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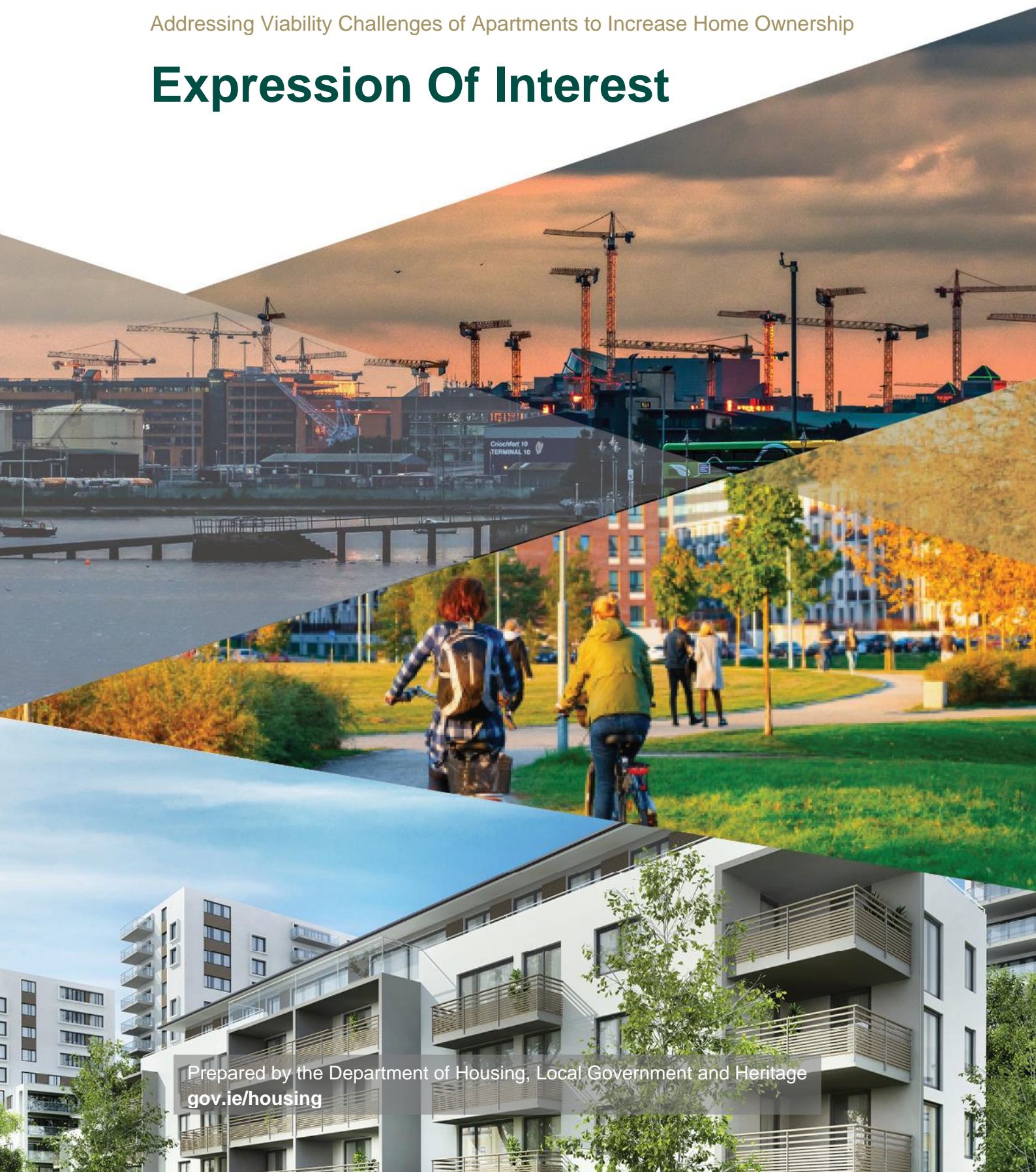


An Ghníomhaireacht
Tithíochta
The Housing Agency

Croí Cónaithe (Cities) Scheme

Addressing Viability Challenges of Apartments to Increase Home Ownership

Expression Of Interest



Prepared by the Department of Housing, Local Government and Heritage
gov.ie/housing



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Croí Cónaithe (Cities) Scheme

1. Introduction

As launched in September 2021, *Housing for All* provides four new pathways to a sustainable housing system, by clearly setting out how we plan to address the short, medium and long-term challenges ahead. The overall aim of our new housing plan for Ireland is that everyone in the State should have access to a home to purchase or rent at an affordable price, built to a high standard and in the right place, offering a good quality of life.

To achieve the national strategic outcome of more compact growth and vibrant liveable cities, we must offer a greater range of options for both owner occupiers and renters in cities, at all income levels. A key focus of *Housing for All* is to ensure that those who wish to purchase a home, have sufficient location choice. This is particularly the case for the core areas of our cities, towns and villages.

The complementary objectives of tackling climate change and delivering more compact growth require action to ensure that we see developments at scale in our cities, particularly close to public transport nodes and existing infrastructure. There is therefore a strong public policy imperative to encourage the development of housing in our cities. In addition, there is a strong demand for urban living, with people wanting to live close to work and urban amenities. However, in many cases, the cost of constructing new apartments is higher than the price achieved in the sales market. This is constraining the building of apartments for Eligible Purchasers as set out under the Scheme and as defined in section 6 below.

2. Objectives of Croí Cónaithe (Cities) Scheme

To overcome current viability challenges in the apartment sector and given the high level of un-activated planning permissions particularly for apartments in our urban areas, a Croí Cónaithe (Cities) Scheme is being established which, through an open competitive bid process, will support a proportion of the cost in eligible developments to ensure that they can be built at lower cost, for sale specifically to an Eligible Purchaser.

This measure is based on activating the planning permissions already in place for such homes up to 2026. The Department of Housing, Local Government and Heritage estimates that there are circa 70,000 - 80,000 housing units nationally with planning permission that have not commenced construction. Approximately 48,000 of these are located within the 4 Dublin Local Authorities.

