



Comhairle Cathrach
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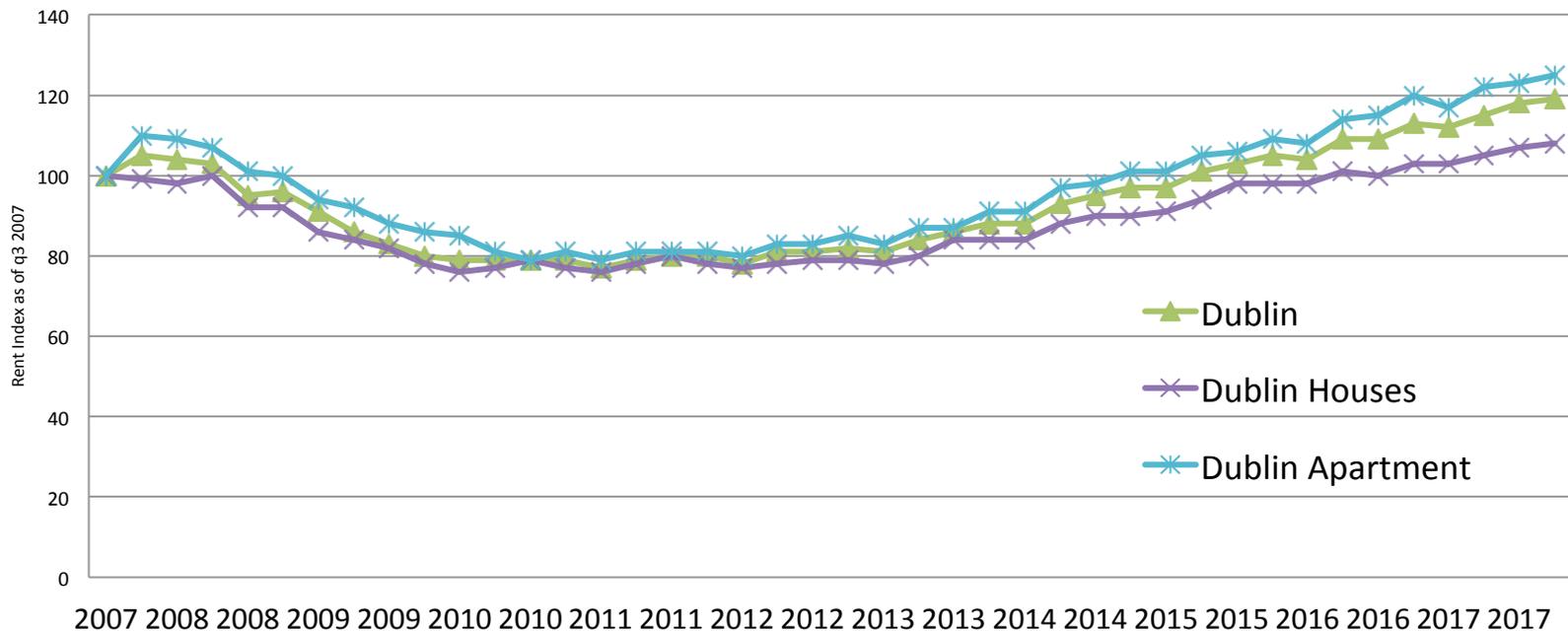
Toward a Living Rent for Dublin: challenges and opportunities

Re-Imagining Ireland's Future: Housing, Wealth and Inequality
Threshold 40th Anniversary Conference,
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Post-crash Irish Housing Tenure in Dublin: **accelerating dynamics of change in rental tenure** in Dublin mirror wider EU trends. Deepening, broadening and strengthening affordability crises across rental and homeownership. What effects on longer-term decision making and choices?

Dublin's Rent Index (PRTB Figures)



Graph 1: Net wages and renting a 1 bed apt, 2017 Quarter 2



Rental affordability crisis is severe for **Generation Rent** (see NERI, ESRI, NESC). Crisis is producing significant pauperisation effects with negative impacts on Irish aggregate demand and labour markets. Insecurity of tenure drives exclusion, incipient and actual homelessness. Options to transfer housing demand reduced due to chronic supply side shortage of new housing, high and rising house prices and macroprudential rules.

1. Who are 'Generation Rent' now?
2. Do they think differently as a result of GFC?
3. What will their housing preferences and aspirations be?

A **'Living Rent'** and a **Game Changer**: challenges of moving towards **Cost Rental** housing

1. **Affordability Challenge**

- Economic not market rent to landlord – rent certainty; moderation/ stabilisation
 - Role of subsidy is crucial here in determining development costs
- Rent setting mechanisms: related to income and are accountable to service and quality standards
 - indexed to costs/ inflation
- Income and housing allowances are integrated to ensure social and income mix of tenant households
 - Housing allowance (i.e. RS & HAP) payable to non-profit (AHB) statutory (LA) and PRS landlords alike

Whither **Cost Rental affordability**: for whom and what likely demand?

