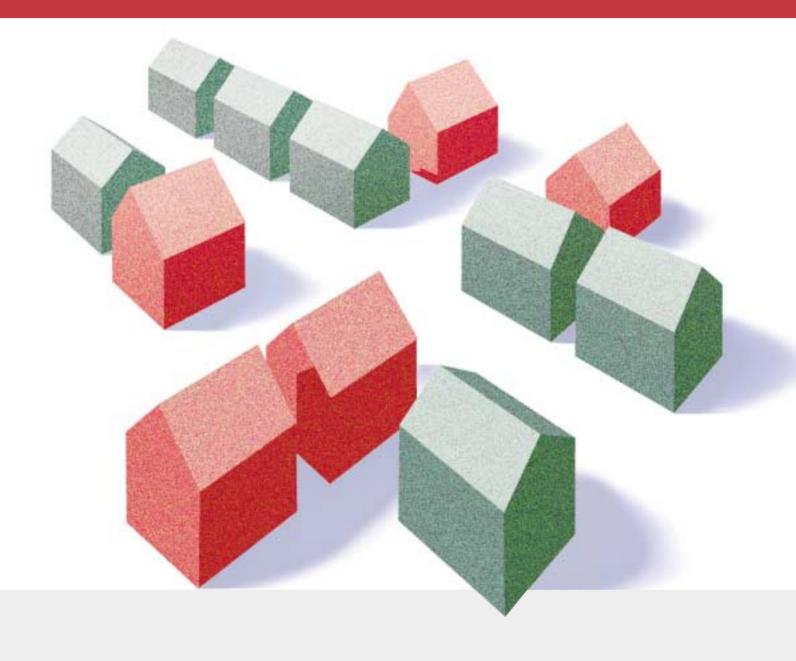
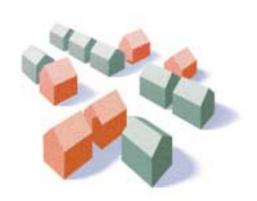
Housing Policy Review 1990 – 2002







Housing Policy Review 1990-2002



Baile Átha Cliath
Arna Fhoilsiú ag Oifig an tSoláthair
Le ceannach díreach ón
Oifig Dhíolta Foilseachán Rialtais,
Teach Sun Alliance, Sráid Theach Laighean, Baile Átha Cliath 2.
nó tríd an bpost ó
Foilseacháin Rialtais, An Rannóg Post-Tráchta,
51 Faiche Stiabhna, Baile Átha Cliath 2.
(Teil: 01 - 6476834/35/36/37: Fax: 01 - 6476843)
nó trí aon díoltóir leabhar.

Dublin

Published by the Stationery Office
To be purchased directly from the
Government Publications Sale Office,
Sun Alliance House, Molesworth Street, Dublin 2.
or by mail order from
Government Publications, Postal Trade Section,
51 St. Stephen's Green, Dublin 2
(Tel: 01 - 6476834/35/36/37: Fax: 01 - 6476843)
or through any bookseller.

ISBN 0 7557 1971 9

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Designed by : Butler Claffey Design

Printed by : ebrook



Housing Policy Review 1990-2002

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Foreword

Ireland's economic and social development over the past decade can only be described as remarkable. The factors influencing housing and the housing market have changed dramatically since 1990, which has meant that Government housing policy has had to adapt accordingly. Demographic changes and a buoyant economy, including changes in migration patterns, increases in real disposable income and low interest rates have led to an unprecedented demand for housing. The consequent pressures on the affordability of housing have also translated into a rising demand for social and affordable housing.

Since 1990, the response to these needs has developed with the introduction of a range of better-targeted schemes aimed at those on low incomes and those with special housing needs. Affordable housing options have expanded the choice for those on low incomes, the growth of the voluntary and co-operative sector has brought a new dimension to the provision of social rented accommodation and specific programmes and plans have been put in place to assist Travellers and the Homeless and other households with special housing needs.

This report, which was undertaken by the Housing Unit at the request of my Department, reviews the principal changes to the system of housing provision and housing policy in Ireland since 1990, as well as recent social and economic developments which have impacted on housing and the range of market and non market housing options currently available.

I am sure that this review will be an important and valuable resource for housing researchers, practitioners and students alike, who are taking the growing number of third level courses with housing modules.

As Minister for Housing and Urban Renewal, I thank the Housing Unit for producing this comprehensive review of Housing policy for the period 1990 to 2002 and pledge my full commitment and that of my Department to ensuring that increasing housing needs continue to be met in a planned and coherent manner which contributes effectively to breaking cycles of poverty and social exclusion.

Noel Ahern, T.D.,Minister for Housing and Urban Renewal



Executive Summary

This review documents the principal changes to the system of housing provision and to housing policy in Ireland which have taken place since 1990, as well as recent social and economic developments pertaining to housing, and examines the range of market and nonmarket housing options currently available. It is envisaged that this information will be of interest to students of disciplines related to housing such as social policy, public administration, regional and urban planning and architecture, to those who work in the housing field and the members of the general public who have an interest in this area. The latest national partnership agreement, Sustaining Progress, commits government to reviewing and reforming several aspects of housing policy and provision in this country, including programmes designed to assist low-income groups, and this document will provide useful background information for this review. By documenting the changes to housing policy and housing provision that have taken place since 1990, it will highlight anomalies or omissions in housing policy and provision, together with the most significant housing related challenges which will face the country in the coming years. It is envisaged that this information will enable policy makers to consider how these issues can be most effectively addressed.

The opening chapter of the review highlights several aspects of the system of housing provision in Ireland that are distinctive in the wider European Union (EU) context. For instance the proportion of Irish people who own their own homes is much higher than the EU average, while the proportion who rent is relatively low. Furthermore, in contrast to many other EU member states, most social housing for rent to low-income households in this country is provided by local authorities, rather than non-governmental agencies. The number of dwellings per 1,000 inhabitants in this country is the lowest in the EU, although the Irish

housing stock is comparatively young, and it is also distinguished by the high number of standard houses, in contrast to many other EU member states where a large proportion of the housing stock is made up of apartments.

Chapter Two reveals that the last decade is distinguished by dramatic changes in the housing system. The years since 1995 have seen marked increases in private house prices (particularly in Dublin), in private sector rents and in social housing need. These trends are related to both economic factors including falling unemployment and rising disposable incomes and demographic factors such as population growth, together with a rise in the number of independent households and falling population size. In response to increased demand, house building rates have increased significantly in recent years, to the extent that housing output in Ireland was proportionately the highest in the EU during 1999, 2000 and 2001. However, private housing output is not concentrated in the parts of the country where demand is highest, while social housing output remains low in historic terms. The second part of the chapter assesses the impact that these changes have had for housing affordability and highlights affordability difficulties in the private rented sector and among lower income households seeking to gain access to the owner occupied sector.

Chapter Three sketches the impact which this changing environment had in terms of the evolution of housing policy. The housing policy statements produced by the Department of the Environment, Heritage and Local Government (DoEHLG) in the early years of the decade are mainly concerned with ensuring an adequate supply of housing for the lower income sections of the population, principally by means of providing social rented accommodation. As a result of the high price inflation in the housing market in the late 1990s, the focus had necessarily broadened to the housing needs of the general population and a number of significant interventions in the owner occupied and private rented sectors were introduced. The broadening of the housing policy agenda over this period, together with the increased political priority which it was afforded, also

had the effect of moving housing and accommodation issues to the core of the national policy agenda and of accelerating the pace of policy development in this area. Since 1996 eight major policy statements on housing have been issued by the DoEHLG. Furthermore, in contrast to the early 1990s when housing policy development was confined mainly to policy statements from this Department, by the late 1990s it had become a key consideration in most national social and economic policy statements including: the National Development Plan (NDP) for 2000 to 2006, the national agreement negotiated between government and the social partners in 2000 and 2003, and the revised National Anti-Poverty Strategy (NAPS) published in 2002.

Chapters Four to Seven provide further details of the policy initiatives introduced since 1990 pertinent to the owner occupied, private rented and social rented housing tenures and to households with special housing and accommodation needs. In addition to describing the key features of these initiatives, these chapters also examine the available evidence on their impact on the ground. The key points raised in these chapters are as follows:

- Chapter Four reveals that the owner occupied sector has seen the greatest number of new initiatives introduced during the period under examination, as four new supports for low-income home buyers have been established since 1990, along with numerous reforms to the more longstanding schemes which target households of this type such as the local authority housing loans and the tenant purchase scheme. The number and variety of the supports now available for low-income home buyers should help to address the full spectrum of need created by the developments in the housing market examined in Chapter Two. However, these complex arrangements obviously raise administrative challenges and there is some variation in the level of take-up of the individual schemes and also over time and geographically.
- Chapter Five which examines private renting suggests that the longstanding decline of this tenure may have been reversed in recent years. In addition,

- this sector has recently been the subject of extensive intervention by government on the recommendation of the Commission on the Private Rented Residential Sector that reported in 2000. Many of these interventions are legislated for in the Residential Tenancies Bill which was being considered by the Oireachtas at the time of writing. It is premature to assess the impact of these developments at this stage. However, they have the potential to improve the rights of tenancy of tenants in this sector, address affordability issues and improve housing standards; their achievements in this regard should be kept under review.
- Chapter Six examines the policy developments in the social rented sector over the last decade. It highlights three principal categories of reform. Firstly, levels of social housing output have been increased significantly since the mid-1990s to meet growing social housing need. Secondly, efforts have been made to diversify the sources of provision, as in addition to increased building of social housing by local authorities, output by voluntary and co-operative bodies has also increased. Thirdly, the social housing policy agenda broadened beyond the traditional focus on matching the quantity of dwellings provided with housing need, and qualitative issues such as the design, planning, management and regeneration of the social rented stock were afforded more attention. These reforms raise a number of challenges for policy makers and practitioners in the housing field. These include: the financing of social housing output; the governance of more complex arrangements for social housing provision and the establishment of systems to assess the success of measures to promote improved social housing design and management.
- Chapter Seven examines the various supports that are available to the sections of the population with special housing and accommodation needs, e.g. members of the Traveller community, homeless people, older people, people with a disability and asylum seekers and refugees. It reveals that some of these provisions have had a mixed impact in practice and suggests that they merit further examination in order to identify appropriate reforms.



Introduction

In the Republic of Ireland, as in most other European Union (EU) member states, housing has traditionally been a central concern in politics and in policy making. Anne Power's (1993) study of housing in a range of Western European nations concludes that because of the comparatively poor housing conditions which prevailed in Ireland until recent decades, together with the important role which housing-related political movements such as the nineteenth-century campaign for the redistribution of land from landlords to tenant farmers have played in Irish history, housing has traditionally been afforded particularly high priority by government in this country. Furthermore, since the mid-1990s, housing issues have been kept at the top of the political agenda because of a rise in demand for housing, caused by economic growth, population growth and shrinking household size.

However, despite the many changes to the housing market and housing policy in Ireland that have taken place in the last decade, the housing system has not been subject to any comprehensive review since the National Economic and Social Council (NESC) published its *Review of Housing Policy* in 1988 (Blackwell, 1988). Therefore, it is timely to document the principal changes to the system of housing provision and to housing policy in Ireland which have taken place since 1990, as well as recent social and economic developments pertaining to housing, and the range of market and non-market housing options currently available.

