funding shortfall as junior loans. Clann Credo loans span three months to 15 years and vary from €10,000 to €500 000, but loans up to €750,000 are possible; the average loan amount is €120,000. For loans with a term of five years or more, the current typical interest rate is 4.95% per year variable.[3]

Share Issue

A Community Land Trust can raise funding to cover operation and project seed funding costs by a share issue to its members. For example, London CLT raised £450,000 through an issue of shares at a nominal value of £1 each from members in April 2016. The shareholding was by open subscription with a minimum shareholding of £100. The purpose was to prepare a series of developments of affordable homes across London for construction. The first was a scheme of 12 homes in Lewisham. Minimum investment was £100 and maximum investment was £100,000 and had a return of 5%.

Investment Fund/ Philanthropic/Legacy

In the UK, CAF Venturesome is a significant funder and junior lender for CLH projects. (See Case Study below.) In Ireland, the Social Finance Foundation has two funding initiatives for community organisations and social enterprises in Ireland:

- €44m in additional low-cost funding from Irish banks
- €25m in Loan Guarantees from European Investment Fund

Under the first Agreement, the Irish banks (AIB/ EBS, BOI, Permanent TSB and Ulster Bank) will make available an additional €44 million in low-cost funding to the Foundation over the period 2021 to 2025.

Under the second Agreement, the European Investment Fund has agreed to provide loan guarantees totaling €25m to support new lending by the Foundation. The €25m Loan Guarantee is being made available under the European Union's Employment and Social Innovation programme, part of the Investment Plan for Europe.

The bank funding is in addition to a €25 million gift originally provided to the Foundation by the Irish banks in 2007, as well as in addition to an existing €72m low-cost loan facility made available by the banks during the period 2009 to 2020.

Ireland issued Sovereign Green Bonds in 2018 to, inter alia: "*promote, in whole or in part and whether directly or indirectly, Ireland's transition to a low carbon, climate-resilient and environmentally sustainable economy.*"[4] Bank of Ireland launched a framework in September 2020 that will enable it to issue Green Bonds and finance additional projects across renewable energy, green buildings and clean transportation.

Clann Credo managed Ireland's first Social Impact Investment (SII) to provide homeless families with sustainable tenancies in 2015.

In addition to loan-stock, Community-Led Housing can avail of crowdfunding and donations from private and corporate persons. See for example *www.moyhillfarm.com*.

CLT Brussels is seeking to diversify its funding streams to allow it to develop a broader range of homes as well as community infrastructure and social economy businesses. As part of this drive, it has to date received legacy donations of two properties.

Financing Options With Future State Support

Cooperative

The provision by the HFA or another state body of very low-interest, long-term loans for independent CLH cooperatives. The cooperative would qualify for support where there is a minimum proportion of low to middle income households, but where there is also scope for a prescribed maximum proportion of higher-income households. The mutual status of the cooperative must be guaranteed for a specified minimum period.

In addition, where households are required to have a significant equity stake in a cooperative project of 10-20% of development costs (membership deposit), the state can offer a very low-interest loan product to enable low-income families to obtain this start equity. This provision has a precedent in a loan product offered by the German KfW bank (Kredit 134).[5] This equity stake may accumulate in value over the lifetime of the project as loans are paid off.

Owner-Occupied Tenure

Future state support for certified sustainable projects might include a low-interest soft loan product to part-finance CLH as a category of sustainable housing. On a general level, this would help to direct state, private and corporate funds towards pre-defined sustainable development in Ireland.

This loan product might be modelled on products developed by the German KfW Bank to finance up to half the costs of development of a sustainable housing project with the provision of a low-cost loan. (For example, the KfW Kredit 153[6] product offers up to €120,000 per household at 0.75% with up to a €30K refund on loan completion).

The rest of the loan is raised with a commercial financial institution. Project viability and administration is managed by a commercial bank which mediates the loan product on behalf of the state, which has first charge. A risk-premium for the bank is included in the product.[7]

Cooperative And/Or Owner-Occupied CLH

In order to guarantee a CLH project's viability in cases where, for example, the development is taking place in an Architectural Conservation Area or where renovation costs of historic fabric would be uneconomic, or where low property prices in the area reduce the projected open market value and thereby affect the financial viability of the project, the state can provide a capital grant to bridge the funding gap on the condition that the resale at market price is restricted for a prescribed number of years.

This would follow established precedent in the UK in the Community Housing Fund (please refer to relevant policy studies).

A seed funding grant to enable CLH projects to establish themselves and procure technical, financial and design support to de-risk projects. The grant is repayable on completion of the project, but is written off in the event that the project does not proceed.

This would follow established precedent in the UK in the Community Housing Fund (please refer to relevant policy studies).

- A grant for professional design services up to planning permission or tender stage
- A Grant for shared community spaces for CLH projects
- Generally available grants or low interest loans for sustainable technology or construction

This would follow established precedent in Hamburg/ Germany (please refer to relevant policy studies).

Community Land Trust

Following the precedent established in Brussels, Community Land Trusts might be enabled by:

- A dual subsidy to enable the CLT to purchase land and to part-finance construction with the remaining provided by the residents' mortgages. Long-term financing might be provided by the HFA or a similar body. Affordability might be furthered by the exemption of development levies and/or a reduced VAT rate

- Grant aid to fund the operational and staff costs of the CLT

Refer to the report on Brussels CLT in the Policy handbook for more information.

Investment Fund

Central Bank of Ireland regulation to permit, inter alia, credit unions to invest in a special-purpose investment fund to enable short- and long-term lending of senior or junior loans, at low-interest rates to community development projects including Community-Led Housing and Community Land Trusts.

Credit Union regulation to rationalise direct lending streams for Community-Led Housing and development to allow:

- **CAPACITY BUILDING** in the sector
- **LOAN PARTICIPATION** or syndication
- **DEVELOPMENT AND LONG-TERM FINANCE** for owner-occupied and cooperative Community-Led Housing development

04

Case Studies

Examples of Exemplar Precedent Internationally

Photograph © Eric Tschernow

FINANCING CASE STUDY NO.1

SPREEFELD COOPERATIVE, BERLIN

PROJECT CONTEXT

The Spreefeld cooperative was formed in June 2007, in order to bid for a 7,000m^2 site on the banks of the River Spree in Kreuzberg. The land was purchased from the city at market price, with the group initially securing an 18-month option in March 2009.
During this time the co-op negotiated with the local stakeholders and the city authorities, and secured full planning permission. The price paid for the land was just under €340/m^2.

The project consists of 65 apartments in three seven-storey blocks. All of the homes are built to Passive House standards. Along with 5,600m^2 of residential space, there are 1,100m^2 of community and 1,000m^2 of commercial spaces. These include guest apartments, a fitness room, salon, a music room, business units and other multi-purpose/terrace areas.[1]

The basic shells for the apartments were built by a contractor on behalf of the housing cooperative; interiors were fitted out and finished by the residents. The group wanted to establish a mixed and sustainable community, with wealthier and poorer, young and older and a mix of those that wanted their own space with those that wanted to live in a very communal way. It also wanted to build as cost effectively as possible, to minimise the resident's ongoing housing costs. Costs were kept down by opting for:

- A modular building design and a simple concrete frame construction throughout
- A kit of standard fixtures and fittings – windows, balconies, doors etc
- Residents fitting out their own flats
- An efficient renewable energy system across the whole site
- Economy of space: there are few elevators; or wasted spaces

FINANCING

The site was purchased for €2.5m in 2011, and the total construction cost for the three blocks worked out at €14.2m. This includes the communal spaces at ground level and the various workshops and offices that have been rented out.

In terms of development finance, the cooperative benefitted from very-low-interest loans from the KfW, along with additional loans from Umweltbank, a German 'ethical' bank, and equity contributions by cooperative members of generally 50% of the construction costs. Many individual cooperative members also availed of separate low-interest loans from the Umweltbank to assist them in the purchase of their cooperative shares.

One of our interviewees emphasised that Umweltbank understood and supported what the cooperative was trying to do, and that they "*didn't torture us with strange conditions*."[2] Many of the cooperative's lower income members were able to secure loans from Umweltbank, which they wouldn't have qualified for with the commercial banks, because the cooperative as an entity was willing to guarantee these loans. Ultimately, more than 20% of the residential floor area is used by people who, without this financial solidarity, would otherwise not have been able to participate.

MORTGAGE AND RENT COSTS

Some of the wealthier cooperative members have purchased 50% of their homes (paid for outright from their savings); others have taken a mortgage to secure their 50% equity stake. All then pay rent on the other 50%. Some apartments are available purely on a rental basis. At the lower end, the rents are equivalent to typical social housing costs in Berlin.

Spreefeld's members buy shares in the cooperative and they subsequently pay the balance of costs via a monthly rent for their homes. The cooperative's development loans are due to be paid off over circa 20 years. Therefore, rental costs will be higher for the first 25 years, and then reduce after that. This is the advantage of the cooperative model: cost of rents will not rise over time. While rents in neighbouring properties will increase with market rates, **the cooperative will become more affordable every year**.

Members of the cooperative were expected to contribute between 30-50% of the overall project costs from their own equity or private loans. This equated to circa 50% of private m^2 costs per resident (with costs/m^2 at less than €2,300 on average). This was largely achieved, and in turn, enabled the project to secure lower interest rates from the banks. However, some residents who would have struggled to contribute this percentage of equity were allowed to contribute less, and instead, pay a higher rent in the initial years.

The result was that, overall, the individual cooperative members invested a little less than 50% of the total costs, and the cooperative itself (as a legal entity) took out loans of just over 50% of the total costs.

It should be noted that a cooperative project such as this requires a **large time investment** from members, in addition to financial contributions.

STATE/ LOCAL GOVERNMENT ASSISTANCE

The only element of the project which received state subsidy was the daycare space. The cooperative did not receive any direct subsidy from the State for land purchase, as at the time of purchase land values were still relatively affordable in Berlin.[3]

SWEAT EQUITY

Significant sweat equity was employed by the cooperative members to save costs on this project. In many cases, apartments were fitted out internally by the residents themselves. Residents also played a significant role in completing the large community space, and 90% of the ground floor landscaping has been completed by the cooperative. One of the members wished to emphasise that the most important element of sweat equity is the strengthening identification with the project for the residents, rather than the cost savings, as they have agency to customise their spaces to their own needs. Many of the commercial (office) spaces were also taken over by occupants as rough construction, and finished out internally by them.

MIX OF HOME OWNERSHIP AND RENTAL

Spreefeld is a cooperative with an 'ownership option'. The project involved a hybrid mix of homes available for ownership/purchase and homes which will remain permanently for rent. This option has ultimately led to controversy among residents, with one interviewee arguing that this hybrid form is a weakness of the project, which has resulted in complicated legal agreements and associated costs for the cooperative, while recommending that other projects pursue either fully ownership or fully-rental models.

TO WHICH PROPOSED FINANCING ROADMAP DOES SPREEFELD MOST CLOSELY RELATE?

The Spreefeld approach is most closely related to SOA's Financing **Roadmap No.1**, for a standalone cooperative, although due to the hybrid owner/rental option, it also incorporates elements of Roadmap No.2 (Owner-Occupier).

Photograph © Gabriel Lopez

FINANCING CASE STUDY NO.2

LA BORDA COOPERATIVE, BARCELONA

PROJECT CONTEXT

La Borda is a cooperative housing project completed in Barcelona in 2018. The primary goals of the project are to provide decent, social, affordable and ecologically sustainable accommodation to its members, and simultaneously to promote "intergenerational relationships and community integration."[1]

The cooperative secured a leasehold on the site from Barcelona City Council in 2015. The 75-year lease involves paying an annual €4,000 fee to the city. Due to the site's classification by the city as a 'State-Subsidized House' (HPO), potential members of the cooperative cannot exceed a maximum income to benefit from the right of use of an apartment.

The La Borda model has been developed as a challenge to speculative forms of housing, as well as an alternative to traditional public housing, affordable for people on low incomes. Membership is based on the principle of 'grant of use', meaning that the property will "*always be collective, while use is personal*."[2] Residents have the status of cooperative partners and can live there for life, but they cannot sell or rent their flat. This model eliminates property speculation and profiteering, and is based on a strong commitment to the **use value above exchange value**.

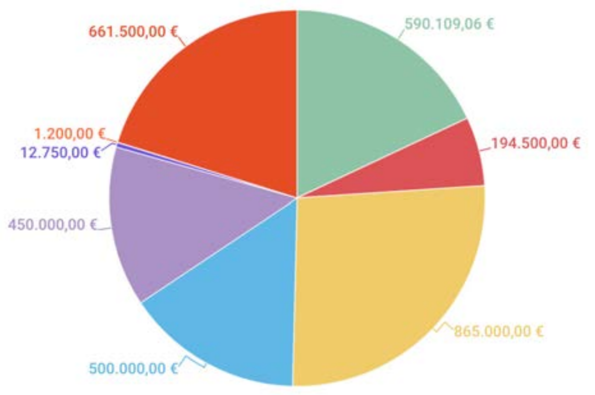
The project consists of 28 apartments in a single seven-storey block, 3,000m^2 in total. There are three apartment typologies (a basic module of 40m^2, which can be expanded to 50m^2 or 76m^2), along with common areas including a community kitchen, laundry, roof terrace, and guest apartments. There is also a ground floor commercial space at street level which is leased by a cooperative grocer. Participation of future users in the design and planning process was a crucial feature of the project, as was the environmental design. The cross-laminated timber structure is the largest wooden building in Spain.

FINANCING

The project is funded by residents' contributions, collaborators' contributions (groups or individuals), grants, and through loans and participatory titles from the credit cooperative Coop57.[3]

The cooperative raised €865,000 in only 19 days via a participatory loan[4] offer, which was taken up by over 300 supporters. As a result of these innovative fundraising techniques, the average interest rate charged on loans was 2%, much lower than what would be available from the Spanish commercial banks.

