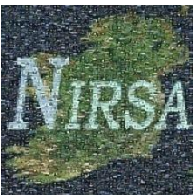


**NIRSA**

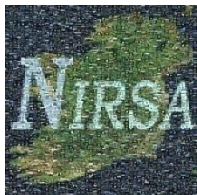
**NATIONAL INSTITUTE FOR REGIONAL AND SPATIAL ANALYSIS**



# Housing in Ireland: From crisis to crisis

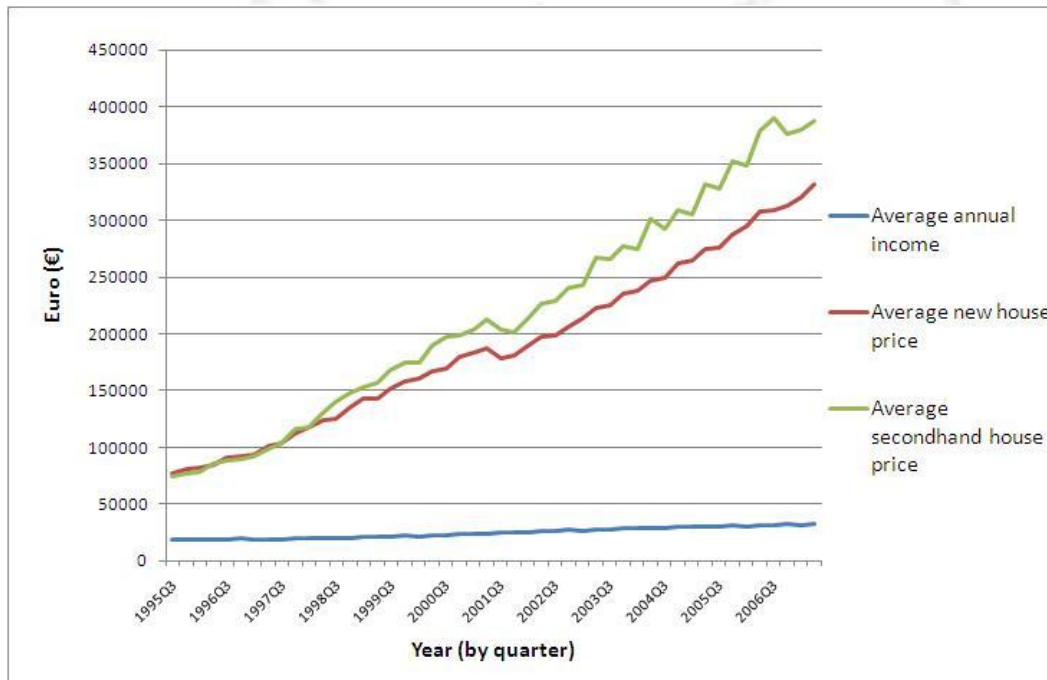


**Maynooth  
University**  
National University  
of Ireland Maynooth

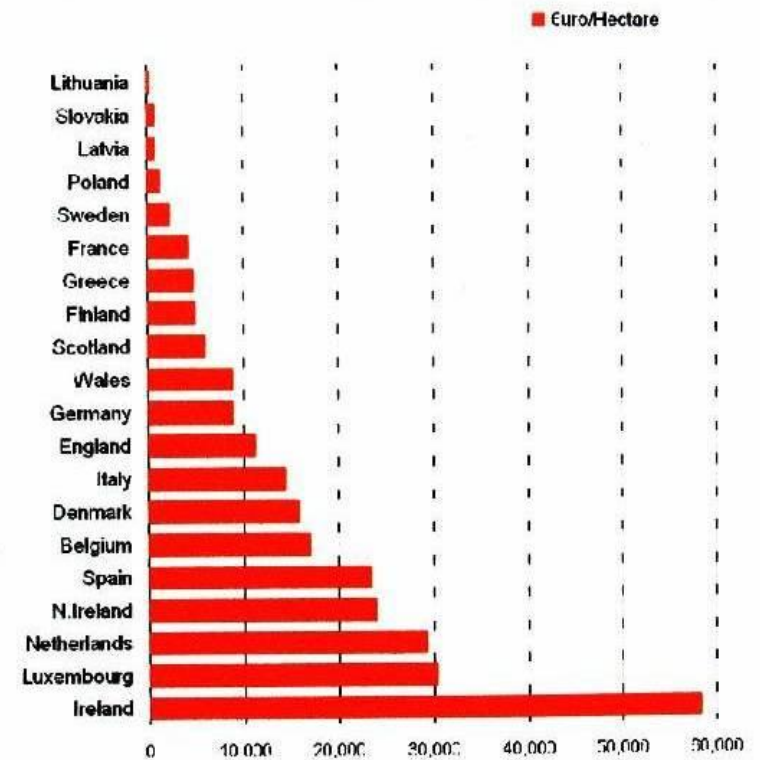
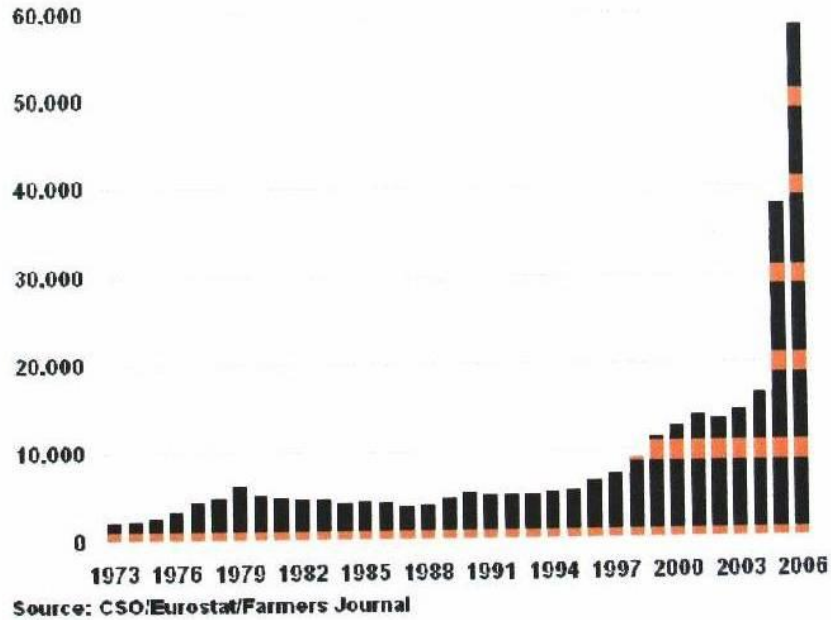


