

Central and local government will work in partnership with the sector to ensure a smooth transition towards this new role and to implement the recommendations set out in the independent review on the future of the sector, and to ensure that the necessary regulatory framework is in place. A paper setting out possible options for the future regulation of the social housing sector generally, making use of the existing institutional landscape, is currently being prepared for consultation.

Quality – improving the existing stock, renewing communities

There is a direct causal link between the mono-tenure approaches adopted in the past and the extremes of deprivation found now in some social housing estates. The problems afflicting parts of Dublin and Limerick cities and other large urban centres have been significantly driven by a too narrow conception of housing support in the past. Housing supports should be better aligned with broader supports for the physical, social and economic renewal and rebirth of these areas. Market conditions do not support the PPP model at present and so there is a greater reliance than ever on the Exchequer to support both large-scale regeneration projects and smaller estate-wide remediation projects. Despite adverse economic conditions we will prioritise the improvement of the quality of existing social housing stock through regeneration and improvement works programmes, and the return of vacant stock to effective use within the shortest timeframes possible. Not only will this help improve the quality of life for households in the areas affected, it will also provide a means of supporting and maintaining jobs through highly labour-intensive activity.

Special needs and homelessness

A society can be judged by how it treats its most vulnerable.

This is the case whatever the prevailing economic conditions. A good framework of supports is in place to provide for the housing needs of vulnerable and disadvantaged households. These include:

- supports available for older people and people with disabilities under the Capital Assistance Scheme;
- the existing suite of housing adaptation grants;
- a new housing strategy for people with disabilities;
- interventions intended to alleviate homelessness; and
- the provision of Traveller specific accommodation.

Delivering more and better outcomes for vulnerable, disadvantaged and special needs households, while achieving maximum return for the resources invested in these areas (for example through the introduction of the 'housing first' approach to homeless services), will be a key priority for the Government. In relation specifically to homelessness supports, the Government will continue to focus on tackling the root causes maintaining an integrated and efficient approach to service delivery across the relevant agencies.

Homeowners in difficulty

The Government is acutely conscious of the difficulties faced by households in arrears on mortgage repayments and potentially at risk of losing their homes. A modern and compassionate State must seek to assist such households in a measured and proportionate way. It is a welcome fact that the level of repossessions in Ireland has been quite low. A combination of the culture of low rates of repossession and the effectiveness of the existing supports has meant that the number of households losing their homes has been quite small. However, notwithstanding the signs of renewed stability in certain sectors of the economy, the position in the residential sector remains volatile. The Programme for Government sets out a range of credible and meaningful measures that will help households struggling to meet mortgage commitments.

Local authorities have a very strong track record in dealing effectively but compassionately with cases of mortgage arrears. To ensure that this remains the case, and to ensure consistency of treatment for all borrowers in arrears, the Department of the Environment, Community and Local Government will soon issue comprehensive guidance on arrears management to reflect the changes introduced by the Financial Regulator in the revised Code of Conduct for Mortgage Arrears which came into effect on 1 January 2011. The Code of Conduct requires that each lending institution has in place a Mortgage Arrears Resolution Process (MARP) as a framework for handling cases of mortgage arrears. As part of the new guidance being prepared, a single MARP is being developed for use by all authorities.

Anti-social behaviour

The Government will also work to bring forward measures following on from the commitment outlined in the Programme for Government *Towards Recovery: Programme for a National Government 2011 – 2016* to tackle issues relating to anti-social behaviour across all housing tenures.



Comhshaol, Pobal agus Rialtas Áitiúil
Environment, Community and Local Government

Housing Policy Statement

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Overall policy objective/context

Our economic crisis has a variety of causes. However, over-stimulation of the housing market is accepted as a key causal factor in the scale of the economic downturn.

In a climate of low interest rates and rising incomes, a series of disastrous pro-cyclical policies led to a model that provided unprecedented growth, but it was a growth based not on foreign demand for our goods and services – as should be the case in a small open economy – or the productive use of investment capital to create sustainable employment. It was based on a mirage and a false assumption that the normal rules of supply and demand somehow did not apply in Ireland.