Overall development cost was €3.1m, including taxes, professional fees, and the construction budget of €2.4m. Due to the innovative prefabricated construction processes employed, build costs amounted to only €840/m^2. The cooperative's solvency is based on the monthly fees associated with the use of the apartments, along with extra income generated by renting the ground floor commercial premises. La Borda also receives income by providing climatic data from the building for research purposes, and by offering training sessions for the general public, public servants and architects. This income will allow repayment of the cooperative's debts, and once debts are paid off, income generated will be put towards replication of the model elsewhere.[5]



● Inhabitant members' contributions ● Collaborating members' contributions ● Participatory titles ● Housing loan ● Participatory loan ● Non-refundable contribution ● Revenues ● Grants
© www.laborda.coop

'GRANT OF USE' COSTS AND FEES

The use of public land means La Borda residents must comply with official criteria for state-subsidised housing. This includes owning no property and an annual household income of less than €40,000. Each household had to make a mandatory initial equity contribution of €18,500. If residents decide to leave, they are refunded their initial equity payment and the new residents pay the same amount. As of late 2019, none of the original residents had left and there was a waiting list of over 70 people.[6]

Residents' monthly contribution is determined by the size of their apartment and the cost of shared spaces. The fee is €8.71 per m^2, compared with circa €11 for local private rentals and circa €7.85 for public housing. This ultimately amounts to an average rent of €600 per month.

SOCIAL AND ENVIRONMENTAL IMPACT

As a passive building, La Borda has a lower than average environmental impact and reduced CO_2 emissions both in its construction and in its lifetime. As a result, **most of the apartments did not need heating in the first winter**. Thus the building's passive design is helping to alleviate energy poverty among residents and lower general living costs.

The project also provoked a change to Barcelona City Council's building regulations, so that La Borda, and any future initiatives like it, do not have to include a car park.

The 75-year lease arrangement was initially agreed as a pilot project, but due to its success the City Council has now converted this system into public policy. As of early 2019, the city had offered a further ten plots to bids by cooperative groups.[7] Other Spanish municipalities, such as Majorca, Valencia, and Madrid, are now considering similar policies.

STATE/LOCAL GOVERNMENT ASSISTANCE

Along with the leasehold arrangement agreed for the site, the project ultimately received a €0.5m grant from the Spanish Government. A long delay in confirming receipt of this grant meant that the cooperative ultimately had to raise the full project financing via other loans and member equity. Fortunately, receipt of the grant facilitated early repayment of many of the most expensive project loans.

SWEAT EQUITY

Resident sweat equity contributions have been a prominent component of this project. The project was executed in two phases: Phase 1 reached the minimum habitability that would allow residents to move into the building in 2018; Phase 2, which is still ongoing post-occupation, involves finishing out the building, including community spaces and personalisation of flats. Much of this work is being completed by the residents. An additional €120,000 has been budgeted for the Phase 2 internal fit-out.

TO WHICH PROPOSED FINANCING ROADMAP DOES LA BORDA MOST CLOSELY RELATE?

The La Borda approach is most closely related to SOA's Financing **Roadmap No.1**, for a standalone cooperative.

Photograph © Archio Architects

FINANCING CASE STUDY NO.3

LONDON CLT, LONDON

PROJECT CONTEXT

London, with more than 8 million inhabitants, is a major international metropolis as well as one of the most expensive cities in Europe. In 2018, the average rent for a three-bedroom apartment in some prime London areas was as high as £5,398/month.

The average housing price in the capital is today estimated at £484,926, representing an increase of 67% in a decade. Prospective first-time home buyers in London in 2017 were expected to spend 13 times their annual earnings to buy a home.

In 2004, Citizens UK secured the promise of a CLT as part of the Olympic legacy. A year later, the Greater London Authority (GLA) required the implementation of a pilot project proving the viability of the concept.

By 2009–2010, the St Clements Hospital site in the London Borough of Tower Hamlets, was targeted as a potential pilot. After substantial campaigning and negotiations, design workshops and other key events, the first 23 CLT homes were built on the site, as part of a larger development.

London Community Land Trust (London CLT) is today a registered Cooperative and Community Benefit Society, each member holding a £1 share in the Society. This legal framework allows the organisation to earn surplus revenue to be reinvested in the community.

Placing citizen involvement at the heart of their organisation, London CLT bases its internal governance structure on traditional CLT tripartite governance of residents, community and stakeholders.

FINANCING

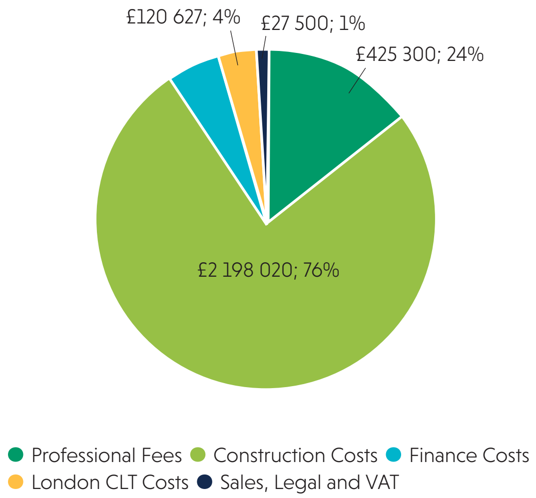
In 2018 London CLT issued a community-share offer in order to finance some of the pre-development activities at the Brasted Close site (11 households). £488,960 was raised with a potential 5% annual return on investment. Interest was paid back for the first time in 2018.

In parallel, London CLT also managed to mobilise the surpluses generated by the sales of the 23 units at St Clements Hospital, estimated at £635,000, to help ensure a pipeline of future sites.

London CLT has accessed soft loans (a loan with a below-market rate of interest) from ethical bankers or social lenders such as Big Issue Invest, London Housing Fund, Ecology BS, Unity Trust, Parity Trust and NationWide Foundation.

Brasted Close will be financed by using loans (65-70%) and a community share offer (15-20%), both of which will be paid back through the sale of the homes. The remaining 15-20% is funded via a grant.

BRASTED CLOSE PROJECT EXPENSES (£)



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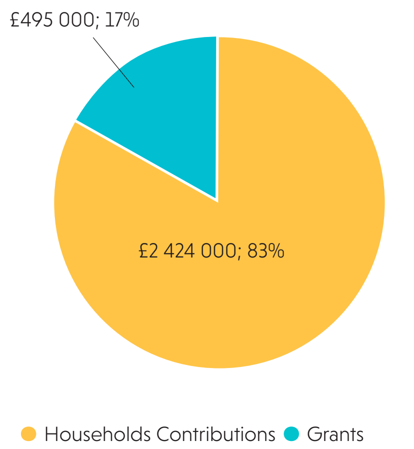
BRASTED CLOSE PROJECT REVENUE (£)



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MORTGAGE AND HOUSING COSTS

The unit sale price is based on what someone on an average income in the neighbourhood can afford. It is thus taking into account the Area Median Income (AMI) according to a formula that calculates housing costs at 1/3 of the AMI.

At St Clements, a one-bed property cost £130,000, a two-bed £182,000 and a three-bed £235,000, approximately one third of the open market value of the homes.

SOCIAL IMPACT

London CLT has developed a tool to measure its impact in terms of innovation and influence in:

- Communities creating
- Transforming neighbourhoods
- Creating permanently affordable homes

STATE/LOCAL GOVERNMENT ASSISTANCE

To date, CLT projects in London have relied on public land being released, often at below-market values, by different government bodies including Transport for London, the National Health Service and Local Councils.

London CLT also bids on sites designated under the 'Small Sites Small Builders Programme'. This unblocked two sites for London CLT.

London CLT also benefits from grant support to make up development cost shortfalls.

DEVELOPMENT MODELS

For their pilot scheme in St Clements, the organisation partnered with a major developer and an affordable housing developer. Under this 'agency model', London CLT purchased the units at a pre-agreed affordable cost upon practical completion. They have been financed through residents' mortgages.

At Brasted Close (Lewisham), on the other hand, London CLT is testing the 'direct development' model. In this case, London CLT is in charge of mobilising the construction financing once the planning permission has been granted.

LEASEHOLD OWNERSHIP

Residents possess an underlease of at least 125 years and pay a symbolic monthly ground rent to the CLT (£20 per month). The contract signed upon moving in makes sure that all residents have to re-sell the home to the next household at a price uplift set to local earnings increase.

TO WHICH PROPOSED FINANCING ROADMAP DOES LONDON CLT MOST CLOSELY RELATE?

London CLT forms the basis for SOA's Financing **Roadmap No.3** for Community Land Trusts with an owner-occupier leasehold tenure.


Photograph © Cornwall CLT

FINANCING CASE STUDY NO.4

CAF PHILANTHROPIC SOCIAL INVESTMENT FUNDS

CONTEXT

The Charities Aid Foundation (CAF) is a registered UK charity and bank. It provides services and assistance to UK and international charities and their donors, both individuals and business.

CAF initiated the first CLT Social Investment Fund in 2008. Social investment is the use of capital to achieve both a social and financial return. It is not a grant or donation; it is repayable, often with interest. Its purpose is to be an affordable, flexible source of finance, that often bridges a funding gap (CAF is a 'gap lender').

The funds have addressed funding shortfalls particularly in the area of **early-stage development** of CLH projects. Funding this area will significantly de-risk projects and allow them to proceed to planning stage, at which point development loans can be accessed from conventional lenders.

CAF VENTURESOME COMMUNITY LAND TRUST (CLT) FUND [1]

The CLT Fund was initiated to provide repayable finance for CLTs wishing to build affordable housing, prior to the introduction of the government grant programme. It was created from a number of sources of philanthropic capital (risk bearing for social impact return). With CAF Venturesome managing this Fund, the initial pilot phase aimed to support the growth of CLTs in England and Wales and ran to 2019.

The CLT Fund has provided:

- £4.4m of pre-development and development finance to CLTs
- Five pre-development investments, at an average value of £34,600

These loans have been made 'at risk', only being repaid when a group's scheme starts on site. Four fifths of these loans have been repaid and recycled back into the Fund, or they are still being used to bring sites forward. For those schemes that did not come to fruition, loans were transferred to grants.

The Fund has also provided nine development loans to groups at an average value of £240,000. These investments have often been made in the form of a junior loan, taking a second charge on any property, and thereby enabling groups to secure a larger de-risked loan from a senior lender. This approach enabled funder collaborations between senior lenders and the CLT Fund to develop a viable financial approach and to address key roadblocks facing CLTs, in particular in securing affordable land for development, and raising funds for pre-development activity.

The CLT Fund's focus on 'pre-development' and 'development' activity means they have sought to help groups at critical junctures in a scheme's development; in:

- identifying, appraising and accessing sites for development
- planning and securing permissions for their schemes
- securing sufficient finance to build them

CAF VENTURESOME COMMUNITY-LED HOUSING FUND[2]

The CAF Venturesome Fund is a seven-year time-limited fund that offers loans, standby facilities and grants to Community-Led Housing projects. The fund incorporates blended finance, in that it offers grants financed by Power to Change, as well as loans. Given that loans are given 'at risk' the fund charges a higher-than-average interest rate (5-10%, depending on stage)

1. SITE AND PLAN STAGE

- Pre-development loan finance up to £150,000 with up to £50,000 additional grant. If planning permission is not secured, loan may be written off.
- Standby facilities up to £150,000 to raise community shares or act as a bridging loan

2. LAND PURCHASE (PRE-BUILD STAGE)

- A pilot land purchase facility up to £400,000. Unsecured loan, with up to £100k grant (grant repayable if scheme progresses.)

3. BUILD STAGE

- Junior lender loan finance up to £400,000 for construction costs (2nd charge after senior lender)

A priority of the fund is to support and de-risk early development and pre-planning stages of CLH projects, as well as land purchase, as there is a shortage of supports for this stage of the process, and projects are at their most vulnerable to failure. Post-planning stage, there are a number of commercial 'ethical' lenders in the UK who will be interested in offering development and long-term finance to CLH. Loans are repaid once the project is refinanced through a conventional lender.

Due diligence on groups who often have zero assets and would not normally be able to access loans for early-stage development are assessed on the basis of criteria including governance, budget and financial plan, quality of project, whether they have an exclusive option on land, technical support structures, and that they have a charitable status.

05

Supporting Paper

Summary Analysis– Affordability And Community-Led Housing

Summary

Community-Led Housing can augment and complement current policy in the area of social and affordable housing. Its intrinsic purpose is to cater for a broad social demographic and range of incomes. As it is largely self-financed, it tends to be extremely affordable both on the supply and demand side and without the need for excessive subsidy.

As a model of inclusive living, both economically and socially, how can Community-Led Housing supplement the range of policy options available in the area of affordable housing? How can this model secure perpetual affordability and provide a framework for financial security into old age?

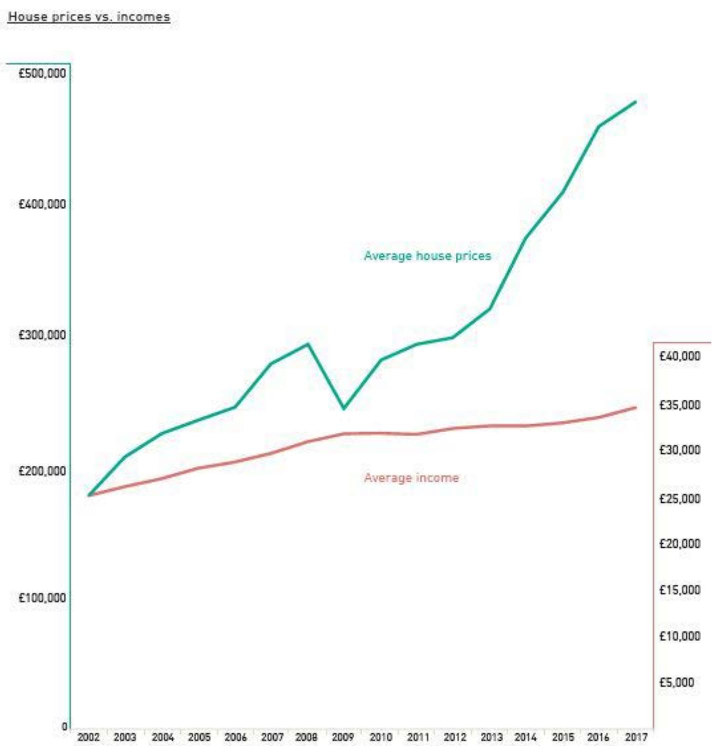
Establishing Affordability Criteria For Community-Led Housing[1]

"Housing is affordable if the household can afford to pay initial costs, rent and other related costs, like utility bills and charges, on a long-term basis, while still being able to maintain a minimum standard of living."[2]

"The immediate impact of the [housing] crisis is seen and felt by families and individuals who struggle with space, with household budgets, with repairs, with saving, planning for the future and with health and well-being"[3]

There is no single statutory or EU-wide officially accepted definition of affordable housing.[4] Eurostat measures the share of the EU-27 population living in households that spend 40% or more of their equivalised disposable income on housing[5] and Irish policy often refers to a threshold of 35%, however the 30% rule is 'the most widely accepted benchmark'[6] for housing affordability. For further discussion on housing cost measures see Appendix, Context 1.

