

Fuelling the ambition

Overview

The Budget has reiterated the ambitious targets set out in the Housing for All Strategy and provided further detail on how the €4 billion in planned housing expenditure will be allocated in 2022. The expectation is that approximately 9,000 social homes will be new builds with an additional 4,000 affordable and cost rentals which are expected to be largely new build as well. This level of activity, if materialised, will likely result in significant resource constraints and will likely underpin strong growth in costs and prices next year. It is worth noting that total housing expenditure has more than doubled since 2016, and as of 2021 it will be more than 40% above peak level in 2008.

Housing expenditure

The total housing funding available in 2022 will amount to c.€4bn, an amount that was signalled in the Housing for All Strategy. Under the Housing for All Strategy, €20bn is being made available for housing over the next five years which was confirmed today by the Minister for Public Expenditure and Reform. It is intended that the €4bn of funding will support the needs of an additional 31,000 households of which 11,820 new social homes will be delivered through build, acquisition and leasing programmes. It is expected that 9,000 of these will be new build homes.

Notable aspects of the strategy for 11,820 new social homes include:

- The total capital funding available for housing in 2022 is €2.58 billion, a large element of which will be used to deliver 9,200 new social homes, the vast bulk through new build, with a limited, targeted acquisition programme.
- The total current funding available of €1.3716 billion will support a range of other programmes including the delivery of 2,620 new social homes through various leasing schemes (including Mortgage to Rent and Repair and Lease) delivered by local authorities and approved housing bodies (AHBs).

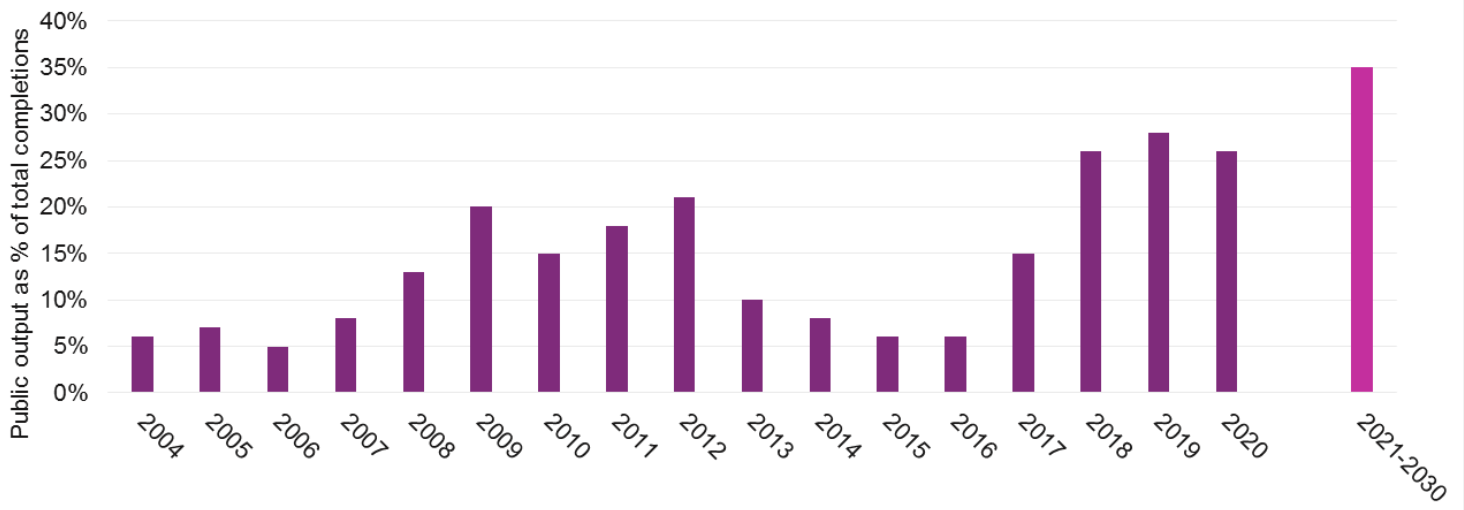
In addition, the current funding allocation will support 14,800 new households under the Housing Assistance Payment (HAP) and Rental Accommodation Scheme (RAS), as well as supporting almost 82,000 existing tenancies under these schemes.

Further, the capital funding provided in 2022, coupled with Housing Finance Agency Lending and Land Development Agency (LDA) investment funding, will also finance a range of affordability schemes and measures and aims to deliver over 4,000 new affordable purchase and cost rental homes and includes:

- 1,750 via First Home affordable purchase shared-equity scheme.
- 750 cost rental homes via the AHBs and local authorities.
- 500 affordable purchase homes via the Affordable Housing Fund.
- 1,000 cost rental and affordable purchase homes via the LDA.



Share of public output to increase significantly
With an increased emphasis on new builds



Housing for All Strategy—Recap on projections

	2022	2023	2024	2025	2026	2027	2028	2029	2030
Social Homes	9,000	9,100	9,300	10,000	10,200	10,200	10,200	10,200	10,200
Affordable & Cost Rental Homes	4,100	5,500	6,400	6,400	6,100	6,300	6,400	6,300	6,300
Private Rental & Private Ownership Homes	11,500	14,400	17,750	18,200	19,800	20,400	21,500	23,000	24,000
Total Homes	24,600	29,000	33,450	34,600	36,100	36,900	38,100	39,500	40,500

Total housing supply (public and private) has averaged just over 16,500 over the past five years, and based on the projections contained in this strategy, the private sector alone will be expected to deliver c.18,300. per annum split between 11,800 new private ownership homes per annum 6,500 new private rental homes.

Capacity constraints in the industry, primarily labour, but also supply chain issues and on going elevated commodity costs means the ramp up in supply will probably only start to fully materialise from 2024/25 onwards. For example, an estimated 40,000 workers are involved in delivering 20,000 homes per annum. This will need to increase by a further 27,500 workers to hit the target of 33,000 homes per annum. It will take time to recruit / train 27,500 new construction workers and will act as a challenge for the immediate future.

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.