# Crisis 1: 1996-2007

- Creating supply: Population grew by 1 million people between 1991-2011; household fragmentation
- Diversifying stock
- Regenerating old, not fit-for-purpose social housing stock; rising waiting list
- Over-zoning but sitting on land (in 2008 14,191 ha of serviced land zoned for 462 709 potential new units (+ 30,000 ha of unserviced zoned land))
- Explosive growth in house prices (350-500%) and land prices
  - In Q3 1995 the average secondhand house price was 4.1 times the average industrial wage, by Q2 2007 it was 11.9 times



## Irish land values 1973-2006 (€ per hectare)



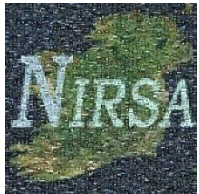
## European land values by country (€ per hectare)

# Crisis 2: 2007-late 2012

- Oversupply
- Unfinished estates
- Stalled regeneration schemes and collapsed PPP developments
- Plunging prices
- Negative equity and mortgage arrears
- Quality issues with boom-era stock
- Very long social housing waiting list
- Massive rent supplement bill
- Commercial property (>20% office vacancy in Dublin; very extensive retail vacancy)

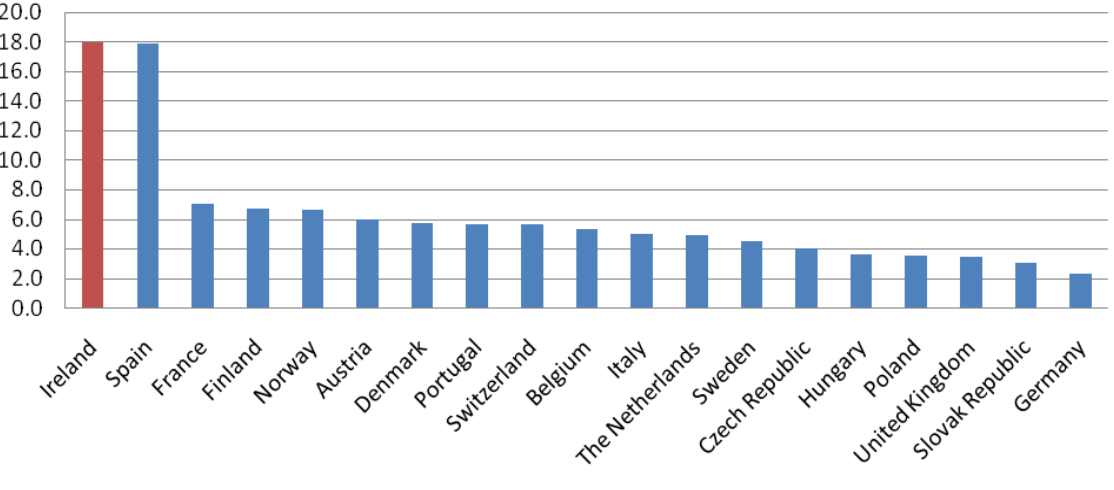
**NIRSA**

NATIONAL INSTITUTE FOR REGIONAL AND SPATIAL ANALYSIS



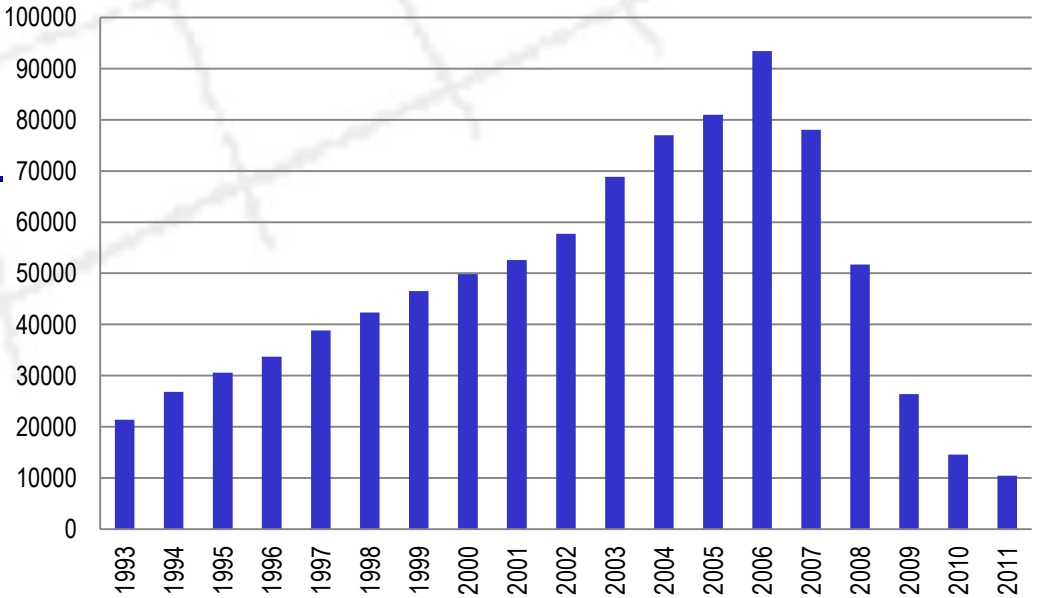
Between April 1991 and April 2011, households grew by 625,124, the number of housing units increased by 834,596