Graph: Divergence of average house prices and median income in London, 2002-2017.



Average house price for London taken the Land Registry's UK House Price Index

Average median income for those in full-time employment in London taken from Office for National Statistics Annual Survey of Hours and Earnings, Table 8

Affordability And Net Income

The **mean house price in Dublin is €441,383**. In the 12 months to September 2020, the **average price for a dwelling nationwide was €293,983**[7]. The SCSI gives a figure of **€371,311 as the supply cost** of a 114m² house in the Greater Dublin Area.[8]

The gross median household income in Ireland in 2019 is €51,217 (CSO). **The nominal median household disposable income in 2019 was €44,998** (income after tax and PRSI. The nominal median equivalised disposable income was €23,979).[9] As this is €2,998 above the upper limit to qualify for social housing assistance in Band 1, we might take the net median household income as being at the lower end of the intermediate or mid-market band of income for the following discussion.

The normal maximum mortgage level is capped at 3.5 times gross income, assuming a 20% deposit. That means that the median household income can afford to purchase a house worth **€224,074**, where the household is able to provide a deposit of **€44,815**. A household on the median income taking out a Rebuilding Ireland mortgage would be able to borrow **€217,690** giving a total budget of **€241,878** (assuming a deposit of 10% or €24,188). A total budget of €241,878 is **€203,917** less than the mean house price in Dublin. This budget is **€52,105** less that the average price for a dwelling nationwide.

The nominal median household disposable income is able to support a rent of €13,066 annually, giving an affordable monthly rent of **€1089** at the 30% rule. The CSO gives the **average rent** for a two-bedroom apartment in Dublin of €1634 and €1086 in Cork. The pilot cost rental scheme in Stepaside will cost €1,200 for an apartment of 75m²[10]: ie an annual rent of €14,400, implying an annual net household disposable income of €48,000, which is **€4,448** above the median net household income.

Strategies For Genuine Affordability In Community-Led Housing

London CLT targets modest to middle-income households usually earning £25,000-£50,000 a year. They thus aim at closing the gap between 'people qualifying for council property and people who can afford to buy their own home' on the private market.[11]

A procedure was developed by London CLT to determine genuinely affordable prices for dwellings in the St. Clement's development in Tower Hamlets, London. Instead of using the prevailing local house prices as a guide, the local median income was used. No family should pay more than 33% on their housing. A standard 1/3 of median income was multiplied out by a standard set of mortgage assumptions of a 25-year loan at an average interest rate and with a 10% deposit, giving a price that local people would be likely to be able to afford. Local circumstances, that is, median earnings in the locality, thus became the determining factor of the final house price, as opposed to local property prices. If someone chooses to move out of the development, the resale price is calculated using the same formula to preserve affordability in the long term.

A three-bedroom house with garden costs £235,000 through the CLT, compared to a starting cost of £600,000 for adjacent market-rate homes.[12] In the subsequent Brasted Close Project, household contributions account for 83% of project revenues with 17% coming from grants.

Cooperatives

The Mutual Home Ownership Society (MHOS) is a cooperative structure where residents are tenant-owners through their membership and equity stake in the Cooperative. At the LILAC MHOS project in Leeds, residents pay 35% of their net income in rent with an initial 10% of development costs as an equity stake. Members' equity in the cooperative increases over time as loans are paid off. Higher earners develop equity faster and also contribute to a rainy-day fund for unforeseen events or to cover rents of neighbours who get into difficulty. Once loans are repaid, rent reduces to 10% of income to cover maintenance and sinking fund only. On moving out, residents may withdraw their equity plus an uplift which is calculated as a fraction of local wage (not property) inflation. As a cooperative, residents do not own their own dwellings but have permanent right of use and a membership and equity share in the ownership of the whole. As the Cooperative as a legal person is responsible for financing the project, it is a suitable structure for self-employed or people on irregular incomes or older people who might otherwise struggle to secure a personal mortgage.

Affordability Through Low Interest, Long-Term Part-Financing

Small cooperatives in Hamburg and Munich are financed by long-term very low interest rate (0.5-2%) loans from the state investment bank, with the condition that four income bands be integrated in the project. The lowest band is a minimum of 30% of residents who qualify for social housing support (€6.70/m^2/month or €502.5 for 75m^2 per month) and a highest band where a maximum of 20% of residents of any income (€12 per m^2/month or €900 for 75m^2 per month. The average price for an 81m^2 apartment in Hamburg is comparable with Dublin: €358.000, existing – €488.000, new[13]). Rents do not generally rise, so an affordable rent now will become more affordable over the duration of habitation.

Following roughly the "Munich Model", a dwelling of 114m^2 costing €318,396[14] could be part-financed by a very low interest, long-term loan and part-financed by a commercial loan. Low-interest loans up to €1250 /m^2 are given at 0.5% for 40 years.

In this case, this would calculate as €142,500 @ 0.5% for 40 years, resulting in a monthly repayment of €327.61. The remainder is €175,896, which is financed at 3% over 30 years giving a monthly repayment of €741.58.

Total repayments for a loan of €318,396 would be €1,069.19 which would be within the 30% rule for the median net disposable income in Ireland (maximum housing cost of €1,089 per month).

The Deposit Or Equity Stake

First-time buyers typically contribute a 10% deposit towards the cost of a dwelling. Otherwise a 20% deposit is usually required. In Germany and Switzerland, residents, both new and of small self-organised cooperatives, must generally contribute around 20% of project costs. This deposit is repayable equity which the resident can redeem on moving out. The role of the deposit or equity stake is generally to allow the purchase of land or to enable development or long-term financing. MHOS Leeds required a 10% equity contribution. A project that is able to pay upfront for land will save circa €10,000 on land finance costs, according to the SCSI.[15]

As we have seen, a deposit for a home worth €224,074 is between €22,407 and €44,815 (10–20%). In Germany, a special loan product is available from the state KfW bank for the Cooperative equity stake of people on low incomes. In Switzerland, the State guarantees an equity stake of 15% for all households, leaving residents pay the remaining 5%. Also in Germany, loan-stock and sweat equity are taken into account towards a deposit or equity stake by 'ethical' lenders (for example, GLS bank).

Margins

A feature of Community-Led Housing is that demand is met by communities who take on the responsibility for its supply so that developers' margins and associated marketing costs are minimised. According to the SCSI16, margins and marketing accounts for 11-13% of development costs (pre-VAT) for housing in Greater Dublin Area. Analysis of SCSI elemental costs suggests that up to 17% of development costs can be avoided if CLH projects can raise sufficient equity to purchase land and to develop their homes themselves.

If land is leased and land costs omitted, in the case of a local authority lease agreement or where a Community Land Trust develops the land, then analysis of SCSI figures suggest a saving of up to 30% over and against standard market approaches. This would be less if the CLT required a surplus for a revolving fund to carry out further development (CLT London typically seeks to generate a 4-6% surplus).

Asset Lock

Long-term affordability is guaranteed in Community-Led Housing and Community Land Trusts by setting resale values against a metric such local wage inflation, and limiting resident potential for benefiting from price uplift. This allows residents to save but ensures that affordability and subsidies last for the lifetime of the project.

New instruments to deliver affordability are a key recommendation of the NESC report "Housing Policy: Actions to Deliver Change" (No.150, 2020).

NOTE: See Appendix B for further information on measuring 'Affordability'.

Appendices

Appendix A

Interview With Dorothee Roeger

Dorothee Roeger is the Client Advisor at GLS Bank in Berlin. GLS are a German 'ethical' bank, founded in 1974. SOA interviewed Dorothee in January 2020 about GLS's role in providing financing and support to collaborative housing groups in Germany.

QUESTION 1

Why does GLS BANK support cohousing projects with financing?

As I said, we are trying to fulfill the needs of people, and people need space to live, but also room to be free to fulfill themselves, and in a cohousing project, it is very flexible, you can do nearly everything in such a project. For example, I have one project that has five floors, and it only has one kitchen, in the whole building. The kitchen is on the top floor, very beautiful view over Berlin, and all the people are cooking together and eating, so no-one is lonely. You can go to your room and be by yourselves, but you also are in connection with other people. And, on the other hand, it can also be a house where all the flats are separate from each other. And, you have for example a flat where no one is living permanently but you can have your parents there to visit, and meetings, and so on. So it's very open to your own interpretation of what you want to do, and the core is that people do it together. They have to build the group together. They have to talk with each other, how they want to do the financing, what they want to invest in the form of renovations to this house. So, people are connecting in these houses much more than in a normal flat they rent.

The first projects we financed were really, in the beginning, old houses that were in very bad condition, and they were scheduled for demolition, to build something new. And there were people who wanted to save the houses so they moved in, without legal right. They just wanted to save the buildings. So after a few years they obtained the right to buy, and then we helped them to finance this, to buy the houses and to renovate them. And, when nowadays you go through Berlin and you see a house that's very colourful from the outside, probably it's one of ours. It really changes the way a street looks and feels, so it's much more open and lived in, than if it's such a sanitised space and only new buildings. It's really good for the atmosphere in the streets in the area.

QUESTION 2

What financial instruments can collaborative housing groups avail of with GLS Bank?

I think the most important part is not really the instruments we offer, because they are really interchangeable between the banks. It's normally a mortgage. But the most important part is that we offer advice, people can ask us from the first steps, what they want. I can't offer legal advice, for the structure, for example *"Should we build the group in a corporation or as an IFAU or GmbH or EG?"* [Limited Company or Cooperative], I'm not allowed to do this, but I can offer sites and people who can do this. And if they have a contract to buy a house, or to build an Erbbaurecht (leasehold), I can read it through and say "Oh, that's a bad formulation, please change this." I can help there.

So this advice is probably the most important part, and how we do the financing is sometimes surprisingly easy, because the group, normally when they come to me they are already established, relatively. They know how many people want to move in, and they know how much rent they want to pay. And then I give them a sheet, where they can calculate, with the rent they want to pay, how much of a mortgage they can afford. And then you can see at the end whether it is a possibility to buy this house, or whether they need something cheaper.

So, in a classic investment area for buildings, normally the bank wants to see high return at the end. We don't need this. We want to finance buildings where the people can live long-term, and we don't want to finance buildings where the owners want to raise the rent as much as possible. When our calculation says that the rent is enough to pay for the mortgage, to pay for the renovations, to pay for the overall organisation of the group, and also to save some contingency for when a renter moves in or out. These are the costs that the group has to finance with the rent. And if the rent is enough to pay for all of this, then it's enough. They don't need a few thousand euros at the end of the year, that's not necessary.

Does that affect how GLS sustains itself as a bank? If profit motive is not a priority does that adjust how you run yourselves?

We are a bank, so to be sustainable long-term, we need a profit. But the profit is needed to make savings in the bank. Not every mortgage is paid back.

Sometimes we also have defaults, so we need these savings to run the bank safely in the long-term. But we don't need a lot of earnings to pay our owners. We are a cooperative so everyone who has a share from us can vote, everyone has one vote, it's not depending on how many shares he has. And in recent years we pay 2% return on the shares, previous to this we paid no return at all. We had to change because we are expanding very very rapidly, we are growing so much, nearly 20% every year. So the shares have to increase, and to invite people to put their money in the shares of the GLS Bank, we had to put out a return.

QUESTION 3

What financial criteria must groups comply with to access various lending instruments?

They have to get to a black zero. They have to set a rent level that pays for all of the costs that they have. Additionally, the rent has to be related to the market. For example, the normal rent in the area where the group wants to buy their house would be €8. They say "Oh, we are able and willing to pay €15 because we need to pay for these costs." Then I would say, nice try, but I can't finance this, because if one of you is moving out, because maybe their job changes and they have to go to Munich, then you will not get another member who is willing to pay €15 when the normal rent in this area is €8. So they have to compromise. But also on the other hand, sometimes there are reasons why the rent is higher. For example, the flats they build, the rooms they rent, are very small. But they have large areas they are using together. Kitchen area, billiard room, whatever. So the rent for their room is high, but if you count in all the other areas they can use as well, then the rent per square metre they are using is very low. So this has to be put in context.

Some areas where we won't compromise are ecological. So for example if they have heating that's still based on coal, sometimes in Berlin really old buildings have this still, then we say OK this has to change. They have to invest.

QUESTION 4

What legal criteria must groups comply with to access various lending instruments?

We need a structure that's recognised in a *register* [registered company], so that we can read who is able to sign for the group. Because we want to see the risk the group is in. For example, they collect money, and they get a private loan of €50,000. But in the contract it's written down that if the person who gave them the money needs it back, they have to pay it back within one month. Then it could be that the group needs to pay back €50,000 in one month, and where do they get the money from? So that puts them in risk. If they have €50,000 from ten different people, then it's not so much of a risk, because if one of them wants his money back it's not *so much*. So we want to see the structure of these private loans. And normally we recommend that they also put long terms on the repayment of their private loans to investors, five years for example.

And you wouldn't ever fully finance a group? You always look for match funding from other sources, is that correct?

Yes. For example, if you have a building that's worth €1,000,000, then for a bank to use it as a security, we are not allowed to put €1,000,000 in our books, but only for living space, 80% of it. So if we loan the group €1,000,000 for this building, because they have to pay €1m, then we have €200,000 risk in the books. On top of this, if the building is worth €1m and they have to pay €1m, then on top there's added costs (taxes, land costs, professional fees etc.) ie. costs for buying which don't go to the seller but to overall costs, and these are 10-20%, depending on where you buy it and from whom. So these costs have to come from the group's own money, they can't be paid out from a mortgage.

