

SINN FÉIN AFFORDABLE HOMES PLAN



**BRINGING  
HOME  
OWNERSHIP  
BACK INTO  
REACH FOR  
WORKING  
PEOPLE**

*Sinn*  *Féin*

*Sinn*  *Féin*

## Introduction and Executive summary

Sinn Féin's Affordable Homes Plan will bring homeownership back into reach for working people. It will also deliver affordable homes to rent. This means a home of your own that you can afford. This is the first part of a detailed housing plan which we will be launching next month setting out how Sinn Féin would fix the housing crisis.

The big difference between Sinn Féin's Affordable Homes Plan and Fianna Fáil/Fine Gael's approach is the scale of our ambition and the price that we will deliver affordable homes to buy and rent.

We have the finance, the land and the builders to solve this crisis, what is needed is the right plan.

Sinn Féin's plan will see the state fund and deliver 50,000 affordable homes to buy and to rent. Fianna Fáil/Fine Gael will have delivered less than 5,000 homes from 2020 to end of 2024.

Sinn Féin will deliver affordable homes to buy for prices between €250,000 and €300,000 and to rent at or below €1,000 a month. Fianna Fáil/Fine Gael's "unaffordable homes" have rents of up to €1,800 a month and cost up to €500,000 to buy. This is well beyond the reach of the vast majority of the majority of workers.

We can deliver homes to purchase at these prices because the state will cover the cost of the land, site servicing and utility connections. This means the purchaser only pays the price of construction.

The scheme is designed for people who earn too much to qualify for council housing but cannot buy a home because of record house prices under Fianna Fáil and Fine Gael.

This is a new approach and an essential one if we are to give a route back into home ownership for those currently locked out of owning their own home and putting their future on hold.

Many are faced with the choice of paying sky-high rents and not being able to save a deposit or remaining in their parents' home into their thirties and forties. Others feel they have no choice but to emigrate.

The lack of affordable housing is also undermining efforts to continue to grow the economy and deliver our public services. Schools cannot get teachers, particularly in areas like Dublin, hospitals cannot get key healthcare staff and businesses cannot get the workers they need.

We are driven by our belief that everyone deserves a good, safe, affordable home and that when markets are failing as they are now you need strong decisive intervention from the state to deliver those homes. That is what we will do.

By delivering affordable homes to buy and to rent, as Sinn Féin is proposing here, everyone

seeking to secure a home of their own will benefit. This intervention will reduce pressure within the wider housing market by increasing the overall amount of housing available. Right now, prices are being driven up by the fact that there are too many people competing for too few houses.

### **Sinn Féin's plan will deliver**

- 50,000 affordable homes to rent and buy over five years, delivered by Local Authorities, Approved Housing Bodies and Community Housing Trusts.
- Homes to buy for prices between €250,000 and €300,000.
- Home to rent at or below €1,000 per month.
- The cost of delivering 50,000 homes over five years would be €13.2 billion made up of €6.9 billion in voted exchequer funding and €6.3 billion in non-voted expenditure, borrowing by Local Authorities and AHBs from the Housing Finance Agency and other sources.

## **Linking affordability to income**

Sinn Féin believes that affordability with respect to housing costs must be linked to income. Social housing rents are set between 10-20% of net disposable household income.

Current cost rental schemes operated by Approved Housing Bodies and the Land Development Agency apply an affordability test of 33% of net disposable income. The Local Authority Home Loan has a 33% of net disposable income affordability criteria as part of their mortgage assessment.

Sinn Féin believes that for those on or below average incomes, housing costs in affordable cost rental should be no more than 33% of net income and less where possible, while mortgage costs in affordable purchase should also be no more than 33% of net disposable income.

## **Affordable Purchase**

- Sinn Féin's plan delivers 25,000 one, two and three bedroom homes to buy.
- Affordable prices range from €250,000 to €300,000 depending on size and location.
- For households with mortgage approval and gross household income up to €90,000.

### **How much will homes cost under the affordable housing scheme?**

Sinn Féin believes that it is both possible and necessary to deliver homes at prices that working people can actually afford.

This means selling homes to eligible purchasers at prices between €250,000 and €300,000

depending on size and location. This price range would be kept under periodic review and adjusted as appropriate based on factors including the movement of wages, construction sector inflation and interest rates.

The purchaser would own the home and have the same rights as private purchasers to alter the property and the right to pass the property on to their children and subsequent generations.

### **How is the affordable price achieved?**

The affordable purchase price is achieved by separating the cost of land and site servicing from the cost of building the home. In essence under Sinn Féin's affordable purchase scheme the state pays for all land related costs and retains ownership of the land.