No. of Units

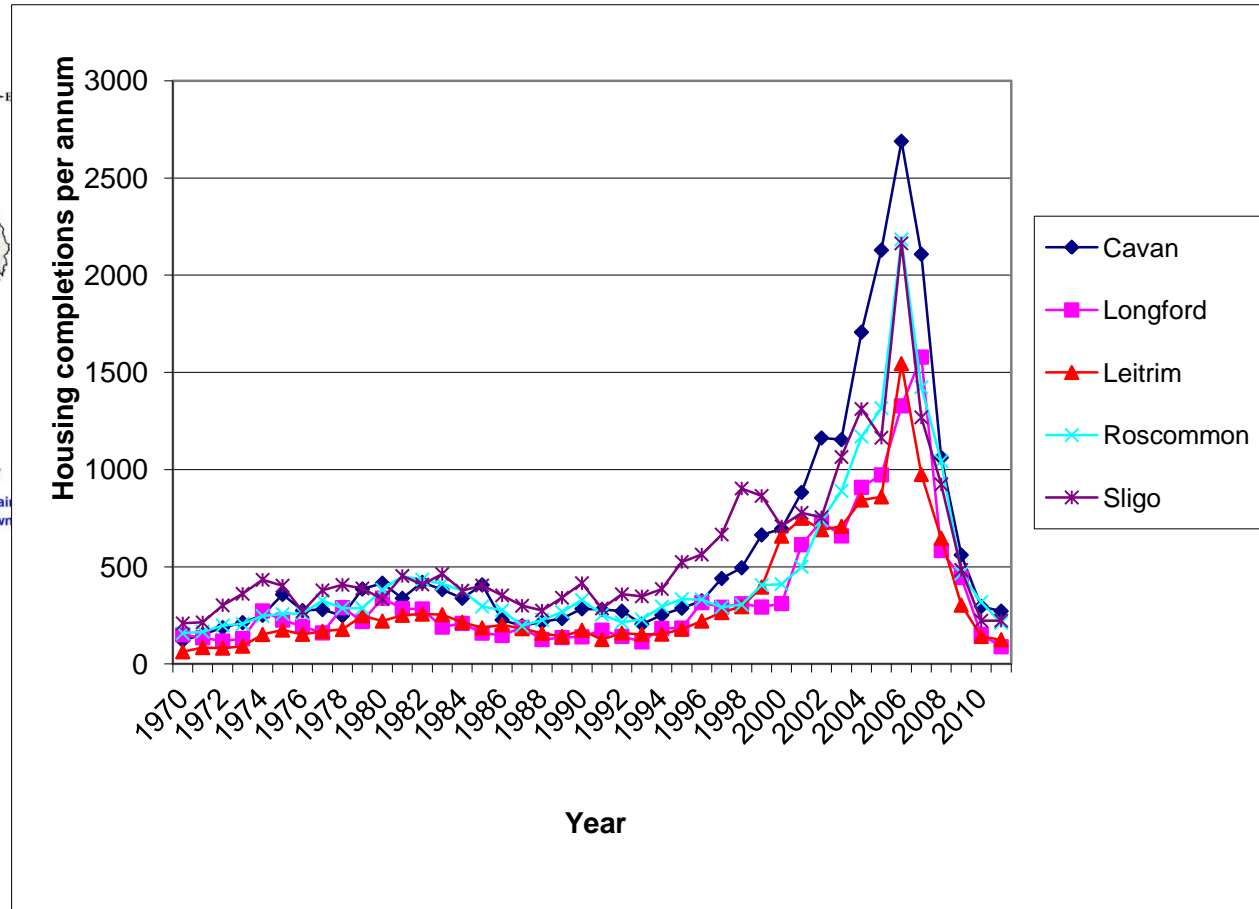
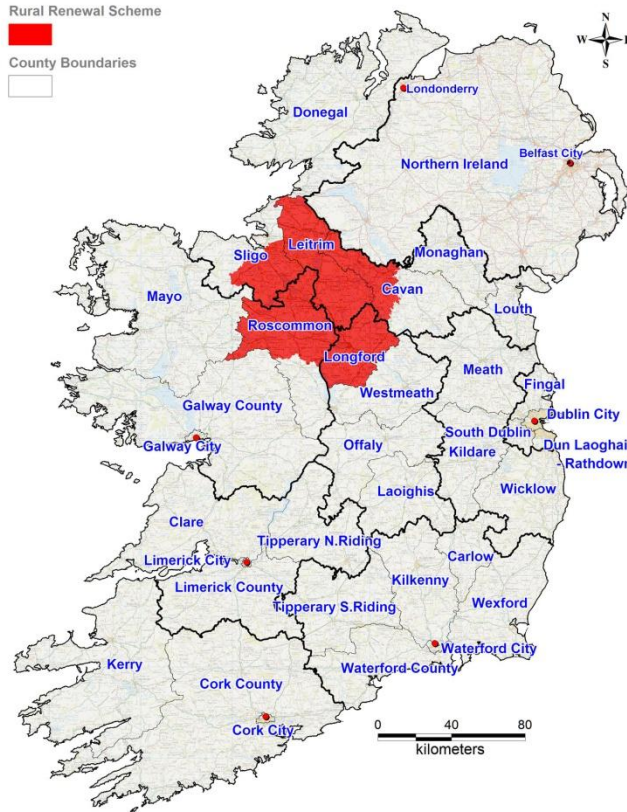