The latest national partnership agreement, Sustaining Progress, commits government to reviewing and reforming several aspects of housing policy and provision in this country. Specifically the agreement undertakes that a review will be initiated of '... the effectiveness of programmes designed to assist low-income groups, including those with social housing needs and special housing needs such as the elderly, disabled and homeless people and Travellers' (Government of Ireland, 2003: 25). In addition to the aims outlined above, this document is also intended to provide useful background information to inform such a review. By documenting the changes to housing policy and housing provision that have taken place since 1990, it will highlight anomalies or omissions in housing policy and provision, together with the most significant housing related challenges which will face the country in the coming years. It is envisaged that this information will enable policy makers to consider how these issues can be most effectively addressed.

1.1 Focus of this Review

For the purposes of this review, the term housing policy is used in its widest possible sense to include any intervention by government designed to influence housing conditions. These interventions include: the provision of housing by local authorities; direct and indirect State support to other agencies or individuals for house building or improvement; State regulation of the construction, refurbishment and extension of dwellings; measures to support the housing market and intercession by government to ensure that appropriate accommodation is made available to sections of the population with distinct housing needs such as people with a disability, homeless people, older people, members of the Traveller community and refugees and asylum seekers. Although the review focuses primarily on the development of Irish housing policy since the 1990s, where possible these recent developments are located within their comparative and historical contexts, and information is included on housing in other European Union member states, and on the historical development of housing policy and provision in Ireland.

The review is presented in seven chapters. This introductory chapter explains the historical, legislative and institutional context within which the Irish housing system operates. It briefly delineates the history of housing in Ireland from the perspective of housing stock, housing standards and housing tenure; it outlines the most significant items of legislation that currently affect housing in Ireland and sets out the functions of the principal statutory institutions which support and regulate housing developments in this country. The next two chapters are intended to contextualise the rest of the review, but they focus on the years since 1990. Chapter Two examines the changes to the demand for, supply of, price and affordability of housing over the past decade and identifies the social and economic factors which affected these changes in the housing system in the first place. Chapter Three outlines the most significant housing policy developments and the social and economic policy reforms relevant to housing that were instigated during this period. Chapter Four focuses on the principal source of accommodation in Ireland, the owner occupied sector, while Chapters Five and Six address the provision of rented accommodation by the private and social sectors respectively. Finally, Chapter Seven examines an issue that is currently of particular concern to policy makers in this country - providing accommodation for those sections of the population with distinct housing needs such as people with a disability, older people, homeless people, members of the Traveller community, asylum seekers and refugees.

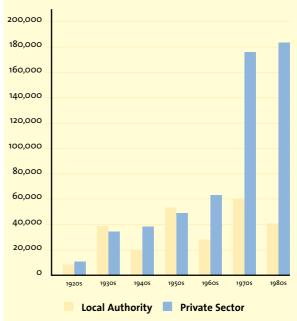
1.2 Number of Dwellings

FIGURE 1.1 details the number of dwellings in the Republic of Ireland between 1911 (the earliest date for which comprehensive records are available) and 1998. As this graph demonstrates, the size of the national housing stock has expanded and contracted at different stages over this period. Between 1911 and 1946 the total national housing stock fell by over 20,000 dwellings. This was due to a combination of factors: the abandonment of dwellings because of migration from rural to urban areas and high levels of emigration from Ireland and the demolition of unfit dwellings and slums in cities and towns by local authorities. From 1946 onwards this trend was reversed and the number of dwellings in the national housing stock has risen steadily by approximately 100,000 dwellings during each decade since then.

As is explained in FIGURE 1.2, the expansion of the housing stock is due to extensive new building on the part of private builders and local authorities since the 1940s, although the relative contribution made by these two sectors to housing construction has varied at different times. In the period 1930 to 1980 local authority building comprised an average of 20 to 30 per cent of total housing output, but since 1985 its contribution has never risen above 10 per cent and for several years during the late 1980s was significantly lower than this (O'Connell and Fahey, 1999).

FIGURES 1.3 and 1.4 and TABLE 1.1 compare the results of these changes in the Irish housing stock to those of

Dwellings built by local authorities and the private sector in the Republic of Ireland, 1920s–1980s

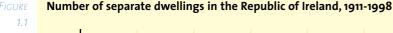


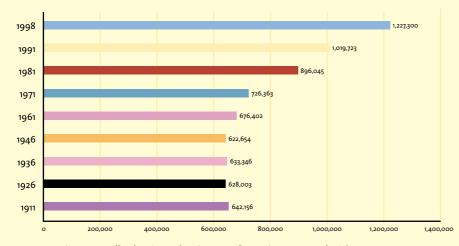
Source: Department of the Environment, Heritage and Local Government (various years a), and Minister for Local Government (1964).

Note: The 1920s include the years 1923–1929 only; figures for private sector building from the 1920s to the 1950s only include dwellings built with State aid. However, the available evidence indicates that this figure probably incorporates the vast majority of private sector dwellings built from the 1930s onwards.

other European Union member states. FIGURE 1.3 reveals that despite the marked expansion of the Irish housing stock since the 1940s, the number of dwellings per 1,000 inhabitants in this country is the lowest in the EU. In 2000 it stood at 330 compared to the EU average of 437. FIGURE 1.4 compares the age of the Irish housing stock to

that of the rest of the EU. It demonstrates that the concentration of new house building in Ireland in the period after 1940 is also unusual in the wider European context, and that, as a result, the housing stock in this country is significantly younger than the EU average. TABLE 1.1 reveals that the Irish housing stock is also distinguished by the high number of dwellings which are detached, semidetached or terraced houses, in contrast to many other EU member states where a large proportion of the housing stock is made up of apartments.





Source: Central Statistics Office (1996; 2000) and Minister for Local Government (1964).

TABLE 1 1

Dwelling types in European Union member states, 1994-1997 (mean percentage)

Member of State	Semi- detached/ Detached	Small terraced	apartment complexes	Large apartment complexes
Austria	47.9	4.5	11.8	27.6
Belgium	33.9	42.0	11.1	7.7
Denmark	50.2	12.6	12.7	19.2
Finland	47.2	17.6	2.4	30.0
France	38.6	21.4	13.3	24.5
Greece	31.8	19.0	29.3	18.4
Germany	26.0	13.4	34.3	18.8
Ireland	51.0	42.9	2.3	0.9
Italy	20.2	12.1	37-3	23.5
Luxembourg	38.1	30.8	19.1	10.1
Netherlands	13.0	51.8	4.4	18.1
Portugal	51.1	26.7	13.8	4.9
Spain	17.5	19.2	18.8	43.8
United Kingdo	m 22.5	58.8	11.3	3.9
Mean	34-9	26.6	15.8	17.9

Source: Healy, 2003.

Note: Small apartment complexes refers to complexes which contain fewer than 10 dwellings. Large apartment complexes refers to complexes which contain 10 or more units.

FIGURE 1 2

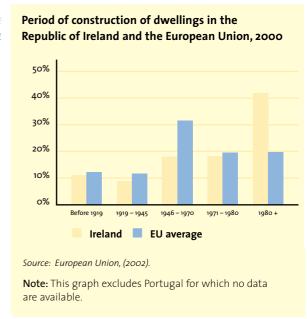
Number of dwellings per 1,000 inhabitants in European Union member states



Source: European Union, (2002).

Note: This graph refers to the year 2002 except in the case of Belgium and Greece (1991 data) and Italy and Luxembourg (1995 data).

FIGURI 1.4



1.3 Housing Standards

Table 1.2 considers the results of these changes to the housing stock in Ireland from a different perspective — that of the standard of dwellings. It shows that housing standards in Ireland improved radically over the twentieth century as the number of households with a piped water supply increased from 39 per cent to 99 per cent of total between 1946 and 1991 and the number of households with a flush toilet increased from 38 per cent to 97 per cent during the same period. Table 1.3 demonstrates that as a result of these improvements, housing standards in Ireland now compare relatively well with those of other EU countries — particularly with

1.2

	1946	1961	1971	1981	1991	1998
Private dwellings with:						
piped water supply	39%	57%	79%	95%	99%	Nav
flush toilet	38%	54%	71%	90%	97%	Nav
Private households with more than two persons per room as a	. 90/	**0/	20/	20/	20/	o =0/
percentage of total	18%	11%	9%	3%	2%	0.7%
Average number of persons per room	1.01	0.90	0.86	0.74	0.64	0.58
Average number of persons per household	4.16	3.97	3.94	3.68	3.34	3.02

1.3

Housing standards in European Union member states, 1994-1997 (mean percentage)

		No hot	Objective			Housing
	Leaky	running	over-			dissatis-
	roofs	water	crowding	Damp	Rot	faction
Austria	3.6	2.4	0	8.8	4.6	3.7
Belgium	5.7	3.6	5.0	14.4	9.1	5.0
Denmark	3.9	0.8	5.0	6.2	5.6	3.8
Finland	2.9	1.8	13.3	3.8	2.6	3.5
France	5.3	2	8.2	16.3	10.4	4.1
Germany	4.3	4.6	9.4	7.9	5.3	6.3
Greece	16.4	70.2	Nav	18.8	9.3	12.9
Ireland	4.1	4	14.8	9.6	7.3	5.9
Italy	6.3	2.8	24.3	5.4	6.2	11.3
Luxembourg	5.0	3.1	8.4	7.5	4.8	3.7
Netherlands	4.4	0.5	Nav	10.8	9.7	2.6
Portugal	18.7	22.6	19.9	33.4	25.2	11.3
Spain	11.4	3.5	15.8	21.5	7.6	8.9
UK	3.8	0.2	5.2	13.0	12.7	6.8
Mean	6.8	8.7	9.2	12.6	8.6	6.4

Source: Healy, 2003.

Note: These data were generated from the European Community Household Panel (HCHP) survey.

Nav means not available.

Southern European nations (Healy, 2003). For instance, 4 per cent of Irish households lack hot running water, as compared to an EU average of 8.7 per cent. Consequently levels of housing satisfaction in Ireland are near the EU average. However, considering the relatively low number of dwellings per head in Ireland, levels of 'objective overcrowding' (which includes households with more than one person per room) are significantly above the EU average.

1.4 Housing Tenure

Table 1.4 outlines the housing stock in Ireland by tenure, or in other words, according to the right by which people occupy their dwelling, for instance owning or renting. It demonstrates that in 1961 a small majority of Irish people owned their homes either outright or with a mortgage, but that by 2002 this group had expanded to include the vast majority – 77.4 per cent of the population. In contrast, the proportion of the population who rented accommodation from a private landlord fell steadily from 17.2 per cent in 1961 to 8 per cent in 1991. The size of the local authority rented sector has waxed and waned, on the other hand. This tenure peaked in size

TABLE 1.4

Housing tenure in the Republic of Ireland, 1961-2002 (percentage) Occupancy Status 1961 1971 1981 1991

Occupancy Status	1961	1971	1981	1991	2002
Local authority					
rented	18.4	15.9	12.7	9.7	6.9
Other					
rented	17.2	10.9	8.1	7.0	11.1
Owner					
occupied	53.6	60.7	67.9	80.2	77.4
Other	10.8	12.5	11.2	3.0	4.6

Source: Central Statistics Office (2003)

in 1961 when 18.4 per cent of the population rented their homes from local authorities but it has contracted steadily over the decades since then. The 'other' category in Table 1.4 includes households whose accommodation is provided by their employer, and those who rent from other social landlords apart from local authorities such as housing associations and housing co-operatives. Like the local authorities these latter organisations provide accommodation to households

who are unable to house themselves due to low income or distinct needs such as a physical disability.

