

THE VIENNA MODEL

HOUSING FOR THE
21ST CENTURY CITY

**Delivering New
Affordable Rental for
Dublin**

16/04/2019

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Comhairle Cathrach
Bhaile Átha Cliath
Dublin City Council



The Vienna Model



Housing for All

How Cost Rental can deliver an Affordable, Sustainable Rental Sector

16th April 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

What's different about Cost Rental?



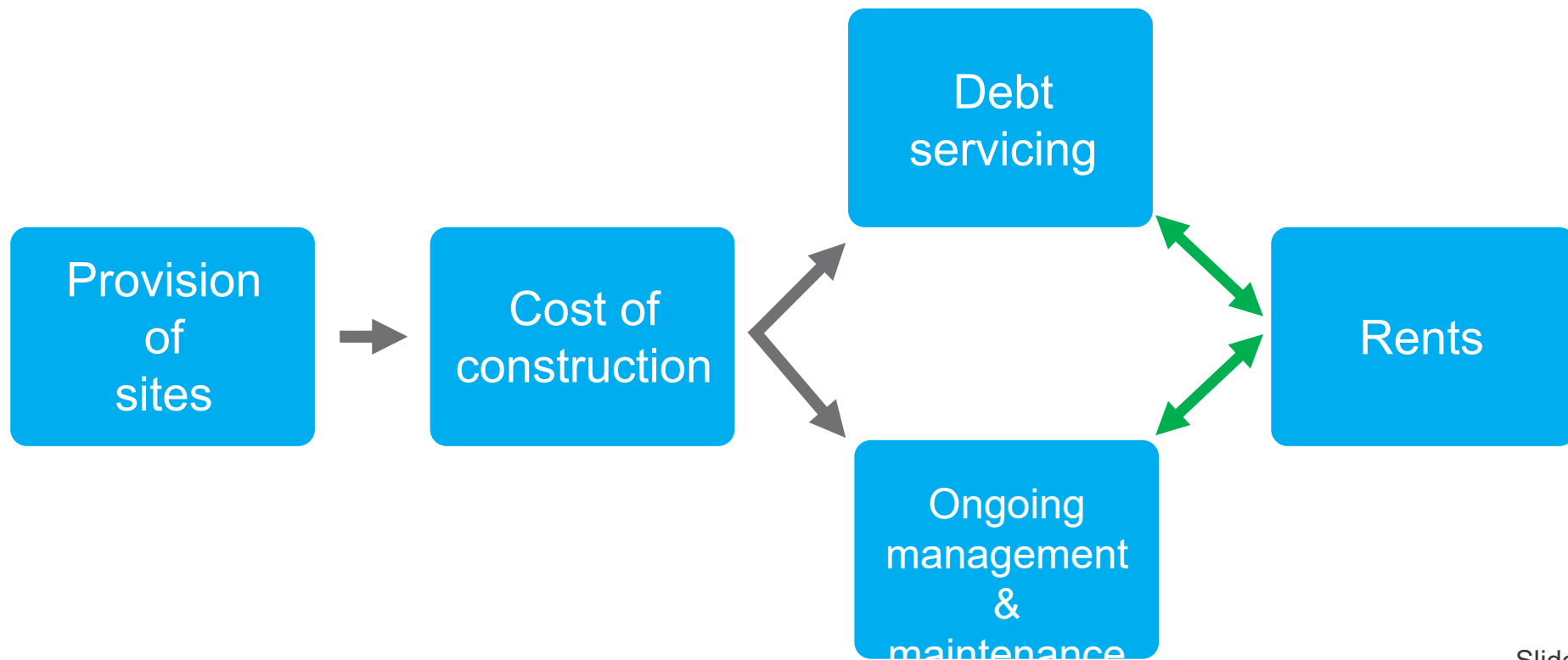
- Currently Ireland has 2 types of rental housing:
 1. Private Market Rental
 2. Social Housing
- Private market rents are set by market demand – **high rents in high demand areas**, market only builds when rents are high
- Social housing rents based on household income – relatively low income limits **restrict accessibility**, low rents mean **significant State investment** is required to deliver housing

Cost Rental is intended to deliver



1. **Stable rents that are affordable** for a broad range of people on moderate incomes
2. **Secure tenancies** through professional long term management and retention of cost rental housing
3. Provide a **sustainable funding model** which will allow the State to provide affordable housing at a lower cost than social housing
4. Over time, as cost rental reaches sufficient scale, the sector can have a **moderating influence** on private market rents

Overview of how it will work



Where is Cost Rental in place?



Cost rental a long-standing feature
in many housing systems in Europe,
for example:

1. Austria
2. Denmark
3. Netherlands



Making Cost Rental affordable



Rent can be made affordable by:

1. Provision of **low cost State owned sites**
2. Design housing schemes 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**

Who is Cost Rental targeted at?