We now know that those rules do apply. We now know the consequences of encouraging people to choose their housing options on the basis of investment and yield rather than hearth and home.

The costs of these lessons are being felt by households across Ireland. Given the centrality of the housing sector to both the good and the bad times we have seen over the last two decades, a new vision for the sector is a fundamental part of our national recovery.

Housing in Ireland has been characterised by a persistently hierarchical structure for several decades. This paradigm of housing has private home ownership at the top, with supported home-ownership (tenant purchase of local authority housing, affordable housing) next, self-financed private rented accommodation further down, and State supported rental accommodation at the bottom (rent supplement/social housing tenancies).

This structure and the value judgement that underlies it – which implicitly holds that the tenure which must ultimately be aspired to is homeownership – has had a considerable role in leading the Irish housing sector, Irish economy, and the wider Irish society to where they are today.

Our vision for the future of the housing sector in Ireland is based on choice, fairness, equity across tenures and on delivering quality outcomes for the resources invested. The overall strategic objective will be *to enable all households access good quality housing appropriate to household circumstances and in their particular community of choice*.

It will neither force nor entice people through fiscal or other stimuli to treat housing as a commodity and a means of wealth creation. Clearly, home ownership will continue to be a significant feature of housing in Ireland and is likely to continue to be the tenure of choice for the majority of households. Policy makers must take account of our current economic circumstances which effectively dictate that State provided housing supports must be prioritised towards meeting the most acute housing needs. In so doing we will allow for a future in which housing services are accessible by a wider cohort of people based on a less stratified model of service provision.

Housing market

Without taking corrective action to moderate the housing market in the recent past, the previous policy response was to chase a fast moving target, adopting unrealistic output targets and facilitating unsustainable levels of residential construction.

Now though, as a result of the wider economic downturn, affordability – the measure of net income required to service a particular mortgage – has returned to levels last seen in the early to mid 1990s before house prices were allowed to spiral out of control and the real failure of the Irish housing market began. The right conditions now exist to ensure that such a market failure of affordability in terms of an imbalance between average prices and incomes does not occur again. The housing market is currently depressed and its recovery will be part of wider recovery across the economy.

The Government will act across a range of regulatory and policy areas: banking (specifically lending); taxation; housing; planning and land use, and social welfare) to ensure that once recovery is under way, the housing market makes an appropriate contribution to wider economic performance and is not – as it has been in the past – regarded as a key driver of that performance.

Private rented sector

A balanced housing sector requires a strong, vibrant and well regulated private rented sector. Important steps have been taken in this regard in recent years with the establishment, via the Residential Tenancies Act, of the Private Residential Tenancies Board (PRTB) and the creation of real security of tenure, as well as the introduction and enforcement of higher minimum accommodation standards.

We are committed to building on this, and to making the rented sector a stable and attractive housing option for all, delivering true choice across tenures. In the short term, we intend to introduce legislative changes to optimise the efficiency with which the PRTB does its work and to bring tenancies in the voluntary and cooperative sectors within the PRTB's remit. We will specifically address the illegal retention of deposits by landlords and the overholding of property by non-rent-paying tenants in that context. In the longer term, the provision of equitable regulatory treatment for all forms of non-ownership housing, and how best to enhance the stability of the sector, must be considered.

Affordable housing

If a household is capable – through the resources it has available to it – of renting a high quality home in a vibrant community but lacks the resources necessary to purchase an equivalent home, that household does not need – particularly where pressures on resources are extreme and the resources available must be focused on responses to the most acute housing needs – assistance from the State.

As a means of bridging an affordability gap between the cost of home ownership and household income, the concept of 'affordable' housing reinforces the high and often disproportionate value placed on owner-occupation that has been so detrimental to Ireland's society and economy. Subvented affordable housing is a symptom of and not a solution to housing market failure.

