

**Social
Democrats**

Homes Within Reach

Our Plan for Affordable Housing

Hope for better.
Vote for better.
Vote Social Democrats.

#ForTheFuture
#ItStartsHere

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Key Points

- In Government the Social Democrats will deliver 50,000 affordable purchase homes and 25,000 cost rental homes over five years.
- This will be in addition to private sector delivery and a ramping up of the construction of social housing.
- We will build and sell affordable purchase homes for under €300,000 in Dublin and under €260,000 elsewhere. These costings will be regularly revised on the basis of building cost inflation.
- Buyers will own 100% of their home.
- Affordability will be maintained in perpetuity through the introduction of an affordable housing zoning – as used successfully for owner-occupiers in Vienna, and in many U.S. States – to cap the price at which homes in these zones are sold or rented.
- We will provide Cost Rental Housing below €1,200 per month in Dublin, and below €1,000 per month in the rest of the country. These costings would be reviewed regularly to take account of inflation.
- Net household income limits for Cost Rental Housing, which would also be reviewed annually, would be €70,000 in Dublin and €63,000 in the rest of the country.
- Each affordable purchase home will receive a maximum financial subsidy of €95,000, while each cost rental home will receive an average financial subsidy of €150,000.
- The fiscal cost of the financial subsidy for affordable housing will average €1.7bn per year across affordable purchase and cost rental schemes. Non-voted capital expenditure in the form of loans from the Housing Finance Agency and other sources will average a further €4.2bn per year.
- Ireland has the land and the money to achieve this; what we need is a government that is willing and able to get the job done.

Introduction

It shouldn't be as hard as it is now to get a home of your own.

Everybody should have access to a safe, secure, high-quality home they can afford. The Social Democrats will bring homeownership back within reach.

By working on a not-for-profit basis, significantly increasing public funding for affordable housing, and building on state-owned land, local authorities and Approved Housing Bodies (AHBs) can deliver high quality homes across Ireland at genuinely affordable prices.

In Government the Social Democrats will deliver 50,000 affordable purchase homes and 25,000 cost rental homes over five years. This will be in addition to private sector housing delivery and a ramping up of social housing construction.

The rate of delivery will increase over the term of government as further land is acquired, zoned, and serviced, and as construction industry capacity is increased. The mainstreaming of this third sector of affordable delivery, combined with a growing social housing stock, will help restrain runaway house prices. More affordable housing and a better aligning of demand and supply will mean more price stability.

Increasing delivery of affordable-purchase housing puts the focus back on what's important; building homes for people to live in, rather than maximising profits for developers and speculators. We will build and sell affordable purchase homes **for under €300,000 in Dublin and under €260,000 elsewhere**. These costings will be regularly revised on the basis of building cost inflation, with the aim of ensuring affordability for the long term.

There is a clear social need for ambition of this level. Between 2012 and 2022, the share of adults (aged 18-34) in Ireland living with their parents rose from 21 to 59 per cent. As things stand, the ESRI estimates that only around half of those currently aged 25-34 years old are likely to go on to become homeowners as market prices move further and further out of reach. This has huge consequences for Ireland's social contract.

Home ownership is already at its lowest level in more than fifty years. A further reduction in homeownership of this magnitude, with more and more people

renting into retirement, will significantly raise poverty levels for older people, increasing the need for income and rental supports from the State.

More and more people being forced to stay in the private rental sector for life represents a huge transfer of wealth away from households towards landlords, property speculators, and investment funds. Every accommodation unit purchased by a REIT or other institutional investor, rather than by a young family, couple, or worker, is one more household that will retire with less wealth, less security, and more reliance on the State in their retirement.

The Government claims to be delivering affordable housing, but the reality is seen in developments like Oscar Traynor Woods in Coolock, where first-time buyers will be paying up to €475,000 for a three-bedroom home.

Who thinks nearly half a million euros represents an “affordable home”?

In previous generations, when we had far fewer resources, the Irish State was able to build tens of thousands of homes in communities that are still thriving today. There is no good reason we cannot do the same now.

Ireland has the land and the money to achieve this; what we need is a government that is willing and able to get the job done.

Building Genuinely Affordable-to-Buy Homes

It shouldn't be as hard as it is now to afford a home.

The cost of delivering an affordable home varies depending on a number of factors including the location of development and whether the homes are built on state-owned land or not. However, by building on a not-for-profit basis, including on state-owned land, we can significantly reduce the end-price of a home by reducing or removing expenses such as developer profit margins, marketing costs, and financing costs.

Local Authorities and Approved Housing Bodies would source land, access finance, contract design teams, and hire construction firms. The Land Development Agency would play a key role in helping them source land, including by Compulsory Purchase Order where necessary. The Housing Finance Agency would continue to play an important role in providing finance, alongside funding from the European Investment Bank.