The Croí Cónaithe (Cities) Schemes as outlined in *Housing for All*, is intended to be aligned with the objectives of the National Planning Framework and ensure that additional choices are made



available to home buyers in our urban areas. They will do this by expanding home ownership options, where the choice is currently limited:

The Croí Cónaithe (Cities) Scheme is intended to promote home ownership in apartment development. In larger apartment developments, proposers may wish to consider combining Croí Cónaithe (Cities) for some blocks along with other tenures for other blocks, some of which may be able to benefit from State supported funding interventions (e.g. Cost Rental with AHBs, Project Tosaigh with the LDA)¹.

Part V of the Planning and Development Act 2000 (as amended) requirements apply to all permitted housing developments subject to this scheme.

The Croí Cónaithe (Cities) Scheme will be managed by the Housing Agency on behalf of the Department of Housing Local Government and Heritage, (DHLGH) and will be operated on an open book accounting basis, to ensure that financial support provided feeds through in reduced costs to home-buyers. It is also envisaged that the range of measures in *Housing for All* to support greater construction productivity and reducing the cost of land, through changes to planning legislation, will encourage a more sustainable market for such housing in the longer term.

3. Key Criteria - Croí Cónaithe (Cities)

The Croí Cónaithe (Cities) Scheme has set out the following key over-arching criteria:

1. **Location and Density:** Developments at or above four storeys with a net density threshold of 35 dwellings per hectare or higher, located in the five National Planning Framework cities. These are; Dublin, Cork, Limerick, Galway, and Waterford;
2. **Planning and Unit Size:** Croí Cónaithe (Cities) will apply to proposals of a minimum of 40 units and upwards (as individual developments or a phase(s) of a wider development). Full grant of planning approval **must** be in place at the time of submission. Apartment blocks **must not** have commenced construction at the time of submission or prior to entering into a Designation and Development Agreement with the Housing Agency². For clarity, un-commenced apartment blocks in multi-phased developments (where phases are under construction or partially completed) will be eligible.
3. **Viability Gap Support:** Croí Cónaithe (Cities) is designed to fund a viability gap between the delivery cost of eligible apartments and the open market sale price of the apartment to Eligible Purchasers.

¹ Cost Rental delivered by AHBs and Project Tosaigh, delivered by the LDA each have their own criteria and parameters. A development that may be suitable for Croí Cónaithe (Cities) may not be suitable for AHB or LDA cost rental delivery.

² Refer to Section 7.



The viability gap per apartment, within each proposal will be determined and reviewed at the time of submission, at pre-contract stage and at the point of sale.

An overall maximum level of support of €120,000 per unit³ applies (inclusive of VAT). Any apartment for which a viability gap is not proven will not be eligible for Croí Cónaithe (Cities) funding.

4. **Timescale Criteria:** dwellings must be commenced on site by **31st May 2024** or a later date agreed between the parties⁴ and delivered as new homes by the end of 2026;
5. **Proven Track Record:** Proposers should be able to demonstrate that the proposing entity itself or a parent company has a proven track record in delivery of residential developments. They must also outline a clear programme management timeline/approach alongside the appropriate resource support during the build phase and to completion /hand over of the homes;
6. **Project Financing:** It will be sufficient at Stage One and Two (see Section 5) that proposers outline their intended funding solution at the time of submission;
7. **Sales:** must be to Eligible Purchasers as defined in Section 6.

4. Operations and Management Croí Cónaithe (Cities)

The Scheme will be managed by the Housing Agency on behalf of the Department of Housing, Local Government and Heritage (DHLGH) and open book accounting will be required to ensure that the financial support provided feeds through in reduced costs to the homebuyers and the leveraging of homes for purchase which would not otherwise be provided.

A selection and appraisal process will be undertaken by the Housing Agency and the Department of Housing, Local Government and Heritage (DHLGH) based on the selection and ranking criteria set out in Section 9.1 and 9.2.

³ This maximum subsidy can be exceeded, by no more than 20% i.e. up to 120% of the ceiling, where a calculated viability gap exceeds €120,000 (inclusive of VAT) in the four regional cities. These are Cork, Limerick, Galway and Waterford.

⁴ The Housing Agency and the relevant development proposer.



5. Croí Cónaithe (Cities) Process

The Croí Cónaithe (Cities) approval process will consist of three pre-contract stages:

- **Stage One:** Expression of Interest (EOI)
- **Stage Two:** Evaluation of suitable proposals
- **Stage Three:** A detailed due diligence process leading to eligibility

The Croí Cónaithe (Cities) Scheme Expression of Interest (EOI) Application Form can be accessed through the eTenders platform: <http://eTenders.gov.ie/>. Please note that the eTenders web platform is being used for its functionality only and it is acknowledged that this EOI process is not a public tender.

5.1 Additional Scheme Requirements

Proposers should take note that that a request for Expressions of Interest does not constitute an offer or commitment to enter into a Croí Cónaithe (Cities) Designation and Development Agreement and the Housing Agency and the DHLGH reserves the right not to enter into any Agreement in respect of proposals received pursuant to the Expression of Interest (EOI) Stage. The Designation and Development Payment Agreement referred to as the “Agreement”.

Proposers shall bear all costs associated with the preparation, submission and clarification of their submission. The Housing Agency will not be responsible and/or liable for any costs, expenses or losses which may be incurred by a Proposer in the preparation, submission or clarification of its submission, regardless of the conduct or outcome of the process.

No contractual rights will exist unless and until a formal written agreement has been executed by the Housing Agency with a Proposer. The DHLGH is not responsible for any costs incurred by Proposers in preparing a response to this document.

Following the completion of Stage Three and to the satisfaction of the DHLGH, the successful Proposer will be required to accept the terms and conditions of the agreement and the proposal will be incorporated by reference into the Agreement between the Housing Agency and the successful Proposer.

5.2 Expression of Interest - Stage One and Two

Without the prejudice to the generality of Section 5.1, the purpose of Croí Cónaithe (Cities) Scheme is to:

- Invite Expressions of Interest from the development sector;
- Eliminate any unsuitable proposals that do not meet the selection criteria.



The purpose of Stage Two is to:

- Evaluate suitable proposals based on the ranking criteria.

Note: No proposal will be awarded Croí Cónaithe (Cities) funding or contracts arising from Stage One and/or Stage Two processes.

The Croí Cónaithe (Cities) fund has been assessed as being compatible with Article 107(3)(c) of the Treaty on the Functioning of the European Union (TFEU) (State Aid Approval).