Housing completions per 1,000 of population 2007

House completions in Ireland, 1993-2010



# House completions in the five counties included in the Upper Shannon Rural Renewal Scheme



Between 2002-2009 stock >49.5%

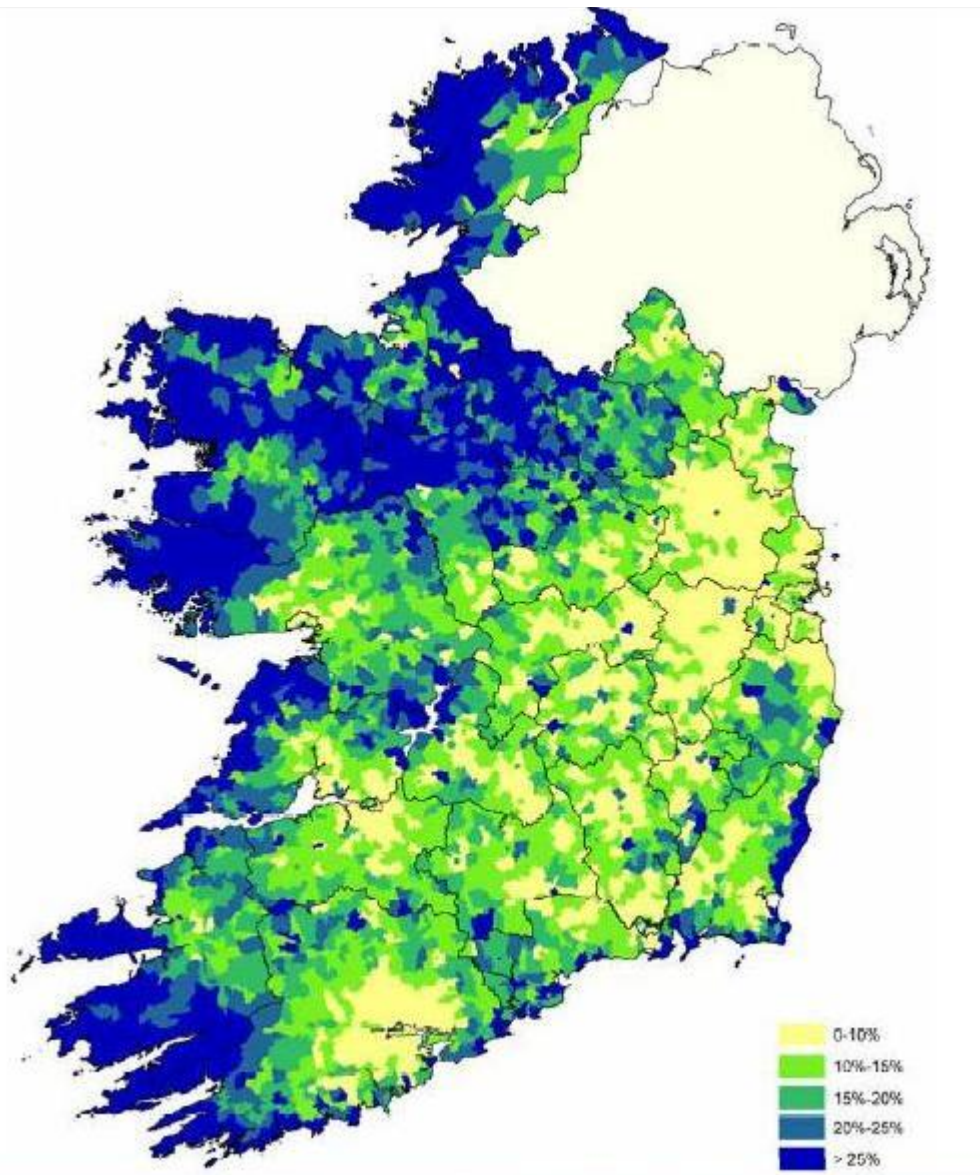


Ordnance Survey Ireland Licence No. EN 0063509  
© Ordnance Survey Ireland/Government of Ireland  
Produced by: All-Ireland Research Observatory (AIRO)  
Not to be reproduced without permission from AIRO.





# Housing vacancy 2011 (Census)



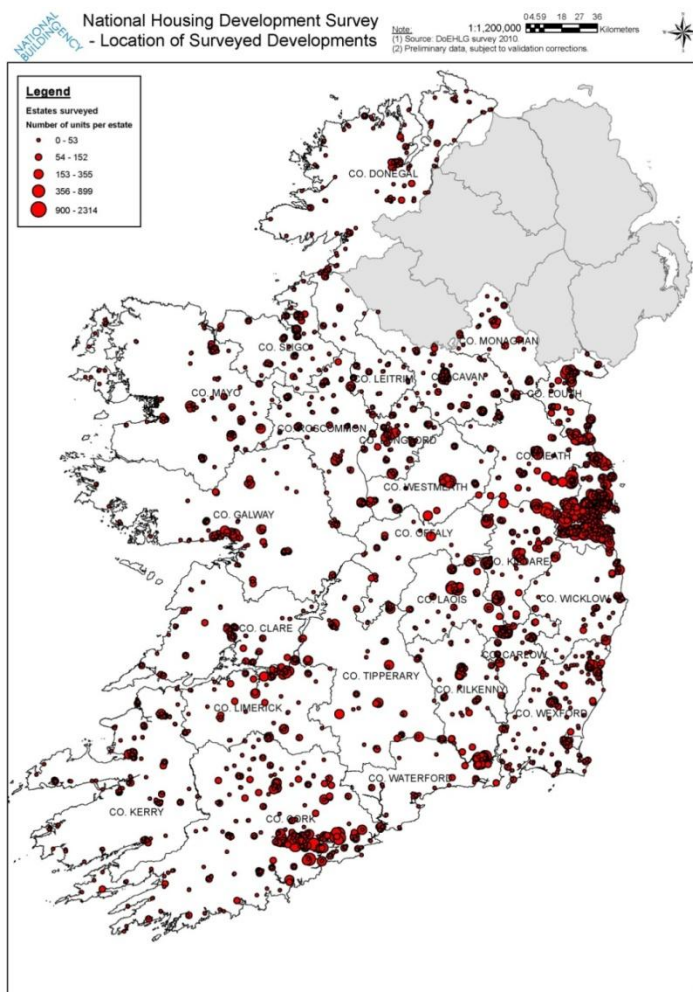
289,581 units  
(59K holiday homes)

Oversupply  
c.110,000 (6% base  
rate)

9 counties >15%  
vacancy (exc. holiday  
homes)

Source: CSO

# Unfinished estates: 2,876 (2011)



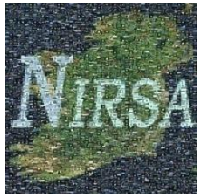


# Unfinished estates

- Number of unfinished estates 2012: 1,770 (definition change)
- 1,100 estates are in a 'seriously problematic condition'
- Only 250 estates (8.5% of 1,770) were active
- 16,881 units vacant; 17,032 units still under-construction
- 421 estates not liable for property tax (units lacking decent roads, lighting infrastructure, paving, sewage and water)

## Issues

- Completion and maintenance
- Health and safety
- Security
- Anti-social behaviour
- Lack of services and public transport
- Building control and planning compliance
- Bonds and finance
- Negative equity
- Sense of place and community