TABLE 1.5 compares housing tenure patterns in Ireland to the rest of the European Union. It demonstrates that in 1991 the level of owner occupation of dwellings in Ireland was almost 20 per cent above the EU average. In fact, Ireland has the highest rate of owner occupation in the European Union (82 per cent), although in this regard it is just ahead of Spain where 76 per cent of all dwellings are owner occupied and of Greece, which has a home ownership rate of 70 per cent. Germany has the lowest rate of home ownership in the EU at just 38 per cent of stock. In contrast, the level of private renting in Ireland is the second lowest in the EU – 8 per cent of dwellings in this country were rented from private landlords in 1991 as compared to the EU average of 21.93 per cent. In 1991, the number of social rented dwellings in Ireland, i.e. dwellings rented from local authorities, housing associations or co-operatives at a reduced or subsidised rent, was also below the EU average – approximately 10 per cent as compared to 13.4 per cent respectively. However, it is important to acknowledge that the EU average figure on social renting disguises wide variations between different member states. For instance Greece has no social rented dwellings at all and in Portugal only 4 per cent of the housing stock is social

Table 1.5

Housing tenure in European Union member states, 1990s (percentage)

Country C	Owner occupied	Private rented	Social rented
Austria	41	22	23
Belgium	65	28	7
Denmark	50	24	18
Finland	72	14	11
France	54	21	17
Germany	38	26	36
Greece	70	26	0
Italy	67	8	6
Luxembourg	67	31	2
Netherlands	47.5	37	15.5
Portugal	65	28	4
Spain	76	16	2
Sweden	43	16	22
United Kingdo	om 66	10	24
Mean	58.7	21.93	13.4

Source: Avramov (1998) and Netherlands Ministry of Housing, Spatial Planning and the Environment (1989).

Note: The figures in this table do not always add up to 100 because other minor tenures have been excluded. Nav means not available.

rented. Among northern European countries, by contrast, the level of social renting is generally higher – in Germany for example 36 per cent of dwellings are rented from social landlords. Furthermore, the composition of the social rented tenure also varies across Europe and the Republic of Ireland is relatively unusual in the international context in that the majority of its social rented housing is provided, managed and owned by local authorities rather than by co-operative or non-profit agencies (Stephens *et al*, 2002). The reasons for this situation are examined in Chapter Six.

Commentators cite a variety of historical, cultural and structural reasons for the particularly high level of owner occupation in Ireland. For instance, Pfretzschner (1965) argues that historical factors such as the campaign for the transfer of land ownership from landlords to tenant farmers during the late nineteenth and early twentieth centuries not only increased home ownership levels particularly in rural areas, they contributed to a culture in which owning one's home is a key aspiration of Irish people. Fahey and Maître (2004) make the point that even when mortgage interest rates in Ireland were high, they were usually lower than inflation and average wage increases. This means, in practice, that mortgages were historically more affordable to service than the high interest rates would

imply. Home loans became easier to obtain after the liberalisation of the mortgage market in the 1980s and many rural Irish households have reduced the costs of home ownership by building dwellings on land inherited from or donated by relatives. Other commentators argue that disincentives to remain in private rented accommodation over the long term, such as lack of security of tenure and barriers to entry to social rented accommodation, which is allocated on the basis of need, have encouraged households to purchase a dwelling. In addition, the system of rent control introduced for some private rented sector tenancies by the Increase of Rent and Mortgage Interest (War Restrictions) Act 1915 and repealed in 1981, is widely credited with encouraging landlords to leave this business (McCashin, 2000).

However, there is little doubt that our high rates of owner occupation could not have been achieved in practice without significant and long-standing support from government. All of the white papers on housing policy produced from the foundation of the State until the mid-1990s promote owner occupation as a key aim of housing policy in Ireland, viewing it as the form of tenure preferred by most people. As a result, a variety of supports for this sector have been put in place over the years (Department of Local Government, 1948, 1969; Minister for Local Government, 1964; Department of the Environment, 1991a). According to Fahey and Maître (2004), from the early 1960s onwards, the scope of the supports was narrowed. Consequently, as is revealed in Chapter Four, State support for home owners now focuses principally on low-income households.

These supports have increased the level of home ownership in two ways. Firstly, they have facilitated and encouraged the transfer of dwellings from the private rented and social rented tenures into the owner occupied tenure. Measures of this type began with the Small Dwellings Acquisition Act 1899, which empowered county councils and urban local authorities to provide loans to aid occupants to buy private rented dwellings from their landlords and also include the tenant purchase schemes which enable local authority tenants to buy their dwelling. The right of purchase was first made universally available to rural tenants by the Labourers Act 1936 and extended to urban areas by the Housing Act 1966. Since then approximately 230,000 of the 330,000 dwellings constructed by local authorities have been sold to tenants. Fahey (1999:3) points out that these '... privatised local authority dwellings now account for about one-in-four of the owner occupied homes in Ireland, and are a major reason why the overall level of owner occupation in this country ... is so high by European standards'. Secondly, State intervention has encouraged increased levels of construction of new dwellings for owner occupation. As mentioned earlier in this Chapter, the level of private house building has risen steadily since the foundation of the State, but the period since 1970 has seen particularly strong growth in output by this sector both in absolute terms and in comparison with building by local authorities. This increased level of construction has been supported by a range of universal subsidies to homeowners such as tax relief on the interest of mortgages used to fund the purchase of a principal residence, together with measures specifically intended to help low-income households to purchase a dwelling.

In addition to these direct supports, the expansion of owner occupation in Ireland was also encouraged by the fiscal treatment of the tenure which, in comparison to the norm in most other European Union countries, creates relatively few disincentives to acquisition of property for the purposes of home ownership and practically no disincentives to continued occupancy of such property once acquired. At the present time in Ireland, the only taxes levied on owner occupation are at the time of entry. All purchasers of new constructed dwellings for owner occupation, including first time buyers are exempt from stamp duty, unless the floor area of the dwelling is more than 125 sq metres (1346ft²)

First time buyers (buying for own occupation) pay stamp duty on second hand houses which are purchased for more than €190,500. Other owner occupiers (excluding first time buyers) of second hand properties pay stamp duty on dwellings which cost over €127,000. In addition, capital acquisition tax must be paid on an inherited dwelling, except where it is inherited from a spouse (McAteer et al, 2002). Owner occupiers in this country are not liable for capital gains tax on any profit that they make from selling their principal residence and, in comparison with other EU member states, Ireland is distinguished by the lack of ongoing taxes levied on home owners in terms of property tax or local taxes such as residential rates (Joumard, 2001).

1.5 Housing Legislation

TABLE 1.6 sets out the main provisions of the principal items of legislation that currently affect the housing system in Ireland. These laws are set out in chronological

Table 1.6

Act	Provisions
Public Health (Ireland) Act 1878	Empowers a local authority to apply to the District Court for an order prohibiting the use of a dwelling which is unfit for human habitation until remedial work has been carried out and to serve a repair notice on the owner of the dwelling which specifies the reasons why it is unfit for human habitation and requires the owner to execute necessary works to make it fit for human habitation within 28 days. If these works are not carried out the authority may make a closing order prohibiting the use of the dwelling and may demolish it six weeks afterwards.
Housing Act 1966	Consolidated and modernised the existing legislation on local authority housing service. It replaced more than fifty earlier pieces of legislation, many of which made separate provisions for housing in urban and rural areas, with a simple statement of powers enabling both urban and rural local authorities to deal with unfit dwellings and districts within their operational areas; requiring them to assess local housing needs; to develop a programme to build dwellings for people unable to adequately house themselves on this basis; to let, maintain, refurbish, manage and levy rent on these dwellings and to sell them to tenants. Many of their powers in this regard are subject to regulation by the Minister for the Environment, Heritage and Local Government. In addition, the Act also allows local authorities to make a loan towards the costs of reconstructing, repairing or improving dwellings not owned by them in some cases and also defines overcrowding and empowers local authorities to deal with cases of overcrowding. Such is the extensive scope of the Act that, to this day, most aspects of the local authority housing service still fall under its remit and it is referred to in subsequent housing legislation as the Principal Act.
Social Welfare (Supplementary Welfare Allowances)Act 1975	Established the supplementary welfare allowances scheme which provides an income to all persons resident in the State whose income is insufficient to meet their needs. Regulations made under this Act in 1977 provide for the addition of a supplement to the supplementary welfare allowance payment to provide for the cost of rent or the interest element of a mortgage repayment.
Local Government (Planning and Development) Act 1976	Established An Bord Pleanála which arbitrates appeals under the Planning Acts and the Building Control Act
Housing Finance Agency Act 1981	Established the Housing Finance Agency which lends money to the housing authorities for their functions under the Housing Acts and to bodies approved under section 6 of the Housing (Miscellaneous Provisions) Act 1992 to fund the provision of social housing.

1.6

Act	Provisions
Housing (Private Rented Dwellings Act) 1982 and the Housing (Private Rented Dwellings) (Amendment) Act 1983	Were introduced to address the situation of tenants living in private rented dwellings whose rents has been controlled by provisions originally introduced under the Increase of Rent and Mortgage Interest (War Restrictions) Act 1915 and made permanent by the Rent Restrictions Act 1960 after rent control was found to be unconstitutional by the Supreme Court in 1981. Under the terms of this legislation, when landlords and tenants of formerly rent controlled dwellings fail to reach an agreement on the terms of the tenancy, such issues, including the amount of the rent, can be resolved by a Rent Tribunal which operates under the auspices of the Department of the Environment, Heritage and Local Government. In addition, these Acts provide that landlords of formerly rent controlled dwellings are only entitled to seek possession of the dwelling on the basis of an order of the District Court and specify limited grounds on the basis of which such an order may be granted.
Housing Act 1988	Empowers the Minister for the Environment, Heritage and Local Government to subsidise the provision of private sites by local authorities, which are made available at reduced cost to low-income households who can build dwellings on them; allows a local authority to carry out substantial refurbishment or reconstructive works to their dwellings; defines homelessness, and empowers local authorities to house homeless people directly or to fund voluntary organisations to provide accommodation for homeless people. In addition, it also requires local authorities to carry out an assessment of the numbers of people in need of housing within its operational area who are unable to provide it from their own resources, at least every three years, and to draw up a scheme determining the order of priority in which local authority dwellings will be let to persons in need of housing. Both the original scheme of letting priorities and any subsequent amendments to it must be approved by the Minister for the Environment, Heritage and Local Government.
Building Control Act 1990	Establishes county councils, city councils, and some town councils as building control authorities; empowers the Minister for the Environment, Heritage and Local Government to make building regulations governing the construction, extension or alteration of use of buildings and to make regulations requiring that certain types of developments require certification from the building control agency stating that they comply with the building control regulations. It also empowers a building control authority and the Minister to grant an exemption from or to relax the building regulations in respect of certain developments. Since 1990 twelve sets of regulations have been set by the DoEHLG under the terms of the Building Control Act. These address: the structure of the dwelling; fire; site preparation and resistance to moisture; workmanship; sound proofing; ventilation; hygiene; drainage and waste disposal; heat producing appliances; stairways, ramps and guards; conservation of fuel and energy and access for disabled people.
Housing (Miscellaneous Provisions) Act 1992	Includes provisions relating to all of the housing tenures. For instance it requires local authorities to draw up and adopt a written statement of policy on the management of their rented dwellings; allows them to fund approved social housing providers such as housing associations and co-operatives, sets out the procedures which must be followed for these bodies to gain approved status and empowers local authorities to carry out or arrange to have carried out works for the improvement or adaptation of a private dwelling if as a result the owner will not require local authority housing. This Act also allows local authorities to make loans available for the acquisition or construction of dwellings and it empowers them to grant a shared ownership lease on a dwelling. Under this scheme an individual may purchase between 25 per cent and 75 per cent of the value of a house from a local authority and buy out the remainder of the equity over an agreed period. In relation to the private rented sector this Act stipulates that the termination of a tenancy requires 28 days notice from the landlord or tenant, prohibits the seizure of goods by the landlord in lieu of rent and empowers the Minister for the Environment, Heritage and Local Government to make regulations requiring the provision of rent books to tenants, prescribing the minimum standard for the quality of dwellings and requiring the registration of dwellings. Rent books and standards regulations were made in 1993 and registration regulations were made in 1996.
Consumer Credit Act 1995	Requires mortgage advisors to possess an authorisation to operate from the Director of Consumer Affairs and regulates their operation; regulates advertising for housing loans, together with the fees which can be charged to applicants for or holders of these loans by mortgage lenders; the types of information which mortgage lenders are required to supply to mortgage holders and the repayment of housing loans.
Housing (Miscellaneous Provisions) Act 1997	Empowers local authorities to deal with anti-social behaviour on their estates. It provides for the exclusion of tenants and other occupants of local authority dwellings who are engaged in anti-social behaviour. It defines anti-social behaviour as: the manufacture or supply of a controlled drug or the intimidation or harassment of any person living or working in the vicinity of a local authority dwelling.
Housing (Traveller Accommodation) Act 1998	Contains a number of important provisions relating to the accommodation of Travellers. It provides for the appointment of a National Traveller Accommodation Consultative Committee by the Minister for the Environment, Heritage and Local Government, which is tasked with advising the Minister on any general matter relating to the accommodation of Travellers; requires local authorities to draw up a Traveller accommodation programme for their functional area, and to revise this programme at least every three years. The Act also obliges local authorities to

