

Affordable Housing: Evaluating the 1999 Scheme

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Content

- Context
- Methods
- Overview of 1999 Scheme progress
- Survey results
- Demand for affordable housing??

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Context

- House prices rises
- Perceived affordability 'gap' for first time buyers
- Political pressure to ease affordability
- Introduction of affordable schemes

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House Price to Earnings Ratios: One Earner

Year	New House Prices-National Average €	Affordability Ratios (1 Earner)			
		House Price: Average Annual Industrial Earnings	House Price: Banking Insurance and Building Societies	House Price: Public Sector (excluding Health)	House Price: Distribution and Business Services
1998	125,302	6.2	4.5	4.3	5.4
1999	148,521	7.0	5.1	4.9	6.1
2000	169,191	7.5	5.5	5.3	6.4
2001	182,863	7.5	5.3	5.2	6.4
2002	198,087	7.6	5.5	5.4	6.8
2003	224,567	8.1	6.2	5.9	7.3
2004	249,191	8.5	6.5	6.0	7.7

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House Price to Earnings Ratios: 1.5 Earners

Year	New House Prices-National Average €	Affordability Ratios (1.5 Earners)			
		House Price: Average Annual Industrial Earnings	House Price: Banking Insurance and Building Societies	House Price: Public Sector (excluding Health)	House Price: Distribution and Business Services
1998	125,302	4.1	3.0	2.9	3.6
1999	148,521	4.7	3.4	3.3	4.1
2000	169,191	5.0	3.7	3.5	4.3
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2004	249,191	5.7	4.3	4.0	5.2

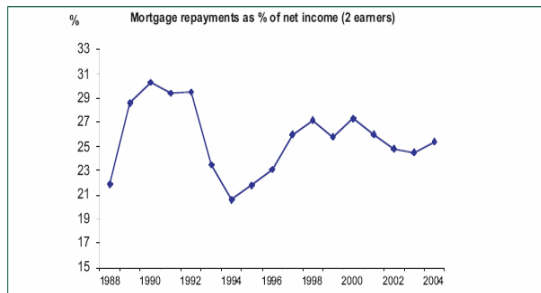
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House Price to Earnings Ratios: Double Earner

Year	New House Prices-National Average €	Affordability Ratios (2 Earners)			
		House Price: Average Annual Industrial Earnings	House Price: Banking Insurance and Building Societies	House Price: Public Sector (excluding Health)	House Price: Distribution and Business Services
1998	125,302	3.1	2.2	2.2	2.7
1999	148,521	3.5	2.6	2.5	3.1
2000	169,191	3.7	2.7	2.7	3.2
2001	182,863	3.7	2.7	2.6	3.2
2002	198,087	3.8	2.8	2.7	3.4
2003	224,567	4.0	3.1	2.9	3.7
2004*	249,191	4.3	3.2	3.0	3.9

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Mortgage Repayments (2 earners)



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Methods Summary

- Housing Statistics
- Survey of local authorities
- Interviews
 - Local authority officials
 - Estate agents

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Overview

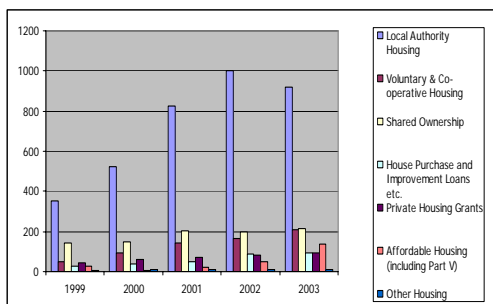
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Affordable Housing Policy Responses

1. 1999 Affordable Housing Scheme
 - 7000 target (2000-2006)
2. Part V of the Planning and Development Act 2000
 - Open-ended
3. Sustaining Progress, Affordable Housing Initiative 2003-
 - 10,000 target

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Public expenditure on housing



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1999 Affordable Housing Scheme

