

Housing Practitioners' Conference



Delivering an affordable, sustainable rental sector through Cost Rental

4th July 2019

www.housingagency.ie
promoting sustainable communities



What is Cost Rental?



1. Housing for rent, where the **rents charged cover only** the costs incurred in **delivering, managing and maintaining** the homes
2. Independent of private rental market
3. Key objective of cost rental is to make it **affordable for moderate-income** households

Cost Rental can deliver



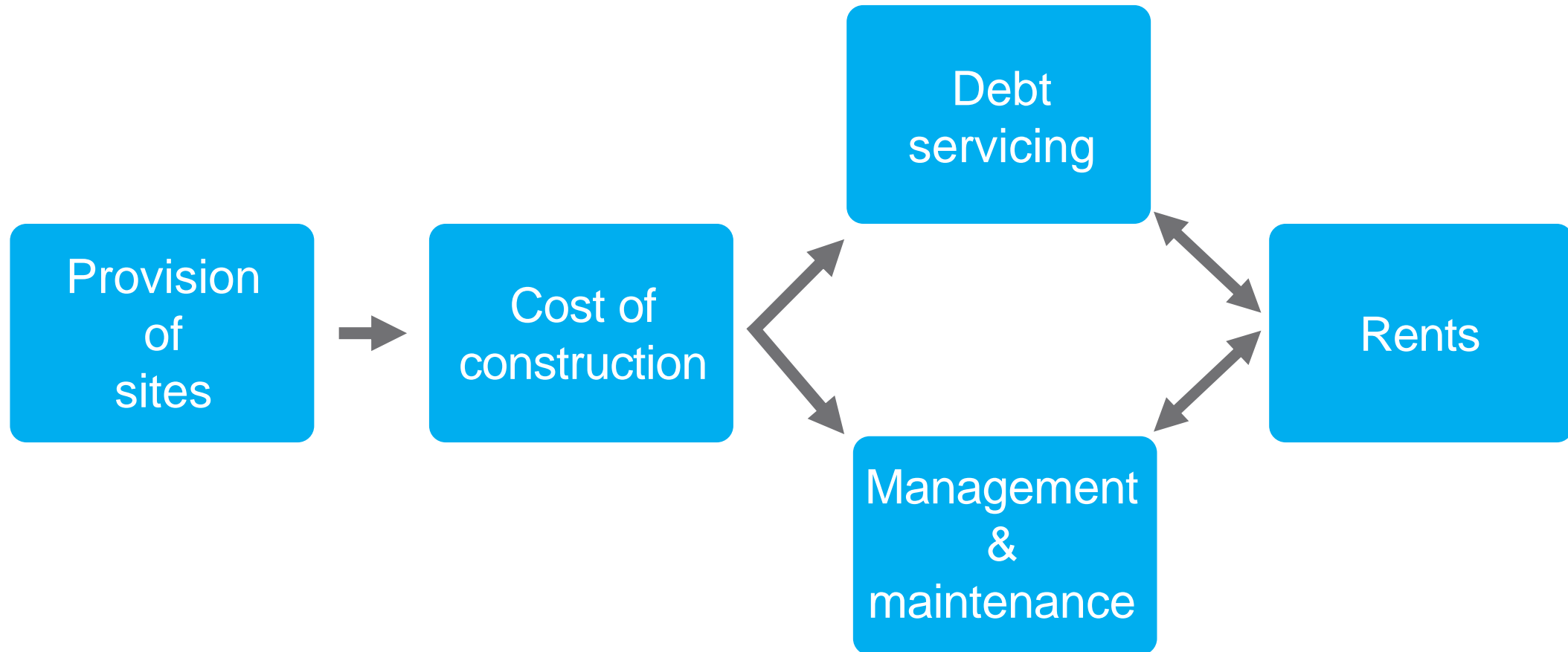
Stable rents that are affordable

Secure tenancies through professional long-term management and retention of cost rental housing

Sustainable funding model

Moderating influence on market rents, on achieving scale over time

Overview of how it will work



Who is cost rental targeted at?



Moderate-income households experiencing financial difficulty accessing housing, or meeting the on-going cost of accommodation.

Complements social housing provision.

Income thresholds governing access may vary depending on location.

Making cost rental more affordable



Rent made more affordable by:

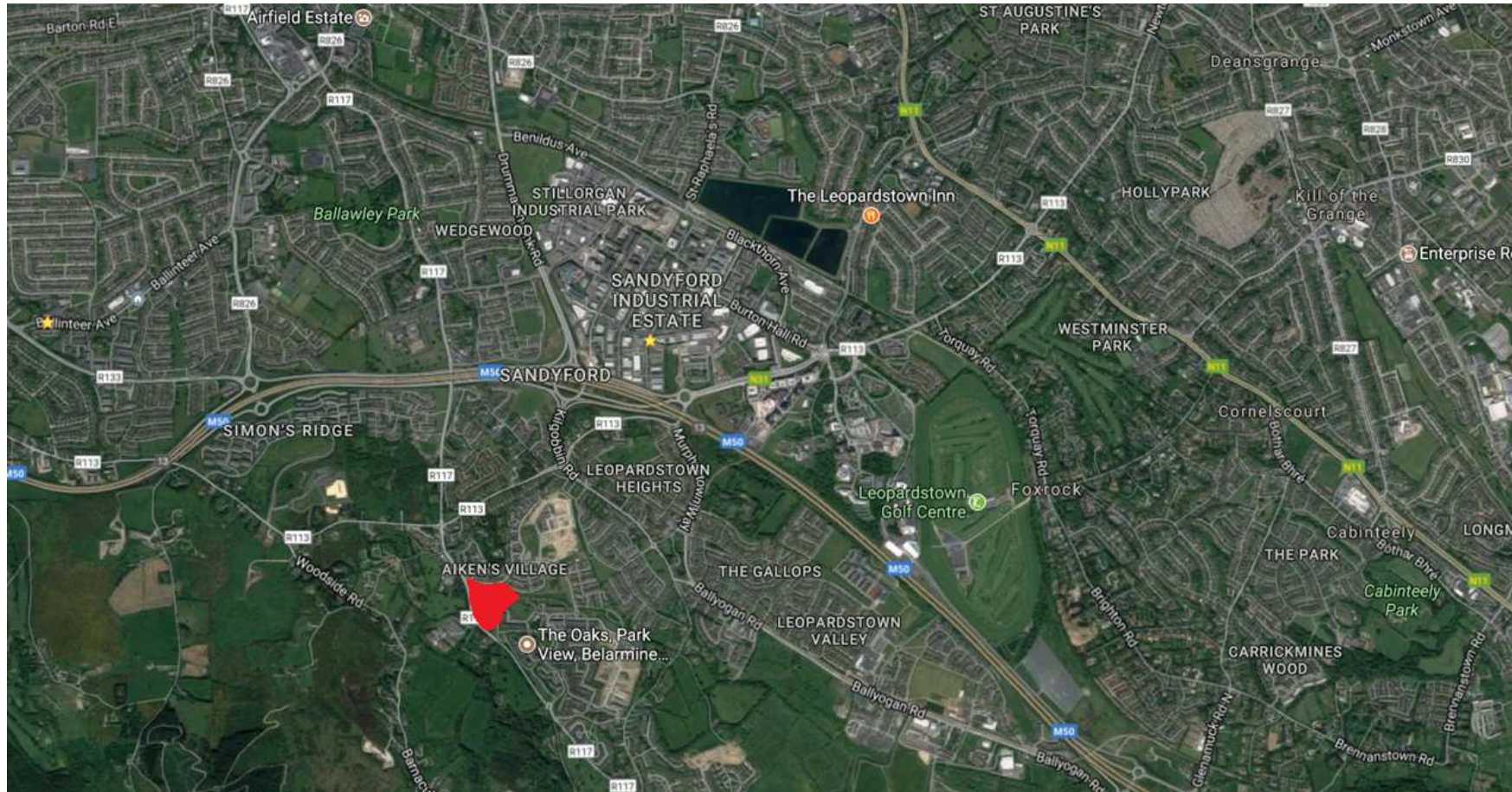
1. Provision of **low-cost publicly owned sites**
2. Design with **long-term maintenance** in mind
3. State contribution to development costs (**Serviced Sites Fund**)
4. Availability of **low-cost**, stable finance that is **paid back over a long-period of time**

Cost Rental at Enniskerry Road



- Enniskerry Road is a scheme of 155 homes in the south Dublin suburb of Stepaside which will include 105 social homes and **50 Cost Rental homes**.
- These homes (**2 bedroom apartments**) will be the first Cost Rental homes delivered in Ireland.
- **Construction work has just started** with homes being delivered in 2021.

Location in Stepaside



Site



Layout



Delivering the scheme



The scheme is being delivered by:

1. Respond and Túath (owners and scheme operators)
2. Department of Housing, Planning & Local Government (funding)
3. Dun Laoghaire Rathdown County Council
4. Housing Agency (land, control over cost rents)
5. Housing Finance Agency (long-term finance)

Rent setting



Rents in Cost Rental homes must make provision for:

1. Repaying the loan taken out to pay for the provision of the homes (construction costs, fees etc.)
2. Ongoing management and maintenance costs including;
 - Insurance and maintenance
 - Long-term replacement of building items such as roof finishes, windows, lifts etc.



Making rents more affordable

Initial Rents in 2021 will be €1,200 per month

Four main leavers used to make rents in the scheme affordable:

Input	Description	Saving per month (approx.)
1. Land:	No site costs	€150
2. Service Site Funding:	Enabling infrastructure	€250
3. Finance:	Low-cost, long-term	€300
4. Reduced margins, other savings	Reduced operating margins, sundry small savings	€100

Long-term control over rents



1. Conditions included in the land transfer ensure that the homes in the scheme must be used for social housing and **Cost Rental for at least 70 years.**
2. **Cost Rent setting subject to the approval** of the Department and the Housing Agency.
3. Rent increases for the Cost Rental homes **will be linked to general consumer inflation only.**

Secure tenure



1. Cost Rental properties must be retained and managed as such for at least 70 years in Enniskerry Road – longer in future schemes
2. Properties will be **professionally managed by housing associations**
3. Tenancies will be governed by regulated by the Residential Tenancy Acts

Cost Rental – A new rental tenure



- **Secure** tenancies
- **Affordable**, stable rents
- **Sustainable funding model** for providing homes



Next steps

Working group established. Will examine how Cost Rental will work at a national level

Stakeholders include

1. Dept. of Housing,
2. Local Authorities
3. Land Development Agency,
4. Housing Agency,
5. Housing Finance Agency,
6. Dept. Public Expenditure and Reform

Thank You



E-mail: Jim.Baneham@housingagency.ie
Daragh.McCarthy@housingagency.ie

Tel: 01 656 4100

www.housingagency.ie
*promoting sustainable
communities*