According to the Society of Chartered Surveyors Real Cost of New Housing Delivery 2023, land related costs including siteworks and development, utility connections, land, and land finance range from 29% of all in development costs in the Greater Dublin Area to 25% in the Northwest Region.

According to the Department of Housing (PQ 322, 30/1/2024) public housing on public land has varying land costs from “no cost to land purchased at market value” cost. And land costs on Part V homes is valued at existing use rather than market value.

This means that the cost of land across developments will vary depending on whether the development is delivered on existing public land, newly purchased public land, Part V discounted land or Turnkey market value land.

Sinn Féin estimates that the per unit cost of the Public Housing Fund contribution to cover all land related costs will range from 20% to 33% of ‘all-in development costs’.

The level of contribution would also be set at a rate to ensure affordability. Development levies, estimated at 1% of ‘all-in development’ costs by the Society of Chartered Surveyors of Ireland, will also be waived.

### **Who can apply for the affordable housing scheme?**

Eligibility criteria for the scheme will be up to a gross household income limit of €90,000, reviewed annually.

The scheme will be open to all applicants who neither own a home at the time of purchase or whose savings and access to mortgage finance would be insufficient to purchase a home on the open market.

Mortgage finance would be accessed under the existing rules from commercial mortgage providers, Credit Unions or Local Authority mortgages, the details of which would be

provided following consultation with these lenders.

The purchaser buys the home, at the cost of construction, and is given free indefinite use of the public land subject to a legally binding covenant providing them, their children and subsequent generations free indefinite use of the public land subject to two conditions.

These relate to the onward sale and use of the property and are necessary to ensure protection of the wider taxpayers' interests, which is important given the significant size of the public investment involved, and the imperative of ensuring a supply of affordable homes into the future.

The property cannot be rented out in the private rental sector. If the owner has to live elsewhere for an extended period for work or family reasons, then the property can be rented out temporarily by the owner. The rent is set by the local authorities' affordable rental scheme.

If the owner sells the property, they sell it to another eligible affordable purchaser at the future affordable purchase price determined by factors, such as wage inflation and for example the value of home improvements. This ensures permanent affordability for subsequent buyers.

## Affordable Cost Rental Homes

- Sinn Féin plans to deliver 25,000 one, two and three bedroom homes to rent.
- Affordable rents at or below €1,000 per month.
- For households with a net household income up to €66,000 in Dublin and up to €59,000 outside Dublin.

### How much is rent under the cost rental scheme?

There is a desperate need for more affordable homes to rent. Sinn Féin has a plan to deliver these.

In Government Sinn Féin would seek to mobilise a series of policy levers set out below, to ensure that cost rents were affordable rents and that all eligible households would be able to access cost rental schemes at or below 33% of their net disposable income.

This would involve seeking to bring cost rents down to an average of €1,000 per month and if possible, even lower.

Cost rental public housing is based on the principal that the rent paid covers the cost of delivering and maintaining the home over a set time period. In other European Countries this would typically be up to 60 years, after which the rent paid generates a surplus that is then reinvested in the public housing stock.

Such long-term financing, coupled with the delivery of new build homes on public land by not-for-profit agencies would ensure that the cost rents are also affordable rent, i.e., no more than 33% of the take home pay of the renter.

## **Who can apply for the cost rental scheme?**

Cost rental is intended for those whose incomes are above the threshold for social housing and who need medium to long term rental. Some cost rental tenants will rent for life. Others will rent while saving to buy an affordable purchase or private purchase home. Others will require cost rental on retirement.

The household income limit eligibility criteria for affordable cost rental would remain at €66,000 of net income in Dublin and €59,000 outside of Dublin. This would be reviewed annually.

Currently cost rental homes being delivered are not affordable. Despite a promise from Fianna Fáil and Fine Gael that rents would be set at €1,250 per month, rents are now over €1,400 and in others ranging from €1,600 to €1,800 per month.

There is also a growing cohort of people who are not eligible for social housing but also deemed ineligible for cost rental because the rent would be more than 33% of their take home pay.

## **Delivering Affordable Cost Rental**

Cost rental homes would be delivered by Local Authorities and Approved Housing Bodies. Tenancies would be advertised by the Housing Agency operating a centralised portal. They would also be advertised on the web sites of individual social housing landlords.

In Government Sinn Féin would reform the current bureaucracy that underpins affordable cost rental scheme to make it easier for Local Authorities and Approved Housing Bodies to operate and to ensure genuine affordability.