- Local authorities build houses, on land available to them, which are sold at cost price to eligible candidates by subsidising the land element of the house price.
 - Site subsidy available in some cases
- In effect a form of price control
- Site subsidy of €38,100 in some urban areas, €31,800 elsewhere

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Qualification criteria

- **Qualification criteria**
 - Within income limits
 - On local authority housing list
 - A local authority tenant, or
 - A tenant for more than one year of a house provided by a voluntary body

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Eligibility (gross income)

	Single Income Household	Single Income Household	Two Income Household	Two Income Household
Principal Income	€40,000.00	€42,000.00	€34,000.00	€40,000.00
Subsidiary Income	Nil	Nil	€15,000.00	€12,000.00
Formula	€40,000 x 2.5 = €100,000	€42,000 x 2.5 = €105,000	€34,000 x 2.5 = €85,000 + €15,000 = €100,000	€40,000 x 2.5 = €100,000 + €12,000 = €112,000
Eligible	Yes	No	Yes	No

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Purchasing an Affordable House

- Loan of 97% of house price
- 3% deposit
- 30 year term
- Monthly repayments should not exceed 35% of net household income

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House Finance

- No access to commercial lenders until recently
- Shared Ownership main finance route
 - Access to full ownership in 2 or more stages
 - Purchase minimum 40%, rent remaining share from local authority
 - Rent calculated as percentage of rented share adjusted annually for inflation
 - Acquire remaining equity within 30 years
- Clawback on resale

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Monthly Repayments and Minimum Gross Income for Annuity Loan

	Single Person Household
Purchase Price of Affordable House	€130,000
Loan Approved (97% of sale price)	€126,100
Monthly Repayments	€591.09
Minimum Annual Net Income	€20,265
Minimum Annual Gross Income	€23,571

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Monthly Repayments and Minimum Gross Income for Annuity Loan

	Single Person Household
Purchase Price of Affordable House	€170,000
Loan Approved (97% of sale price)	€165,000
Monthly Repayments	€773.43
Minimum Annual Net Income	€26,518
Minimum Annual Gross Income	€32,032

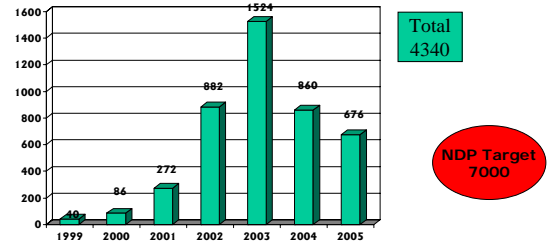
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Clawback

No. of Years Before House is Sold	5	15	20
Original Market Value of House	€130,000	€130,000	€130,000
Sale Price to Affordable Housing Applicant	€110,000	€110,000	€110,000
% Discount Received	15.38%	15.38%	15.38%
Sale Price on Resale of House	€150,000	€190,000	€200,000
% of Proceeds of Sale due to be Repaid to Local Authority	15.38%	7.69%	Nil
Amount due to be repaid to Local Authority	€23,070	€14,611	Nil

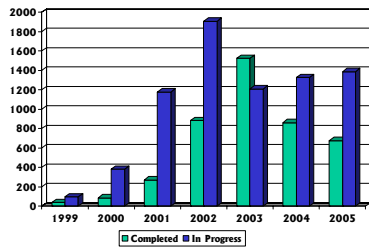
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Affordable Housing Scheme - Completed



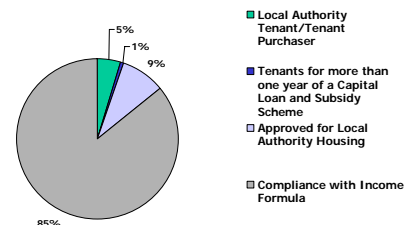
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Affordable Housing Scheme – in progress



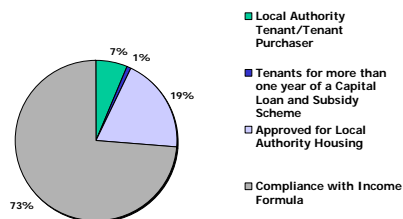
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Sales by Type of Applicant 2003