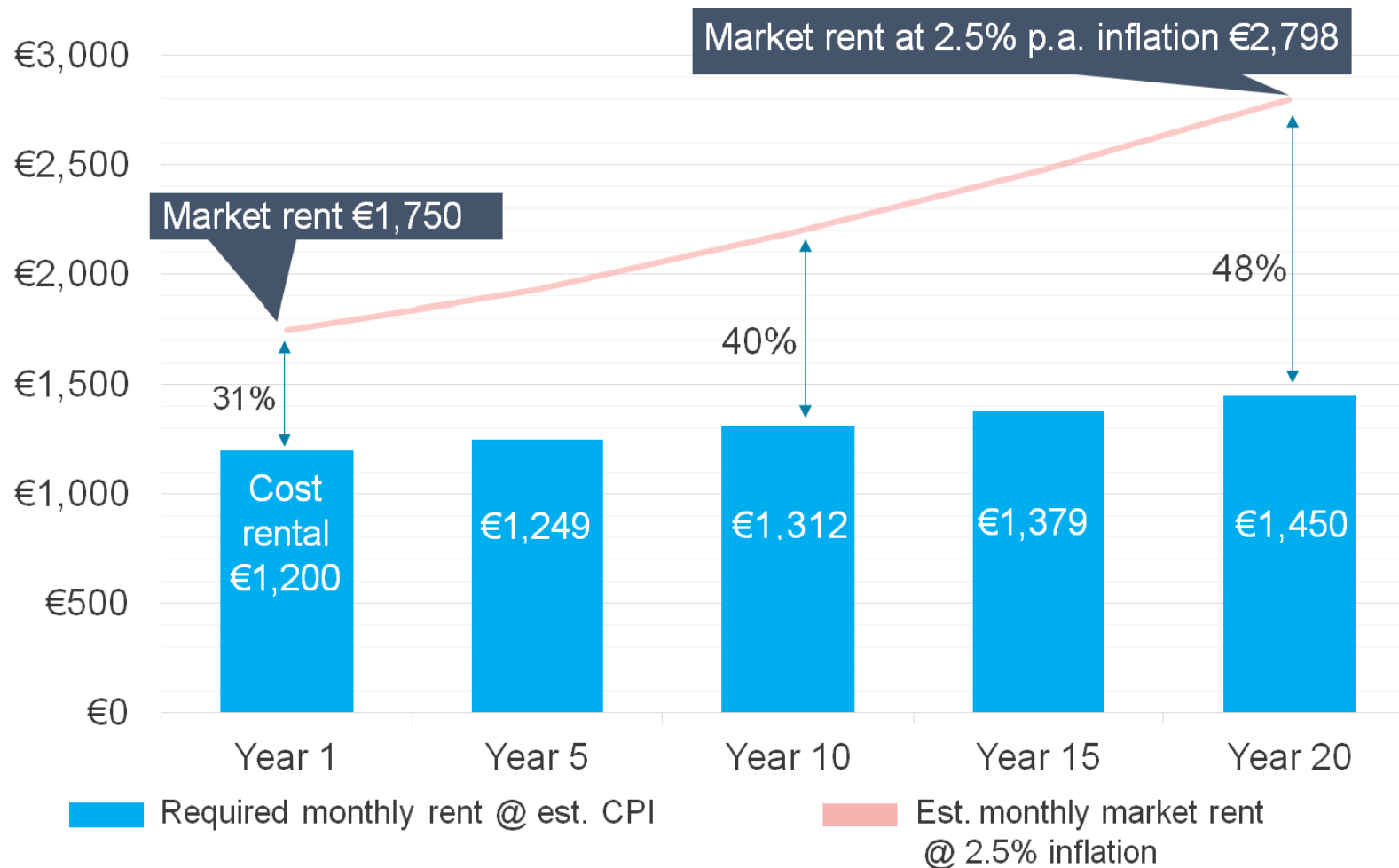


Moderate-income households experiencing financial difficulty accessing the housing market or meeting the on-going costs of their accommodation.

Annual gross salary	Rent affordable at 35% of net income) ^[1]
€45,000 Single	€998
€50,000 Single	€1,073
€60,000 Couple	€1,324
€75,000 Couple	€1,544