Both Local Authorities and Approved Housing Bodies would operate the same financing and rent setting model as set out below:

- **The Department of Housing would provide a Public Housing Fund contribution to cover all costs related to land. This would include land acquisition, site servicing and utility connections. Development levies would be waived. The level of contribution would also be set at a rate to ensure genuinely affordability. The payment would range between 30% and 55% of the all-in development cost whether new build or acquisition, allowing variance for more expensive and less expensive developments.**

- Where Approved Housing Bodies access the Public Housing Fund for the delivery of cost rental homes the state would retain ownership of the land and lease it out free of charge in perpetuity to the social landlord on condition that the homes remain cost rental. Any change to the status of the homes would require the consent of the Local Authority.
- The Local Authority and the Approved Housing Bodies would continue to borrow the remainder of the financing from the Housing Finance Agency, European Investment Bank or other low-cost lender.
- While currently interest rates for public housing providers typically range between 3.3% and 3.75% fixed for 30 years with an assumed 5% rate the final 10 years, The Department of Housing working with the NTMA would work to secure longer term finance shifting from the current 40-year financing model available to Approved Housing Bodies to a 60-year fixed rate financing model.
- Management and maintenance costs would be set at an average of 25% of rental income.
- Local Authorities and Approved Housing bodies would, over the five-year housing plan, shift from higher cost turnkey purchases to lower cost own development on public land and Part V developments.
- Such developments would increasingly use new building technologies which, as they reach economies of scale, would result in reduced construction and development costs.
- The Department of Housing would work with the four Dublin Local Authorities to develop a single cost rental delivery vehicle to achieve economies of scale, efficiencies in procurement and lower risk lower and cost finance.
- Further details set out in the accompanying costings document demonstrate what can be achieved with the right combination of longer-term low interest finance, lower land costs and a greater focus on direct delivery over turnkey purchases.

## **The Cost of Sinn Féin’s Public Housing Programme**

The full cost of Sinn Féin’s affordable housing programme over five years is €13.2bn made up of €6.9bn in voted exchequer expenditure and €6.3bn in non-voted expenditure, i.e. borrowing by Local Authorities and AHBs from the Housing Finance Agency and other sources.

These calculations are based on an average Public Housing Fund contribution of €103,000 per affordable purchase home and an average Public Housing Fund contribution of €155,000 per affordable cost rental home.

The construction costs for affordable cost rental units are financed via ‘on balance



sheet loans' from the Housing Finance Agency and others. The construction costs for the affordable purchase homes are financed via 'off balance sheet loans' acquired by the building contractor, typically from Home Building Finance Ireland or mainstream banks.

## Annex: Facts and figures

### Affordable purchase

Below are the details of average all in delivery costs for public housing in 2023 provided by the Minister for Housing by way of Parliamentary Question (PQ 322 30/1/24 & PQ 11684 20/3/24).

As more up to date information on all in cost of public homes becomes available from the Department of Housing the level of Public Housing Fund contribution will be adjusted accordingly.

#### Scenario 1 – Local Authority direct delivery

<b>Average Local Authority (SHIP) Construction</b>	<b>€309,700</b>
<b>Public Housing Fund contribution at 20%</b>	<b>€61,800</b>
<b>Development levy at 1%</b>	<b>€3,000</b>
<b>Affordable purchase price</b>	<b>€245,999</b>
<b>Minimum gross household income of purchaser</b>	<b>€55,350</b>

#### Scenario 2 – Approved Housing Body Part V

<b>Average AHB Part V</b>	<b>€332,700</b>
<b>Public Housing Fund contribution at 25%</b>	<b>€83,000</b>
<b>Development levy at 1%</b>	<b>€3,300</b>
<b>Affordable purchase price</b>	<b>€246,400</b>
<b>Minimum gross household income of purchaser</b>	<b>€55,440</b>

### Scenario 3 – Higher Cost Dublin Local Authority Delivery

<b>Average Dun Laoghaire (SHIP) construction</b>	<b>€388,000</b>
<b>Public Housing Fund contribution at 30%</b>	<b>€116,000</b>
<b>Development levy at 1%</b>	<b>€3,400</b>
<b>Affordable purchase price</b>	<b>€268,600</b>
<b>Minimum gross household income of purchaser</b>	<b>€60,435</b>

### Scenario 4 – Higher Cost Dublin Turnkey

<b>Average South Dublin County Council turnkey</b>	<b>€424,200</b>
<b>Public Housing Fund Contribution at 33%</b>	<b>€139,000</b>
<b>Development levy at 1%</b>	<b>€4,200</b>
<b>Affordable purchase price</b>	<b>€281,000</b>
<b>Minimum gross household income of purchaser</b>	<b>€63,225</b>

These scenarios are based on average costs including one, two and three bed properties in lower and higher cost sites and locations. The minimum gross household income of the purchaser is based on the current central bank mortgage lending rules.