Provisions Act appoint local consultative committees made up of local authority officials and elected members and representatives and members of the Traveller Community, which will advise them on the preparation and implementation of this programme. It empowers them to remove temporary dwellings from specified locations, and to provide, improve, manage or control sites for caravans used by Travellers or sites with limited facilities for Travellers, and extends the power to deal with anti-social behaviour introduced under the Housing (Miscellaneous Provisions) Act 1997 to include Traveller specific accommodation. Urban Renewal Act 1998 Reforms the system of tax allowances intended to encourage the building and refurbishment of dwellings in areas designated for urban renewal which were introduced originally by the 1981 Finance Act and extended and developed by the 1986 Urban Renewal Act. The 1988 Act extends the duration of the urban renewal scheme to the end of 2002. Rather than confining the urban renewal scheme to a pre-defined list of areas, as was previously the case, the Act requires local authorities to draw up Integrated Area Plans (IAPs) setting out their views of the districts within their operational area appropriate for designation and how the renewal of the selected area might be achieved. The Department of the Environment, Heritage and Local Government then decides on the areas which will receive tax designation under this scheme. **Planning and Development Act** Consolidates and rationalises all of the existing planning legislation, and many of the existing planning regulations, 2000 and also introduces some new planning provisions. It specifies which developments are subject to or exempt from the planning requirements and also sets out the development plan system, which provides the framework within which all planning decisions are made. It obliges all local authorities to produce development plans every six years which set out the planning objectives for their functional areas and specifies the matters which should be included in a development plan and taken into account in its preparation. It also affords local authorities the power to make decisions in regard to individual planning applications in a more streamlined fashion, sets out the matters which they must take into consideration in deciding on applications for planning permission and gives them the responsibility for enforcing planning legislation and policy: it includes a number of procedures intended to help protect the architectural heritage. The new provisions in the Act are as follows: it provides for the establishment of strategic development zones, where a streamlined planning process will operate in specific sites selected by the government for reasons of strategic importance to the national economy and it makes provision for housing supply as part of the planning system. It requires all local authorities to include within their development plan a housing strategy which provides for the housing needs of the existing and future population of the area. Under Part V (as amended by the Planning and Development (Amendment) Act 2002), it specifies that this strategy should include an assessment of all persons in need of social or affordable housing and empowers local authorities to take up to 20 per cent of land designated for housing developments at existing use value or a contribution of equivalent monetary value, to meet this social or affordable housing need. Housing (Miscellaneous Provisions) Enables local authorities to build and sell dwellings at less than their market value under the affordable housing scheme, and permits the Minister for the Environment, Heritage and Local Government to make regulations Act 2002 governing their implementation of this provision. It provides for the regulation of the re-sale of dwellings purchased under the Shared Ownership Scheme; attaches certain conditions to the payment of grants for new houses and to grants to approved bodies for the provision of accommodation; provides grant aid towards the administrative costs of voluntary and co-operative bodies involved in the provision of social housing and to other bodies which provide information, advice or training or conduct research on specified aspects of housing; requires mortgage lenders to provide certain information. It enables the Housing Finance Agency to lend money to bodies approved under section 6 of the Housing (Miscellaneous Provisions) Act 1992, to fund the provision of social housing. It also enables the Minister for Social and Family Affairs to make payments to tenants whose accommodation ceased to be subject to rent control in July 2002, and enables local authorities to serve notices requiring the removal of temporary dwellings in certain circumstances **Planning and Development** Reverses the provision of the Planning and Development Act 2000 that planning permissions granted after 25 August (Amendment) Act 2002 1999, and to which Part V would have applied, would last only until 31 December 2002 or for 2 years from the date of the grant of permission, whichever was longer. Following the 2002 Act, the normal rules concerning the duration of permission will apply to these developments and, in return for extending the permission on these dwellings, developers will be required to pay a levy in respect of each dwelling for which permission would have expired under the previous legislation. This Act also gives developers new options regarding compliance with Part V of the 2000 Act. These are: reserving land or providing houses or sites at another location, making a payment to the local authority to be used for the provision of social and affordable housing, or a combination of any of these options. Alternative agreements must result in a contribution to the authority of an equivalent monetary value to the reserved land within the development. In addition, it amends the rules regarding small housing developments for which an exemption can be sought from the requirements of Part V of the 2000 Act, reducing the limit from 0.2 to 0.1 hectares for applications for such certificates, and enables approved voluntary and co-operative housing bodies to provide

dwellings for sale under both the shared ownership and affordable housing schemes.

order according to the date of their enactment. As this section demonstrates, an abundance of housing legislation has been introduced since the foundation of the State – indeed, during this period, there are only 10 years in which no housing related legislation has been introduced. As a result the housing code is modern and relatively few aspects of housing provision in contemporary Ireland are governed by legislation enacted before 1960. The principal exception to this rule is the Public Health (Ireland) Act 1878 which provides for the closure and demolition of unfit dwellings and under the auspices of which much of the slum clearance of the

1930s and 1940s, referred to earlier in this Chapter, was carried out. In addition it is interesting to note that the piece of legislation that includes most of the provisions regulating the local authority housing service — the Housing Act 1966 — is also comparatively long standing. In contrast the legislation governing the other main aspects of housing provision, e.g. private rented housing, Traveller accommodation, voluntary and co-operative housing, urban renewal, building standards and planning, is relatively modern and most of it has been introduced or updated during the 1980s and 1990s.

FIGURE 1.5

Structure and functions of the Department of the Environment, Heritage and Local Government Housing Division, 2002

Housing Division & Supply Advises on technical Housing policy Affordable Housing. Local authority Recoupment to local Traveller Promote reform and Promote/ monitor Shared Ownership housing programme, authorities in respect Accommodation development of the Social Inclusion and related aspects development/review. legislation. of Shared Ownership and Tenant Purchase Remedial Works private rented sector. Agenda within of housing (private Analysis of private Schemes, Regeneration rent subsidies, Legislation to be and local authority) Funding programme Department. housing market. Affordable Housing, Local authority Programmes for new and introduced which Service Cabinet and other building Housing demand, housing management, including RAPID Disabled Persons and refurbished Traveller will implement Committee on Social projects as well as on housing supply Rent Tribunal, Local projects. Scheme of Essential Repairs Accommodation. reforms arising from Inclusion. National matters pertaining to indicators (planning Authority rent schemes improvement works Grants. All policy matters recommendations Anti-Poverty Strategy, the construction statistics, housing and Housing Unit. Mortgage Allowance affecting the National Drugs industry generally, land availability), Part V (Housing Supply) authority housing, Scheme, Voluntary voluntary and the Private Rented Strategy Team, including the housing output of Planning and low-cost sites Housing Capital co-operative housing Residential Sector, Young People's Building Regulations and Strategic Development Act scheme and scheme Assistance and Loan sector and as approved by Facilities and Carry out inspections Development Zones. of extensions to local Subsidy Schemes, monitoring activity Services Fund. for the new house government. Housing and Building Reforms in areas of Planning and authority housing. Certification for in the sector. Policy/funding of grant and tax Societies legislation. Liaison with the Urban Renewal security of tenure. accommodation and incentive schemes. Development Processing (Amendment) Act National Building related services for Co-ordination for Scheme and applications from rent setting and Housing Division 2002. Agency. Assessment Thatching Grants. local authorities for reviews, tenancy homeless persons of housing needs. Special Housing Aid funding of projects terminations, dispute | Implementation of including financial letting priorities, etc. for the Elderly. under the Loan resolution and Homeless Strategies matters and housing Issues Floor Area Subsidy Scheme for establishment of and local action plans. statistics. Certificates. voluntary housing. a statutory Private Chair Cross-Ensuring, with Residential Tenancies Departmental Team Housing Finance Board to resolve Agency, adequate disputes, register Policy, funding and funding for social tenancies and monitoring activity housing measures provide on Disabled Persons including - Affordable information/advice. and Essential Repairs Housing, Shared Development of a Grants Ownership, Local PPP programme in Authority Housing relation to rental Loans and Voluntary being considered. Housing Loan Subsidy Integrated IT housing package for local authorities Representation on Cross-Departmental Team on Housing, Infrastructure and

1.6 Housing Policy Making and Implementation

The Department of the Environment, Heritage and Local Government (DoEHLG) is the central authority responsible for national housing policy in Ireland, for legislation on housing, planning and building standards and for co-ordinating the activities of local authorities. In addition it exercises a general supervisory function over the social, financial and technical aspects of social and private housing provision and is responsible for the distribution of most of the capital funding and subsidies for housing provided by the State. Figure 1.5 on page 20 sets out the structure of the division of the Department concerned with housing and lists the functions that it carries out.

As well as the DoELHG some other government departments also play a role in housing matters. These include: the Department of Finance which regulates the tax treatment of housing; the Department of Community, Rural and Gaeltacht Affairs which is responsible for the provision of grants for housing in Gaeltacht areas; the Department of Social and Family Affairs which legislates and determines policy for, funds and generally directs the supplementary welfare allowance (rent and mortgage assistance) and the rent allowance (de-control of rents) schemes which subsidise certain private renting tenants and mortgage holders; the Department of Health and Children which provides support for the provision of accommodation for some sections of the population with distinct housing needs such as older people, and people with a disability; and the Department of Justice, Equality and Law Reform which holds some responsibilities in relation to Traveller accommodation, landlord and tenant law and the accommodation of asylum seekers and refugees. The Irish Financial Services Regulatory Authority (IFSRA) also possesses certain powers to regulate and monitor mortgage lending.