- Assume affordability standard is 35% of net disposable income
 - Too high?
 - How to determine income?
- Working cost rental 'finance model' (example is DLRCC Enniskerry) producing €1,200 pcm for 2 bed Apt
- Implies NET household income is €3,600 pcm = €43,200 pa
- CSO HBS (2015/16) gives €911 net weekly average HH disposable income
- Assume it is €950 in 2018
- Gives annual NET income of €49,400 (€75,000 gross)
- At 35% means €1,440 is CR affordability 'limit'
- €75K gross - who's affordability is this?

Dual income couple no kids

Gross income ranges

Number of individuals in each of the given gross income ranges, along with the total gross income of these individuals

Gross income (€)	Number of Individuals	Total Gross Income €m
0 - 10,000	546,133	€2,703
10,000 - 12,000	142,215	€1,560
12,000 - 15,000	206,665	€2,771
15,000 - 17,000	124,485	€1,992
17,000 - 20,000	188,556	€3,487
20,000 - 25,000	294,190	€6,616
25,000 - 27,000	111,378	€2,895
27,000 - 30,000	158,646	€4,522
30,000 - 35,000	249,130	€8,087
35,000 - 40,000	192,318	€7,194
40,000 - 50,000	265,480	€11,839
50,000 - 60,000	165,919	€9,053
60,000 - 70,000	94,061	€6,078
70,000 - 75,000	31,823	€2,303
75,000 - 80,000	24,729	€1,914
80,000 - 90,000	35,765	€3,028
90,000 - 100,000	23,438	€2,219
100,000 - 150,000	49,718	€5,929
150,000 - 200,000	15,368	€2,636
200,000 - 275,000	9,259	€2,141
Over 275,000	10,224	€5,596
Total	2,939,500	€94,565

Half all taxpayers earn less

Required CR affordability line – role of subsidy & maturation crucial!

Effective CR demand?

Current CR affordability line?

Limited CR demand?

Ineffective CR demand?

Table excludes individuals with zero gross income

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Can we build it? We yes can. Dublin City Rapid Build Programme is delivering. We must can scale up to improve cost effectiveness (lower unit costs). Model for new cost rental delivery?

22 high quality 3 bed houses in Poppintree, Ballymun. Construction costs came in under budget at **€180k per house**. Build time was 16 weeks; 17 months from tender to completion. Families moved into their homes in May 2016

A total of 39 2 and 3 bed homes completed in St Helena's Court, Finglas at **€220k per unit**. 12 months from start of build to families moving in.

Rapid Build Housing schemes being completed in Drimnagh, Cherry Orchard in Ballyfermot, Finglas and Belcamp in Darndale



New, innovative approach to deliver a **'Living Rent'**: Regeneration of St Michael's Estate, Dublin 8 using **Cost Rental Model**



- Previous estate buildings all cleared c. 4.9ha site with key infrastructure in situ
- Development will comprise 472 dwellings: 330 (70%) cost rental and 142 (30%) social rental
- Phase 1 social rental housing development successful (52 units at Thornton Hall)

- Variety in dwelling types and design to achieve balanced and sustainable community (including dedicated Older Persons housing)
- Commercial, community, recreational, leisure and sports facilities including:
 - A new public library
 - Supermarket and retail units
 - High quality civic building
 - Local neighbourhood park with play facilities
 - A public plaza
- Improved mobility, permeability and connectedness (public transport, cycling, pedestrian)
- High quality, vibrant, mixed-use urban quarter
- Masterplanning and Consultation underway from Q4, 2018

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2. **Sustainability Challenges**

- Indefinite security of tenure is the default starting point
 - (unless/ until modification is agreed based on tenant's options)
- No tenant purchase
 - in order to produce the required mortgage maturation effect for landlord (i.e. surplus revenue)
- Re-investment of surplus revenue –
 - options in housing (repair/ renovation/ renewal/ regeneration/ new development);
 - housing services (estate management); and,
 - housing plus services (from supported housing to training and employment)
- Shared equity options within cost-rental provision that do not interrupt security of tenure (e.g. SSIA for tenants – 'rent and save' model)

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3. Integration and Choice Challenges

- Cost-rental is available on a general needs and demand-led provision
 - everyone who chooses to seek rental has a real choice to do so.
- Public landlords and private landlords operate within a unitary system
 - (governance, regulation, development, subsidy, allowances, investment)
- Choice based on unit price between private and non-profit landlord
 - relative to space standards; location; housing services etc

Thank you

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