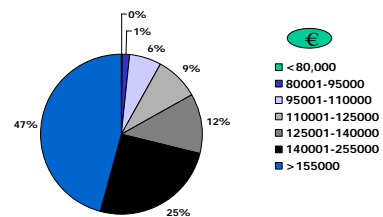
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Sales by Type of Applicant 2004

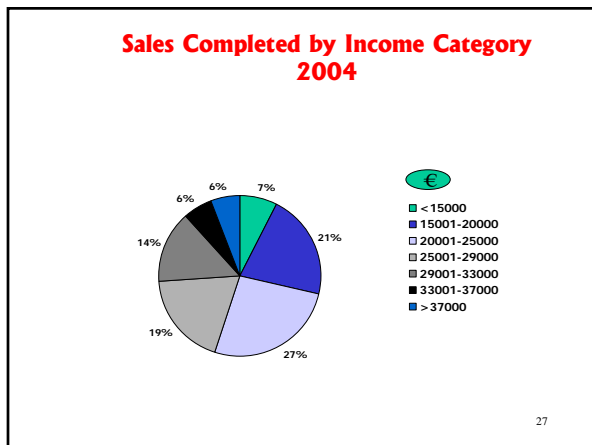
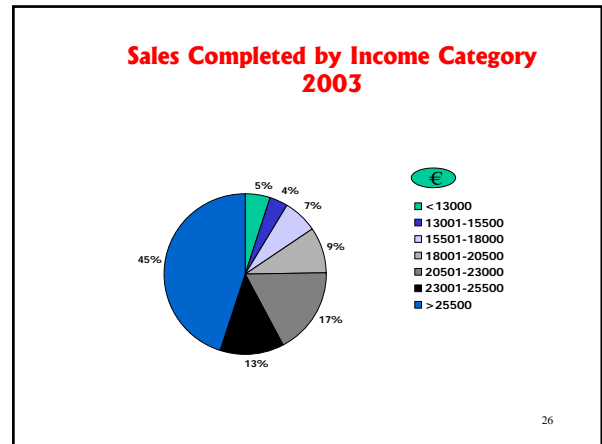
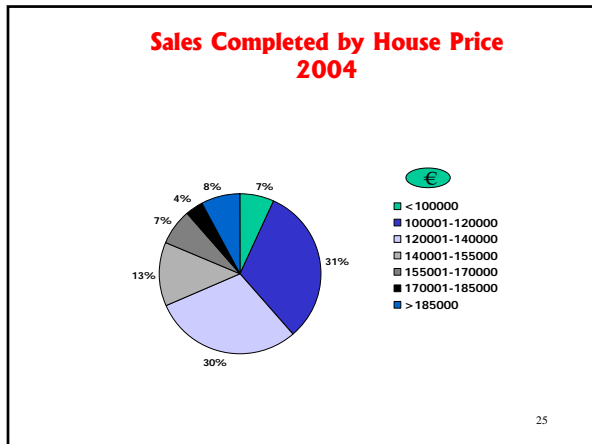


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Sales Completed by House Price 2003