In addition, some of the housing functions of the DoEHLG are carried out by a number of semi-State bodies, which operate under its aegis. These include:

- An Bord Pleanála which arbitrates appeals under the Planning Acts and the Building Control Act
- The Housing Finance Agency which lends money to the housing authorities for their functions under the Housing Acts and to other bodies approved under section 6 of the Housing (Miscellaneous Provisions) Act 1992 to enable the provision of social housing
- The National Building Agency which was established in 1960 and is a consultancy

specialising primarily in housing, architecture, construction management and urban design and renewal

- The Dublin Docklands Development Authority (DDDA) which is tasked with managing the renewal of the docklands area of Dublin inner city
- The Rent Tribunal which is the arbitrating body in the determination of the terms of tenancies of private rented dwellings, formerly rent controlled
- The Private Residential Tenancies Board (PRTB), which is currently operating on a non-statutory basis and is providing a voluntary mediation service for landlords and tenants. When it obtains statutory status its main functions will be: resolving disputes arising in the sector, operating a system of tenancy registration and providing information and policy advice
- The Housing Unit which provides advice and guidance on social housing management, on the training and development of staff working in this area and on housing policy making, and conducts housing related research
- Sustainable Energy Ireland which promotes environmentally sustainable housing.

The local authorities are responsible for implementing the housing programme on the ground. Eighty-eight local authorities hold significant responsibilities in this regard. This encompasses 29 county councils, five city councils, five borough councils and 49 town councils. The local authority housing functions are carried out under the regulation of the Minister for the Environment, Heritage and Local Government, but in addition to this, the legislation on local government divides these functions into reserved and executive functions. Elected councillors perform reserved functions. Executive functions are carried out by the authority's manager or delegated officials [see Callanan and Keoghan (eds) 2003]. Additionally, local authorities are empowered by the housing legislation to make byelaws regulating the administration of specific aspects of housing provision, renewal or management within their operational areas.

FIGURE 1.6 sets out the housing functions that are typically carried out by local authorities in Ireland. These fall into four categories: local authority housing provision; local authority housing management; enabling housing provision by other sources; and local-level planning for housing provision and management. As this graph explains, local authorities are required to furnish detailed returns to the Department of the Environment, Heritage and Local Government in relation to their performance of each of these functions.

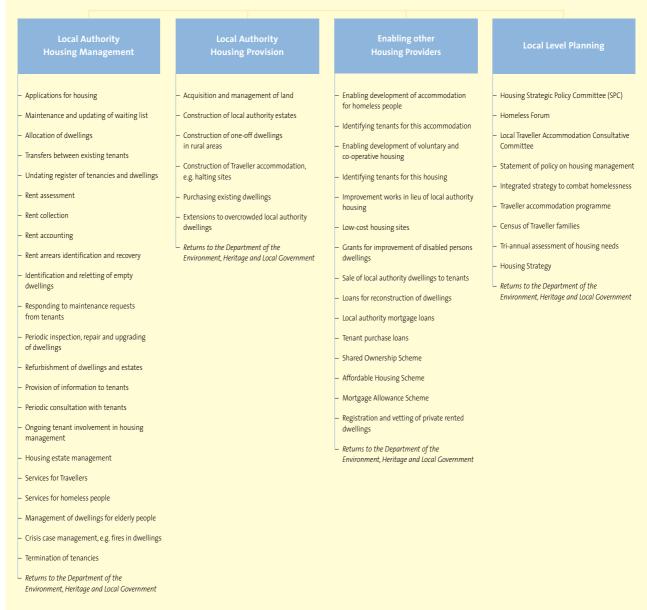
1.7 Issues Arising

This introductory chapter has outlined the historical, legislative and institutional context within which the Irish housing system operates. This institutional context is relatively complex – several government departments have responsibilities in this area, along with the Department of the Environment, Heritage and Local Government which is the central authority responsible for housing policy. In addition local authorities and a range of non-governmental agencies are responsible for providing housing services. On the other hand, the legal framework for housing is relatively modern with most of the legislative code having been put in place in recent

years. The quality of the housing stock in Ireland compares relatively well with that of other European Union member states. However, in the international context, the Irish housing system is distinctive in a number of ways. For instance the number of dwellings per head of population in this country is relatively low compared to the rest of the EU, while the level of home ownership is comparatively high and the number of rented dwellings, particularly private rented dwellings, is low. Ireland is currently building new dwellings at the fastest rate in the EU (14.7 per 1,000 population in 2002). Later chapters will examine the implications which this historical, institutional and legal context has had for developments in the housing system and in housing policy since 1990.

FIGURE 1.6

Typical housing functions carried out by local authorities in the Republic of Ireland, 2002





2 Demand, Supply, Price and Affordability

This Chapter is intended to contextualise the housing policy developments initiated since 1990 which are examined in later chapters of this review. It examines national and regional trends in house prices over this period, together with trends in private residential sector rents and in social housing need. It also identifies the social and economic factors that underpinned these changes in housing demand and house prices and assesses the progress that has been made in expanding the output of new dwellings in order to meet this demand. The final section of the Chapter considers the implications that these changes in the housing system have had for housing affordability.

2.1 The Private Housing Market

FIGURE 2.1 sets out details of changes in house prices in Ireland between 1990 and 2002. It demonstrates that the years since 1995 are distinguished by a dramatic increase in private house prices, in comparison with the first half of the decade. FIGURE 2.2 locates Irish house price inflation in an international context. It reveals that, during the 1990s, house price increases in this country were by far the highest in the European Union.

FIGURES 2.3 and 2.4 examine Irish house price trends since 1996 in more detail, breaking them down according to type of dwelling and geographical location. They reveal that house price inflation did not occur evenly across all sectors of the market or parts of the country. FIGURE 2.4 demonstrates that prices in the second hand market and in Dublin have seen the highest inflation and that

FIGURE 2.1

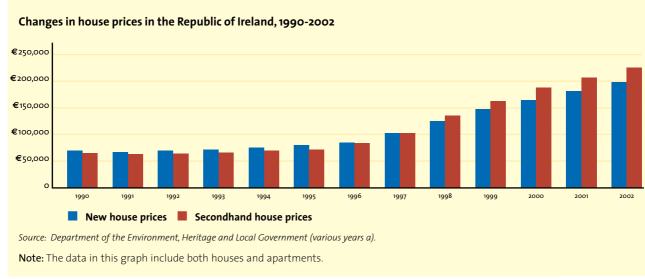


FIGURE 2.2

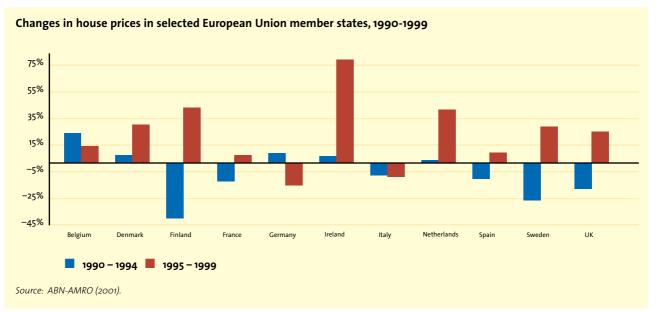
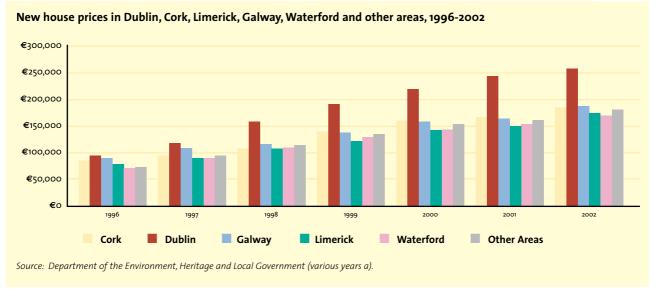


FIGURE 2.3



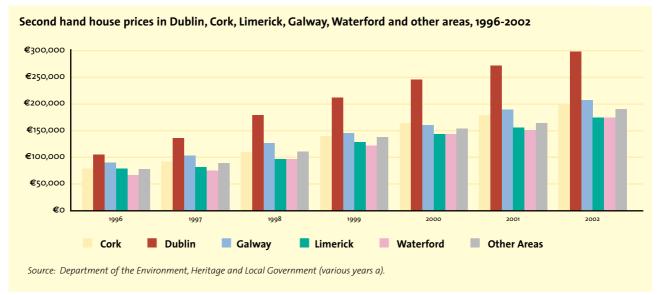
as a result, dwellings in this category are the most expensive in the State. The average price of dwellings of this type rose from €104,431 in 1996 to €247,039 in the year 2000. This represents an acceleration in price inflation from an average of 7.7 per cent per annum between 1990 and 1993, to an average of 22 per cent per annum between 1996 and 2000, and as a result, the traditional differential between house prices in Dublin and the rest of the country now stands at an historic high (Bacon *et al*, 2000).

FIGURES 2.3 and 2.4 also highlight substantial increases in prices in other cities but particularly in Cork where second hand prices rose from an average of €81,234 in 1996 to €169,064 in 2000. In 2000, Cork replaced Galway as the second most expensive part of the country to buy second hand homes. There have been strong increases in the cost of new homes but they remain slightly less expensive than second hand dwellings except in Galway. In addition, these graphs

point up strong house price growth in the parts of the country outside the five main urban centres in 1998, 1999 and 2000, although it is important to acknowledge that this inflation did not occur evenly across the State. According to Bacon *et al*, (2000) prices in the mid-East region – which encompasses the counties surrounding Dublin – are significantly higher than in other areas.

The years 2001 and 2002 were marked by a softening in the rate of house price increases. In 2001 new houses increased in price by 8 per cent nationwide, while second-hand prices increased by 8.2 per cent on the previous year. However, the extent of this moderation in price inflation also varied between different parts of the country. Second hand house prices in Dublin and Cork increased by 8.8 per cent and 6.4 per cent respectively between 2000 and 2001, whereas in Galway and Limerick inflation in the second-hand market averaged at 14.4 per cent and 19 per cent respectively over these years.

Figure 2.4



Private rented residential sector rent inflation

by location, 1999-2002

FIGURE

2.6

Private Residential Rents

House price inflation is of particular importance in the Irish context because of the relatively high rate of owner occupation in this country (European Union, 2002). This means that inflation in this sector can have knock-on effects on demand and price in other housing tenures, as the households priced out of home ownership are forced to seek accommodation in the social rented or in the private rented tenures which account for a relatively modest number of dwellings in this country. For instance the Commission on the Private Rented Residential Sector (2000) reports that house price inflation has fuelled increased demand for private rented accommodation and this, coupled with limited supply, has triggered rent inflation.

The available evidence in this regard is set out in FIGURE 2.5, which utilises information from the consumer price index to compare rent levels in December 2002 (which are set at the notional level of 100) with rent levels over the previous ten years. It reveals that rent inflation averaged at 3 per cent per annum between 1990 and 1996, but that this jumped to 5.3 per cent between 1997 and 1998. 1999/2000 and 2000/2001 saw particularly high growth in private residential sector rents, which increased by 10.5 per cent and 14.6 per cent respectively during these years.