If the Government's approach to housing is successful in not repeating the mistakes of the past through over-stimulation of the market, there should be no need for national programmes of affordable housing provision by the State. The Government is therefore standing down all existing affordable housing programmes to reflect current affordability conditions.

These will be wound up as part of a review of Part V of the Planning and Development Act 2000. The decision is not being taken to end Part V fully. There is a continued rationale for capturing planning gain for residential development through resourcing of social housing supports.

Social housing – provision, quality and regulation

Provision of social housing

The main focus in terms of supports provided by Government will be on meeting the most acute needs – the housing support needs of those unable to provide for their accommodation from their own resources.

The financial parameters within which we will be operating for the coming years rule out a return to very large capital-funded construction programmes by local authorities. At the same time the need for social housing supports – including the numbers of households in receipt of rent supplement for extended periods – is high and still rising. We are committed to responding more quickly and on a larger scale to social housing support needs through a variety of mechanisms including through increased provision of social housing.

A restructuring of the social housing investment programme to allow for the delivery of new social housing through more flexible funding models will provide key sources of delivery in the period ahead. The social housing leasing initiative and, in particular, the Rental Accommodation Scheme (RAS), will each play their parts as long-term social housing supports.

The Government also recognises that rent supplement – intended as a short-term income support – has become a de facto social housing support with many thousands of households reliant on the supplement to support accommodation costs for longer periods. This is not in the interests of the households receiving the support, local authorities or the Exchequer. The Government will rectify this by transferring responsibility for providing for the housing needs of long-term rent supplement recipients to housing authorities on a phased basis. A working group representing the relevant Departments and the local government sector has been tasked with developing proposals, within the timeframe of the comprehensive review of public expenditure now underway, to give effect to this commitment.

This represents a fundamental reconfiguration of the landscape of housing support in Ireland.

- It will appropriately recognise different needs while allowing resources to be more effectively targeted to those needs.
- It will encourage job take-up by tenants who have been caught by poverty traps until now.
- It will tackle illegal payments, tax evasion and non-compliance by some landlords.
- It will deliver greater value for money for the taxpayer for the resources invested.
- It will help to contribute towards the creation of a vibrant, higher quality, private rented sector through improved standards.

An accelerated rate of transfer of households from rent supplement to RAS and the sourcing of increased rental stock will be key feature of the new arrangements.

Delivery of permanent, new social housing

However, while RAS and leasing will play an important role, the Government is also fully committed to developing other funding mechanisms that will increase the supply of permanent new social housing. Such mechanisms will include options to purchase on lease agreements, build-to-lease, and the sourcing of loan finance by approved housing bodies for construction and acquisition.

There is obvious potential, across a range of housing programmes, for the Government's objective of sourcing and providing suitable residential units for use as social housing, to be aligned with the commercial objectives of the National Asset Management Agency (NAMA). The Government will vigorously pursue options for securing a social dividend through the sourcing – both acquisition and leasing – of suitable residential stock for social housing purposes, while providing a return in line with NAMA's mandate.

Regulation and the role of the voluntary and cooperative sector

In recognition of both the constrained funding levels available for local authority construction programmes, as well as the capacity and track-record of the voluntary and cooperative housing sector, approved housing bodies will be at the heart of the Government's vision for housing provision.

Approved housing bodies are uniquely placed to help overcome vertical segregation in housing. The move from capital-funded programmes of construction and acquisition by approved housing bodies to more revenue-funded options presents challenges for the sector in light of the termination of the Capital Loan and Subsidy Scheme. However, use of loan finance (from both commercial lending institutions and the Housing Finance Agency) has the potential to develop a stronger, more sustainably funded voluntary and cooperative housing sector, playing a much more active role in the supply of social housing without reliance on capital funding from the Exchequer.

It also has the potential to further promote the evolution of mixed tenure communities through the provision of housing for market sale and rent as well as social renting and will offer a new path to ownership via sales to tenants under incremental purchase arrangements.