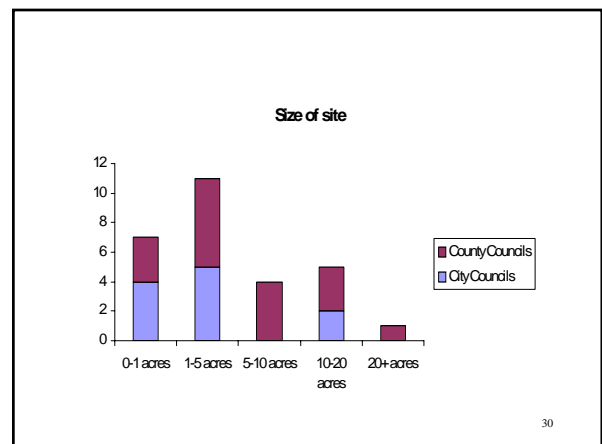
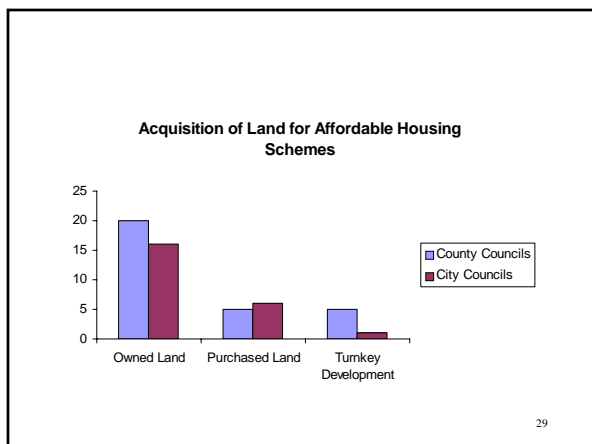
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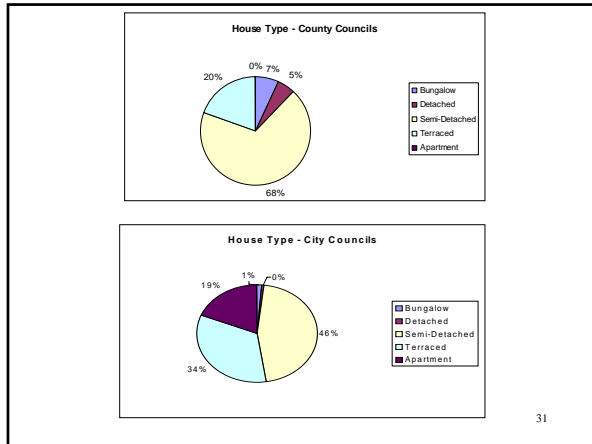


Survey Profile

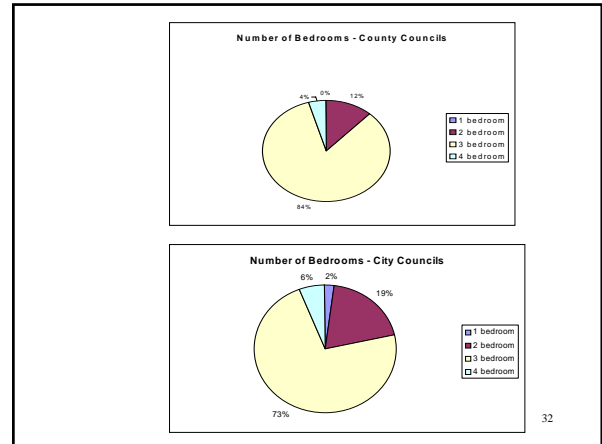
2300 dwellings

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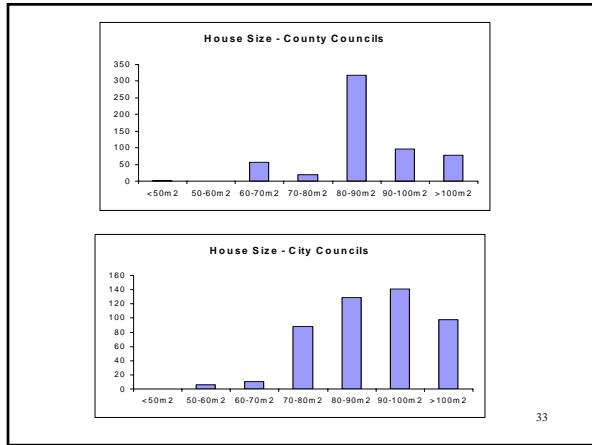




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Affordable House Prices - Bungalows