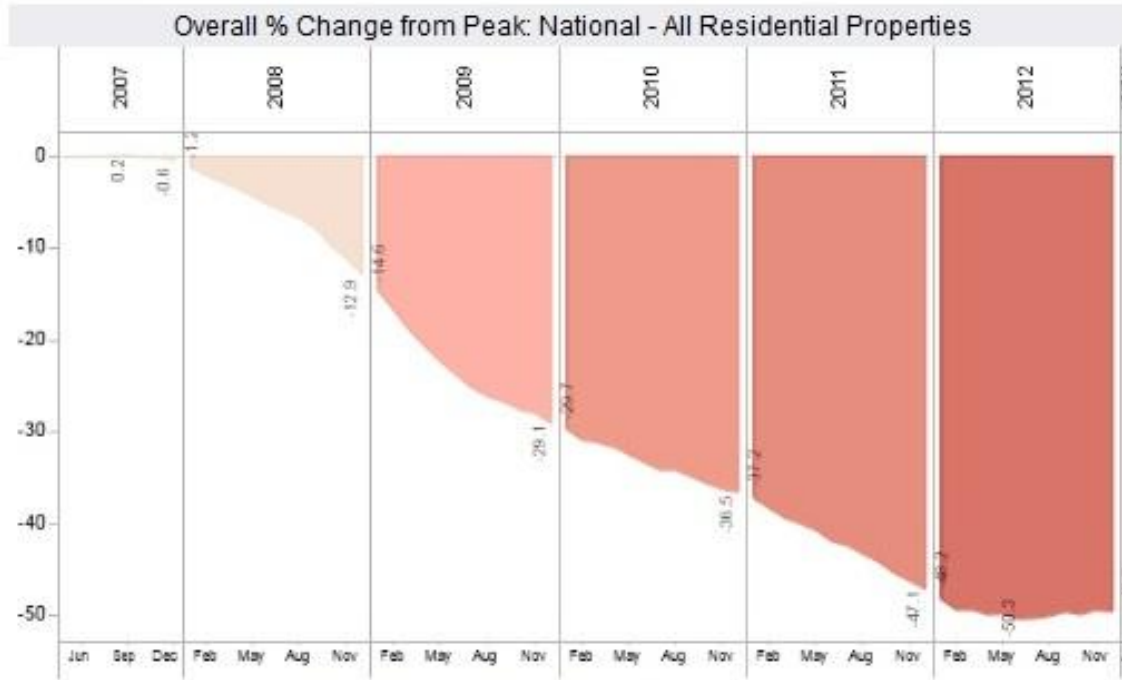


# Build quality and pyrite

- Priory Hall
  - Out of homes for >24 months
  - 187 apartments deemed unsafe to live in
- Pyrite
  - Estimates 20,000+ homes
  - DECLG claims 74 estates with 12,250 units