Subject to Ministerial approval, proposals which are assessed as suitable after Stage One will be ranked in accordance with the criteria set out in Section 9.2. Proposals received for each of the five cities (Dublin, Cork, Galway, Limerick and Waterford) will be ranked separately within each city. This will result in five separately ranked lists of suitable proposals⁵.

Available Croí Cónaithe (Cities) funding will be provisionally allocated to the highest ranked proposals in each city with each city being treated equally. The highest ranked proposal in each city will be provisionally awarded funding first, followed by the second ranked proposal and so on until all available funding has been provisionally allocated.

Proposers of every ranked proposal which is provisionally awarded Croí Cónaithe (Cities) funding will be formally notified by the Housing Agency (Notification of Provisional Funding).

Awarding of Croí Cónaithe (Cities) funding to any proposal will be strictly conditional on successful completion of Stage Three due diligence including open book assessment of delivery costs. The Housing Agency will commence due diligence on the basis of ranking within each city, with each city being treated equally.

It is anticipated that the time taken to complete Stage Three assessment will vary from proposal to proposal due to a range of factors (such as readiness of proposals to undergo open book assessment, interdependency of proposals to progress of other phases within developments, legal or funding uncertainty associated with a proposal etc.).

The Housing Agency will enter into contracts (a Designation and Development Agreement) with proposers whose proposals have been provisionally awarded funding once Stage Three due diligence has been successfully completed.

Any allocation of Croí Cónaithe (Cities) funding is subject to Ministerial approval. Proposals which take longer to complete in Stage Three due diligence will retain their provisional funding status for a maximum period of 12 months from the date of notification by the Housing Agency to allow them time to complete Stage Three.

⁵ Subject to receiving suitable proposals in all five cities.



When proposals with provisional Croí Cónaithe (Cities) funding fail to successfully complete Stage Three due diligence or are withdrawn by their proposers, the Housing Agency will contact the next highest ranked proposer in the relevant city subject to sufficient Croí Cónaithe (Cities) funding being available for the proposal. The next highest ranked proposer will be invited to submit their proposal for Stage Three due diligence.

5.3 Stage Three – Due Diligence including Open Book Assessment

Proposals and Proposers assessed as suitable at Stage One and Two (“Suitable Proposals” and “Suitable Proposers” respectively) will be subject to a detailed due diligence assessment.

This assessment will include, *inter alia*, the following:

- 1) Legal status of the proposer entity;
- 2) Relationship of the proposer entity to the site;
- 3) Title to the site;
- 4) Review of planning conditions;
- 5) Relationship of any third parties to the site;
- 6) Tax status of the proposer entity;
- 7) Funding status of the proposed development including; confirmation letters from the financiers;
- 8) Anti-Money Laundering and Terrorist Financing Compliance
- 9) Open book delivery cost assessment (refer to Section 10.5)
- 10) Whether work has commenced on the proposed apartments

All Suitable Proposers are required to complete a due diligence assessment of the open market value of new apartments for sale to Eligible Purchasers in the local market area of the proposal. The proposer will be required to submit independent valuations from suitably qualified valuation surveyors (Please see Section 8 for further details). The Housing Agency will review submitted valuations and seek independent advice from qualified valuation surveyors as required.

On completion of the due diligence and open book assessment to the satisfaction of the DHLGH, the Housing Agency will enter into a Croí Cónaithe (Cities) Designation and Development Agreement with the Successful Proposer for the delivery and sale of the proposed apartments to Eligible Purchasers.

For the avoidance of doubt, the Minister, the DHLGH or the Housing Agency is not obliged to enter into a contract with any entity. In such circumstances that a decision is made to enter into a contract, the Housing Agency must firstly be satisfied that the Proposal is consistent with the overall objectives of the scheme.



6. Stakeholders

Department of Housing, Local Government and Heritage

The scheme is governed by the Department of Housing, Local Government and Heritage (DHLGH).

The Housing Agency

The Housing Agency manages and administers the scheme on behalf of the DHLGH. The Housing Agency will accept Stage One submissions, determine if the submissions meet the selection criteria and eliminate unsuitable proposals which fail to meet the selection criteria. Schemes will be ranked based on ranking criteria set out in Section 9.2 of this document.

Suitable Proposers will be contacted within a pre-determined timeframe in order of ranking, by the Housing Agency in writing for the purpose of completing Stage Three above. The Housing Agency and its advisors will carry out detailed due diligence on proposals, including an open book assessment.

Under the terms of the proposed Designation and Development Agreement, the Housing Agency will undertake to provide Croí Cónaithe (Cities) funding to Successful Proposers once the unit is sold to an Eligible Purchaser as defined below.

Proposers

Proposers must have an interest in the proposed apartments for which planning has been obtained. A Suitable Proposer can be either the successful applicant listed in the planning submission or a parent company of the successful applicant. Proposers should be able to demonstrate that the proposing entity itself or a parent company has a proven track record in delivery of residential developments. They must also outline a clear programme management timeline/approach alongside the appropriate resource support during the build phase and to conclusion/hand over of the homes.

Eligible Purchaser

Eligible Purchaser means a person or persons who solely or jointly purchase one of the Designated Units under the Croí Cónaithe (Cities) Scheme with the expressed intention of occupying the Unit as their normal place of residence.

Any purchaser either solely or jointly, will only be eligible to purchase one apartment designated under the Croí Cónaithe (Cities) scheme.



7. Croí Cónaithe (Cities) Designation and Development Agreement

It is a requirement of the Agreement that apartments subject to the agreement will be constructed in accordance with all statutory requirements, within the timescales set out in the Agreement and that completed apartments will be sold to Eligible Purchasers. It will be a condition precedent of the Agreement that the apartments, which are the subject of the Agreement, will not have commenced on site prior to the proposer and the Agency entering into the Agreement.

Designation of the apartments which are the subject of the agreement will require that the proposer:

- a) Promote the designated apartments with Government of Ireland logo and The Housing Agency logo on any site signage;
- b) Promote the designated apartments as Croí Cónaithe (Cities) designated apartments and the First Home Scheme and the Help to Buy Scheme on their website;
- c) Clearly state that Croí Cónaithe (Cities) funding is being used to subsidise the price of the apartments. The First Home Scheme and Help to Buy Scheme should also be included in any sales material, brochures, sales agent websites etc.