Although no official data are available on regional

Connaught Munster Rest of Leinster Dublin Nationwide -10% 25% -5%

differences in private rent inflation, the available evidence indicates that, until recently, rents have grown more rapidly in Dublin than in the rest of the country. Data from the Irish Auctioneers and Valuers Institute (2000, 2001, 2002) annual property survey demonstrate that rents in this sector increased by 14 per cent nationally in the 12 months to November 2000, but that

Source: Irish Auctioneers and Valuers Institute (2000, 2001, 2002).

12 months to November 2000

12 months to December 2002

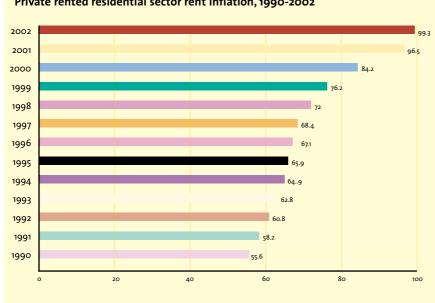
12 months to November 2001

in Dublin rent inflation reached 18 per cent. This pattern continued in the 12 months to November 2001, during which time private residential rent inflation averaged 12 per cent nationally and only 10 per cent in Munster and Connaught, compared to 14 per cent in Dublin and the rest of Leinster.

FIGURE 2.5 also points to a marked slowdown in the rate of increase of rents countrywide in 2002, while the data presented in FIGURE 2.6 indicate that rents in Dublin may have fallen slightly during this year. These changes in rent inflation were concurrent with the removal of the disincentives to investment in private rented residential property introduced on

Private rented residential sector rent inflation, 1990-2002 **FIGURE**

2.5



Source: Data were generated by the Central Statistics Office from the Consumer Price Index

Note: Base December 2001 = 100.

foot of the reports commissioned by the DoHELG from Bacon *et al* (1998, 1999, 2000) which is discussed in Chapter Three. Therefore it is reasonable to assume that this policy development is one of the factors that affected decreased rent inflation in the private rented sector by increasing the supply of this type of accommodation to reflect demand.

2.3 Social Housing Need

FIGURE 2.7 and TABLE 2.1 summarise the results of the assessments of housing need which local authorities are obliged to carry out regularly under the terms of the Housing Act 1988. According to these assessments social housing need increased from 17,564 households in 1991 to 28,624 households in 1993. Although it fell slightly to 27,427 households in 1996, it has grown rapidly since

then to a total of 39,176 households in 1999 and 48,413 households in 2002.

This graph also breaks down the results of the assessments according to the different categories of need that are set out in Section 9(2) of the 1988 Act. It demonstrates that to a significant extent these increases in social housing need were driven by the inflation in house prices and private sector rents highlighted above. The number of households assessed as being in need of social housing on the grounds that they were unable to afford their current accommodation rose from 2,429 (or 14 per cent of total) in 1991 to 13,328 households (44 per cent of total) in 2002. FIGURE 2.7 also highlights increases in social housing need among Travellers, older people and disabled people, and a marked increase in homelessness between 1996 and 2002. These issues are examined in more detail in Chapter Seven of this review.

FIGURE 2.7

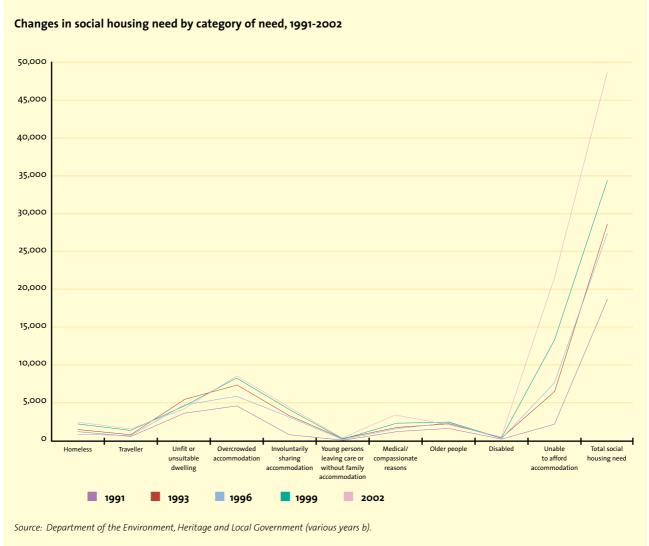


TABLE 2.1

Changes in social housing need by local authority, 1991-2002

County Councils	1991	1993	1996	1999	2002
Carlow	221	293	209	322	333
Cavan	221	297	313	494	666
 Clare	234	443	605	641	620
Cork	862	1,235	1,382	1846	2,10
 Donegal	1,279	1,288	1140	1,185	1,565
Dublin	1,537	N/A	N/A	N/A	N/A
Dún Laoghaire- Rathdown	N/A	1,119	1209	1,363	2,118
Fingal	N/A	810	666	1,274	1,769
Galway	326	452	682	979	976
Kerry	626	650	543	696	476
Kildare	575	798	850	1,126	1,421
Kilkenny	243	299	231	329	354
Laois	354	311	339	668	611
Leitrim	324	329	233	255	305
Limerick	304	478	390	867	676
Longford	295	378	398	358	374
Louth	128	162	142	266	240
Mayo	540	667	300	734	749
Meath	462	655	334	589	678
Monaghan	185	242	320	348	195
Offaly	109	143	141	371	411
Roscommon	181	264	204	362	519
Sligo	169	181	434	436	556
South Dublin	N/A	809	702	2,396	3,817
Tipperary North	112	159	157	184	232
Tipperary South	268	317	334	404	571
Waterford	144	192	203	255	321
Westmeath	221	341	291	352	420
Wexford	619	641	543	699	992
Wicklow	317	485	590	837	616
Total County Councils 1	0,846	14,438	13,885	20,636	24,682

Nav means not available.

Councils	6,718	8,094	6,604	10,014	12,210
Total City					
Waterford	647	683	677	1,037	1,034
Limerick	358	568	472	456	581
Galway	342	475	381	741	1,320
Dublin	4,377	5,152	3,966	6,477	6,993
Cork	944	1,216	1,108	1,303	2,282
City Councils	1991	1993	1996	1999	2002

Nav means not available.

1991	1993	1996	1999	2002
109	138	99	128	163
252	323	243	407	387
236	171	177	277	167
210	172	207	390	466
169	191	319	337	433
976	995	1,045	1,539	1,616
	252 236 210 169	109 138 252 323 236 171 210 172 169 191	109 138 99 252 323 243 236 171 177 210 172 207 169 191 319	109 138 99 128 252 323 243 407 236 171 177 277 210 172 207 390 169 191 319 337

Grand Total Source: Departn	23,242 nent of th	28,624 ne Environm	27,427 nent, Heritad	39,176 ge and Loca	48,41 ;
Councils	4,702	5,097	5,893	6,987	9,90
Total Town		J1	<u> </u>		,
Youghal	122	197	198	165	239
Wicklow	58	67	60	174	249
Westport	110	129	152	143	126
Tullamore	174	127	33 114	151	18:
Trim	198 NAV	211 16	287	20	512
Tipperary Tralee	61	91	287	67 361	88
Thurles	126	112	142	142	22
Templemore	126	29	19	16	55
Skibbereen	21	40	32	82	7
New Ross	63	68	116	204	376
Nenagh	111	72	76	81	12.
Navan	NAV	36	90	92	80
Naas	115	90	153	193	23.
Monaghan	82	56	89	179	16
Middleton	81	63	96	173	13
Mallow	125	120	141	223	36
Macroom	51	71	86	122	7
Longford	137	94	179	172	15
Listowel	41	61	51	66	10
Letterkenney	89	135	211	276	47
Kinsale	55	82	86	88	10
Kilrush	46	19	122	87	6.
Killarney	83	76	83	116	35
Kells	NAV	34	32	44	5
Fermoy	71	120	89	54	11
Enniscorthy	107	122	164	166	27
Ennis	198	218	223	201	40
Dún Laoghaire	432	N/A	N/A	N/A	N/
Dungarvan	163	207	160	155	21
Dundalk	260	296	268	316	73
Cobh	104	156	206	164	16
Clones	15	12	34	30	4
Clonakilty	26	44	71	76	11
Cavan	35	121	117	268	33
Castleblayney	33	50	65	22	11
Castlebar	62	88	93	115	36
Cashel	25	35	31	51	60
Carrick-on-Suir	77	130	62	85	110
Carrickmacross	46	34	47	63	12
Carlow	163	221	185	221	26
Bundoran	17	20	50	35	7
Buncrana	70	52	76	70	10
Bray	264	329	377	584	55
Birr	60	68	56	73	12
Ballinasloe	110	123	112	69	250
Ballina	88	104	188	221	19
Athy	86	95	83	79	12
	78	194	213	240	17
Athlone					

Note: The data in this table refer to households, not individuals. N/A means not applicable. Nav means not available. In 1991 housing need in Kells, Navan and Trim are included in the total for Meath County Council.

TABLE

2.2

2.4 Economic and Demographic Influences on Housing Demand

Bacon et al (1998) conclude that increased demand for housing in Ireland in the 1990s was the result of a

combination of economic and demographic factors. Details of the principal economic factors that have driven housing demand are set out in TABLE 2.2 and FIGURE 2.8. TABLE 2.2 details gross domestic product (GDP) per capita at market prices in European Union countries between 1991 and 1999. It demonstrates that during

this period growth in GDP per capita in Ireland was greater than in any other EU member state. It increased from €11,000 in 1991 (one third below the EU average of €15,800 for that year) to €27,300 in 2000 (significantly above the EU average of €24,450). As is explained in FIGURE 2.8, this growth in GDP was accompanied by a significant fall in unemployment. By the year 2000 Irish unemployment rates had decreased to below the EU average. Both of these factors also brought about significant increases in disposable income which, coupled with cuts in the rate of personal taxation and in mortgage interest rates, have fuelled housing demand by increasing the money available to households for spending on this area.

The demographic factors that reinforced these economic stimulants of housing demand are identified in TABLE 2.3 and in FIGURES 2.9 and 2.10. TABLE 2.3 traces the main demographic trends that impacted on housing from 1981 to 2002. It demonstrates that the population of Ireland rose by 473,931 between 1981 and 2002. The most rapid increase took place during the period 1996-2002, which obviously increased demand for housing. The significance of this population increase is underlined by FIGURE 2.9, which shows that it is the fourth highest in the EU. Moreover, the rate of growth in the Irish population is unusual

Gross domestic product (GDP) per capita at market prices for European Union member states, 1991-2000

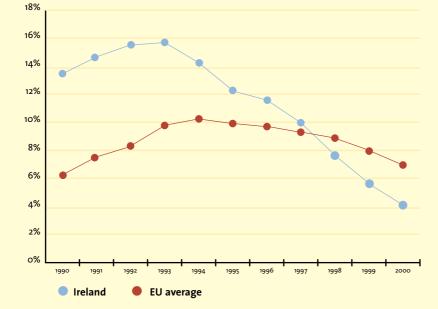
	1991 €000	1992 €000	1993 €000	1994 €000	1995 €000	1996 €000	1997 €000	1998 €000	1999 €000	2000 €000
Austria	17.5	18.6	19.8	20.9	22.4	22.6	22.5	23.4	24.4	25.4
Belgium	16.4	17.4	18.2	19.4	20.8	20.9	21.1	21.9	22.9	24.0
Denmark	21.1	22.0	22.9	24.6	26.4	27.4	28.3	29.4	31.1	33.0
Finland	19.9	16.6	14.5	16.6	19.4	19.6	21.0	22.4	23.5	25.5
France	16.9	17.8	18.5	19.3	20.0	20.6	20.8	21.6	22.4	23.2
Germany	17.9	19.4	20.6	21.7	23.0	22.9	22.7	23.4	24.1	24.7
Greece	7.1	7.5	7.7	8.1	8.6	9.4	10.2	10.3	11.1	11.5
Ireland	11.0	11.7	11.9	12.9	14.1	15.9	19.3	20.8	23.8	27.3
Italy	16.6	16.7	14.9	15.1	14.6	16.9	17.9	18.6	19.2	20.2
Luxembourg	Nav	Nav	Nav	Nav	33.8	34.3	36.4	38.2	41.6	46.4
Netherlands	Nav	Nav	Nav	Nav	20.5	20.9	21.3	22.4	23.7	25.2
Portugal	Nav	Nav	Nav	Nav	8.3	8.9	9.4	10.0	10.7	11.4
Spain	Nav	Nav	Nav	Nav	11.4	12.2	12.6	13.3	14.3	15.4
Sweden	Nav	Nav	18.8	19.8	20.8	23.3	23.8	24.1	25.6	27.8
United Kingdom	14.4	14.2	14.1	15.0	14.7	15.8	19.7	21.3	22.8	25.7

Source: European Union (2002)

Note: The information in this table is at 2001 prices and 2001 exchange rates; data for 1991-1997 are in ECU and from 1998 to 2000 in Euro. Nav means not available.