	City/County Council	Location	Purchase Price
2-Bedroom	Limerick County Council	Newcastle West	€85,000
	Meath County Council	Manorlands, Trim	€103,000
3-Bedroom	Cork County Council	Maulbaun, Passage West	€128,000
	Galway County Council	Abbey	€99,000
	Limerick County Council	Newcastle West	€101,000
	Wexford County Council	Ballyknockan, Rosslare Harbour	€93,961-€99,040
	Waterford City Council	Avondale	€100,500

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Affordable House Prices - Detached Houses

	City/County Council	Location	Purchase Price
2-Bedroom	Kilkenny County Council	St. Kieran's Crescent, Kilkenny	€106,023
	Cork City Council	Glenfields, Ballyvolane	€139,408
3-Bedroom	Galway County Council	Loughrea	€113,500
		Mount Bellew	€7,135
	Kerry County Council	Deerpark, Killarney	€112,000
	Mayo County Council	Pairc na Coille, Westport	€109,200
	Meath County Council	Nangle Court, Windtown, Navan	€146,690
4-Bedroom	Waterford City Council	Killure	€125,700
	Mayo County Council	Pairc na Coille	€133,323

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	City/County Council	Location	Purchase Price
2-Bedroom	Kilkenny County Council	St. Kieran's Crescent, (mid terrace)	€90,151
		St. Kieran's Crescent, (end terrace)	€93,200
	Mayo County Council	Pairc na Coille, Westport	€88,882
	Cork City Council	Hollyhill Lane	€131,415
		Glenfields, Ballyvolane	€137,890
	Waterford City Council	Killure	€92,000
	Dublin City Council	Cedarbrook, Cherry Orchard	€163,549
	Cork County Council	Chapel Gate, Ballincollig (smaller unit)	€173,649
		Chapel Gate, Ballincollig (larger unit)	€95,230
		St. Kieran's Crescent, (mid terrace)	€106,458
3-Bedroom	Kilkenny County Council	St. Kieran's Crescent, (end terrace)	€113,000
		St. Kieran's Crescent, (mid terrace)	€117,500
	Louth County Council	Callystown, Clogherhead	€125,000
	Meath County Council	Nangle Court, Windtown, Navan	€126,690
			€132,890
	Wexford County Council	Sean Doire, Gorey	€95,120
	Cork City Council	Hollyhill Lane	€138,713
	Galway City Council	Beal Srutha, Ballybane	€110,000
		An Sean Bhiale	€117,000
		Baile an Choiste, Headford Road	€123,000
4-Bedroom		And Alamm, Ballybane	€119,500
		Fana Buzca, Knocknacarra	€135,000
	Limerick City Council	Rheboque	€155,000
	Waterford City Council	Killure	€91,000
	Dublin City Council	Cedarbrook, Cherry Orchard	€180,719
	Sligo County Council	Strandhill	€100,944
	Wicklow County Council	Blessington	€127,805
			€137,328
	Cork City Council	Hollyhill Lane	€139,713