The Housing Agency will list all designated Croí Cónaithe (Cities) developments on its website subject to Section 5.1. Subject to the provisions of Section 5.1, the payment of the Croí Cónaithe (Cities) subsidy will be made to the Successful Proposer who will be responsible for selecting suitable qualifying Eligible Purchasers.

Proposers will be required to provide evidence that the sale of apartments subject to Croí Cónaithe (Cities) funding are to Eligible Purchasers as described in Section 6.

This evidence will be in the form of signed Declaration form and Clawback Agreement (refer to Appendix **Croí Cónaithe (Cities) Contract Agreements (Sample)**) which is to be provided by each purchaser to the Housing Agency which will confirm that they are an Eligible Purchaser under the Scheme.

8. Stage One and Two - Additional Submission Requirements

Proposers are required to register a supplier account on eTenders to access the EOI documents. EOI documents must be submitted through eTenders once complete. Each city will be allocated a 'Lot' on eTenders, and proposers should ensure that they are submitting their EOI documents to the correct 'Lot'. Proposers who wish to propose more than one development must submit separate EOI documents for each development.

The nine-part 'EOI Application Form' and accompanying 'EOI Excel Document' requires proposers to submit a range of information and detail about the development that they are proposing for funding. Additionally, proposers will be asked to upload certain planning documents to eTenders.



Proposers will also be required to submit a valuation report as part of their submission. The valuation report must be prepared by a qualified valuer and must be prepared on the basis of:

- The Royal Institution of Chartered Surveyors (RICS) (Red Book) OR:
- The International Valuation Standards Committee/TeGoVa (Blue Book).

The valuation must set out the current open market value of the proposed apartments (setting out each type, 1 bedroom, 2 bedroom, floor area in square metres etc.,) that the valuer estimates the apartments would achieve if sold to Eligible Purchaser, if the apartments were completed and ready for sale as of the 22nd September 2023.

9. Eligibility Conditions for Croí Cónaithe (Cities) Scheme

9.1 Selection Criteria

The selection criteria below must all be satisfied for a proposal to be eligible for the Croí Cónaithe (Cities) Scheme. **Section 7** of the EOI Application Form requires proposers to demonstrate how they meet the below criteria.



Ref	Criterion	Threshold	Rationale
1	Viability Gap	Any submission must establish a viability gap within its scheme, otherwise the proposal will be deemed ineligible.	The Croí Cónaithe (Cites) Scheme has been established to only deliver financial support to a proposed development where viability issues occur for un-commenced planning permissions.
2	Location	Location must be confined to within the CSO settlement boundaries of the 5 cities. These are: Dublin, Cork, Limerick, Galway and Waterford.	Ensure alignment with the National Planning Framework priorities for compact urban growth (NSO1) and specifically National Policy Objective 3b which targets housing growth in the five cities and suburbs of Dublin, Cork, Limerick, Galway and Waterford, within their existing built-up footprints as defined by CSO settlement boundaries.
3	Residential Density	Developments must be a minimum of four stories with a net density threshold of 35 dwellings per hectare or higher.	Focus intervention on higher density developments in appropriate urban areas
4	Minimum number of apartments	A submission must include a minimum of 40 apartments.	To promote a reasonable scale of delivery.
5	Planning Permission	Full grant of planning approval must be in place at the time of submission. Apartment blocks must not have commenced construction at the time of submission or prior to entering into a Designation and Development Agreement with the Housing Agency. For clarity, un-commenced apartment blocks in multi-phased developments (where phases are under construction or partially completed) will be eligible.	To activate planning permissions for residential development that have been granted but not commenced.



		phased developments (where phases are under construction or partially completed) will be eligible.	
6	Proximity to Transport Infrastructure	Developments must be located within walking distance (1,250m) of high-capacity urban public transport stops (such as DART or Luas) OR from reasonably frequent (i.e. min 20 minute peak hour frequency) urban bus services or where such services can be provided prior to the stated delivery date of the development.	Ensure alignment with the Design Standards for New Apartments Guidelines and Guidelines on Submissions at Approval Stages for Local Authorities and CAS Voluntary Body Housing Construction Projects 2017 where a distance of 1km is accepted as an acceptable walking distance”. The distance has been extended to 1.25 km to act as a buffer.
7	Sale to Eligible Purchasers only	Every apartment within the proposed development must be sold to an Eligible Purchaser in accordance with the funding Agreement.	To deliver on the Housing for All objective on incentivising owner-occupier apartment development in city centres

9.2 Ranking Criteria

Proposals which meet the required Selection Criteria will be awarded marks based on the Ranking Criteria set out below. Marks are awarded based on the information provided by the proposer in **Section 8** of the EOI Application Form.

Ref	Criterion	Measurement	Marks Available	Rationale
1	Residential Density	Dwellings in schemes with a net density of: 150 + dwellings per hectare = 15 marks 100 up to 149 dwellings per hectare = 12 marks 75 up to 99 dwellings per hectare = 9 marks	15	Focus intervention on higher density developments in alignment with compact urban growth national priorities



Ref	Criterion	Measurement	Marks Available	Rationale
		<p>50 up to 74 dwellings per hectare = 6 marks</p> <p>35 up to 49 dwellings per hectare = 3 marks</p>		
2	Delivery Timelines	<p>Subject to 5.2 and agreement in place by Q3, dwellings must have commenced by 31st May 2024 and be delivering homes in 2026 or a later timeline outlined and agreed by the Housing Authority.</p> <p>However, proposals which can deliver housing sooner than others will be awarded higher marks.</p> <p>As set out in Section 10.2, Marks will be awarded as follows:</p> <p>Delivery in 2025 = 15</p> <p>Delivery in 2026 = 10</p> <p>Delivery in 2027 = 5</p> <p>Delivery later than 2027 = 0</p>	15	To demonstrate the speed of delivery.
3	Quality & Strategic Considerations	<p>Marks will be awarded based on a judgement of the quality, scope, scale, and level of ambition and innovation of the proposal, in supporting projects that respond well to an integrated approach to context, location and design.</p> <p>Marks will also be awarded for broader/wider ranges and mix of typologies in the proposal taking account of this integrated approach whether small, medium</p>	25	Consideration will be given to the quality of the proposal in terms of its overall integration/ response to context/ location and design and the mix of typologies