Could you explain how you work with the KfW and how a group will combine financing from both organisations?

The KfW is a government institute. They have different interests. One is that they want to push economy, they want to push the construction workers and so on. On the other hand they also want to lower CO_2 emissions. So they have programmes that are only available if you buy or build a house that's very ecological, or you invest in an existing house to make it ecological. For this you need an expert who calculates everything and certifies that yes, if you make all the investments you plan then you will achieve a house that is very high performing ecologically. Then you can access this loan from the KfW, but you only get the money if you are contracting companies (ie. construction workers). You can't do the construction yourself (self-build) in this case.

So once the project has done all the work with the energy expert, he gives them a certificate that says if you do all of this, you will reach the standard. They present this to the bank, the bank gives it to the KfW, and then the bank receives the money from the KfW and gives it to the group.

Also the risk is with the bank. For example, the KfW gives the money but it gets the money back from the banks, and it doesn't depend on the customer paying back the bank. If the customer defaults, if the project isn't paying back the mortgage, still the bank has to pay back the KfW. So the risk really is with the bank. But the KfW's contribution is still very good because it has a very low interest rate, and also the KfW offers to lower the loan if the standard is reached. So it's very good for the group, and of course we put it through.

What percentage interest rate is on the KfW loan?
Normally 0.75% for residential, very very cheap.

QUESTION 5

Are there any additional criteria which groups must comply with to access various lending instruments?
There are the ecological criteria I mentioned. Also, for example, we don't finance projects that want to speculate. They need to be willing to hold on to this building. When they want to buy it and then maybe sell it on again for a profit, no, those wouldn't be our customers.

And how does the customer demonstrate their long-term commitment to the project? Is it written into their Constitution?
For example, the mortgage goes a long-term, maximum of 30 years. And the interest is fixed for 10 years, so if they want to sell it before this they can, we don't put a legal contract on this, but it's expensive for them.

QUESTION 6

Do you support groups in securing land?
Yes. We offer mortgages. We must differentiate between land with no building and land with a building. When there's no building on it, we finance it normally with a flexible interest loan. That means that the project can pay the mortgage back without costs. They get the mortgage for maybe three years, in this three years they have to pay the interest, but they don't have to pay the mortgage back. So they have three years to constitute the group, to go through the architect, to make all the plans, and to structure the long-term finance. And if the group doesn't work out, say they have conflicts and they decide it's not going to work and they will sell the land again, they can do this. With the earnings they pay back the mortgage and everything is good. So they are not fixed to this land and to doing this project, they are very flexible in this case. Because the group is new they have to pay the interest for two years in an account, so that we can be secure that we get the interest in this time.

So if the project doesn't go ahead they get that interest back?
Yes, of course, if they sell the land and they pay back the mortgage, they get everything else out. And if they only need one year, and after one year they do the long-term financing with us, then from the long-term financing the first pay-out is used to pay back the mortgage for the land, and they get of course the interest back as well.

If they want to buy land with a building on it, then it depends how good the condition of the building is.

So how would they prove that they understand the investment required?
In Berlin, the old buildings which have a lot of wood in them, risk for mould is very high. And it's very destructive. So normally we want to have at least an experts report on the wood, in a house, when they want to buy it. And, we are not really interested in how beautiful a building is. So if the group says "The stair area is useable, it's enough", then that's OK, but the structure has to be sound. The roof has to be waterproof, the heating system has to be reliable, and the water and electricity has to be safe. These are the important parts for us. So if they want save the money on painting the staircase they can. But structure has to be sound, and for this we really want to have expertise.

QUESTION 7

How stable have you found cohousing groups as clients, in terms of repayment of loans etc.?
Very very stable. They identify with their house, it's their home. It's not that they just rent a space and if they move out they have no interest in it anymore. It's their building, they put their time in it. They put their time in the financing, in getting together with each other. So normally before they move in they have meetings every week, sometimes two times a week, to get everything organised. So really they identify with it, I would say more than if you own your own flat. Really I have never had a project defaulting on me, and I am working at this bank for ten years. Sometimes it doesn't work out, because the investment is much more costly than they calculated, but a running group, it normally works out.

Also, in Germany the owner is not allowed to increase the rent as much as he wants. There are legal obstacles in his way. But if the group says we need a rise in the rent of 50 cent per sqm, because we have to invest this money, because really the structure isn't sound anymore, they do this even if the legal structure is against it. Because no one who's renting there objects. It's *their* building, they want to live there with their group and they understand why they need to pay more rent. Because they see what the money goes into. And so normally it's very sound.

Sometimes people see only the risk, because it seems "oh, they don't know what they're doing, they are not experts in this area", but no, they put the time in to become experts. Because it's their building, they want to know what's going on, and they put the effort in. And also Berlin is a special case, we have many people who are advising groups.

QUESTION 8

What income brackets would the majority of your clients' fall into?

I would really say not such a high income. So, often we have groups that are students, or social workers, teachers, and so on, and on the other hand we have elderly people. And then if you are already established as a group, have a few buildings, and do more, they are professionals but they grow out of one of these cooperative groups. So really very diversified.

Here I am only talking about cooperative housing. There is a kind of investing that is different, we call it Baugruppen. Groups that build a house together, then they divide it, and everyone at the end owns his or her flat. This is a special case, we do it as well, but there the people normally have a higher education and a little bit more money, because they need to put in their own share, their own money for their flat, normally 20% of the value. In a cooperative group, in a cohousing group, the money doesn't have to come from the people who want to live there. It can come from their parents, from aunts and uncles, from friends, from everyone. They give private loans to the group and the group can build. In these Baugruppen, there everyone needs their own money, so normally they are a little bit richer.

Baugruppen normally have a GbR legal format. But we finance the single person. So the loan is not going to the group, but everyone in the group gets their own financing. And it's paid out from an account by the GbR, and from there they pay the construction workers and so on [...] it's a lot of checking contracts and everything, it's a lot of work for the bank, it's really another topic. But it works out really well too.

So you offer advice to cooperative groups for free, when they're beginning a project. Would you also do the same for Baugruppen?

Yes. For example, here in Berlin last year I had an evening workshop where nearly 40 people were here, to get information about financing for cooperatives, and that was really fun for me. And for these Baugruppen, we have another expert, and he is travelling from Bochum to groups, because he will have an evening with one group, which normally extends to 30 or 40 people or so.

QUESTION 9

Are there any particular areas where groups often could be better prepared financially?

No. I wouldn't say this. It's good if they have someone in the group who has an affinity for numbers. And on the other hand they also need someone who is good at getting people together. So, it's good if the group has a leading group that's diverse, and can get the others to work as a group.

It's good if they have contact with the bank at an early stage, because then we can offer advice. We can't do it at the first meeting in detail, but we can give general information, orientation, and for example Excel sheets for them to calculate. And then, when they have a building they're interested in, then the detailed consultations will start.

QUESTION 10

Do you consider 'sweat equity' as a measurable asset? If so, how do you measure its value?

Yes, we do. You have to be careful with this. For example, you only save the time that a construction worker would put in, you still need materials. And if an expert would need one hour to paint the wall, maybe you need two, because you are not an expert. So we look for a calculation of how much time the group wants to put in.

Also if the group says '*Oh, we have a guy who's really handy and he knows what to do, and he will install the electricity*.' Then we say, '*Be careful*'. Electricity, gas, water are things that are really putting everyone who's living in the house at risk, and the building as well. So these have to be done by an expert. Things that are just to look at, colouring the floors, you can do this. But you still have to be careful where you end up in conflict with the guarantees from an expert, because you haven't won anything if you do your own work, and then something is broken, which voids the expert's guarantee. So there you have to be very careful. But yes, if it's plausible, if it's the time they want to put in, and the appropriate type of work, then it's like all money, all private loans etc., then it's part of the financial structure.

So if the group have a qualified plumber or electrician within the group, then it would be OK for them to do the work?
Yes, if he is doing it as a company. Because just to say he has the qualification doesn't say he has the guarantee. So if he is self-employed or his employer says "*You do the work, I don't make a lot of money on it but I will sign off on it for you*", then there's a guarantee. Perfect. Do it.

Most often the groups are very surprised how much time this really means. If they say we'll do €10,000 worth of work, and you say, "*OK €10,000. An expert charges €20-30 per hour, then maybe it's 5,000 hours, and then you have to double it because you need more time than the expert*" and then the group says "*Oh, that's a lot of time.*" And then maybe the person in the group who it was intended would do a lot of this work, gets an injured back, an accident or whatever, then there's something missing in the financing and so you have to be careful with this. It's a good way to put the group together, because if you worked on this house then you identify more with it.

QUESTION 12
Is there anything else you would like to add?
It's fun. It's really fun to do it and then, to be invited later when the building is finished and all the people are moving in and everyone is happy. You see a lot of kids running around, and so the atmosphere in these houses is normally great and when you financed it as a bank and you are invited to a celebration at the end, it's great.

Has GLS expanded at all outside Germany?
It's difficult to move into a foreign market with different regulations etc. ***But we are open to give advice. So if you have a bank in Ireland who is interested in this, please give them our contacts and they can ask us.*** We have a few developments here that may also be of interest to you. So the rent is getting so high in Berlin that companies can't get people to work for them, because they say "*I can't afford it*". So companies have decided to make a cooperative together. So the members of the cooperative are not the people who are renting, but the companies. And they are building together flats to rent to their workers.

Appendix B

AFFORDABILITY AND COMMUNITY-LED HOUSING

CONTEXT 1: MEASURING AFFORDABILITY

30% Rule
According to the 30% rule, housing cost overburden occurs if households spend a portion greater than 30% of their net disposable household income on housing. Corrigan et al. explore a shortcoming in the application of this rule, namely that for higher incomes a portion greater than 30% of net income spent on housing costs might not mean a cost overburden. However, for lower incomes, cost overburden may occur even if housing costs are under 30% of net household income (see also discussion below). Cost overburden mainly affects those on low incomes (75% of household in the lowest quarter of income distribution) and those in the private rental sector (32% of households in 2016).[1]

30/40 Calibration
As a result, the 30/40 calibration classifies housing as unaffordable if a household spends more than 30% of its net income on housing costs and if that household is within the bottom 40% of income distribution.[2]

Corrigan et al.[3] suggest adoption of an amended version of the 30/40 benchmark as a guide to cost overburden. Cost comparison might be facilitated by reporting of construction costs per square metre and the reporting of housing rental costs per square metre per month.

80% of local rents
In 2010, the UK government introduced a new 'intermediate rent' tenure. Under this model, which is known as 'affordable rent', housing associations can offer tenancies at rents of up to 80% of market rent levels within the local area[4] (see below). It has been suggested this approach is ineffective in areas of high rent or property prices.[5] A shortcoming of the 30% rule is that it doesn't account for significant other expenses or life phases that might contribute extra burden.

Other Factors Affecting Affordability
Locating affordable housing where there would be a need for a private car (average monthly cost €891)[6] or high transport costs will affect families ability to save or plan for the future[7]. Childcare is another significant cost (approximately €736 / €440 per month for full/part-time care[8]. The cost of raising a child aged over 12 is €520 per month[9]).

Additionally, the average net household income at retirement is €28,249. Nominal median equivalised disposable income at retirement is €20,369.[10] High housing costs contribute to households' inability to save for retirement from available residual income. This inability and the anticipated increase in this demographic suggests there will be an increased need for state support for housing for older people in the future (refer to Policy handbook, p.37). Where there is no household wealth to supplement income, a cost rental charge of €1,200 per month would be 86% of net household income. Housing costs on retirement can theoretically be met by realising other assets or selling, moving, and releasing equity, where high housing costs exist. The alternative is that householders move to social housing support, or downsize in the same or a different social housing or cost rental development.

Community-Led Housing offers approaches that anticipate issues such as reduced income in later life, and provide by design for the occupant to remain in place affordably (MHOS, see below), possibly in pre-planned smaller accommodation, or by co-developing suitable housing with one's peers (OWCH New Ground, London).

CONTEXT 2: SOCIAL AND AFFORDABLE HOUSING SUPPORT

(See Diagram A opposite)

"The vision outlined in the Strategy is that every household will have access to secure, good quality housing suited to their needs at an affordable price in a sustainable community and that the State, for its part, will put in place financially sustainable mechanisms to meet current and future demand for social housing supports, ensuring value for money for taxpayers while respecting the preferences of individual households to the greatest extent possible."[11]

Social Housing Strategy 2020,
Department of Housing, Local Government & Heritage

In 2019, there were 68,693 households on the waiting list for social housing support, of which 53% were in the private rental sector and 30% in receipt of rent supplement. For basic demographic data of applicants, Table 1 gives a breakdown of household size in 2019 as a percentage.[12] A breakdown of main need categories in 2019 is given in Table 2 and a breakdown of the age profile of households in 2019 is given in Table 3.[13]
(See Tables 1, 2 and 3 on the next page.)

In 2014, around 42% of social housing accommodation was provided through the private rental sector, being either local authority leased or through Rent Supplement. 47% was local-authority-owned stock and around 11% was provided by AHBs.[14] In the same year, *"over one half of all rents received by private landlords coming from RS, RAS or other schemes at an annual cost to the Exchequer of over €500m."*[15]

Maximum net income limits range from €35,000 for a single person to €42,000 for a 3-adult and 4-child family in location Band 1. In Band 3, the lowest location band, these limits reduce to €25,000 and €30,000 respectively.[16]

Cost Rental[17]

According to the *Social Housing Strategy 2020*: [18]

"The basic idea of cost rental is that a housing provider raises the finance to provide accommodation and charges rents that are sufficient to cover both capital costs and on-going maintenance and management. The alternative, profit-rental, is where a landlord charges the maximum obtainable rent. These market rents tend to rise with the increasing value of property. In normal circumstances cost-based rents will increase slower than market rents in the same way that an individual's mortgage payments will generally increase at a slower rate than market rents.

Cost rental is common in many European countries and has a profound and stabilising impact on the housing system in a country. It often involves pooling the historic costs of individual dwellings across a large housing stock, using the low costs of older properties to subsidise modest rents in more expensive recent properties and underpin investment in new provision.