FIGURE 2.8

Percentage of the population unemployed in the Republic of Ireland and European Union member states, 1990-2000



Source: European Union (2002).

Note: No figures are available for Germany in 1990 and for Austria from 1990 to 1993.

TABLE 2.3

Demographic trends in the Republic of Ireland which have implications for housing, 1981-2002

	1981	1986	1991	1996	2002
Population	3,443,405	3,540,643	3,525,719	3,626,087	3,917,336
Population Change (+/-)	N/A	+97,238	-14,925	+100,235	+291,249
Natural increase (+/-)	N/A	+169,120	+119,245	+92,035	+138,182
Net migration (+/-)	N/A	-71,883	-134,170	+8,200	+153,067
Independent households	880,000	976,000	1,029,000	Nav	1,290,600*

Source: adapted from Central Statistics Office (2001b; 2002) and European Union (2001).

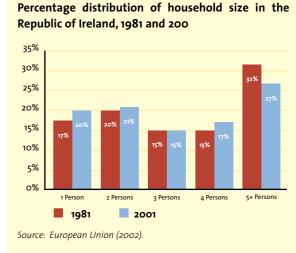
Note: *: Data on number of independent households refer to 2001; natural increase refers to excess of births over deaths; net migration refers to immigrants minus emigrants; N/A means not applicable; Nav means not available.

in the historic context. The period 1991-2002 has seen the greatest increase in population of any decade since the foundation of the State – the next highest took place between 1971 and 1979 (Central Statistics Office, 2002).

This population growth is related to the birth rate, which has increased since 1990 and which, although relatively low in historic terms, is well above the EU average. However, the Central Statistics Office (2002) reports that a more significant cause of the population expansion of the last decade is the advent of positive net migration into Ireland in the mid-1990s. Apart from the period 1971-1979 net migration has been negative since the foundation of the State. However, as TABLE 2.3 demonstrates, this trend has reversed in recent years and between 1991 and 2002, 161,267 more immigrants arrived into the country than emigrated from it. Bacon et al (1998) point out that the pattern of emigration/ immigration in the late 1990s accelerated housing demand because almost half of immigrants during this period were aged between 25 and 44 years and therefore were likely to be seeking housing, while in contrast annual emigration is concentrated in the younger age group of 15-24 years who are less likely to have formed independent households.

TABLE 2.3 also highlights a significant rise in the number of independent households in the population: from 880,000 in 1981 to 1,290,600 in 2002, which obviously also contributed to increased demand as these households sought individual dwellings. To some extent the growth in household numbers over this period can be explained by the concomitant increase in population highlighted above. However, as is explained by FIGURE 2.10, it is also related to a sharp decrease in the average household size, which fell from 3.7 persons in 1980 to 3.0 persons in 2001 (European Union, 2002). Average household size in Ireland, which was previously high in comparative terms, is rapidly converging with the EU average, which stood at 2.49 persons in 1999.

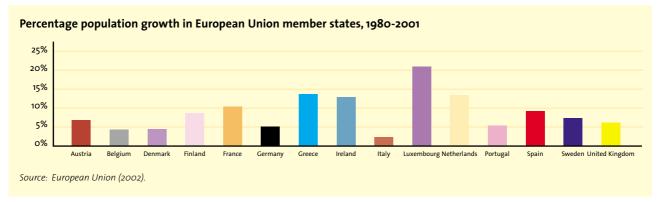




2.5 Housing Supply

Chapter One of this review drew attention to the underdevelopment of the Irish housing infrastructure in comparative terms, as this country has the lowest

FIGURE 2.9



Z.4

Newly completed dwellings per 1,000 inhabitants in European Union member states, 1980-2001

1	980	1985	1990	1995	1999	2000	2001
Austria	6.8	5.5	4.7	6.6	7.3	6.8	Nav
Belgium	4.9	3.1	4.1	3.8	3.2	3.8	3.7
Denmark	5.9	4.8	5.3	2.6	3.2	2.9	3.0
Finland	10.4	10.3	13.1	4.9	5.6	6.3	5.9
France	7.0	5.3	5.4	4.9	5.4	5.3	5.1
Germany	6.3	5.1	4.0	7.5	5.5	5.1	4.0
Greece	14.1	8.9	11.8	6.8	9.3	Nav	Nav
Ireland	8.2	6.7	5.6	8.5	12.4	13.2	13.7
Italy	5.1	3.5	3.2	3.5	3.2	Nav	Nav
Luxembourg	5.6	3.7	6.7	7.0	6.1	Nav	Nav
Netherlands	8.1	6.8	6.5	6.1	5.0	4.5	4.6
Portugal	4.2	3.9	5.6	6.9	11.0	Nav	10.5
Spain	7.0	5.0	7.2	5.6	8.0	9.1	8.9
Sweden	6.2	3.9	6.8	1.5	1.3	1.4	1.7
United Kingdom	4.3	3.7	3.5	3.4	3.4	Nav	Nav

Source: European Union (2002)

Note: Nav means not available.

number of dwellings per capita in the European Union. Bacon *et al*'s (1998, 1999, 2000) reviews of the housing market identify the limited supply of dwellings, compared to increased demand, as a key cause of increasing house prices, along with associated growth in private sector rents and waiting lists for social housing, examined earlier in this chapter. On the other hand, the relative youth of the Irish housing stock, highlighted in Chapter One, is evidence of the fact that considerable strides have been made in addressing this shortage of housing particularly in the late 1990s.

Table 2.4 details housing output per capita in European Union member states since 1980. It demonstrates that new house building in Ireland was proportionately the highest in the EU during 1999, 2000 and 2001. In 1999 a total of 46,512 dwellings was built in this country, which constitutes 12.4 units per 1,000 inhabitants as compared to the EU average of 6.4 per 1,000. The rate of housing construction in 2000 and 2001 was even higher than this. In the latter year 52,601 dwellings were completed, which is 13.7 per 1,000 inhabitants – again significantly higher than the EU average of 5.74 per 1,000, and in 2002 housing output in this country rose further to 57,602 dwellings (Department of the Environment, Heritage and Local Government various years a; European Union, 2002). Therefore, viewed from the macro perspective, progress in expanding housing supply in Ireland has been impressive. However, this level of construction is more problematic when new housing output in the housing provision and regions of the country is examined.

TABLE 2.5 sets out the level of new private house building in the operational areas of each of the 29 county councils and 5 city councils between 1996 and 2002. It demonstrates that private house building levels increased from 18,901 units in 1993 to 15,532 units in 2002, but that this output has not been distributed evenly across the country. The areas of the country with the biggest populations and therefore the greatest demand for housing have not always enjoyed proportionate supply. For instance, despite the fact that Dublin City Council's operational area accommodated 12.6 per cent of the population of the State in 2002, the number of new homes built in the capital actually declined from 3,514 in 1996 to 2,638 in 2001. Consequently, Dublin city's share of new additions to the national housing stock fell from 11.66 per cent in 1996 to just over 4.67 per cent in 2000 although it rose again slightly to 5.57 per cent in 2001, before falling again to 4.58 per cent in 2002. Similarly, apart from Galway City, the rate of new private house building in the other city council areas increased less rapidly between 1996 and 1999 than in the county council operational areas. It is reasonable to assume that this low level of new building is related to the shortage of land and sites for housing, and that it contributed to the strong house price inflation in Dublin, Cork, Limerick and Waterford described earlier in this section. Conversely, the high rate of output in Galway may have contributed to the softening of growth in house prices in this city highlighted in Section 2.1 above.

As is revealed in Table 2.6, progress was also made in expanding the supply of social housing to meet the growth in need during the second half of the 1990s. Total social housing output grew from 1,503 dwellings in 1990 to 6,434 units in 2002, and for the first time since the foundation of the State a significant proportion of these new social rented dwellings was provided by agencies other than local authorities. Construction of social housing by the voluntary and co-operative housing sector grew from 510 units in 1992 to 1,360 dwellings in 2002. This growth in social housing output was enabled by significant expansion in public capital expenditure (examined in Chapter Three). In addition, it was facilitated by reforms to the mechanisms for funding of this service (examined in Chapter Six).

In historic terms, however, social housing output during the 1990s was relatively low. Local authorities built a total of 21,187 dwellings between 1990 and 1999, compared to 42,192 dwellings in the 1980s, and the 1940s and the 1920s are the only other decades in the history of the State in which output by local authorities was lower than this. On the other hand, in contrast to

TABLE 2.5

Private dwellings completed by county council and city council area, 1990-2002

County Councils	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Carlow	183	194	161	205	257	313	360	554	568	717	643	513	683
Cavan	269	261	235	184	210	239	270	362	453	597	644	790	953
Clare	622	908	793	576	650	673	880	1,362	1,162	1,383	1,563	1,416	1,413
Cork	1,289	1,163	1,633	1,416	1,775	1,990	2,221	2,947	3,758	3,471	4,356	4,429	4,440
Donegal	1,004	681	883	736	1,034	1,035	1,335	1,413	1,738	2,152	2,346	2,460	2,160
Dublin*	2,891	2,995	3,556	3,462	N/A								
Dún Laoghaire-													
Rathdown	N/A	N/A	N/A	N/A	1,149	779	939	544	432	848	843	1,077	703
Fingal	N/A	N/A	N/A	N/A	1,367	1,863	1,912	2,600	2,576	4,213	3,976	3,495	4,155
Galway	862	921	797	742	832	933	1,023	1,219	1,775	1,979	2,002	2,348	2,075
Kerry	616	701	824	774	845	892	865	1,148	1,513	1,506	1,581	1,603	1,623
Kildare	585	628	960	904	1300	1524	1,765	1,929	2,405	2,283	2,305	2,165	2,934
Kilkenny	342	276	234	205	364	545	498	586	645	636	671	844	1,088
Laois	190	161	135	135	248	306	352	366	425	577	791	905	808
Leitrim	166	93	136	130	128	128	179	227	264	366	626	687	612
Limerick	697	770	615	567	486	548	709	827	1,125	544	515	620	1,269
Longford	115	137	101	92	145	103	282	247	260	235	275	496	620
Louth	281	325	255	409	645	754	959	1,097	992	1,478	1,417	1,908	1,743
Mayo	670	421	725	662	787	884	987	1,349	1,431	1,684	2,021	1,654	1,660
Meath	299	321	404	458	599	853	1,035	1,223	1,331	1,336	2,227	2,381	2,696
Monaghan	157	172	182	164	195	212	315	269	360	344	372	567	558
Offaly	179	225	211	175	256	334	282	304	605	539	818	877	1,166
Roscommon	305	236	189	213	243	314	285	258	242	385	383	464	737
Sligo	392	262	311	323	344	432	504	560	746	828	627	679	650
South Dublin	N/A	N/A	N/A	N/A	1,367	1,571	2,122	2,403	1,847	1,902	1,906	1,490	675
North Tipperary	312	213	211	257	238	232	409	706	747	982	1,119	935	3,293
South Tipperary	309	420	204	188	281	243	290	332	470	518	440	484	484
Waterford	276	298	255	261	221	318	328	450	471	942	1,026	943	1,172
Westmeath	302	319	288	193	265	342	645	842	1,053	1,129	1,478	1,478	1,125
Wexford	526	536	612	624	640	717	864	1,282	1,390	2,212	2,198	1,773	2,002
Wicklow	288	294	410	443	668	913	1,044	908	1,173	1,171	1,408	1,792	1,806