Ref	Criterion	Measurement	Marks Available	Rationale
		<p>or large scale projects and/or parts of larger schemes, infill/brownfield or other scheme scenarios;</p>		
4	Delivery Cost per apartment	<p>As set out in Section 10.5, marks will also be awarded on the basis of the average dwelling cost set out in the overall proposal.</p> <p>It is acknowledged that at Stage One, Proposers may not have full knowledge of the costs likely to be incurred in the delivery.</p> <p>However, proposers are required to submit an estimate of the delivery costs based on the best available cost information they have available to them at the time of submission rounded to the nearest thousand euro. Please refer to Section 10.5.</p> <p>Proposals with an average development cost of €400,000 or less will score 25 marks.</p> <p>Proposals with an average development cost of more than €400,000 up to and including €450,000 will score 20 marks.</p> <p>Proposals with an average development cost of more than €450,000 and up to and including €500,000 will score 15 marks.</p> <p>Proposals with an average development cost of more than €500,000 and up to and including €550,000 will score 10 marks.</p>	25	Limit exchequer intervention and ensure intervention is proportionate.



Ref	Criterion	Measurement	Marks Available	Rationale
		<p>Proposals with an average development cost of more than €550,000 and up to and including €600,000 will score 5 marks.</p> <p>Proposals with an average development cost of more than €600,000 will score 0 marks.</p>		
5	Proximity to core services and amenities	<p>As set out in Section 10.1, marks will be awarded based on the proximity of the proposed development to each of the core amenities.</p> <p>(See the breakdown of maximum marks set out in Section 10.1)</p>	20	<p>Reduced travel distances between home, work and services, which will enable a greater proportion of journeys by bicycle or on foot (zero emissions)⁶</p> <p>Compliments the 15-minute neighbourhood principle.</p> <p>To ensure the exchequer funding is awarded to the most sustainable developments</p>

⁶ Climate Action Plan 2021 Securing our future.



10. Notes to the Criteria

10.1 Proximity to Core Services and Amenities

Under **Section 8** of the EOI Application Form, Proposers are required to provide information on the development's proximity to core services and amenities. Proposers should complete the 'Proximity to Amenities' tab in the EOI Excel Document that is available on eTenders. Allocation of marks are based on the distance between the development and each of the core services amenities. (Using the average distance measurements that a person can reach in 15 minutes by walking 1.25km)

Core Services and amenities	Distance in Km	Distance in Km	Distance in Km
Nutrition (5 marks) <i>(Areas to Access Fresh Food)</i>	0 - 1.25	1.26 - 3	More than 3
Shops that sells fresh food and household items	3	1.5	0
Café / Restaurant / Bar	2	1	0
Health and Care (5 marks) <i>(Health, Social Care and Community Facilities)</i>			
Primary Health Care Centre or GP <u>and</u> pharmacy	2	1	0
Childcare / crèche / including pre-school facilities	2	1	0
Community Centre/Hub	1	.5	0
Recreation and Culture (5 marks) <i>(Recreation facilities, cultural destinations, retail and hospitality destinations, green/blue spaces)</i>			
Green space / parks / playing fields / beach	2	1	0
Cinema / Theatre	1	.5	0
Gym	1	.5	0
Retail outlets	1	.5	0
Education and Employment (5 marks) <i>(Educational Facilities)</i>			
Primary School	2	1	0
Secondary School	1	.5	0
Library	1	.5	0
Employment and Training Centre/ Intreo Office	1	.5	0

Note: Proposers should use an interactive mapping product eg Google Maps to measure the distance between the relevant boundary of the proposed apartment development and the services and amenities set out above.



The distance to be measured is the relevant walking or cycling distance from the perimeter to the amenity following street patterns in the area (i.e. the distance is not a straight line radius cutting through buildings etc.)

10.2 Deliverability

Submissions must provide project information as set out in the EOI Excel document to support the proposed delivery timescales.

10.3 Proven track record

Proposers should be able to demonstrate that the proposing entity itself or a parent company has a proven track record in delivery of residential developments. The proposer must outline a clear programme management timeline/approach alongside the appropriate resource support during the build phase and to conclusion/hand over of the homes. For Stage One Expressions of Interest, it will be sufficient to refer to completed residential developments successfully undertaken by the proposing entity or a parent entity connected to the proposing entity. This information should be provided in **Section 6** of the EOI Application Form. Track record will be the subject of more specific due diligence at Stage Two.

10.4 Project Financing

It is acknowledged that at the time of submission for Stage One Expressions of Interest that proposers are likely to be at different stages of arranging funding solutions for any proposed development. It will be sufficient that proposers outline their intended funding solution at the time of submission. Proposers should also outline known funding dependencies at the time of submission also such as intended pre-sale of adjoining apartment blocks if a proposal consists of a portion of a larger scheme. Confirmation of project financing will be the subject of specific due diligence at Stage Three and will be a condition precedent for entry into a Croí Cónaithe (Cities) Agreement with the Housing Agency.

10.5 Delivery Costs

Proposals submitted for consideration under the Scheme process must include an average delivery cost per apartment rounded to the nearest €1,000. The average cost must include the full development cost that the Proposer will incur in delivering the apartments in the Proposal in full compliance with the relevant planning permission, the Building Control Act and any other legislative requirements.



The average is to be calculated by taking the total development cost of the relevant block(s), omitting any commercial or other non-residential elements included in the blocks and dividing the total by the number of apartments included in the Proposal.

Development costs are to include, inter alia, the following:

- 1) Site cost
- 2) Construction costs including site development costs
- 3) Development contributions and bonds
- 4) Utility connection costs
- 5) Professional fees
- 6) Sales costs
- 7) Legal fees
- 8) Finance costs
- 9) Developer/risk margin and contingency (based on average/market norms)
- 10) VAT

Where a Proposal consists of a portion of a larger development, the above costs, where not directly attributable to the proposed apartments, must be apportioned to the proposed apartments on an equitable basis.

Submission of average apartment delivery costs for Stage One should be provided through the EOI Excel Document. The Cost Table, which can be found in the 'Cost and Viability Gap' tab of the EOI Excel Document is set up to break down delivery costs into their main component headings and will calculate the average delivery cost per apartment when the number of apartments included in the Proposal are entered in the appropriate cell.