There are a number of reasons why exploration of ways to develop a growing cost rental segment is particularly relevant in Ireland now:

- *Existing State housing supports to tenants in the private rental sector expose the Exchequer to uncertain-and, in current conditions-increasing market rents;*
- *The increasing role of the AHBs in the overall system of housing provision and their need for sustainable models of both capital funding and on-going income;*
- *The importance of creating more mixed income, socially integrated, developments in housing provided by AHBs, public bodies and private investors;*
- *As a means of helping the transition towards a model of social housing provision which is increasingly based on off-balance sheet debt finance; and*
- *The changing tenure mix in which a greater share of households seek to create their homes in rented accommodation."*

Serviced Sites Fund (SSF)

The Serviced Sites Fund, is intended to support local authorities to provide facilitating infrastructure on public land to support the delivery of affordable homes to purchase or rent.

Shared Equity Purchase

As of the Housing Budget 2021, €75m has been allocated for a Shared Equity Purchase Scheme for first-time buyers.[19] Details of the Scheme are outlined in the Affordable Housing Bill 2020, and allow for refundable state equity in homes bought at market price. The Bill is discussed on p.18, above.[20]

Help To Buy

The Help to Buy (HTB) incentive is a scheme for first-time property buyers to buy or build a new house or apartment as owner-occupiers. The incentive gives a refund of Income Tax and Deposit Interest Retention Tax (DIRT) paid in Ireland over the previous four years. The maximum payment is €20,000 per property (increased to €30,000 for enhanced relief). It is intended to subsidise the deposit required to obtain a loan, where the loan-value ratio is 70%.

DIAGRAM A:
Role of Social Housing in the Irish Landscape
(source Corrigan and Watson, ESRI Working Paper No.594, June 2018)

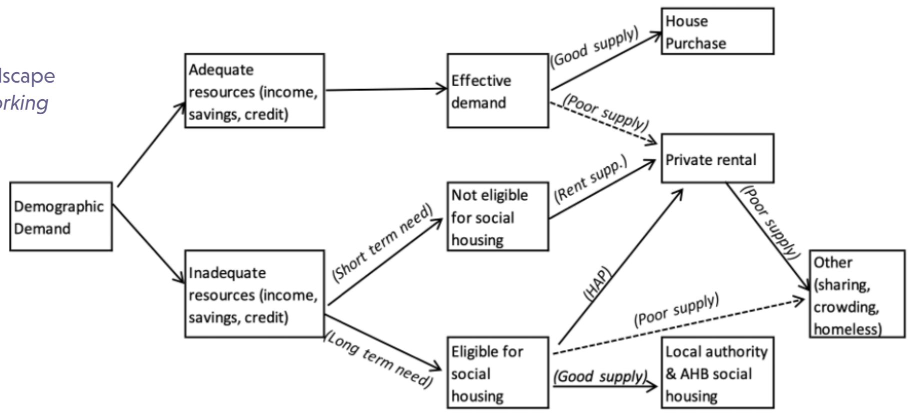


TABLE 1:
Breakdown of household size in 2019 as a percentage
(Source, Tables 1, 2 and 3: The Housing Agency, Summary of Social Housing Assessments 2019)

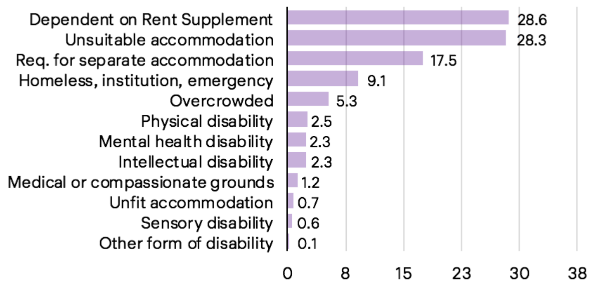


TABLE 2:
Breakdown of main need categories

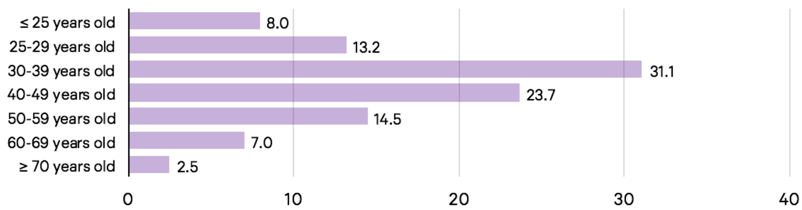
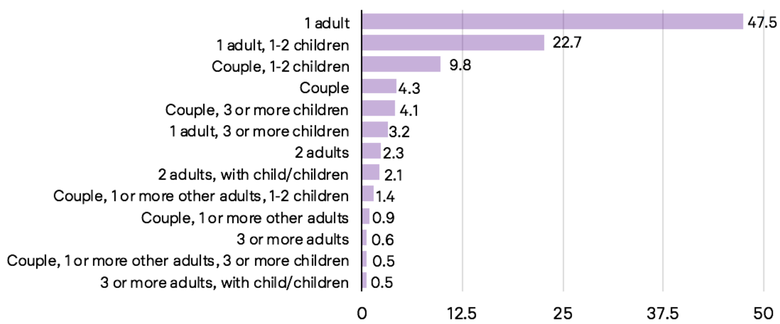


TABLE 3:
Breakdown of the age profile of households in 2019



Appendix C

EXAMPLE 1 COMMUNITY-LED HOUSING COSTS COMPARED TO SCSI REAL COSTS FOR DEVELOPER-LED HOUSING

Assumptions:

1. Each household is reduced in area by 14m² to provide shared facilities (20 households would yield shared spaces of 20 x 14 =280m² shared space costs for 14m² are carried by individual households (household size=100m² + shared space 14m²)
2. Project aims to be carbon neutral, gas boiler swapped for air-to-water heat exchanger
3. Community-Led Housing group purchase site with own equity/direct loans

ELEMENT	SCSI	CLH WITH LAND LEASE	EXPLANATION	SAVING FOR CLH	ADDITIONAL COSTS FOR CLH
A. HOUSE BUILDING COST					
Substructure	13.041	13.041			
Superstructure	56.047	56.047			
Completion	21.173	21.173			
Finishes	13.700	13.700			
Fitttings	6.227	6.227			
Services	28.647	28.646			
SUB-TOTAL A	138.835	138.835		0	0
B. SITEWORKS WITHIN SITE CURTILAGE					
SUB-TOTAL B	12.241	12.241		0	0
C. SITE DEVELOPMENT					
SUB-TOTAL C	27.826	27.826		0	0
OVERALL CONSTRUCTION COST	178.902	178.902		0	0
SOFT COSTS					
Profesional Fees	5.650	18.704	Profesional Fees @8.5% €18704-€5650 = €13054		13.054
SUB-TOTAL	5.650	18.704		0	13.054
LEVIES	8.800				
Development Levies	851	8.800			
ESB	851	851			
Gas	333	0	No Gas Connection	333	
Water	4.000	4.000			0
SUB-TOTAL	13.984	13.651		333	0
LAND & ACQUISITION COSTS					
Land Cost	53.000	53.000	No Land Cost		
Stamp Duty	933	933	No Land Cost		
Legal and other Fees	1.590	1.590			
Part V impact per house	5.300	0	No Part V	5.300	
SUB-TOTAL	60.823	55.523		5.300	0
SALES, MARKETING AND LEGAL FEES					
Show House and sales measures on site	700	0	No Show House	700	
Marketing	1.500	0	No Marketing	1.500	
Sales Agent Fees	3.100	0	No Sale Agent	3.100	
Sales Legal Fees	3.100	3.100			
SUB-TOTAL	8.400	3.100		5.300	0
FINANCE COST					
Finance Cost on Land Purchase	10.017	0	No Land Cost	10.017	
Finance Cost on Construction	1.869	1.869			
Finance Cost on post build (sale and closing)	4.830	0	No Sale Cost	4.830	
SUB-TOTAL	16.716	11.886		14.847	0
MARGIN	42.671	0	No Margin	42.671	0
PRE-VAT COST		281.766			
VAT	44.165	36.630		8.898	1.697
TOTAL HOUSE COST	371.311	318.396	TOTAL SAVINGS / ADDITIONAL COSTS:	77.349	14.751

NET SAVINGS		62.598	% of SCSI Total House Cost (€371,311) = 16.9%

EXAMPLE 2: COMMUNITY-LED HOUSING WITH LAND-LEASE COMPARED TO SCSI REAL COSTS FOR DEVELOPER-LED HOUSING

Assumptions:

1. Each household is reduced in area by $14m^2$ to provide shared facilities (20 households would yield shared spaces of 20 x 14 = $280m^2$ shared space
2. Costs for $14m^2$ are carried by individual households (household size = $100m^2$ + shared space $14m^2$). Project aims to be carbon neutral, gas boiler swapped for air-to-water heat exchanger
3. CLH group lease site from local authority/ Community Land Trust

ELEMENT	SCSI	CLH WITH LAND LEASE	EXPLANATION	SAVING FOR CLH	ADDITIONAL COSTS FOR CLH
A. HOUSE BUILDING COST					
Substructure	13.041	13.041			
Superstructure	56.047	56.047			
Completion	21.173	21.173			
Finishes	13.700	13.700			
Fitttings	6.227	6.227			
Services	28.647	28.647			
SUB-TOTAL A	138.835	138.835		0	0
B. SITEWORKS WITHIN SITE CURTILAGE					
SUB-TOTAL B	12.241	12.241		0	0
C. SITE DEVELOPMENT					
SUB-TOTAL C	27.826	27.826		0	0
OVERALL CONSTRUCTION COST	178.902	178.902		0	0
SOFT COSTS					
Profesional Fees	5.650	18.704	Profesional Fees @8.5% €18704-€5650 = €13054	0	13.054
SUB-TOTAL	5.650	18.704		0	13.054
LEVIES					
Development Levies	8.800	8.800			
ESB	851	851			
Gas	333	0	No Gas Connection	333	
Water	4.000	4.000			
SUB-TOTAL	13.984	13.651		333	0
LAND & ACQUISITION COSTS					
Land Cost	53.000	0	No Land Cost	53.000	
Stamp Duty	933	0	No Land Cost	933	
Legal and other Fees	1.590	1.590			
Part V impact per house	5.300	0	No Part V	5.300	
SUB-TOTAL	60.823	1.590		54.463	0
SALES, MARKETING AND LEGAL FEES					
Show House and sales measures on site	700	0	No Show House	700	
Marketing	1.500	0	No Marketing	1.500	
Sales Agent Fees	3.100	0	No Sale Agent	3.100	
Sales Legal Fees	3.100	3.100			
SUB-TOTAL	8.400	3.100		5.300	0
FINANCE COST					
Finance Cost on Land Purchase	10.017	0	No Land Cost	10.017	
Finance Cost on Construction	1.869	1.869			
Finance Cost on post build (sale and closing)	4.830	0	No Sale Cost	4.830	
SUB-TOTAL	16.716	11.886		14.847	0
MARGIN	42.671	0	No Margin	42.671	0
PRE-VAT COST		227.833			
VAT	44.165	29.618		8.898	1.697
TOTAL HOUSE COST	371.311	257.451	TOTAL SAVINGS / ADDITIONAL COSTS:	126.512	14.751
NET SAVINGS		111.761	% of SCSI Total House Cost (€371,311) = 30%		

Appendix D

TEMPLATE SPREADSHEETS ANALYSING GROUP A POTENTIAL COSTS

GROUP A: HOUSES AND SHARED FACILITIES WITH LAND COSTS

RESIDENTIAL SCHEDULE						RESIDENTIAL COSTS (INCL VAT)						
						LAND	WORKS					
STOREY	DESCRIPTION	TYPE	NIA	CIRCULATION RELATING TO HOUSES	GIA	LAND COST	WORKS COST PER SQM	BASEWORKS COST	DEMOLITION / SITE CLEARANCE	ABNORMAL / EXTERNAL WORKS	PRELIMS	WORKS CONTING
						€-			€5,000	€50,000	5%	10%
G	HOUSE 1	OPEN	73	0	73	€44,817	€1,895	€138,335	€-	€-	€-	€-
1	HOUSE 2	OPEN	73	0	73	€44,817	€1,895	€138,335	€-	€-	€-	€-
1	HOUSE 3	OPEN	73	0	73	€44,817	€1,895	€138,335	€-	€-	€-	€-
1	HOUSE 4	OPEN	73	0	73	€44,817	€1,895	€138,335	€-	€-	€-	€-
2	HOUSE 5	OPEN	97	0	97	€60,823	€1,895	€183,815	€-	€-	€-	€-
2	HOUSE 6	OPEN	97	0	97	€60,823	€1,895	€183,815	€-	€-	€-	€-
2	HOUSE 7	OPEN	97	0	97	€60,823	€1,895	€183,815	€-	€-	€-	€-
3	HOUSE 8	OPEN	97	0	97	€60,823	€1,895	€183,815	€-	€-	€-	€-
3	HOUSE 9	OPEN	97	0	97	€60,823	€1,895	€183,815	€-	€-	€-	€-
3	HOUSE 10	OPEN	97	0	97	€60,823	€1,895	€183,815	€-	€-	€-	€-
4	HOUSE 11	OPEN	97	0	97	€60,823	€1,895	€183,815	€-	€-	€-	€-
4	HOUSE 12	OPEN	97	0	97	€60,823	€1,895	€183,815	€-	€-	€-	€-
G	SHARED LIVING SPACE	SHARED	180	0	0	€-	€-	€-	€-	€-	€-	€-
G	PARKING	SHARED	150			€-		€-	€-	€-	€-	€-
G	BIKE	SHARED	20			€-		€-	€-	€-	€-	€-
G	REFUSE	SHARED	20			€-		€-	€-	€-	€-	€-
G	GARDEN	SHARED	1200			€-		€-	€-	€-	€-	€-
G	OTHER	SHARED	50			€-		€-	€-	€-	€-	€-
						€-		€-	€-	€-	€-	€-
TOTAL RESIDENTIAL COSTS			**2688**	**0**	**1068**	**€665,852**		**€2,023,860**	**€-**	**€-**	**€-**	**€-**

