

Department of Housing, Local Government and Heritage

State Home Construction Agency

1. Detailed description of item or policy on which a costing is required:

- propose to establish a state owned-and managed construction agency.
- The objective of the agency is to construct to completion 25,000 social and affordable homes per annum indefinitely.
- The homes will be distributed as follows; o 20% apartments / 80% houses
- The homes will be distributed as follows
 - 1 bed units = 12%
 - 2 bed units = 20%
 - 3 bed units = 45%
 - 4 bed units = 20%
 - 5+ bed units = 3%
- The 25,000 homes per annum will be distributed nationally in line with population distribution but will be concentrated in cities and towns.
- All homes will be completed to 'passive house' energy standards.
- Any land developed by the agency will already be state-owned land.
- The agency will carry out its function on an in-sourced basis, apart from infrequent requirements or highly specialised needs.
- The construction workers would be employed directly by the state on public sector/local authority pay, terms and conditions.
- Costing required for the construction of 25,000 homers per annum per the above.

2. What assumptions/parameters do you wish the Department to make/specify?

Workers employed by the agency will be employed on local authority pay, terms and conditions.

The costings should be based on the land developed by the agency being already state-owned land.

Response

Estimates costs per annum for 25,000 units

The below costs (for the purpose of this exercise) are based on all LA build social housing units, 100% capital funded. Two scenarios are included, Table 1 assumes no new land acquisition (see note 5 below) and for comparison purposes Table 2, which includes allowances for the purchase of new lands for 75% of the units.

1. ASSUME NO LAND ACQUISITION*		Number of Units (p.a.)	Average Unit Cost	TOTAL COST (p.a.) €
Dublin LAs	40%	10,000	337,000	3,370,000,000
Other GDA + Cities	40%	10,000	281,000	2,810,000,000
Rest of Country	20%	5,000	241,000	1,205,000,000
TOTAL (per annum)	100%	25,000		7,385,000,000

*-See note 5 below

2. ASSUME c.75% NEW LAND ACQUISITION		Number of Units (p.a.)	Average Unit Cost	TOTAL COST (p.a.) €
Dublin LAs	40%	10,000	374,000	3,740,000,000
Other GDA + Cities	40%	10,000	298,000	2,980,000,000
Rest of Country	20%	5,000	248,000	1,240,000,000
TOTAL (per annum)	100%	25,000		7,960,000,000

Notes / Assumptions

1. The above is based on 25,000 new build SH units, 100% capital funded.
2. Assumed unit type mix as follows: ○ 20% apartments / 80% houses ○ 1 bed units = 12% ○ 2 bed units = 20% ○ 3 bed units = 45% ○ 4 bed units = 20% ○ 5+ bed units = 3%
3. Assumed location apportionment as follows: ○ 40% Dublin Local Authorities ○ 40% Other GDA (Louth, Kildare, Meath, Wicklow) + Cities (Cork, Limerick, Galway, Waterford) ○ 20% Rest of Country
4. The above reflect order of magnitude all-in costs and are based on current construction UCCs (unit construction costs) (Q2 2021), with allowances for abnormal works, design fees, utilities, surveys, etc. The above excludes inflation costs.
5. Table 1 costs are on the basis of all lands being in State or LA ownership and exclude new land acquisition costs (but include allowances for recoupment of historic purchase costs / debt).
6. Assumed that all lands are serviced (access, utilities, etc.)
7. All units built to NZEB standard (i.e. in line with current Part L Standards)

It should be noted that funding to support the delivery of affordable purchase homes is made available via a number of funding streams:

- Up to € 100,000 per home via the Affordable Housing Fund
- €75m is currently available to support the delivery of the First Home scheme which will support eligible households in purchasing up to 30% equity stake in new homes in private developments

It is not possible to provide a universally applicable cost of delivery of a quantum of affordable housing units. Such a costing is centrally dependent upon, and impacted by, a range of site and project specific characteristics. These factors include variables such as unit type, land cost, development and construction costs, costs and source of finance, ongoing maintenance and management fees, etc.

As such and until site and project specific costings for individual development costings are available, it would not be possible or prudent to speculate on a delivery cost in the manner outlined.