We will deliver high quality family homes that can be built and sold, with a subvention, for under €300,000 euro in Dublin and under €260,000 outside of Dublin. These prices will be regularly revised on the basis of building cost inflation, but the aim will be to ensure affordability for the long term. Single-person households will be eligible for the scheme.

We know this can be done because it is already being done. High quality 3-bed affordable purchase homes in Dublin have been built by an Approved Housing Body, Ó Cualann Housing Alliance, and sold at a price of €260,000, within the last eighteen months. This price reflects subsidies that incorporate build costs, land costs, and a waiving of development levies. Outside of the Greater Dublin Area, similarly delivered affordable purchase homes are available at a cost of €230,000, inclusive of build subsidies.

Under our proposal, **affordable purchase housing would be available to dual income households with a gross income of up to €110,000**, a figure which should be revised annually based on changing circumstances. Single applicants with no dependents can also apply, although multi-person households will be prioritised for larger homes.

Breakdown of State Subsidies

These costings are based on the Society of Chartered Surveyors report *The Real Cost of Housing Delivery 2023*. Through targeted state subsidies, and operating on a not-for-profit basis, the price of homes for the initial purchaser, and for all future owners of the home, can be reduced through:

- A reduced need for sales and marketing costs.
- No need for private developers' profit margin. A 5 per cent margin is assumed to cover AHB overheads, rather than a 12 per cent private developer profit.
- Reduced financing costs. As an example, the interest rate charged on loans from the Housing Finance Agency is 3.1 per cent, whereas the SCSi estimate financing costs to private developers in the region of 5 per cent.
- Reduced land costs. By building on land that is currently un-zoned and publicly-owned, this cost would be significantly less than the full market value of zoned land. We will also give the Land Development Agency strong CPO powers with which it will be able to ensure a steady pipeline of low-cost land for affordable housing into the future. A conservative 33 per cent discount on land costs is estimated.
- The provision of an average state subvention of €95,000 per unit in the Greater Dublin Area, and €80,000 per unit in the rest of the country.

Example of construction cost and potential savings in Greater Dublin Area*

| | |
|---|-----------------|
| Estimated Total Cost of a 3-Bed Semi-Detached Home, per SCSi | €461,437 |
| <i>Deductions:</i> | |
| ➤ Reduced sales and marketing costs | €9,000 |
| ➤ Reduced profit margin | €31,421 |
| ➤ Reduced cost of financing | €8,692 |
| ➤ Reduced cost of land | €23,787 |
| Total Deductions | -€72,900 |
| 2024 construction cost inflation at 1.1% | +€4,274 |
| Cost to Local Authority or Approved Housing Body | €392,811 |
| Government financial subsidy | -€95,000 |
| Affordable Purchase Price for Owner-Occupier | €297,811 |

* On average, total construction costs in other regions of the country are 84 per cent those in the Greater Dublin Area, as per SCSi

Affordable Housing Delivery

This Government has missed its affordable housing targets *every year that it has been in office*.

They delivered precisely zero affordable homes in both 2020 and 2021.

In 2022, though they promised to deliver 4,100 affordable homes, the final number was just over a thousand (323 affordable purchase, and 684 cost rental).

Last year, the target was 5,500, but fewer than 1,500 were delivered.

The Social Democrats will build an average of 15,000 affordable homes a year; 10,000 affordable purchase and 5,000 cost rental homes.

| Year | Affordable Purchase Units | Cost Rental Units |
|----------------|------------------------------|----------------------|
| 2025 | 5,000 | 5,000 |
| 2026 | 7,000 | 5,000 |
| 2027 | 10,000 | 5,000 |
| 2028 | 13,000 | 5,000 |
| 2029 | 15,000 | 5,000 |
| Total | 50,000 | 25,000 |
| Average | 10,000 | 5,000 |

Retaining Affordability Past the First Purchaser

When you buy an affordable purchase home, 100 per cent of it is yours forever; you can sell it or pass it on to your children, just like any other home.

It is vital that affordable purchase homes remain affordable in perpetuity. The Social Democrats will introduce a new zoning specifically for affordable housing. This will cap the price at which homes within such zones are sold or rented. This means the benefit of the State's investment will continue for future generations, long past the initial purchaser.

The cap would be adjusted periodically to take account of inflation, and there would be a mechanism to take account of significant sums invested in home improvements.

Cost Rental

The Social Democrats believe Cost Rental should be an important pillar for delivering affordable housing.

Cost Rental is secure rental accommodation where **rents are set at a level that covers the bulk of the cost of providing the homes over a period of time**, usually several decades. An up-front financial subsidy can further reduce the cost, and therefore rents, over the long term. It is a key part of housing in many European countries, including Austria, Denmark, and Finland.