Terraced

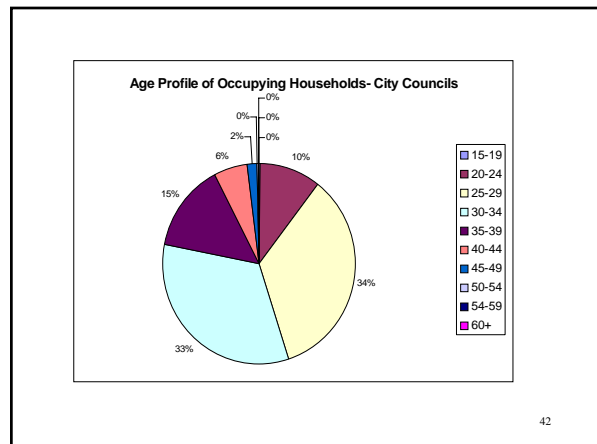
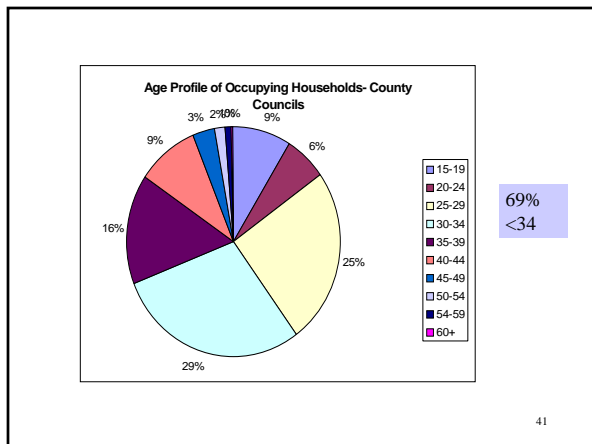
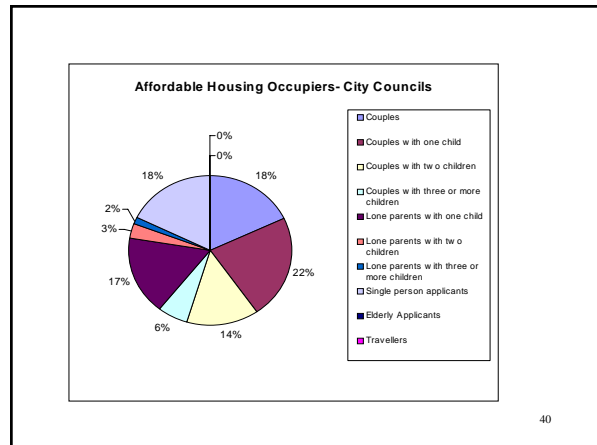
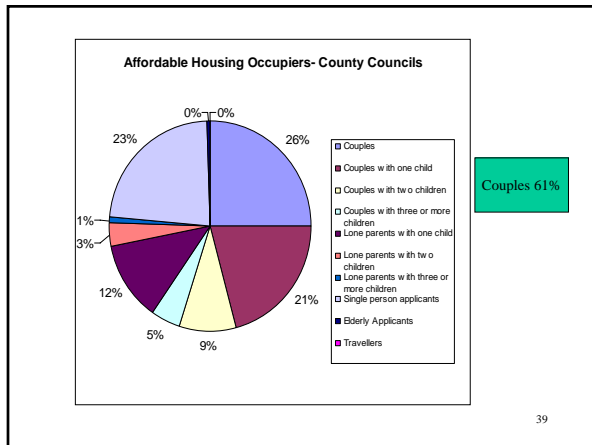
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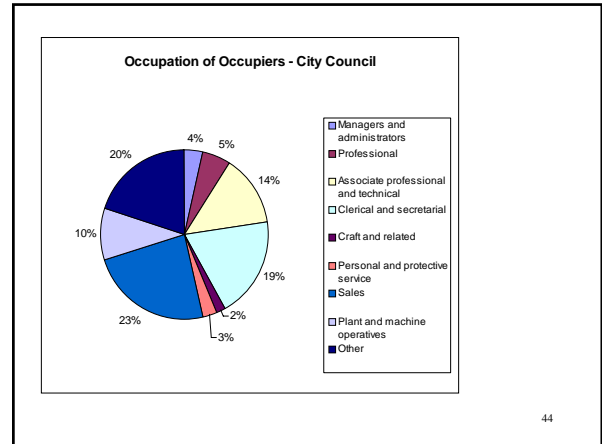
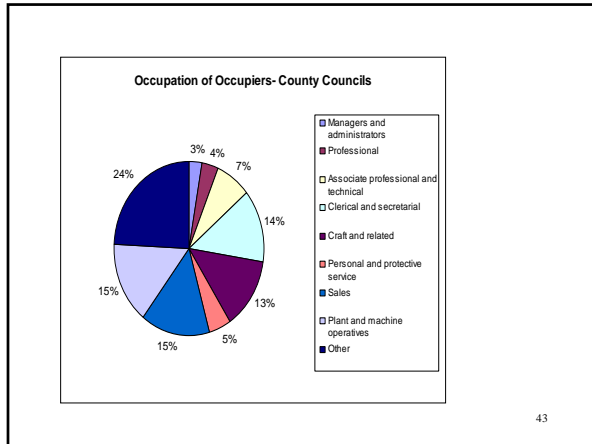
City/County Council	Location	Purchase Price
Chire County Council	Shannon	€122,000
	Clasheen Lake, Chivens	€126,700
Cork County Council	Rochestown - Belmont Avenue	€144,000 - €150,800
	Mill Range, Ballycine	€128,000
	Mullinahy, Rillstone West	€128,000
Galway County Council	Tuam	€92,500
	Coat	€112,750
	Loughrea	€108,000
	Fries	€112,000
Kerry County Council	Killarney	€106,000
	Ballybunion	€118,000
Kilkenny County Council	St. Kieran's Crescent, Kilkenny	€118,088
Limerick County Council	Neurosville West	€108,000
Drogheda Borough Council	Marley's Lane	€126,000
Mayo County Council	Farris na Lúille, Westport	€102,800
	Knocknashas, Louisburgh	€107,500