RESIDENTIAL SCHEDULE (FROM ABOVE)				TENURE	UNITS FOR SALE						RENTED UNITS
STOREY	DESCRIPTION	TYPE	FULL OPEN MARKET VALUE	TENURE (RENT OR SALE)	SALES PRICE % OF OMV	SALES AT X% OF MARKET VALUE	COST VALUE RATIO AT DISCOUNTED SALE PRICE	SURPLUS/ DEFICIT	INTEREST ON DEFICIT	GROUND RENT PA/DEFERRED LAND PAYMENT PA	RENT PER WEEK EXCLUDING SERVICE CHARGE
							VIABILITY	VIABILITY	VIABILITY		
-1	-1	-1	€245,280	RENT	80%	€-	€ 0	€-	€-	€1,200	€187
1	-1	-1	€245,280	RENT	80%	€-	€ 0	€-	€-	€1,200	€187
1	-1	-1	€245,280	RENT	80%	€-	€ 0	€-	€-	€1,200	€187
1	-1	-1	€245,280	RENT	80%	€-	€ 0	€-	€-	€1,200	€187
2	-1	-1	€325,920	RENT	80%	€-	€ 0	€-	€-	€1,200	€253
2	-1	-1	€325,920	RENT	80%	€-	€ 0	€-	€-	€1,200	€253
2	-1	-1	€325,920	RENT	80%	€-	€ 0	€-	€-	€1,200	€253
3	-1	-1	€325,920	RENT	80%	€-	€ 0	€-	€-	€1,200	€253
3	-1	-1	€325,920	RENT	80%	€-	€ 0	€-	€-	€1,200	€253
3	-1	-1	€325,920	RENT	80%	€-	€ 0	€-	€-	€1,200	€253
4	-1	-1	€325,920	RENT	80%	€-	€ 0	€-	€-	€1,200	€253
4	-1	-1	€325,920	RENT	80%	€-	€ 0	€-	€-	€1,200	€253
-1	-1	-1		RENT		€-	€ 0	€-	€-	€-	€-
-1	-1	-1		RENT		€-	€ 0	€-	€-		€-
-1	-1	-1		RENT		€-	€ 0	€-	€-		€-
-1	-1	-1		RENT		€-			€-		€-
-1	-1	-1		RENT		€-			€-		€-
-1	-1	-1		RENT		€-			€-		€-
0	0	0				€-	€ 0	€-	€-	€1,200	€-
-1			€3,588,480	€-		€ 0	-1	€ 0	€ 0	€-	€2,772

UNIT NUMBERS		COST ANALYSIS		DEVELOPMENT PERIOD		FINANCIAL PERFORMANCE	
RENTED UNITS	18	RESI WORKS COST PER M²	€-	CAPITAL INCOME	€706,834	NPV	
SALE UNITS	0	TOTAL COST PER M²	€1,314.80	CAPITAL COSTS	€3,534,170	INTEREST COVER ACHIEVED	
TOTAL UNITS	18	TOTAL COST PER UNIT	€196,342.80	INCOME - COSTS	-€ 2,827,336	POSITIVE BANK BALANCE	

			FEES								TOTAL
GENCY	WORKS VAT	TOTAL WORKS COST	SURVEYS	PLANNING FEES	LA CONTRIBUTION	PROFESSIONAL FEES	CLIENTS OVERHEADS	LOAN ARRANGEMENT FEES	OTHER / CONTINGENCY	DEVELOPMENT INTEREST ESTIMATE	TOTAL COSTS
	13%		€5,000	€65	€92.10/M²	€194,392	€45,739	€25,000	€-	6.00%	
	€17,984	€156,319	€-	65	€10,304	€13,287	€3,126	€1,709	€-	€11,089	**€240,715**
	€17,984	€156,319	€-	65	€10,304	€13,287	€3,126	€1,709	€-	€11,089	**€240,715**
	€17,984	€156,319	€-	65	€10,304	€13,287	€3,126	€1,709	€-	€11,089	**€240,715**
	€17,984	€156,319	€-	65	€10,304	€13,287	€3,126	€1,709	€-	€11,089	**€240,715**
	€23,896	€207,711	€-	65	€13,984	€17,655	€4,154	€2,271	€-	€14,750	**€321,414**
	€23,896	€207,711	€-	65	€13,984	€17,655	€4,154	€2,271	€-	€14,750	**€321,414**
	€23,896	€207,711	€-	65	€13,984	€17,655	€4,154	€2,271	€-	€14,750	**€321,414**
	€23,896	€207,711	€-	65	€13,984	€17,655	€4,154	€2,271	€-	€14,750	**€321,414**
	€23,896	€207,711	€-	65	€13,984	€17,655	€4,154	€2,271	€-	€14,750	**€321,414**
	€23,896	€207,711	€-	65	€13,984	€17,655	€4,154	€2,271	€-	€14,750	**€321,414**
	€23,896	€207,711	€-	65	€13,984	€17,655	€4,154	€2,271	€-	€14,750	**€321,414**
	€23,896	€207,711	€-	65	€13,984	€17,655	€4,154	€2,271	€-	€14,750	**€321,414**
		€-	€-	€-	€-	€-	€-	€-	€-	€-	**€-**
		€-	€-	€-	€-	€-	€-	€-	€-	€-	**€-**
		€-	€-	€-	€-	€-	€-	€-	€-	€-	**€-**
		€-	€-	€-	€-	€-	€-	€-	€-	€-	**€-**
		€-	€-	€-	€-	€-	€-	€-	€-	€-	**€-**
		€-	€-	€-	€-	€-	€-	€-	€-	€-	**€-**
		€-	€-	€-	€-	€-	€-	€-	€-	€-	**€-**
	€263,102	**€2,286,962**	**€-**	**€780**	**€153,088**	**€194,392**	**€45,739**	**€25,000**	**€-**	**€162,358**	**€3,534,170**

CAPITAL RECEIPTS

OPERATIONAL COSTS PA INCLUDING MAJOR REPAIRS	NET RENT PER YEAR TO COVER DEBT (NOI)	INTEREST ON BORROWING IN YEAR 1 (LONG TERM)	INTEREST COVER (%)	EARLY VIABILITY GRANT	OWN EQUITY 10% OF TOTAL COSTS	DONATIONS	OTHER RECEIPTS / GRANTS	LOAN-STOCK	SALES RECEIPTS	TOTAL RECEIPTS	BORROWING (NEGATIVE IS A SURPLUS)
25.00%	52.2	3.00%	VIABILITY	€-							
€2,440.35	€7,321.05	€5,777	127%	€-	€48,143				€-	€48,143	€192,572
€2,440.35	€7,321.05	€5,777	127%	€-	€48,143				€-	€48,143	€192,572
€2,440.35	€7,321.05	€5,777	127%	€-	€48,143				€-	€48,143	€192,572
€2,440.35	€7,321.05	€5,777	127%	€-	€48,143				€-	€48,143	€192,572
€3,301.65	€9,904.95	€7,714	128%	€-	€64,283				€-	€64,283	€257,131
€3,301.65	€9,904.95	€7,714	128%	€-	€64,283				€-	€64,283	€257,131
€3,301.65	€9,904.95	€7,714	128%	€-	€64,283				€-	€64,283	€257,131
€3,301.65	€9,904.95	€7,714	128%	€-	€64,283				€-	€64,283	€257,131
€3,301.65	€9,904.95	€7,714	128%	€-	€64,283				€-	€64,283	€257,131
€3,301.65	€9,904.95	€7,714	128%	€-	€64,283				€-	€64,283	€257,131
€3,301.65	€9,904.95	€7,714	128%	€-	€64,283				€-	€64,283	€257,131
€3,301.65	€9,904.95	€7,714	128%	€-	€64,283				€-	€64,283	€257,131
€-	€-	€-	-1	€-					€-	€-	€-
€-	€-	€-	-1	€-					€-	€-	€-
€-	€-	€-	-1	€-					€-	€-	€-
€-	€-	€-	-1	€-					€-	€-	
€-	€-	€-	-1	€-					€-	€-	
€-	€-	€-	-1	€-					€-	€-	
€-	€-	€-	-1	€-					€-	€-	€-
€36,175	€108,524	€84,820	-1	€-	€706,834	€-	€-	€-	€-	€706,834	€2,827,336

GROUP A: HOUSES/SHARED FACILITIES WITH NO LAND COSTS

UNIT NUMBERS		COST ANALYSIS		DEVELOPMENT PERIOD		FINANCIAL PERFORMANCE	
RENTED UNITS	18	RESI WORKS COST PER M²	€-	CAPITAL INCOME	€2,870,784	NPV	
SALE UNITS	0	TOTAL COST PER M²	€1,066.78	CAPITAL COSTS	€2,867,492	INTEREST COVER ACHIEVED	
TOTAL UNITS	18	TOTAL COST PER UNIT	€159,305.09	INCOME - COSTS	€ 3,292	POSITIVE BANK BALANCE	

RESIDENTIAL SCHEDULE / RESIDENTIAL COSTS (INCL VAT)

						LAND	WORKS					
STOREY	DESCRIPTION	TYPE	NIA	CIRCULATION RELATING TO HOUSES	GIA	LAND COST	WORKS COST PER SQM	BASEWORKS COST	DEMOLITION / SITE CLEARANCE	ABNORMAL / EXTERNAL WORKS	PRELIMS	WORKS CONTINGENCY
						€-			€5,000	€50,000	5%	10%
						€-			€5,000.00	€50,000.00	5%	10%
G	HOUSE 1	OPEN	73	0.0	73.0	€-	€1,895.00	€138,335.00	€-	€-	€-	€-
1	HOUSE 2	OPEN	73	0.0	73.0	€-	€1,895.00	€138,335.00	€-	€-	€-	€-
1	HOUSE 3	OPEN	73	0.0	73.0	€-	€1,895.00	€138,335.00	€-	€-	€-	€-
1	HOUSE 4	OPEN	73	0.0	73.0	€-	€1,895.00	€138,335.00	€-	€-	€-	€-
2	HOUSE 5	OPEN	97	0.0	97.0	€-	€1,895.00	€183,815.00	€-	€-	€-	€-
2	HOUSE 6	OPEN	97	0.0	97.0	€-	€1,895.00	€183,815.00	€-	€-	€-	€-
2	HOUSE 7	OPEN	97	0.0	97.0	€-	€1,895.00	€183,815.00	€-	€-	€-	€-
3	HOUSE 8	OPEN	97	0.0	97.0	€-	€1,895.00	€183,815.00	€-	€-	€-	€-
3	HOUSE 9	OPEN	97	0.0	97.0	€-	€1,895.00	€183,815.00	€-	€-	€-	€-
3	HOUSE 10	OPEN	97	0.0	97.0	€-	€1,895.00	€183,815.00	€-	€-	€-	€-
4	HOUSE 11	OPEN	97	0.0	97.0	€-	€1,895.00	€183,815.00	€-	€-	€-	€-
4	HOUSE 12	OPEN	97	0.0	97.0	€-	€1,895.00	€183,815.00	€-	€-	€-	€-
G	SHARED LIVING SPACE	SHARED	180									
G	PARKING	SHARED	150									
G	BIKE	SHARED	20									
G	REFUSE	SHARED	20									
G	GARDEN	SHARED	1200									
G	OTHER	SHARED	50									
TOTAL RESIDENTIAL COSTS			**2688**	**0.0**	**1068.0**	**€-**		**€2,023,860.00**	**€-**	**€-**	**€-**	**€-**

RESIDENTIAL SCHEDULE (FROM ABOVE) / TENURE / UNITS FOR SALE / RENTED UNITS

STOREY	DESCRIPTION	TYPE	FULL OPEN MARKET VALUE	TENURE (RENT OR SALE)	SALES PRICE 80% OF OMV	SALES AT 80% OF MARKET VALUE	COST VALUE RATIO AT DISCOUNTED SALE PRICE	SURPLUS/ DEFICIT	INTEREST ON DEFICIT	GROUND RENT PA/DEFERRED LAND PAYMENT PA	RENT PER WEEK EXCLUDING SERVICE CHARGE
							VIABILITY	VIABILITY	VIABILITY		
-1	-1	-1	€245,280	SALE	80%	€196,224.00	1	€394.51	€-	€1,200.00	€187
1	-1	-1	€245,280	SALE	80%	€196,224.00	1	€394.51	€-	€1,200.00	€187
1	-1	-1	€245,280	SALE	80%	€196,224.00	1	€394.51	€-	€1,200.00	€187
1	-1	-1	€245,280	SALE	80%	€196,224.00	1	€394.51	€-	€1,200.00	€187
2	-1	-1	€325,920	SALE	80%	€260,736.00	1	€214.29	€-	€1,200.00	€253
2	-1	-1	€325,920	SALE	80%	€260,736.00	1	€214.29	€-	€1,200.00	€253
2	-1	-1	€325,920	SALE	80%	€260,736.00	1	€214.29	€-	€1,200.00	€253
3	-1	-1	€325,920	SALE	80%	€260,736.00	1	€214.29	€-	€1,200.00	€253
3	-1	-1	€325,920	SALE	80%	€260,736.00	1	€214.29	€-	€1,200.00	€253
3	-1	-1	€325,920	SALE	80%	€260,736.00	1	€214.29	€-	€1,200.00	€253
4	-1	-1	€325,920	SALE	80%	€260,736.00	1	€214.29	€-	€1,200.00	€253
4	-1	-1	€325,920	SALE	80%	€260,736.00	1	€214.29	€-	€1,200.00	€253
-1	-1	-1		SALE							
-1	-1	-1		SALE							
-1	-1	-1		SALE							
-1	-1	-1		SALE							
-1	-1	-1		SALE							
-1	-1	-1		SALE							
0	0	0									
-1			€3,588,480	€-		€ 2,870,784	1	€ 3,292	€ 0	€14,400.00	€2,772