It is acknowledged that Proposers may be at different stages in their post planning work and may still be finalising cost information for their proposal. Proposers will not be required to provide separate evidence to confirm the costs entered into the EOI Excel Document at this Stage One or Stage Two of the process. However, the Housing Agency reserves the right to ask Proposers to clarify or confirm any information submitted in respect to Delivery Costs for Stage One and Two of the Scheme.

Subject to a Proposal being assessed as suitable under the criteria set out in the scheme, it will be eligible for Stage Two assessment where it will be ranked. Based on the order of a Proposal's ranking, Proposers will be invited to commence Stage Three detailed due diligence which will include a detailed open book assessment of delivery costs.

Proposers will be required to submit a detailed development cost breakdown in a standardised format (see also Section 10.5 on Process).



This detailed cost breakdown will be required to apportion costs to each different type of apartment included in the Proposal.

This detailed development cost breakdown, together with supporting documentation (drawings, excel files, evidence of known costs etc.), will be sent to a Quantity Surveying (QS) consultant engaged by the Housing Agency to undertake the open book assessment on its behalf. This documentation will be assessed for completeness, arithmetic consistency, supporting evidence (for known costs) and for the appropriateness of construction costs and for unknown or unfixed cost elements. The consultant QS may request additional information to assist with their assessment of delivery costs.

Subject to a satisfactory outcome of detailed due diligence, including the open book assessment, the Proposer will be invited to submit their final delivery costs for the proposed apartments based on the intended delivery timeline. Subject to agreement of the final delivery costs⁷ these costs will be used, along with the anticipated open market values (see Section 10.6) to establish the anticipated Croí Cónaithe (Cities) subsidy for each of the apartments in the development.

To prevent any possible overcompensation of a Proposer by the Housing Agency, the Designation and Development Agreement will include a mechanism to measure any reduction in delivery costs that may occur at completion of the proposed apartments.

10.6 Viability Gap Subsidy

Funding available per unit

This will be fixed when the level of subsidy is finally confirmed but is subject to a per unit subsidy ceiling of €120,000 (inclusive of VAT). This maximum subsidy in the four regional cities is €144,000 (inclusive of VAT). These are Cork, Limerick, Galway and Waterford.

10.6.1 Gap Calculation

For the purpose of Croí Cónaithe (Cities), a viability gap exists when the total delivery cost (see Section 10.5) of an apartment exceeds the price that the same apartment can achieve when it is sold at an open market price to an Eligible Purchaser.

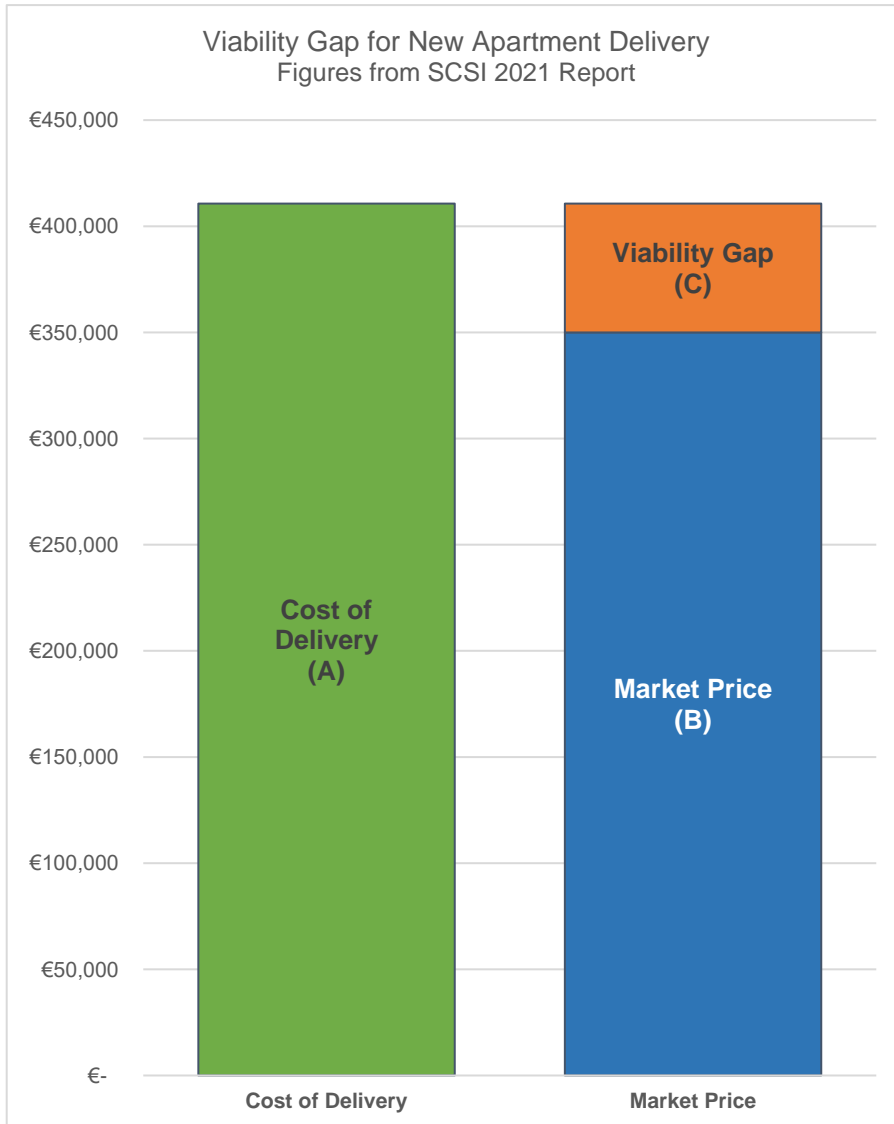
The Croí Cónaithe (Cities) subsidy payable to a proposer will be equal to the viability gap. Measurement of the viability gap will be calculated as follows:

⁷ The Housing Agency will seek advice from its QS Framework Panel on any differences between the open book assessment costs and the proposed final costs.



$$C = A - B$$

Where C is the viability gap in euros, A is the cost of delivery in euros (refer to Section 10.5) and B is the market sales price to an Eligible Purchaser in euros.