Meath County Council	Manorlands, Trim	€110,000
	Navan Court, Windown, Navan	€138,600
	Loughcrew Close, Oldcastle	€130,000
Tullamore Town Council	Andra Street, Clonsilla	€114,510
	Ballyknockan, Rosshare Harbour	€95,250
	Castledodge Phase 2	€97,600
Wexford County Council	Sean Doire, Gorey	€106,000
	Ad. Alanah, Castledodge, Phase 2	€113,000
	Ricoodle	€122,517
	Blessington	€122,282
	Rathnux	€164,500
Wicklow County Council	Clonsilla Park	€127,000
Cork City Council	Liss na hEala, Bandon	€138,950
	Glenfields	€139,790
	Corrach Bui, Ballybane	€75,000
	Rian Luchtra, Ballybane	€75,000
	Shah Plas, Ballybane	€75,000
Galway City Council	Beal Srutha, Ballybane	€116,000
	An Sean Bhaile	€125,000
	Baile an Choiste, Headford Road	€131,000
	Ad. Alanah, Ballybane	€128,000
	Fana Burca, Knocknacarra	€135,000
Limerick City Council	Rosey Handball Alley Site	€128,000
Waterford City Council	Kilure	€100,000
	Kilohagan	€135,000
Sligo County Council	Strawhill	€104,250
Wexford County Council	Sean Doire, Gorey	€110,850