In countries like Austria and Denmark, all money raised from rents in the Cost Rental sector must remain within the system. The money is constantly recycled to fund renovations or new buildings. Rents collected from older Cost Rental buildings help pay for new developments, so that over time the need for public capital investment falls, and the affordable housing sector becomes more self-sustaining. This would be an improvement on the current situation, as investment continues through all phases of the economic cycle.

We would provide Cost Rental Housing at the following average rates:

- Below €1,200 per month in Dublin.
- Below €1,000 per month in the rest of the country.

Household net-income limits for Cost Rental housing, which would also be reviewed annually, would be:

- €70,000 of net income in Dublin
- €63,000 in the rest of the country.

Both rents and income limits would be reviewed regularly to take account of inflation, and to ensure ongoing affordability.

How We'll Do It

Ireland has an estimated housing deficit of up to a quarter of a million homes. On top of that at least 50,000 houses need to be built every year just to keep up with our growing population.

It is clear that a period of accelerated housing delivery is needed.

Planning

It is essential that our planning system is resourced to facilitate the speedy delivery of thousands of new affordable homes. Our planning authorities are under resourced and dealing with huge log jams of applications that are delaying desperately needed affordable homes.

The Social Democrats will:

- Introduce a new zoning specifically for affordable housing.
- Train and hire more planners and add planners to the critical skills list to allow recruitment from overseas.
- Establish high-yielding Housing Delivery Zones at strategic locations, where housing can be delivered in the short-to-medium term and at scale.
- Tackle 'First Mover Disadvantage' for developers who upgrade local infrastructure that can be used in future developments, through a 'Reasonable Cost Reduction' mechanism for any network infrastructure for utilities that can be used by subsequent connections.
- Support the collaborative development of standard accommodation types (both houses and apartments) to drive efficiency, reduce costs, and support viability.

Compulsory Purchase Orders

Fifty years on from the Kenny Report, the Government are still refusing to act on its recommendations. The landmark report laid out a blueprint for the continuous supply of affordable homes through the use of compulsory purchase

orders (CPOs). We will give the Land Development Agency (LDA) the power to acquire land through CPO for the construction of new affordable housing.

Financing Approved Housing Bodies

Early-stage finance can be a huge barrier for Approved Housing Bodies (AHBs) to get affordable purchase housing projects off the ground.

AHBs such as Ó Cualann Co-housing Alliance are able to build genuinely affordable homes on a not-for-profit basis. By keeping their margins as low as possible, they are able to minimise the cost to buyers and renters.

This means that they do not generate surplus funds needed to start the design and planning stages of the next project as a private for-profit developer would typically do. It is vital that AHBs are supported in these early stages so they can get on with the job of building affordable homes.

Building up the Construction Workforce

The Social Democrats will take action to ensure that people are attracted back into the essential construction trades.

In Government, we will:

- Expand the Critical Skills Occupations List to include more construction-related workers.
- Increase the minimum wage for apprentices for their first years on the job. At the moment, someone starting as an apprentice can earn as little as €7.16 per hour. We cannot expect people to enter these trades if they cannot afford to support themselves.
- Reinstatement of the Apprenticeship Incentivisation Scheme (AIS) to support SMEs and micro businesses to recruit new apprenticeships.
- Increase female participation in construction apprenticeships.
- Further incentivise apprenticeships by removing the student fee in college.
- Promote improvement in conditions of employment, security of employment, and tackle bogus self-employment within the construction sector.

Community Cooperative Housing

Central to the Social Democrats' approach to housing is supporting the development of not-for-profit housing associations and cooperatives.

Some 3,000 homes were built in the 1970s and 1980s by housing cooperatives in various parts of Ireland. A key principle of cooperatives is that the 'not-for-profit' or 'limited profit' enterprise, such as a housing development or group of houses, is owned or managed by the members of the cooperative.

Cooperatives build social networks and strengthen social cohesion, which are essential elements of strong, healthy communities, by connecting residents in a sense of collective ownership over their homes and communities. The Social Democrats would:

- Ensure that smaller cooperatives can access early stage finance and parcels of publicly-owned land on similar terms to larger AHBs.

How Much It Will Cost

Under our proposal, each affordable purchase home will receive a maximum financial subsidy of €95,000, while each cost rental home will receive an average financial subsidy of €150,000.

The fiscal cost of the financial subsidy for affordable housing will average €1.7bn per year across affordable purchase and cost rental schemes.

Non-voted capital expenditure in the form of loans from the Housing Finance Agency and other sources will average a further €4.2bn per year, being repayable and thus fiscally neutral over the long term. These loans will be counted among the State's financial assets.

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