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Affordable Housing Bill 2021



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Minister for Housing, Heritage and Local Government Darragh O'Brien T.D. has published the general scheme of the Affordable Housing Bill 2021 (the “**Bill**”). The Government’s Summer Legislation Programme published on 26 April 2021 lists the Bill as priority legislation for the Summer session and notes that pre-legislative scrutiny has recently been completed.

The Bill provides for the introduction of three schemes that the Minister proposes to introduce to “*put affordability at the heart of the housing system and prioritise the increased supply of affordable homes*”.

The schemes are:

1. Provision for local authorities to deliver affordable homes on their lands;
2. A new Affordable Shared Purchase Equity Scheme; and
3. A new “Cost Rental” tenure model, targeting households on moderate incomes who do not wish to avail of other housing supports, such as the Housing Assistance Payment (“**HAP**”).

The draft Bill includes a number of initiatives intended to facilitate the provision of affordable housing, brief details of which are set out below.

New Arrangements with the Land Development Agency / the Housing Agency

Local authorities may enter into arrangements with the Land Development Agency (“**LDA**”) or the Housing Agency for the supply of houses from the LDA or the Housing Agency - in addition to existing provisions permitting arrangements with approved housing bodies or public private partnerships.

Affordable Housing Outside Part V

Local authorities may enter into arrangements with developers outside of the current Part V arrangements. This may involve the authority commissioning housing from a developer and selling the units to purchasers at a price lower than that paid for the units, with the local authority paying the difference in price to the developer directly.

Changes to Income Levels

Changes to income affordability levels for affordable housing, including a move away from the percentage of income test to a new formula to be provided for in regulations.

New Shared Purchase Scheme

Establishment of a special purpose vehicle for the purposes of taking an equity stake in dwellings to provide a shared purchase equity scheme - the details of this arrangement will be provided for in a memorandum of agreement between the Minister for Housing and the special purpose vehicle.

Cost Rental Tenure Model

A new model of tenancy whereby the rent for a dwelling will be set at a level to cover costs such as capital costs, financing costs, the provision of sinking funds and management costs for the property. These forms of tenancies will be regulated by the Residential Tenancies Acts and rents will be subject to amendment in line with the Consumer Price Index, or such other index as the Minister may prescribe. It is expected that up to 400 such tenancies will be delivered in 2021, with the model expanding in subsequent years.

The Bill is likely to be subject to amendment during its passage through the Oireachtas. We are monitoring the progress of the Bill and will review in further detail when it has been enacted. In the meantime please get in touch with your usual Commercial Real Estate Department contact or any of the contacts listed in this publication should you require further information in relation to the material referred to in this update.

Full details of the Commercial Real Estate Department, together with further updates, articles and briefing notes written by members of the Commercial Real Estate team, can be accessed at www.matheson.com.

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Contacts



Sally Anne Stone

Partner

E: sallyanne.stone@matheson.com

T: +353 1 232 2563



John Lahart

Senior Associate

E: john.lahart@matheson.com

T: +353 1 232 2239