# Residential property price changes 2007-2012

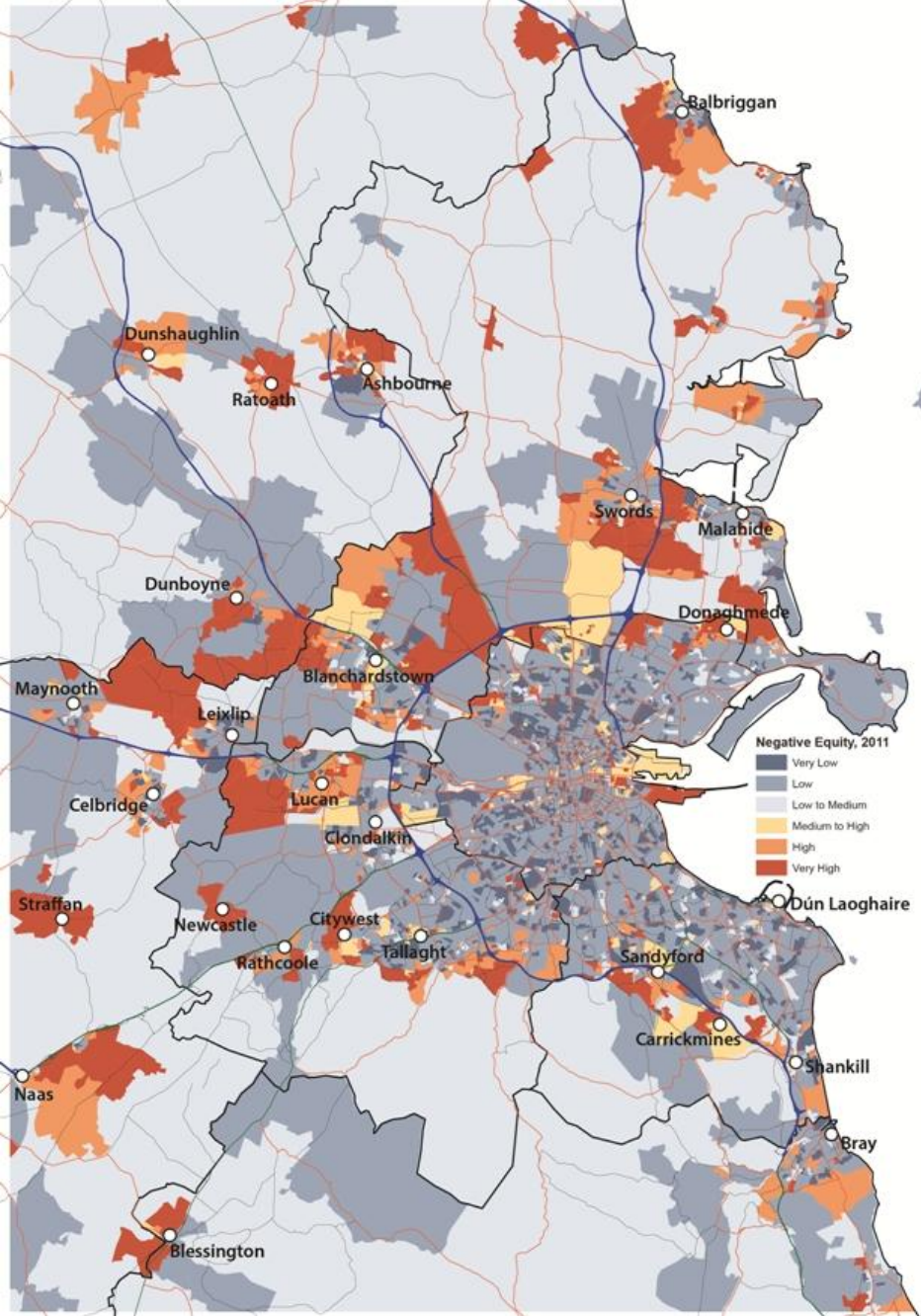


# Mortgage arrears/negative equity

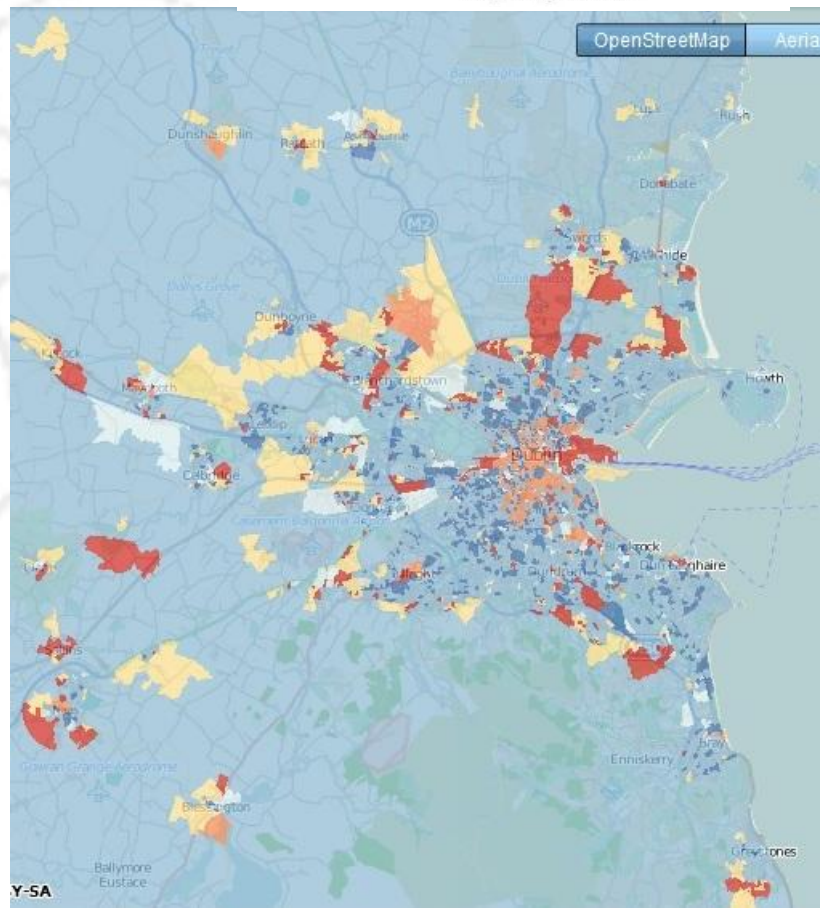
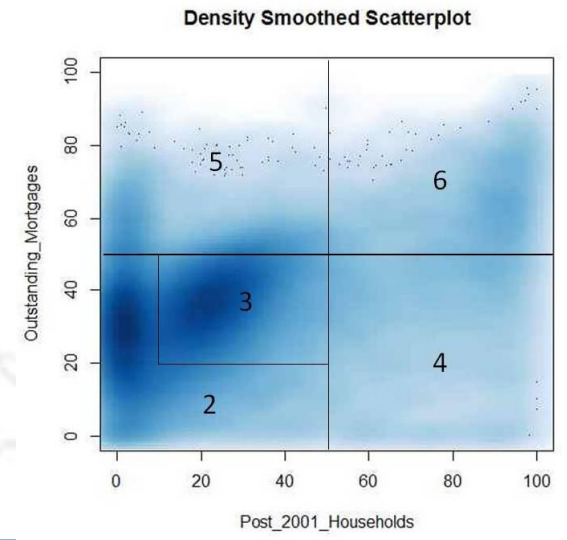


- Q4 2012: 143,851 (18.2%) mortgages in arrears; 11.5% 90+ days; 18.9% BTL accounts in arrears 90+ days
- Large body of distressed amateur landlords (21.2% 90+ days)
- Negative equity: 47.5% in 2011; spatial trap - reduces labour market mobility; restricts recovering market to FTBs/those not in negative equity

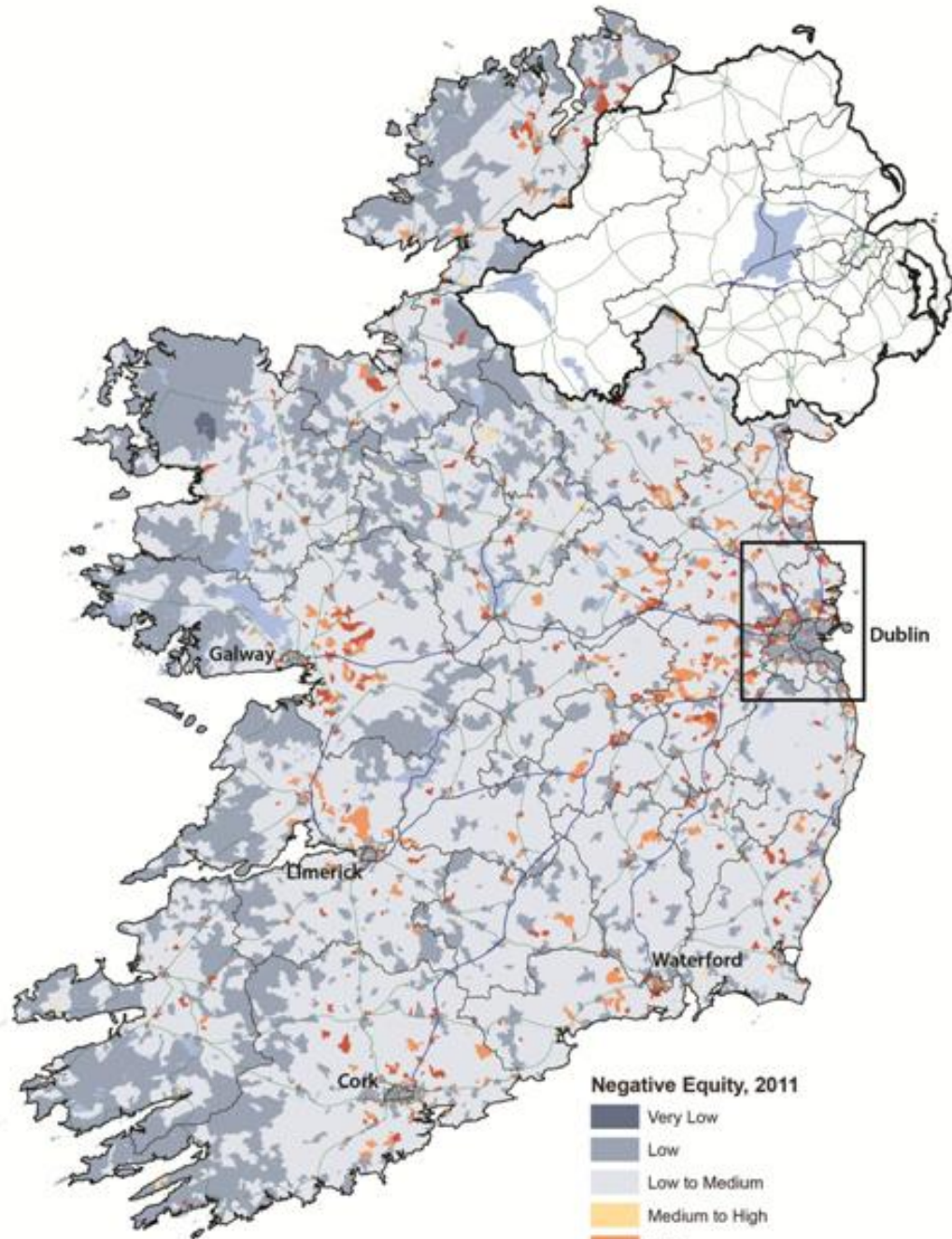
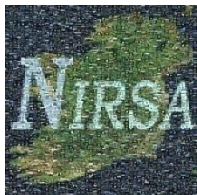