10.6.2 Gap Calculation – Stage One & Two

As set out in Section 9.1, it is a selection criterion that any Proposal submitted **must** establish that it has a viability gap, otherwise the proposal will be deemed ineligible. This is a pass/fail criterion, and the Proposer must set out in their submission:

- A. the average delivery cost per apartment and
- B. a valuation report prepared by a qualified valuer, as described in Section 8 which will set out the estimated open market price per apartment that the Proposal would achieve if it was built and sold to Eligible Purchasers.

The information required for both A and B should be entered by the Proposer into the Valuation Table, which can be found in the ‘Cost and Viability Gap’ tab of the EOI Excel Document. The table will weight both the average delivery cost per apartment and the average estimated open market valuation per apartment.

If A is greater than B then a viability gap C, will exist and the proposal will meet this criterion. No further viability gap information will be required to complete Stage One and Two.

10.6.3 Gap Calculation – Stage Three

Stage Three of the Croí Cónaithe (Cities) process is a detailed due diligence assessment of Successful Proposals which will include a detailed open book assessment of total delivery costs per apartment and a further valuation of the open market prices that the proposed apartment could achieve on the basis of sale to Eligible Purchasers.

The detailed open book assessment of delivery costs will be carried out by Quantity Surveyors (QS) appointed by the Housing Agency. Successful Proposers will be required to engage with the appointed QSs and provide satisfactory evidence of all the components of their delivery costs (see Section 10.5). The delivery cost will be set out for each apartment in the Proposal (setting out each type, 1 bedroom, 2 bedroom, floor area in square metres etc.). The proposer’s delivery costs will be fixed under the terms of any Designation and Development Agreement entered into between the Proposer and the Housing Agency. For the avoidance of doubt, the Proposer will bear any potential development cost increases which may arise after the date of the entering into the Designation and Development Agreement.

To prevent potential overcompensation of a Proposer by the Housing Agency, the Designation and Development Agreement includes a **Costs Review Mechanism** to ensure that, in the event that there is a reduction in Proposer’s delivery costs for the



apartments at construction completion, that account can be taken of this in payments made by the Housing Agency to the Proposer.

For more information about how this mechanism works, please refer Section 7 and Schedule 9 of the Designation and Development Agreement.

Successful Proposers will also be required to submit a revised valuation report as part of their submission prepared to the same standards as set out in Section 8.

The valuation must set out the open market value of the proposed apartments (setting out each type, 1 bedroom, 2 bedroom, floor area in square metres etc.,) that the valuer estimates the apartments would achieve if sold to Eligible Purchasers if the apartments were completed and ready for sale at a date within 14 days prior to the anticipated signing date of the Designation and Development Agreement.

The Housing Agency will review submitted valuations and seek independent advice from its own panel of qualified valuation surveyors as required.

Subject to successful conclusion to Stage Three detailed due diligence and prior to contracts being entered into between the Housing Agency and Successful Proposers, the anticipated level of Croí Cónaithe (Cities) subsidy will be set out in the agreement. This Croí Cónaithe (Cities) subsidy will be set based on the viability gap calculated using the final delivery cost for each apartment in the Proposal and the anticipated open market sales price for each corresponding apartment. An indicative schedule is set out below.



Table 10.6.3: Indicative Schedule of Anticipated CCC Subsidies in an Agreement

Unit	Type	Delivery Cost	Anticipated Open Market Value	Anticipated CCC Subsidy (including VAT)	% Subsidy
Unit GF1	1 bed	€380,000	€320,000	€60,000	15.8%
Unit GF2	2 bed	€470,000	€390,000	€80,000	17.0%
Unit GF3	2 bed	€470,000	€390,000	€80,000	17.0%
Unit GF4	3 bed	€565,000	€445,000	€120,000	21.2%
Unit FF1	Studio	€300,000	€275,000	€25,000	8.3%
Unit FF2	2 bed	€470,000	€395,000	€75,000	16.0%
Unit FF3	2 bed	€470,000	€395,000	€75,000	16.0%
Unit FF4	3 bed	€565,000	€450,000	€115,000	20.4%

Given that completion of an apartment development is likely to take at least 18 months from the date of entering into an agreement, actual market prices for apartments are likely to change from the anticipated open market value included in the agreement.

The amount of Croí Cónaithe (Cities) subsidy to be paid to a Proposer will be based on the difference between the **actual delivery cost** as provided for under the Agreement and the **actual market sales price** achieved when an apartment is sold to an Eligible Purchaser.

Prior to the completion date of the apartments, the Proposer will be required to obtain updated valuations prepared to the same standards as set out in Section 8. The valuation will establish the proposed open market sale price for each apartment. The Housing Agency will review the valuation and seek independent advice from its own panel of qualified valuation surveyors as required.

The Proposer will advertise the apartments for sale at the proposed open market sale prices. The Proposer will notify the Housing Agency within 5 working days of agreeing the sale of an apartment to an Eligible Purchaser. The sale price agreed with the purchaser will be the actual open market sale price for the relevant apartment.

The actual Croí Cónaithe (Cities) subsidy will be calculated on the basis of this agreed price and payment will be made to the Proposer's solicitor to be held in a stakeholder



account until the sale of the apartment closes, at which point it will be released to the Proposer.

Where the actual open market sale price is more than the anticipated open market sales price, then the Croí Cónaithe (Cities) subsidy will be reduced by the difference.

Where the actual open market sale price is less than the anticipated open market sales price, then the Croí Cónaithe (Cities) subsidy will be increased (subject to the funding ceiling) per apartment⁸.

Where the actual delivery cost of an apartment is less than delivery cost originally included in the Designation and Development Agreement, the subsidy will be reduced by the difference. Where the actual delivery cost of an apartment is greater than the delivery cost included in the Designation and Delivery Agreement, there will be no change to the subsidy.

11 Project Milestones

Once key project milestones are agreed, the Successful Proposer will be obliged to report to the Housing Agency on the achievement or otherwise of the milestones in a format and timeline acceptable to the Agency. Proposals which cannot achieve their agreed project milestones, with a reasonable allowance for programme slippage, up to the point of signing development agreements may have the subvention reviewed and/or have their designation revoked.