Across the range of development types, the Public Housing Fund contribution will vary depending on the land and site related costs and the affordability objectives of Government policy. We estimate the Public Housing Fund contribution, based on the most up to date information from the Department of Housing, would range from €65,000 to €145,000 per home, with an average cost of €103,000 per home.

## Cost rental

Below are a number of indicative examples based on the most recent all-in development cost details for a range of public housing projects delivered in 2023 as set out by the Minister for Housing in Parliamentary Question's on 3rd of January 2024 and 20th March 2024.

They demonstrate what can be achieved with the right combination of longer-term low interest finance, lower land costs and a greater focus on direct delivery over turnkey purchases.

Scenario 1 – Lower development cost public development on public land

	<b>Public Housing Fund contribution at 35% &amp; 60 year finance at 3.52%</b>	<b>Public Housing Fund contribution at 40% &amp; 60 year finance at 5%</b>
<b>Average Local Authority (SHIP) Construction</b>	<b>€309,700</b>	<b>€309,700</b>
<b>Public Housing Fund contribution</b>	<b>€108,395</b>	<b>€123,880</b>
<b>Loan amount</b>	<b>€201,305</b>	<b>€185,820</b>
<b>Monthly loan repayment over 60 years</b>	<b>€672.06</b>	<b>€815.08</b>
<b>Monthly 25% of total rent management charge</b>	<b>€223.75</b>	<b>€223.75</b>
<b>Rent per month</b>	<b>€895.81</b>	<b>€1,038.83</b>

Scenario 2 – Medium cost Part V development with land discount

	<b>Public Housing Fund contribution at 39% &amp; 60 year finance at 3.52%</b>	<b>Public Housing Fund contribution at 45% &amp; 60 year finance at 5%</b>
<b>Average AHB Part V</b>	<b>€332,700</b>	<b>€332,700</b>
<b>Public Housing Fund contribution</b>	<b>€131,395</b>	<b>€149,265</b>
<b>Loan amount</b>	<b>€201,305</b>	<b>€182,435</b>
<b>Monthly loan repayment over 60 years</b>	<b>€672.06</b>	<b>€800.24</b>
<b>Monthly 25% management charge</b>	<b>€223.75</b>	<b>€223.75</b>
<b>Rent per month</b>	<b>€895.81</b>	<b>€1,023.99</b>

### Scenario 3 – Expensive private sector turnkey will full all in development costs

	<b>Public Housing Fund contribution at 52% &amp; 60 year finance at 3.52%</b>	<b>Public Housing Fund contribution at 52% &amp; 60 year finance at 5%</b>
<b>Average South Dublin Local Authority turnkey</b>	<b>€424,200</b>	<b>€424,200</b>
<b>Public Housing Fund contribution</b>	<b>€222,895</b>	<b>€222,305</b>
<b>Loan amount</b>	<b>€201,305</b>	<b>€201,305</b>
<b>Monthly loan repayment over 60 years</b>	<b>€672</b>	<b>€883.01</b>
<b>Monthly 25% management charge</b>	<b>€223.75</b>	<b>€223.75</b>
<b>Rent per month</b>	<b>€895.81</b>	<b>€1,106.76</b>

These scenarios are based on average costs including one, two and three bed properties in lower and higher cost sites and locations. They demonstrate that with longer term finance and lower all-in development costs rents can be brought down significantly from current cost rents delivered by AHBs and the LDA.

Across the range of development types, the Public Housing Fund contribution will vary in order to maintain the entry level rent at a genuinely affordable level. The average Public Housing Fund contribution is expected to be €155,000 per home.

### **Cost of Sinn Féin’s public housing programme**

The all-in delivery costs are based on the most up to date costings from the Department of Housing for social and affordable housing delivery in 2023 as set out in the parliamentary question below:

*Tuesday, 9 April 2024 Question (689)*

**689. Deputy Eoin Ó Broin asked the Minister for Housing, Local Government and Heritage the average cost per unit of new-build social housing delivered in 2023, broken down by SHIP construction, SHIP turnkey, CALF construction (including full cost and CALF cost), CALF turnkey (including full cost and CALF cost), CAS construction, CAS turnkey, Local Authority Part V, AHB Part V, acquisition, Affordable Housing Fund (including full cost and AHF cost), Cost Rental Equity Loan (including full cost and CREL cost), in tabular form. [15017/24]**

*Minister for Housing, Local Government and Heritage*

The relevant details are being compiled and will be provided to the Deputy in accordance with Standing Orders.