BTL



Brand new homes



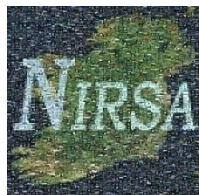


# Social Housing & Homelessness

- In 1961 social housing comprised 18.4% of all residences; in 2011 this figure had been reduced to 7.9% (129,033 units)
- Households in need of social housing increased from 43,684 in 2005 to 98,318 in 2011 (89,872 in 2013)
- 97,260 households were receiving rent supplement in late 2010, >63% since 2007
- Housing Needs Assessment 2011: number of homeless households had risen from 1,394 in 2008 to 2,348 in 2011 (>68.4% increase)

**NIRSA**

NATIONAL INSTITUTE FOR REGIONAL AND SPATIAL ANALYSIS





# Social Housing – collapsed PPPs

- Much social housing is generally acknowledged to be in poor condition
- Many suffer from inadequate and ineffective local authority maintenance and management and intensifying social and economic disadvantage
- Perceived solution from 2001 onwards was Public Private Partnerships (PPP)
- PPP projects post-2008 collapsed as private developers withdrew from the contracts
- left 1000s of local authority tenants living in substandard conditions and hundreds permanently relocated in preparation for regeneration





# Social Housing – collapsed PPPs

- Occupancy rates on PPP regeneration estates in Dublin City July 2008, 2013

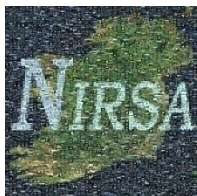
Estate	Original Units	Units Occupied July 2008	Units Occupied March 2013
Croke Villas	87	38	17
St Michael's Estate	346	14	0
St Theresa's gardens	346	300	108
Charlemont Street	181	141	70
Bridgefoot Street	143	0	0
Chamber Street/Weaver court	60	2	0
O'Devaney Gardens	278	178	50
Dominick Street	198	108	62

# Crisis 3: Late 2012 - ...?

- Dual market
- Dublin and surrounds experiencing issues of supply, growing demand, rapidly rising prices
  - House prices up 15% in 2014 nationally, 25% higher in Dublin.
  - Daft.ie reported that rents were 15% higher
- Largely stagnant market outside of principal cities
- Rising homelessness
- Persistence of other Crisis 2 issues

**NIRSA**

NATIONAL INSTITUTE FOR REGIONAL AND SPATIAL ANALYSIS



# Supply issues

- ESRI report (2014) details projected housing supply need until 2021: estimates 90,000 new units will need to be built (12,500 per annum).
  - 60% of these need to be in Dublin (8,000 per year); overall, 86% of all new build will need to be in the Greater Dublin region.
  - Donegal, Kerry, Mayo, Tipperary, Leitrim, Sligo, Cavan, Roscommon and Longford are projected to still have oversupply in 2021
- Recent Housing Agency report analyzed housing need for 272 towns and cities across the country for the period 2014-18
  - Estimated need for 80,000 new units (16,000 per annum). 47% would need to be built in Dublin, or 7,500 units per annum.
- In 2013 only 1360 units completed in the four Dublin LAs (only 8,301 nationwide, over half of which were one-offs).
- In Q1 2014, 3,268 units completed in Dublin LAs (11,016 nationwide)
- 2011-2013 Dublin 4 LAs (3 years):
  - 327 new social housing units built; 331 acquired; 496 voluntary/community provided

# Homelessness

- Increasing homelessness as rent rises
- families who are income insecure – low wage, uncertain hours, flexible working, dependent on welfare – who reside in private rental accommodation cannot afford rent increases and rent supplement is not sufficient to cover the gap.
- Discrimination against rent supp tenants in private rental market
- In 2012 Simon Community report an increase of 24 per cent in those using their services, to over 5,000 individuals and families
- In 2013 DRHE report a total of 4,613 unique individual adults used homeless services in Dublin (across all funded NGO's and statutory services)
- April 28<sup>th</sup> 2014, the DRHE confirmed there were 184 households with dependent children accommodated in 21 commercial hotels
- Dublin's homeless services secured an exit to tenancies and independent living for 793 persons in 2013 (down on 2012; still going down for 2014)





# Govt approach in boom

- Adoption of a neoliberal ideas and practices
- Prioritised market-led development, deregulation, public-private partnerships, and low corporate taxation.
- Both construction and banking sectors saw a relaxation of regulatory oversight.
- The state started to withdraw from social housing provision, instead relying on the private rental sector, and when it did provide social housing it was through PPPs.
- While demand was high, the property sector was afforded a range of very generous tax breaks and incentives.
- Laissez-faire, uncoordinated approach to housing and planning policy. The planning system became developer-led, being pro-growth in ethos with a presumption for development operating, and was consistently undermined by localism, clientelism, and cronyism.
- In short, Irish policy was uncoordinated, piecemeal and favoured development interests, with too few checks and balances

**NIRSA**

NATIONAL INSTITUTE FOR REGIONAL AND SPATIAL ANALYSIS

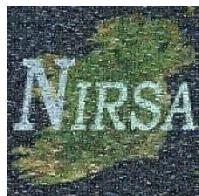


# Govt approach to in crisis

- Another dose of neoliberalism
- Protecting the interests of the banking and development sector through bank bailouts and the creation of NAMA
- Enforce austerity measures that placed significant stresses on households;
- minimal response to issues; make little to no changes to housing and planning policy other than to significantly cut the resourcing of the responsible departments and local authorities and to massively reduce capital spend on regeneration and new social housing stock.
- To date minimal effort, minimal cost approach that tries to give impression of policy-at-work, but mostly works to push problems down the road (SRPs, SHLI, etc)
- Waiting for 'market correction', resulting in new crisis
- Construction 2020 – lots of task forces, committees, review groups, consultations, but little policy or concrete actions – right idea but way too slow