12 Household Purchaser Information

Benefitting households will be required to sign a Declaration confirming their intention to live the new apartment as their principal private residence at the time of purchase. The Eligible Purchaser of any new residential unit under the Croí Cónaithe (Cities) Scheme will also be required to enter into a Clawback Agreement which will operate so that if the property is sold within five years of purchase, the Eligible Purchaser will be required to make a repayment to the Housing Agency (acting on behalf of the DHLGH) which is calculated pro rata as a portion of the increased value referable to the subvention amount. A copy of the Declaration and the Clawback Agreement is included in Appendix **Croí Cónaithe (Cities) Contract Agreements**

⁸ This maximum ceiling may be exceeded in certain cases, by no more than 20% i.e. up to 120% of the ceiling, where a calculated viability gap exceeds €120,000 (inclusive of VAT) in the four regional cities. These are Cork, Limerick, Galway and Waterford.



(Sample)). If at any time within 10 years they sell the property, they must reimburse the Housing Agency an element of the full value of the subsidy, as follows:

Table 12.1: Sample Calculation of Subsidy

	Sold within 5 years
Cost of apartment	€500,000
Market Value	€400,000
Viability Gap of 20% /Subvention	€100,000
Sold on the open Market	€450,000
Profit	€ 50,000
Recoverable amount @20%	€10,000

Table 12.2: Timelines for the recovery of Croí Cónaithe (Cities) Subsidy

1 to 5 years	100% of the portion of the increased value referable to the subvention amount given
Over 5 years and less than or equal to 10 years	50% of the portion of the increased value referable to the subvention amount given
Over 10 years	No

Note: Purchasers benefitting from this scheme may also be eligible for the Help to Buy scheme, the First Home Affordable Purchase Shared Equity Scheme or the Local Authority Home Loan.



13 Terms and Conditions

13.1 Deadline for Receipt of Expression of Interest

13.1 Deadline for Receipt of Expression of Interest

Submissions should be returned via eTenders no later than 5pm on 22nd September 2023.

It is the sole responsibility of the proposer to ensure their submission is received by the stated deadline.

13.2 Queries

Queries seeking clarification on any aspect of the Scheme may be submitted through eTenders no later than 5.00pm on Friday 8th September 2023. Responses to all queries will be shared through eTenders no later than 5pm on Friday 15th September 2023. Where a Proposer believes that a query and/or response relates to a confidential aspect of its proposed Submission, the Proposer must mark such query confidential.

All queries **after the closing date** should be directed to the Croí Cónaithe (Cities) Scheme email address: croiconaithe@housingagency.ie.

13.3 Completion of Submission

13.3.1 Incomplete Submissions may be rejected.

13.3.2 If, in the opinion of the Housing Agency, any Submission deviates to a substantial degree from the requirements detailed in Scheme may be rejected.

13.3.3 Each Proposer will be deemed to have satisfied itself prior to making its Submission as to the completeness and sufficiency of its Submission in compliance with the requirements of Schemes criteria.

13.4 Late Submissions

Parties are fully responsible for the secure and timely delivery of its Submission. Submissions received after the stated deadline will not be considered.

13.5 Clarification of Submission

To assist in the examination and comparison of Submissions, the Housing Agency may ask Proposers to clarify or demonstrate the credibility of their Submission either in writing or by interview at a location in Dublin to be advised by Housing Agency. The



Housing Agency may request further information at any time and in relation to any element of a submission.

13.6 Right to Amend or Terminate the Process

13.6.1 The Housing Agency may at its absolute discretion:

- (a) change the basis of or the procedures (including the timetable) relating to this scheme;
- (b) reject any or all of the Submissions;
- (c) request additional information from any Proposer; and/or
- (d) abandon the process.

13.7 No Liability

Proposers may not rely on anything contained in this document as a representation of fact or promise regarding the future, nor as constituting the basis of a contract or lease that may be concluded, in relation to the Scheme.

No contractual relationship, implied or otherwise, or any other legal obligation will arise between a Proposers and the Housing Agency or the Minister.

13.8 Confidential Information

If a Proposer considers that any of the information supplied in its Submission should not be disclosed because it is confidential, the Proposer should, when providing the information, identify that information as “confidential”. The Housing Agency shall not disclose confidential information, save as required by law.

13.9 Sharing of Information with Local Authorities

The Housing Agency may share information regarding Submissions it received from Proposers with the relevant local authority. The information shared will include location of the proposed apartments, planning reference numbers, number of apartments proposed, breakdown of dwelling types and other general characteristics of the proposed apartment development. The shared information will not include any information identified by the Proposer as “confidential”.



13.10 Freedom of Information Requirements

The Housing Agency and the DHLGH are subject to the Freedom of Information Act 2014 (the “FOI Act”). Where Proposers consider any information, they provide to be “commercially sensitive” or “confidential”, they shall mark the information as such. If requested by the Housing Agency, Proposers must provide the Housing Agency with the reasons why they consider such information to be commercially sensitive or confidential.

Failure to do so may result in such information being released in response to a request pursuant to the FOI Act. The Housing Agency will use reasonable endeavours to consult with Proposers about sensitive information before making decisions on any request received under the FOI Act. In the event that the Housing Agency decides to release particular information relating to a Proposer, the Proposer will have the option to appeal the Housing Agency’s decision to the Information Commissioner (as referred to in the FOI Act). If there is a conflict between any agreement between or requirement of the parties and the statutory requirements of the FOI Act, the FOI Act will prevail.

13.11 Canvassing

If any Proposer (or a person associated with a Proposer), in connection with their submission, either:

- (a) canvasses or offers any inducement, fee or reward to any employee, servant or agent of the Housing Agency or its professional advisors; or
- (b) does anything which would constitute a breach of the Prevention of Corruption Acts 1889 to 2010 or the Registration of Lobbying Act 2015; or
- (c) approaches any employee, servant or agent of the Housing Agency or the DHLGH or his professional advisors, including for the purposes of soliciting information about their submission; that Proposer may be eliminated from the process, without prejudice to any other civil remedies available to the Housing Agency and without prejudice to any criminal liability which such conduct may attract.

13.12 Conflicts of Interest

Any actual or potential conflicts of interest arising, whether professional or commercial must be fully disclosed in writing to the Housing Agency as part of the process and on an on-going basis throughout the process, as soon as any actual or potential conflict becomes apparent. In the event of an actual or potential conflict of interest arising, the



Housing Agency will, in its absolute discretion, decide on the appropriate course of action, which may involve the exclusion of the relevant Proposers from the process.

If the Housing Agency determines that no such conflict of interest arises or that the conflict of interest is immaterial, then the Housing Agency may decide to take no action.

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