		FEES								TOTAL
WORKS VAT	TOTAL WORKS COST	SURVEYS	PLANNING FEES	LA CONTRIBUTION	PROFESSIONAL FEES 8.5%	CLIENTS OVERHEADS	LOAN ARRANGEMENT FEES	OTHER / CONTINGENCY	DEVELOPMENT INTEREST ESTIMATE	TOTAL COSTS
13%		€5,000	€65	€92.10/M²	€194,392	€45,739	€25,000	€-	6.00%	
13%		€5,000	€65	AS SCSI	€194,392	€45,739	€25,000	€-	6.00%	
€17,984	€156,319	€-	0	€10,304	€13,287	€3,126	€1,709	€-	€11,085	**€195,829**
€17,984	€156,319	€-	0	€10,304	€13,287	€3,126	€1,709	€-	€11,085	**€195,829**
€17,984	€156,319	€-	0	€10,304	€13,287	€3,126	€1,709	€-	€11,085	**€195,829**
€17,984	€156,319	€-	0	€10,304	€13,287	€3,126	€1,709	€-	€11,085	**€195,829**
€23,896	€207,711	€-	0	€13,984	€17,655	€4,154	€2,271	€-	€14,747	**€260,522**
€23,896	€207,711	€-	0	€13,984	€17,655	€4,154	€2,271	€-	€14,747	**€260,522**
€23,896	€207,711	€-	0	€13,984	€17,655	€4,154	€2,271	€-	€14,747	**€260,522**
€23,896	€207,711	€-	0	€13,984	€17,655	€4,154	€2,271	€-	€14,747	**€260,522**
€23,896	€207,711	€-	0	€13,984	€17,655	€4,154	€2,271	€-	€14,747	**€260,522**
€23,896	€207,711	€-	0	€13,984	€17,655	€4,154	€2,271	€-	€14,747	**€260,522**
€23,896	€207,711	€-	0	€13,984	€17,655	€4,154	€2,271	€-	€14,747	**€260,522**
€23,896	€207,711	€-	0	€13,984	€17,655	€4,154	€2,271	€-	€14,747	**€260,522**
€263,102	**€2,286,962**	**€-**	**€-**	**€153,088**	**€194,392**	**€45,739**	**€25,000**	**€-**	**€162,311**	**€2,867,492**

CAPITAL RECEIPTS

OPERATIONAL COSTS PA INCLUDING MAJOR REPAIRS	NET RENT PER YEAR TO COVER DEBT (NOI)	INTEREST ON BORROWING IN YEAR 1 (LONG TERM)	INTEREST COVER (%)	EARLY VIABILITY GRANT	OWN EQUITY	DONATIONS	OTHER RECEIPTS / GRANTS	LOAN-STOCK	SALES RECEIPTS	TOTAL RECEIPTS	BORROWING (NEGATIVE IS A SURPLUS)
15.00%	52.2	3.00%	VIABILITY	€-							
€-	€-	€-	-1	€-	€-		€-		€196,224	€196,224	-€395
€-	€-	€-	-1	€-	€-		€-		€196,224	€196,224	-€395
€-	€-	€-	-1	€-	€-		€-		€196,224	€196,224	-€395
€-	€-	€-	-1	€-	€-		€-		€196,224	€196,224	-€395
€-	€-	€-	-1	€-	€-		€-		€260,736	€260,736	-€214
€-	€-	€-	-1	€-	€-		€-		€260,736	€260,736	-€214
€-	€-	€-	-1	€-	€-		€-		€260,736	€260,736	-€214
€-	€-	€-	-1	€-	€-		€-		€260,736	€260,736	-€214
€-	€-	€-	-1	€-	€-		€-		€260,736	€260,736	-€214
€-	€-	€-	-1	€-	€-		€-		€260,736	€260,736	-€214
€-	€-	€-	-1	€-	€-		€-		€260,736	€260,736	-€214
€-	€-	€-	-1	€-	€-		€-		€260,736	€260,736	-€214
€-	€-	€-	-1	€-	€-	€-	€-	€-	€2,870,784	€2,870,784	-€3,292

APARTMENT PROJECT - WITH NO LAND COSTS

UNIT NUMBERS		COST ANALYSIS		DEVELOPMENT PERIOD		FINANCIAL PERFORMANCE	
RENTED UNITS	19	RESI WORKS COST PER M²	€-	CAPITAL INCOME	€568,455	NPV	
SALE UNITS	0	TOTAL COST PER M²	€2,969.99	CAPITAL COSTS	€5,684,555	INTEREST COVER ACHIEVED	
TOTAL UNITS	19	TOTAL COST PER UNIT	€299,187.10	INCOME - COSTS	-€ 5,116,099	POSITIVE BANK BALANCE	

RESIDENTIAL SCHEDULE						RESIDENTIAL COSTS (INCL VAT)					
						LAND	WORKS				
STOREY	DESCRIPTION	TYPE	NIA	CIRCULATION RELATING TO HOUSES	GIA	LAND COST	WORKS COST PER SQM	BASEWORKS COST	DEMOLITION / SITE CLEARANCE	ABNORMAL / EXTERNAL WORKS	PRELIMS
						€-			€5,000	€50,000	5%
1	APARTMENT 1	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
1	APARTMENT 2	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
1	APARTMENT 3	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
2	APARTMENT 4	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
2	APARTMENT 5	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
2	APARTMENT 6	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
3	APARTMENT 7	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
3	APARTMENT 8	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
3	APARTMENT 9	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
4	APARTMENT 10	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
4	APARTMENT 11	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
4	APARTMENT 12	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
5	APARTMENT 13	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
5	APARTMENT 14	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
5	APARTMENT 15	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
6	APARTMENT 16	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
6	APARTMENT 17	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
6	APARTMENT 18	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
7	APARTMENT 19	OPEN	91	10	101	€-	€2,295	€208,845	€-	€-	€-
7	GUEST APARTMENT	1 B	45	10	55						
-0.5 G	SHARED SPACE	SHARED	130	10	10						
-0.5 G	BIKE 40	SHARED	0	0	0						
-0.5 G	REFUSE 20	SHARED	0	0	0						
G	GARDEN 1200M²	SHARED	0	0	0						
7	ROOF GARDEN 40+KITCHEN	SHARED	10	2	2						
TOTAL RESIDENTIAL COSTS			**1914**	**212**	**1986**	**€-**		**€3,968,055**	**€-**	**€-**	**€-**

RESIDENTIAL SCHEDULE (FROM ABOVE)				TENURE	UNITS FOR SALE						RENTED UNITS
STOREY	DESCRIPTION	TYPE	FULL OPEN MARKET VALUE	TENURE (RENT OR SALE)	SALES PRICE % OF OMV	SALES AT X% OF MARKET VALUE	COST VALUE RATIO AT DISCOUNTED SALE PRICE	SURPLUS/ DEFICIT	INTEREST ON DEFICIT	GROUND RENT PA/ DEFERRED LAND PAYMENT PA	RENT PER WEEK EXCLUDING SERVICE CHARGE
							VIABILITY	VIABILITY	VIABILITY		
1	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
1	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
1	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
2	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
2	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
2	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
3	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
3	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
3	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
4	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
4	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
4	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
5	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
5	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
5	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
6	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
6	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
6	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
7	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200	€254
-1			€6,673,940	€-		€ 0	-1	€ 0	€ 0	€-	€4,826

			FEES								TOTAL
WORKS CONTINGENCY	WORKS VAT	TOTAL WORKS COST	SURVEYS	PLANNING FEES	LA CONTRIBUTION	PROFESSIONAL FEES	CLIENTS OVERHEADS	LOAN ARRANGE-MENT FEES	OTHER / CON-TINGENCY	DEVELOPMENT INTEREST ESTIMATE	TOTAL COSTS
3%	13%		€5,000	- €	SCSI	€392,566	€92,368	€25,000	€-	6.00%	
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€6,265	€27,964	€243,075	€-	€ 0	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€299,187**
€119,042	**€531,323**	**€4,618,419**	**€-**	**€-**	**€304,000**	**€323,000**	**€92,368**	**€25,000**	**€-**	**€321,767**	**€5,684,555**

CAPITAL RECEIPTS

OPERATIONAL COSTS PA INCLUDING MAJOR REPAIRS	NET RENT PER YEAR TO COVER DEBT (NOI)	INTEREST ON BORROWING IN YEAR 1 (LONG TERM)	INTEREST COVER (%)	EARLY VIABILITY GRANT	OWN EQUITY 10% OF TOTAL COSTS	DONATIONS	OTHER RECEIPTS / GRANTS	LOAN-STOCK	SALES RECEIPTS	TOTAL RECEIPTS	BORROWING (NEGATIVE IS A SURPLUS)
25.00%	52.2	3.00%	VIABILITY	€-							
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€3,314	€9,944	€8,078	123%	€-	€29,919				€-	€29,919	€269,268
€62,979	€188,938	€153,483	-1	€-	€568,455	€-	€-	€-	€-	€568,455	€5,116,099

APARTMENT PROJECT - WITH LAND COSTS

UNIT NUMBERS		COST ANALYSIS		DEVELOPMENT PERIOD		FINANCIAL PERFORMANCE	
RENTED UNITS	19	RESI WORKS COST PER M²	€-	CAPITAL INCOME	€644,455.59	NPV	
SALE UNITS	0	TOTAL COST PER M²	€3,367.06	CAPITAL COSTS	€6,444,554.85	INTEREST COVER ACHIEVED	
TOTAL UNITS	19	TOTAL COST PER UNIT	€339,187.10	INCOME - COSTS	-€ 5,800,099	POSITIVE BANK BALANCE	

RESIDENTIAL SCHEDULE / RESIDENTIAL COSTS (INCL VAT)

						LAND	WORKS					
STOREY	DESCRIPTION	TYPE	NIA	CIRCULATION RELATING TO APARTMENTS	GIA	LAND COST	WORKS COST PER SQM PER HH	BASEWORKS COST	DEMOLITION / SITE CLEARANCE	ABNORMAL / EX-TERNAL WORKS	PRELIMS	WORKS CONTINGENCY
						€-			€5,000.00	€50,000.00	5%	3%
1	APARTMENT 1	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
1	APARTMENT 2	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
1	APARTMENT 3	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
2	APARTMENT 4	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
2	APARTMENT 5	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
2	APARTMENT 6	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
3	APARTMENT 7	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
3	APARTMENT 8	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
3	APARTMENT 9	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
4	APARTMENT 10	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
4	APARTMENT 11	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
4	APARTMENT 12	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
5	APARTMENT 13	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
5	APARTMENT 14	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
5	APARTMENT 15	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
6	APARTMENT 16	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
6	APARTMENT 17	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
6	APARTMENT 18	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
7	APARTMENT 19	OPEN	91	10.0	101.0	€40,000.00	€2,295.00	€208,845.00	€-	€-	€-	€6,265
7	GUEST APARTMENT	1 B	45	10.0	55.0							
-0.5 G	SHARED SPACE	SHARED	130	10.0	10.0							
-0.5 G	BIKE 40	SHARED	0	0.0	0.0							
-0.5 G	REFUSE 20	SHARED	0	0.0	0.0							
G	GARDEN 1200M2	SHARED	0	0.0	0.0							
7	ROOF GARDEN 40+KITCHEN	SHARED	10	2.0	2.0							
TOTAL RESIDENTIAL COSTS			**1914**	**212.0**	**1986.0**	**€760,000.00**		**€3,968,055.00**	**€-**	**€-**	€-	€119,042

RESIDENTIAL SCHEDULE (FROM ABOVE) / TENURE / UNITS FOR SALE / RENTED UNITS

RESIDENTIAL SCHEDULE (FROM ABOVE)				TENURE	UNITS FOR SALE						RENTED UNITS
STOREY	DESCRIPTION	TYPE	FULL OPEN MARKET VALUE	TENURE (RENT OR SALE)	SALES PRICE % OF OMV	SALES AT X% OF MARKET VALUE	COST VALUE RATIO AT DISCOUNTED SALE PRICE	SURPLUS/ DEFICIT	INTEREST ON DEFICIT	GROUND RENT PA/ DEFERRED LAND PAYMENT PA	RENT PER WEEK EXCLUDING SERVICE CHARGE
							VIABILITY	VIABILITY	VIABILITY		
1	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
1	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
1	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
2	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
2	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
2	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
3	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
3	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
3	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
4	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
4	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
4	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
5	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
5	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
5	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
6	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
6	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
6	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
7	-1	-1	€351,260	RENT	80%	€-	0	€-	€-	€1,200.00	€254
-1			€6,673,940	€-		€ 0	-1	€ 0	€ 0	€-	€4,826

		FEES								TOTAL
WORKS VAT	TOTAL WORKS COST	SURVEYS	PLANNING FEES	LA CONTRIBUTION	PROFESSIONAL FEES	CLIENTS OVERHEADS	LOAN ARRANGEMENT FEES	OTHER / CONTINGENCY	DEVELOPMENT INTEREST ESTIMATE	TOTAL COSTS
13%		€5,000	- €	SCSI	€392,566	€92,368	€25,000	€-	6.00%	
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€27,964	€243,075	€-	€ 0.00	€16,000	€17,000	€4,861	€1,316	€-	€16,935	**€339,187**
€531,323	**€4,618,419**	**€-**	**€-**	**€304,000**	**€323,000**	**€92,368**	**€25,000**	**€-**	**€321,767**	**€6,444,555**

				CAPITAL RECEIPTS							
OPERATIONAL COSTS PA INCLUDING MAJOR REPAIRS	NET RENT PER YEAR TO COVER DEBT (NOI)	INTEREST ON BORROWING IN YEAR 1 (LONG TERM)	INTEREST COVER (%)	EARLY VIABILITY GRANT	OWN EQUITY 10% OF TOTAL COSTS	DONATIONS	OTHER RECEIPTS / GRANTS	LOAN-STOCK	SALES RECEIPTS	TOTAL RECEIPTS	BORROWING (NEGATIVE IS A SURPLUS)
25.00%	52.2	2.00%	VIABILITY	€-							
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€3,314.70	€9,944.10	€6,105	163%	€-	€33,919				€-	€33,919	€305,268
€62,979	€188,938	€116,002	-1	€-	€644,455	€-	€-	€-	€-	€644,455	€5,800,099

Endnotes

GLOSSARY

1 C. Bristow, *Foundations for Community Led Housing*, Future of London, 2019, p.6

2 For the rationale underpinning this description, please see the accompanying **Overview** handbook, p.56

3 C. Bristow, *Foundations for Community Led Housing*, Future of London, 2019, p.6

OVERVIEW

1 E. Sibley, *The Irish mortgage market - 2018 and beyond*. Remarks by Mr Ed Sibley, Deputy Governor (Prudential Regulation) of the Central Bank of Ireland, to the Institute of Banking Breakfast briefing "The Irish Mortgage Market - past, present and future", Dublin, 6 June 2018.