The following deferred reply was received under Standing Order 51:

**Cost information on the delivery of social homes through the various construction streams, is collated by my Department at development/project level rather than at individual housing unit level. The cost of constructing new homes is dependent on a range of variables, such as the location, the scale of the development and the size and type of the homes involved.**

#### 2023 Average Cost per Unit

<b>SHIP construction</b>	<b>€309,700*</b>
<b>SHIP turnkey</b>	<b>€301,300</b>
<b>LA Part V</b>	<b>€294,202**</b>
<b>CAS construction</b>	<b>€149,337***</b>
<b>CAS turnkey</b>	<b>€294,653</b>
<b>CAS Part V</b>	<b>€332,700</b>

\* Refers to the All-In cost to include construction/land/design team fees/utilities/% for Art etc.

Calculations are based on the most up to date data available to the Department, however, the average cost is subject to revision as claims are received from local authorities and final accounts are finalised for the SHIP Construction Projects.

\*\* This is the most up to date data available, however, the average cost is subject to revision as claims are received from local authorities

\*\*\* Of the 161 CAS Construction units delivered, 14 units had minimal or zero costs associated, leading to a lower than expected average cost per construction unit

CALF funding is capital support provided to Approved Housing Bodies (AHBs) by local authorities to facilitate the funding of construction, acquisition or refurbishment of new social housing units. This loan facility can support from 25% to 30% of the eligible capital cost of the housing project, with the housing units provided to local authorities for social housing use under long-term lease arrangements known as Payment and Availability Agreements.

A nominal interest rate of 2% fixed per annum is charged by the local authority on the initial

capital amount. Repayments on either the capital or interest are not required during the term of the loan (between 10 and 30 years), although where an AHB chooses to, repayments can be made during the term.

At the end of the term, the outstanding capital amount plus the interest accrued, is owed and repayable to the local authority. The local authority issues the CALF monies to the AHB and the local authority, in turn, recoups same from the Department.

The table below, sets out an indicative average CALF unit cost up to the end 2023 under the P&A-CALF Scheme, based on the information submitted to my Department. It should be noted that average costs vary depending on design and type of units (e.g. bedroom numbers, apartment/house). Average costs are also determined by the number of units delivered in individual local authorities.

## Number of Units

	<b>Number of Units</b>	<b>Average Capital Outlay Approved per unit (€)</b>	<b>Average CALF Approved per unit (€)</b>
<b>AHB CALF Construction</b>	<b>312</b>	<b>€301,940.71</b>	<b>€70,636.71</b>
<b>AHB CALF Turnkey</b>	<b>3,196</b>	<b>€362,011.50</b>	<b>€101,492.97</b>
<b>Part V</b>	<b>941</b>	<b>€310,950.33</b>	<b>€79,038.58</b>

*Note 1:* Delivery does not necessarily occur in the year of approval or spend

*Note 2:* The CALF figures are based on application details and may be subject to change as the project progresses.

*Note 3:* The CALF Capital Outlay represents the average amount of CALF funding provided. (A maximum of 30%)

*Note 4:* Agreement on Part V arrangements are a matter for the local authorities. In some cases the Part V average is affected by delivery of homes that were subject to agreements prior to the current Part V arrangements. Complete details of PART V arrangements are available from the local authorities.

The level of subvention provided from the AHF towards the capital cost of an affordable purchase or cost rental home varies having regard to factors such as density of affordable homes per hectare achieved and the location of the development. Subventions ranging from €50,000 to €150,000 per home are provided, with the Exchequer cost representing 95% of the subvention and the remaining 5% coming from a Local Authority contribution.

Housing delivery being supported by funding approved originally under the earlier Serviced Sites Fund is also progressing with funding comprised of 89% Exchequer contribution matched by an 11% Local Authority contribution. For the homes delivered in 2023 with AHF subsidy funding support, the average exchequer cost commitment per home is €78k.

Cost Rental homes supported by the Cost Rental Equity Loan, of which 286 were delivered in 2023 in twelve developments across five counties: Dublin, Kildare, Limerick, Louth and Westmeath. The average capital cost per unit was €365,935, with average CREL funding per unit of €150,641.

SINN FÉIN AFFORDABLE HOMES PLAN

 BRINGING  
HOME  
OWNERSHIP  
BACK INTO  
REACH FOR  
WORKING  
PEOPLE

*Sinn*  *Féin*

[www.sinnfein.ie](http://www.sinnfein.ie)