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Apartments

City/County Council	Location	Purchase Price		
1- Bedroom	Dublin City Council	Cedarbrook, Cherry Orchard	€18,009 - €123,149	
2- Bedroom	Galway City Council	Beal Srutha, Ballybane	€100,000	
		An Sean Bhaile	€110,000	
		Baile an Choiste, Headford Road	€116,000	
		Fana Burca, Knocknacarra	€131,000	
3- Bedroom	Dublin City Council	Cedarbrook, Cherry Orchard	€146,379 - €158,499	
		City Housing Initiative	Poolbeg Quay, Ringsend	€144,000
		City Housing Initiative	Poolbeg Quay, Ringsend	€144,000





Affordable Housing Demand & Supply: Case Studies

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Fingal County Council
Councillors David Foster TD

**FINGAL COUNTY COUNCIL
AFFORDABLE HOUSING**

- Fed up Renting?
- Want to own your own Home?
- We have 1, 2 & 3 Bed Homes for Sale Now Throughout Fingal

Tel No: 8985419 / 8985420
Email: housing@fingalcc.ie
Website: www.fingalcc.ie

INCOME LIMITS, TERMS & CONDITIONS APPLY
FINGAL COUNTY COUNCIL - BUILDING COMMUNITIES

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- Fingal**
- Initial high demand, but has varied
 - 400 households on affordable waiting list
 - 50% of demand from outside Fingal
 - Confusion between 'council' housing and 'affordable' housing
 - Difficulty in marketing
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Castlecragh, Mulhuddart, Dublin 15 (Phase 1)					
No. of Affordable Units: 167			Site subsidy: €20,084		
Type	Description	Approx Square Metres	Affordable Sale Price €	Market Value €	Difference €
A	3 bed mid terrace house	89	125,000	162,000	37,000
	3 bed end terrace house	89	127,000	165,000	38,000
B	3 bed mid terrace house	86	124,000	158,000	34,000
	3 bed end terrace house	86	125,500	162,500	37,000
E	3 bed detached house		130,000	170,000	40,000
D	2 bed mid terrace	77	118,000	150,000	32,000
	2 bed end terrace	77	120,000	154,000	34,000
G	2 bed duplex apartment	80	120,000	155,000	35,000
J	2 bed duplex apartment	71	112,000	142,000	30,000
H	1 bed apartment	42	100,000	110,000	10,000
F	1 bed apartment	41	100,000	110,000	10,000

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Castlecragh, Mulhuddart, Dublin 15 (Phase 2)				
No. of Affordable Units: 86			Site subsidy: €20,084	
Type	Description	Sale Price €	Market Value €	Difference €
A	3 bed mid terrace house	140,500	222,000	81,500
	3 bed end terrace house	143,000	225,000	82,000
B	3 bed mid terrace house	139,400	217,000	77,600
	3 bed end terrace house	141,000	223,000	82,000
E	3 bed detached house	146,000	245,000	99,000
D	2 bed mid terrace	133,000	208,000	75,000
	2 bed end terrace	135,000	210,000	75,000
G	2 bed duplex apartment	135,000	215,000	80,000
J	2 bed duplex apartment	126,500	200,000	73,500
H	1 bed apartment	113,000	140,000	27,000
F	1 bed apartment	113,000	140,000	27,000


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Castlecragh, Mulhuddart, Dublin 15 (Phase 3)				
No. of Affordable Units: 192			Site subsidy: €20,084	
Type	Description	Sale Price €	Market Value €	Difference €
A	3 bed mid terrace house	153,500	222,000	68,500
	3 bed end terrace house	155,000	225,000	70,000
B	3 bed mid terrace house	151,000	217,000	66,000
	3 bed end terrace house	152,500	223,000	70,500
E	2 bed semi detached bungalow x 2	154,000	243,000	89,000
	2 bed detached bungalow x 4	156,000	245,000	89,000
	2 bed detached bungalow, extended garden x 4	160,000	250,000	90,000
L	3 bed apartment	155,000	225,000	70,000
N	3 bed apartment	154,000	224,000	70,000
C	3 bed house, dormer style	180,000	270,000	90,000
G	2 bed duplex apartment	149,000	215,000	66,000
J	2 bed duplex apartment	136,500	200,000	63,500
F	1 bed apartment	120,000	141,000	21,000
K	1 bed apartment	120,000	141,000	21,000
M	1 bed apartment	120,000	141,000	21,000

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Waterford

	New House Prices - City	Affordable House Prices - City	Market prices - coast and rural
2000	145,713		
2001	155,488		
2002	167,272	138,000	120,000
2003	195,173		



Low Demand

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- Waterford**
- Scheme , Kilcohan – 2002/3 – 28 threebeds
 - Affordable Housing – €135,000
 - Market housing on next site €139,000
 - Difficulty in selling – protracted period

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- Conclusions**
- Scheme below target
 - Estimating demand for affordable housing is difficult
 - Clear demand in some urban areas
 - Land Issue clearly important regarding costs/values (Site subsidy)
 - Affordable Housing a political priority

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Considerations

- **3 affordable schemes**
 - Fragmentary policy
 - Different income bands and rules
 - Demand quite variable
- **Estimating demand for affordable housing?**
 - Housing strategies are imprecise
 - Acton plans are expenditure based and not necessarily related to demand

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