2 https://www.cso.ie/en/releasesandpublications/er/ndc/newdwellingcompletionsq42019/

3 https://www.irishtimes.com/business/economy/dublin-rents-to-rise-17-by-2021-due-to-lack-of-supply-report-finds-1.3853074

4 Savills, Ireland Investment Report 2020, p.6

5 Savills, op cit. p.6, reporting on figures from Daft.ie.

6 https://immobilien.hypovereinsbank.de/immobilie-finanzieren/ (2020.12.10)

7 Sibley, E., op cit. p.3

8 https://immobilien.hypovereinsbank.de/immobilie-finanzieren/

9 Sibley, E., op cit. p.4

10 Sibley, E., op cit. p.5

11 cf.Manuel Gabarre de Sus at https://www.uia-initiative.eu/en/events/housing-fair-finance-cities-engaging-right-housing-web-conference-3

12 Assessment of the 2019 Stability Programme for Ireland (Note prepared by DG ECFIN staff) https://ec.europa.eu/info/sites/info/files/economy-finance/07_ie_sp_assessment_0_0.pdf

METHODOLOGY

1 https://scsi.ie/scsi-real-cost-of-new-housing-delivery-report-2020/

2 E. Corrigan, D. Foley, K. McQuinn, C. O'Toole, & R. Slaymaker, *Exploring Affordability in the Irish Housing Market*, The Economic and Social Review, Economic and Social Studies, vol.50(1), , 2019, pp.119-157, p.124

3 €44,998 (2019). https://data.cso.ie/table/SIA19

4 A scheme of 12 houses, 4x73m^2, 8x97m^2 + 13m^2 and 17m^2 shared community space respectively per house. Modelling also includes shared outdoor spaces.

5 The construction cost modelled for apartments was **€2295/m^2** including shared spaces

6 97m^2 private space+17m^2 shared internal space=114m^2, which is the area costed by the SCSI *Real Cost Of New Housing Delivery Report 2020*. Refer also to spreadsheets in the Appendix.

Table 1 | Macroprudential Regulations for Mortgage Lending

LTV limits	For primary dwelling homes:	FTBs: 90%	5% of new lending to FTBs allowed above 90% limit
		SSBs: 80%	20% of SSB new lending allowed above 80% limit
	For buy-to-let borrowers (BTLs):	70% LTV limit	10% of new lending allowed above 70% limit
LTI limits	For primary dwelling homes:	3.5 times income	For FTBs: 20% of new lending to FTBs allowed above 3.5 limit For SSBs: 10% of new lending to SSBs allowed above 3.5 limit
Exemptions	From LTV Limit: Borrowers in negative equity	From LTI Limit: BTL borrowers	From both limits: Switcher mortgages Restructuring of mortgages in arrears

7 SCSI figure. https://scsi.ie/scsi-real-cost-of-new-housing-delivery-report-2020/

8 €51,217 (2019) median gross income per household. https://data.cso.ie/table/SIA23

9 3.5 x €51,217=€179,260

10 Development costs are c.€2.9m.

11 €286,832

12 Commercial real estate loans are usually up to 20 years duration. Interest is Euribor rate +4%.

13 €68,823 per 97m² house (SCSI costs)

14 Central Bank of Ireland Regulations allow for 20% of new lending to FTBs/10% for STBs for a higher than 3.5 LTI. https://www.centralbank.ie/consumer-hub/explainers/what-are-the-mortgage-measures

15 Assuming a gross household income of €51,217. A 30 year fixed loan, with monthly payments of c. €990

16 Assumed at €60,823 per house. https://scsi.ie/scsi-real-cost-of-new-housing-delivery-report-2020/

17 10% equity is €32,142, 20% equity is €64,284 leaving a loan sum of €289,272 and €257,130 respectively (LTI = 6 and 5 respectively).

18 With a repayment of €1213/month

19 https://immobilien.hypovereinsbank.de/immobilie-finanzieren/

20 Total land cost €760,000

21 A 'junior' loan is one issued with a lower priority for repayment than other, more senior debt claims in the case of default. https://www.investopedia.com/terms/j/junior-debt.asp

FINANCING WITH AND WITHOUT STATE SUPPORT

1 http://rebuildingirelandhomeloan.ie2 Guidelines issued by the Minister for Housing, Planning, Community and Local Government under section 28 of the Planning and Development Act 2000, p.4

3 https://www.oecd-ilibrary.org/docserver/9789264268500-13-en.pdf?expires=1607897909&id=id&accname=guest&checksum=DE7876E23ED77B9C43D11F2F847A6C9F

4 https://www.ntma.ie/uploads/general/Irish-Sovereign-Green-Bond-Framework.pdf
cf. also https://www.irishexaminer.com/business/economy/arid-40066019.html on investor interest in green bonds in Ireland.

5 https://www.kfw.de/inlandsfoerderung/Privatpersonen/Neubau/Finanzierungsangebote/Wohneigentumsprogramm-Genossenschaftsanteile-(134)/

6 https://www.kfw.de/inlandsfoerderung/Privatpersonen/Neubau/Finanzierungsangebote/Energieeffizient-Bauen-(153)/

7 See also https://www.i4ce.org/wp-core/wp-content/uploads/2015/10/14-09_kfw_case_study.pdf for a case study analysis of the operation of the KfW from 2013.

CASE STUDY: SPREEFELD

1 https://righttobuildtoolkit.org.uk/case-studies/spreefeld-genossenschaft-berlin/#

2 SOA Interview with two Spreefeld residents, 28th January 2020

3 (NOTE: The site was a somewhat difficult proposition as it had no street address, and so could not be built on without agreement from the neighbours to allow the street to go through. This made it less attractive for speculative investors, and so reduced competition on the bidding price. Berlin land values in this neighbourhood have since increased tenfold in the last decade.)

CASE STUDY: LA BORDA

1 http://www.laborda.coop/en/project/

2 http://www.laborda.coop/en/project/grant-of-use/

3 https://www.coop57.coop

4 Essentially the equivalent of a loan-stock offer

5 http://www.laborda.coop/en/project/funding-structure/

6 https://world-habitat.org/world-habitat-awards/winners-and-finalists/la-borda/#award-content

7 Carles Baiges Camprubí, CoHousing Here presentation, Dublin, June 2019

CASE STUDY: CAF VENTURESOME

1 See also T. Archer, S. Green, Fisher, *Helping Communities Build–A review of the Community Land Trust Funds and lessons for future support*, January 2019

2 We are very grateful to Anne-Helene Sinha, Investment Manager at CAF Venturesome for agreeing to an interview on CAF Venturesome and the CLH Fund. See also https://www.cafonline.org/docs/default-source/charity-finance-and-fundraising/clh-fund-flyer-0820.pdf?sfvrsn=44477347_8

AFFORDABILITY AND COMMUNITY-LED HOUSING

1 cf. O. Rosenfeld, '*Analysis of interpretations of the term affordable housing in the EU Urban Agenda Partnership for Housing*', a briefing note prepared for DG REGIO and the EU Urban Agenda Partnership for Housing, European Commission, DG REGIO, Brussels, 2017

2 https://www.coe.int/en/web/commissioner/-/the-right-to-affordable-housing-europe-s-neglected-duty

3 https://www.svp.ie/getattachment/0ea8ad1b-4f18-4b4b-ba58-d3d298b2296e/Cost-Rental-What-is-it-and-what-does-it-mean-for.aspx

4 D. Caturianas et al., *Policies to Ensure Access to Affordable Housing*, Publication for the committee on Employment and Social Affairs, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg, 2020. p.9

5 ibid.

6 E. Corrigan, D. Foley, K. McQuinn, C. O'Toole, & R. Slaymaker, *Exploring Affordability in the Irish Housing Market* The Economic and Social Review, Economic and Social Studies, vol. 50(1), 2019, pp.119-157, p.124

7 https://www.cso.ie/en/releasesandpublications/ep/p-rppi/residentialpropertypriceindexseptember2020/additionalindicators/

8 https://www.scsi.ie/documents/get_lob?id=1551&field=file

9 https://data.cso.ie/table/SIA19 and see also https://statbank.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=SIA23&PLanguage=0 Equivalised disposable income is the total income of a household, after tax and other deductions that is available for spending or saving, divided by the number of household members converted into equivalised adults.

10 http://www.housingagency.ie/sites/default/files/Affordability%20-%20Cost%20Rental%20Model%20-%20Daragh%20McCarthy%20and%20Jim%20Baneham%2C%20Housing%20Agency.pdf

11 SHICC, *CLT Financing - Understanding the Diversity of Models in Europe*, 2019 https://www.nweurope.eu/media/9985/200401_financial-cs_vf-3docx-1.pdf

12 J.E. Davis, L. Algoed, M.E. Hernández-Torrales (Ed.), *On Common Ground: International perspectives on the Community Land Trust*, Terra Nostra Press, 2020, pp.383-4

13 https://www.hamburg.de/contentblob/13894842/8f3b529e265b0f91e0726750e8c25064/data/d-immobilienmarktbericht-2020.pdf

14 Analysis of SCSI supply cost of new homes less developer's margins, marketing and other costs to which CLH is not subject. See SCSI Analysis p.52

15 https://www.scsi.ie/documents/get_lob?id=1551&field=file

16 https://www.scsi.ie/documents/get_lob?id=1551&field=file

APPENDIX B:

1 Corrigan et al. Op Cit., p. 150. See also Summary pp.152-153

2 Corrigan et al. Op Cit., p. 145ff

3 ibid.

4 See also W. Wilson, C. Barton, *What is affordable housing?*, House of Commons Library Briefing Paper Number 07747, 2019, p.6 https://commonslibrary.parliament.uk/research-briefings/cbp-7747/

Ministry of Housing, Communities and Local Government, National Planning Policy Framework 2019, Annex 2:

"Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

a. Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
b. Starter homes: is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.
c. Discounted market sales housing:is that sold at a discount of at least 20%below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
d. Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement." https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/810197/NPPF_Feb_2019_revised.pdf

5 https://www.theguardian.com/housing-network/2014/feb/03/affordable-housing-meaning-rent-social-housing

6 https://www.theaa.ie/aa/motoring-advice/cost-of-motoring.aspx

7 See also the Vincentian Minimum Essential Standard of Living (MESL)., B. MacMahon, R .Thornton, & R. McEvoy, *MESL 2019 Update Report*. https://www.budgeting.ie/download/pdf/mesl_2019_update_report.pdf. And Corrigan et al. Op Cit., p. 149ff

8 https://www.thejournal.ie/cost-of-childcare-ireland-4826855-Sep2019/ Weekly costs given were multiplied by 48 and divided by 12 to arrive at an approximate average monthly cost.

9 B. MacMahon, R. Thornton, & R. McEvoy, *MESL 2019 Update Report*, p.15 https://www.budgeting.ie/download/pdf/mesl_2019_update_report.pdf

10 https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2019/income/

11 *Social Housing Strategy 2020*, Department of Housing, Local Government and Heritage 2014, p.iii

https://www.housing.gov.ie/sites/default/files/publications/files/social_strategy_document_20141126.pdf

12 *Summary of Social Housing Assessments*, Housing Agency, 2019

https://www.housing.gov.ie/sites/default/files/publications/files/sha_summary_2019_dec_2019_web_1.pdf "Households currently living in local authority rented accommodation, voluntary/ co-operative accommodation, accommodation provided under the Housing Assistance Payment (HAP) scheme, accommodation provided under the Rental Accommodation Scheme (RAS), accommodation provided under the Social Housing Capital Expenditure Programme (SHCEP) schemes or any household on a transfer list are not included in the total number." (p.5)

13 *Summary of Social Housing Assessments*, Housing Agency, 2019, p.20, p.21, p.17 respectively

https://www.housing.gov.ie/sites/default/files/publications/files/sha_summary_2019_dec_2019_web_1.pdf

14 *Social Housing Strategy 2020*, Department of Housing, Local Government and Heritage, 2014, p.10

https://www.housing.gov.ie/sites/default/files/publications/files/social_strategy_document_20141126.pdf

15 ibid., p.47

16 https://www.housing.gov.ie/sites/default/files/migrated-files/en/Publications/DevelopmentandHousing/Housing/table_with_2016_income_limits.pdf

"For Dublin City Council residents, rent is calculated as 15% of the principal earner's weekly income which exceeds €32 if it's a single person and €64 if it's a couple.

After the principal earner is taken into account, it's another 15% of the income of each subsidiary earner on top of that. Assessable income includes payment for employment or self-employment, any social welfare payments, training allowances and income from pensions.

Shift allowances, travel allowances, bonuses, commission and overtime are all included.

Child benefit, fuel allowance, scholarships and charity assistance are not included so rent cannot be based on those.

Last year, there were 24,000 Dublin City Council tenants paying more than €78 million in rent. On average, tenants paid €272 per month. Tenants of Wexford County Council are charged €30 on income up to €171 and an extra €0.24 for every additional €1 after that. In Co Cork, tenants are charged €15 a week on earnings up to €140 and then 20% of all additional assessable income on top of that, plus a further 3% of that total calculated rent. So, for example, two adults on social welfare payments with two dependent children would pay €238 rent per month in Cork county" https://www.thejournal.ie/social-housing-rents-4399149-Dec2018/

17 cf. http://www.housingagency.ie/sites/default/files/Affordability%20-%20Cost%20Rental%20Model%20-%20Daragh%20McCarthy%20and%20Jim%20Baneham%2C%20Housing%20Agency.pdf

18 *Social Housing Strategy 2020*, Department of Housing, Local Government and Heritage, 2014

https://www.housing.gov.ie/sites/default/files/publications/files/social_strategy_document_20141126.pdf p.48.

19 http://www.housingagency.ie/news-events/infographic-housing-budget-2021

20 See also https://data.oireachtas.ie/ie/oireachtas/libraryResearch/2020/2020-06-04_spotlight-shared-equity-homeownership_en.pdf

Marmalade Lane Cohousing, Cambridge
Photograph © David Butler

Self Organised
Architecture

SOA Research CLG
The Fumbally Exchange
Argus House, Blackpitts
Dublin 8
e: hello@soa.ie
w: soa.ie