**NIRSA**

NATIONAL INSTITUTE FOR REGIONAL AND SPATIAL ANALYSIS



# Conclusion

- Ireland has been lurching from one housing crisis to another for the past two decades
- We have a range of on-going issues that need to be resolved
- The tactic so far has largely been to hope that the various issues resolve themselves
- What is required is a mid-to-long term strategy that is much more reactive and proactive; has joined up tactics; is plan-led, based on evidence
- The target should be supply=demand across housing *sector*
- That needs to happen soon or the present crises will persist/escalate

**NIRSA**

NATIONAL INSTITUTE FOR REGIONAL AND SPATIAL ANALYSIS

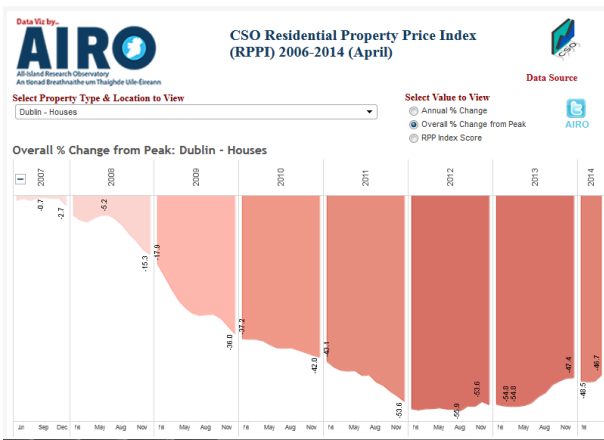


# All-Island Research Observatory (AIRO)

- Interactive graphing and mapping modules on housing, planning and just about everything else.
- Cover whole island with modules for every local authority

The screenshot shows the AIRO website header with the logo and name 'All-Island Research Observatory'. Below the header are navigation tabs: 'Mapping Resources', 'Data Visualisations', 'Services & Projects', 'Map Archive', and 'AIRO Data Store'. The main content area features a map of Dublin City with a blue overlay, titled 'Baile Átha Cliath Dublin City'. A sidebar on the right lists 'Our Services' including Overview, Public Good Mapping Tools, Socio-Demographic Analysis, GIS, Mapping and Spatial Analysis, Environmental Analysis, Spatial Planning, and Training. A prominent blue banner at the bottom of the map area reads 'Dublin City Council Housing Monitoring Tool'.

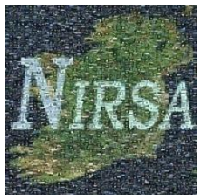
The screenshot shows the DublinDashboard website interface. The header includes the title 'DublinDashboard City Intelligence' and logos for Maynooth University and Dublin City. Below the header is a navigation bar with 'Homepage' and 'About DublinDashboard'. The main content area is a grid of 12 interactive modules: 'How's Dublin Doing?', 'Dublin Real-Time', 'Dublin Mapped', 'Dublin Planning', 'Dublin Near To Me', 'Dublin Housing', 'City Search MAP', 'AIRO Database Search', 'Dublin Reporting', 'Dublin Data Stores', 'Dublin Social', and 'Dublin Modelled'. A 'Have Your Say' button is located at the bottom right. A 'Share' button is in the top right corner.





# Recent Govt proposals

- Create supply
  - Part V to be altered so social housing site requirement reduced to 10% and developers cannot offset
  - A vacant site levy of 3%, rising each year to 6% max
  - ‘Use it or lose it’ planning permission
  - Revised development levies to be agreed with the industry
  - 4,000 additional social housing units (c.667 per year) will be built by 2020
  - NAMA can fund construction of 4,500 units by end of 2016
- Suppress price rises
  - change mortgage rules (need 20% deposit/30% BLT; 3.5 times salary) to reduce how much can be borrowed and competition for property
- Key issue is developer finance



# Need to create supply in Dublin

- Creation of supply in Dublin would alleviate house price, homelessness and social housing crises
- Lot of the right criteria for creating supply exist
  - There is an excess of demand:
  - There are 6400 acres of zoned serviced land available in the four Dublin authorities for 132,000 units; lots of brownfield sites
  - There are a lot of outstanding planning permissions still in effect and local authorities want to give permission for developments that meet development plan/zoning criteria;
  - Material, labour and land costs are significantly lower than the boom time

# Need to create supply

- Clear hangover from phase 2 blocking development.
- The state's finances are limited, there are competing demands for scarce resources, and they are reluctant to significantly increase capital spending on housing and associated infrastructure.
- The banks are in a weak state and reluctant to lend for development.
- Builders and developers have no initial capital to draw down additional finance.
- With respect to land, it may be the case that owners are reluctant to put into development because they bought it in the boom and cannot afford to develop at present housing prices.
- With respect to planning, it may be that developers are seeking permissions that contravene development plans or are trying to alter existing permissions.
- The property industry also argue the system needs streamlining and simplifying. They also make the case that there are too many taxes and disincentives attached to building, such as development levies, VAT, stamp duty, and building regulation and control costs, that amount to a sizable proportion of any sale price.

**NIRSA**

NATIONAL INSTITUTE FOR REGIONAL AND SPATIAL ANALYSIS



# Addressing supply

## Land and sites:

- Introduce a vacant/derelict site tax
- The Derelict Sites Act should be rejuvenated to allow for fast track enforcement.
- Bring non-productive or under- or poorly-utilised state agency land into use for housing.

## Planning:

- Implement use or lose it on permissions over three years old.
- Consider creating new Strategic Development Zones such as Adamstown and Cherrywood, with properly resourced delivery agencies to ensure timely construction.

## Costs:

- Short-term reduction in development contributions.
- Short-term reduction in VAT

## Finance:

- State to provide alternative forms of finance through NAMA, the Housing Finance Agency for social housing, and encourage other investors.
- Reverse cuts in capital spend on social housing and regeneration schemes.

## Alternative supply:

- A 'change of use amnesty' for converting commercial property to residential use where suitable.
- Introduce grants to help contribute towards refurbishing derelict stock to put back in active use.