



Rialtas na hÉireann
Government of Ireland

Update on the Affordable Purchase Scheme and the Serviced Site Fund

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Current position in relation the introduction of an affordable purchase scheme



- Part 5 of the Housing (Miscellaneous Provisions) Act 2009, which provides for affordable housing to purchase, was commenced in June 2018 (S.I. 206 of 2018 refers).
- Previous provisions in Housing Acts repealed on 12th September 2018 (S.I. 350 of 2018 refers).

How does this affordable housing scheme differ from previous ones?



- Replaces time-limited claw-back with equity share approach allowing recovery of market value discount
- Purchaser may pay instalments off the charge, during the charged period
- Must pay off charge, at market value, on property resale or expiration of the charged period

What is the equity charge?



- Equal to discount provided to purchaser.
- The local authority retains equity share comparable to the discount given until it has been paid back in full.
- For example, if sold to purchaser at 15% below market value - local authority's share of the affordable home is 15%.

Regulations made under the Housing (Miscellaneous Provisions) Act, 2009?



- Regulations in respect of the making of a **Scheme of Priority** signed on 12th March 2019 - issued to local authorities. (S.I. No 81 of 2019 and Circular APH 01/2019).
- Regulations made separately as time bound nature as per Section 85 of the Act.
- Draft Guidelines giving an overview of Part 5 of the Act and a template 'Scheme of Priority' was circulated to all local authorities on 11th April 2019.
- Further regulations and guidelines will follow – for example on issues such as:
 - the determination of household income for affordable purchase;
 - the minimum and maximum amounts that can be charged in a charging order.

Order of Priority for Eligible Households



- Order of application assigned to applications received before the closing date.
- Applications meeting the eligibility criteria, on the basis of the information supplied by the household, eligible for the purpose of applying the scheme of priorities
- Subject to further confirmation of eligibility via the production of documentary evidence, and any matters that secured their inclusion in priority classes.
- Housing Authority will assess and decide if the dwelling types which are being made available for purchase, will adequately cater for the accommodation needs of the applicant household (i.e. the minimum number of bedrooms deemed required to enable a household to reside in relative comfort having regard to the number of members of the household).

Household composition deemed adequately catered for by dwelling type



Dwelling Type	Adequately Caters for Accommodation Needs of:
One-bedroom dwelling	Single or two-person household
Two-bedroom dwelling	Two or three-person household
Three-bedroom dwelling	Three to five-person household
Four-bedroom dwelling	Four or more-person household

Order of Priority - Classification of Households



- **Applies only in instances where demand exceeds supply**
- **Class A** an eligible household whose accommodation needs are adequately catered for.
- **Class B** = class A household with one member living in area in 12 months immediately prior to application.
- **Class C** = class B household with one member in full-time education within **X** kilometres of dwelling.
- **Class D** = a class B household (not class C) with one member employed with **Y** kilometres of dwelling

Who gets priority within a Scheme of Priority?



Class E = Combines All - Highest priority households

1. Eligible;
 2. Dwelling type adequately caters for household;
 3. Living in area for at least 12 months immediately prior;
 4. Member of household attending education locally (full-time);
- and
5. A member of household working locally

Serviced Sites Fund



- The objective of the Serviced Sites Fund is to support local authorities in the provision of key enabling infrastructure on their (or Housing Agency) land, to get the sites ready for the delivery of affordable housing.

How much is in the Fund?



- **€310 million:** Exchequer €275 million, €35 million local authorities (89% & 11% local authorities contribution).
- Budget 2019 allocation and profiled expenditure of
 - €100 million in 2019
 - €142 million in 2020
 - €68 million in 2021

What is the State funding?



- Enabling infrastructure: on-site or off-site
- Roads, water/drainage, community facilities etc.
- The maximum amount of SSF funding of €50,000 per affordable home.
- On this basis some 6,200 affordable homes could be facilitated.
- Not funding land debt

1st call under the SSF



- First call under the SSF issued in June 2018 to the four Dublin local authorities, the Greater Dublin Area, Cork City and County Council and Galway City Council.
- 15 applications were received from 9 local authorities.

Outcome of the 1st call



- 10 projects in Dublin, Fingal, Dun-Laoghaire Rathdown, Cork County and Cork City were approved in principle in December 2018.
- Funding of €43 million approved.
- 1,400 affordable homes will be facilitated from this funding.
- Based on resolution and remedy of delivery constraints identified - remaining 5 applications may be considered further.

Projects approved in principle



- Demonstrated 'Affordable Purchase Scheme' provision is economically viable and needed;
- Estimated reasonable market price less than at least 10%;
- Fulfilled criteria set out in the circular;
- Had the land available to deliver the projects; and
- Clearly demonstrated capacity to deliver – limited potential blockages

2nd call under the SSF



- Call based on economic/financial assessments submitted by local authorities.
- 2nd Call to 19 local authorities issued on 9th April.
- Sent to the 11 local authorities from the first call and Clare, Galway County, Limerick, Kilkenny, Tipperary, Waterford, Westmeath & Wexford.

What are the principle differences between the 1st call and the 2nd call?



- Marking system amended between each call.
- The first call was only sent to those local authorities where an affordability challenge was identified.
- The economic assessments returned to the Department informed the 2nd call.



Assessed with reference to

- Infrastructure to be provided (100)
- Deliverability of affordable housing (100)
- Delivery programme (120); and
- National strategic housing/planning policies (80).

Focus on:

- Funding required;
 - Number of homes to be delivered and model to be used;
 - Speed of delivery; and
 - Affordability levels that can be achieved/how.
-
- Closing date for submission deadline was 17th May 2019.

2nd call of SSF



- 31 submissions from 15 local authorities have been made under this 2nd call.
- Cumulatively these 31 submissions have the potential to deliver over 1,900 affordable units, based on funding of €90 million.
- The assessment board convened this week and commenced the assessment process. The successful bids will be notified in the coming weeks.

Next Steps - For all SSF Funded Projects



- SSF Governance/Finance/Administration Procedures.
- For local authorities who are successful in respect of SSF, the Department will ensure that funding is made to progress the projects.
- Departmental/L.A. project meetings
- Potential review of applications not approved for funding

Next Steps - For all SSF Funded Projects



- Nominated SEO to act as Project Manager/Departmental contact
- Request for further info to Department SSF@housing.gov.ie or housingmarketpolicy@housing.gov.ie
Ph: 018882432
- Post applications submission, Department may seek additional information/clarifications

Contact details



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