¹ Deloitte Tax Calculator

Cost rents & market rents over time

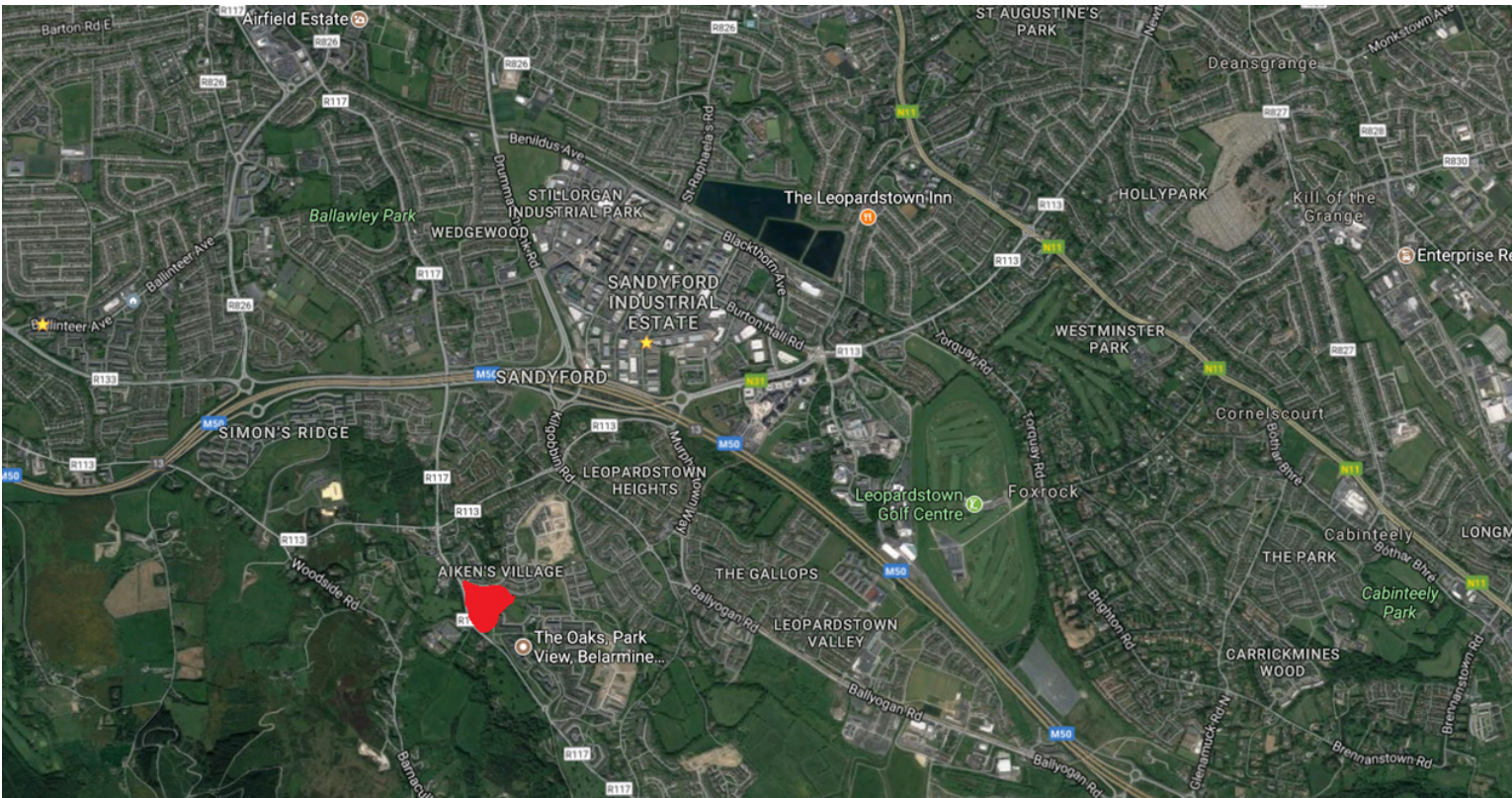


Cost Rental at Enniskerry Road



- 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 is due to start in May this year with homes being delivered in 2021.

Location in Stepside



Site



Layout



Delivering the scheme



The scheme is being delivered by:

1. Respond and Túath housing associations (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)

Rent Setting



Rent setting for 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, common area maintenance, response maintenance
 - Long term replacement of building items such as roof finishes, windows, lifts etc.

Making Rents Affordable



- There 3 main tools being used to make rents in the scheme affordable:
 1. **Land:** No site costs – saving approx. €200 per month
 2. **Serviced Site Funding** – saving approx. €200 per month
 3. **Finance:** Low cost long-term loan - saving approx. €400 per month
- Initial Rents in 2021 will be €1,200 per month.

Long Term Control over Rents



- Conditions included by the Housing Agency 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**.
- Cost Rent setting subject to the approval of the Department and the Housing Agency.
- Rent increases for the Cost Rental homes **will be linked to general consumer inflation only** and will be independent of the private rental market.

Predictable rents



- Cost rents will change over time at the same rate as general inflation – **predictable rents for tenants**
- Based on historic data, private market rent inflation has exceeded general inflation and been prone to significant short term fluctuations – not as predictable
- Over time, cost rents in a given Cost Rental scheme will become **increasingly affordable** relative to local market rents

Secure Tenure



- Cost Rental properties must be retained and managed as such for at least 70 years in Enniskerry Road – longer in future schemes
- Properties will be **professionally managed by housing associations, local authorities or another body set up by the State** to own and manage Cost Rental homes
- 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

Thank You



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