City Councils	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Cork	881	1,001	618	395	852	841	771	1,078	1,198	804	1,081	646	570
Dublin	2,090	2,119	3,146	3,065	3,234	3,593	3,514	3,187	3,420	2,527	2,178	2,638	3,280
Galway	765	780	804	457	593	666	992	1,107	895	738	1,035	1,359	1,407
Limerick	449	457	412	316	621	720	424	884	833	1,280	1,190	1,129	718
Waterford	224	184	282	170	349	394	372	484	390	318	196	282	254
Total	18,536	18,472	20,582	18,901	23,188	26,204	29,732	35,054	38,693	42,624	46,257	47,327	51,532

Source: Department of the Environment, Heritage and Local Government (various years a).

Note: These data only include newly built dwellings and exclude conversions. Figures for 2002 are provisional; figures for output in the operational areas of borough and town councils are included within the total for the relevant county council. N/A means not applicable.

*: refers to Dublin County Council which was split into Fingal, Dún Laoghaire-Rathdown and South Dublin County Councils in 1994.

the geography of private sector housing construction in the 1990s described above, the spatial distribution of social house building during the last ten years broadly matched local demand. As revealed in Table 2.6, between 1999 and 2002 approximately 25 per cent of new social housing was built in the operational areas of the city councils, which recorded a similar proportion of social housing need in the 2002 assessment.

Similarly, three quarters of households assessed as in need of social housing in 2002 lived in county, borough or town council areas and since then some 75 per cent of all new social rented dwellings have been built in these areas.

TABLE 2.6

Social housing output by county council and city council area, 1990-2002

County Councils	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Carlow	15	34	21	21	64	66	56	113	40	104	79	164	30
Cavan	15	19	37	21	50	49	62	81	51	77	56	120	214
Clare	28	2	37	28	86	73	98	84	80	131	97	105	108
Cork	69	79	123	217	226	226	312	311	174	305	304	520	401
Donegal	80	85	73	100	154	226	260	123	153	249	214	290	616
Dublin*	45	72	62	120	N/A								
Dún Laoghaire-													
Rathdown	N/A	N/A	N/A	N/A	113	168	154	211	125	53	36	124	108
Fingal	N/A	N/A	N/A	N/A	152	77	115	115	58	98	79	137	158
Galway	22	41	52	70	90	76	78	80	76	135	121	132	212
Kerry	80	72	93	74	104	243	165	110	141	182	92	214	221
Kildare	17	11	55	68	134	120	156	183	112	143	86	274	199
Kilkenny	26	27	29	101	45	142	90	51	68	86	82	176	47
Laois	27	19	22	45	68	44	60	37	30	92	68	143	63
Leitrim	8	33	23	29	31	55	46	43	36	31	34	67	84
Limerick	52	19	30	42	80	109	105	83	80	87	92	164	197
Longford	25	37	41	32	51	107	55	74	72	77	67	162	135
Louth	65	24	70	40	47	236	31	104	185	104	117	163	186
Mayo	77	75	92	97	170	140	115	96	96	116	219	138	34
Meath	42	32	35	27	87	76	130	98	99	169	83	128	232
Monaghan	19	22	35	51	46	76	21	31	69	12	60	134	62
North Tipperary	27	49	35	35	77	68	114	45	82	56	23	88	101
Offaly	15	43	37	36	124	75	72	86	24	76	95	80	127
Roscommon	25	18	25	16	56	22	51	40	71	23	38	54	101
Sligo	24	24	48	28	59	106	64	126	172	70	101	139	102
South Dublin	N/A	N/A	N/A	N/A	91	178	152	98	181	199	294	311	128
South Tipperary	16	45	22	88	8	181	124	157	99	100	87	62	110
Waterford	12	19	22	19	136	56	67	92	54	66	57	79	152
Westmeath	32	4	53	49	37	67	65	100	60	31	122	79	72
Wexford	29	53	59	103	131	124	132	165	99	169	250	208	361
Wicklow	17	27	42	79	113	128	173	261	185	148	86	167	221
Total County Councils	909	985	1,273	1,636	2,630	3,314	3,123	3,198	2,772	3,189	3,139	4,622	4,782

City Councils	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Cork	14	56	36	159	155	198	161	124	144	282	211	201	266
Dublin	35	95	101	533	569	1,002	941	364	478	557	545	958	1024
Galway	0	6	50	27	89	138	73	124	135	142	85	82	89
Limerick	29	12	6	36	137	130	126	72	81	59	55	216	64
Waterford	16	26	16	67	162	71	66	91	157	63	123	146	209
Total City Councils	94	195	209	822	1,112	1,539	1,367	775	995	1,103	1,019	1,603	1,652
Voluntary and Co-operative Housing Bodies	500	581	510	N/A									
Grand Total	1,503	1,761	1,992	2,458	3,742	4,853	4,490	3,973	3,767	4,292	4,158	6,225	6,434

Source: Department of the Environment, Heritage and Local Government (various years a).

Note: Data for the years 1993 to 2002 inclusive, include dwellings built and acquired by local authorities and all other social housing providers. Figures for output in the operational areas of borough and town councils are included within the total for the relevant county council. Disaggregated data on voluntary and co-operative housing output by local authority area are not available for 1990, 1991 and 1992; data on total voluntary and co-operative housing output for these years is included instead. N/A means not applicable.

*: refers to Dublin County Council which was split into Fingal, Dún Laoghaire-Rathdown and South Dublin County Councils in 1994.

2.6 Housing Affordability

The dramatic inflation in private house prices and private residential rents during the late 1990s, described above, has raised concerns about the affordability of housing for all sections of the Irish population (National Economic and Social Forum, 2000). The available evidence in this regard is set out in Figure 2.11. It reveals that trends in housing affordability vary significantly between housing tenures.

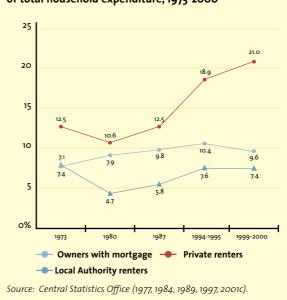
(a) Local Authority Tenants

FIGURE 2.11 demonstrates that in 1973 households accommodated by local authorities spent 7.4 per cent of their total household expenditure on rent. However, by 1999/2000 their proportionate expenditure in this regard had remained static. This phenomenon is due to the fact that the Housing Act 1966 stipulates that the rents levied on local authority dwellings are subject to regulation by the DoEHLG and it requires that they should be determined on the basis of tenants' ability to pay (Department of the Environment and Local Government, 2002c). As a result, Fahey and Maître (2004) report that expenditure on rent has little or no impact on income poverty among local authority tenants. Although income poverty levels amongst these households are high - the authors estimate that 66.3 per cent had incomes below 60 per cent of the national average in 2000 - if expenditure on rent is subtracted from household incomes the figure does not increase. This indicates that housing affordability is not a significant problem for local authority tenant households.

(b) Private Renting Tenants

On the other hand, FIGURE 2.11 demonstrates that the proportion of household expenditure which private sector tenants devote to rent payments increased from 11 per cent in 1980 to 21 per cent in 1999/2000. Moreover, the Commission on the Private Rented Residential Sector (2000) reported that at the beginning of July 2000, 43,000 households, or approximately one third of private renting tenants in the country, were in receipt of State aid towards the costs of their rent from the supplementary welfare allowances scheme. On this basis it is reasonable to assume that the remaining two thirds of tenants in this sector spent more than 24.2 per cent of their income on rent in 2000, which indicates that Fahey and Nolan (2003: 22) are correct is their assertion that: '... insofar as one can speak of an affordability problem in the Irish housing system, that problem is much more a feature of the private rented sector than any other tenure category.' This is further confirmed by Fahey and Maître (2004) who found that 20.3 per cent of private renting tenants in Ireland had incomes below 60 per cent of the national average in

Weekly rent and mortgage payments as a percentage of total household expenditure, 1973-2000



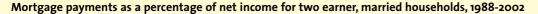
2000, but that when expenditure on rent is subtracted from the incomes of these households this rises to 30.4 per cent.

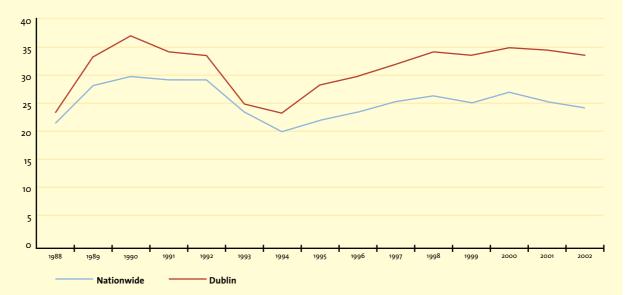
(c) The Owner Occupied Sector

Assessing the affordability of accommodation in the owner occupied sector is more complex. According to the 1998 Quarterly National Household Survey, 56 per cent of owner-occupiers in Ireland owned their dwelling outright, which would indicate that affordability is not a significant problem for a majority of home owners in this country (Central Statistics Office, 2000). Furthermore, Figure 2.11 above demonstrates that despite the dramatic increase in house prices since the mid-1990s, the proportion of household expenditure which owner occupiers devote to mortgage payments has increased only marginally over the past two decades. In 1987 home owners with a mortgage devoted 6.8 per cent of their total household expenditure to housing costs, but by 2000 this had increased to just 8.7 per cent, despite the significant increase in house prices since then (Central Statistics Office, 1989, 1997, 2001c).

This finding is confirmed by more detailed data on trends in house price affordability since 1988, presented in Figure 2.12. This graph presents trends in the proportion of average incomes that would have been absorbed by servicing a 20-year mortgage, accounting for 90 per cent of the average cost of a dwelling. Reflecting the steady increase in female participation in the workforce in recent years these data examine trends in affordability among two-earner, married households and they are based on the assumption that one member of this couple earns the average industrial wage while the other earns the average non-industrial wage. These data indicate that for households of this type average

FIGURE 2.12





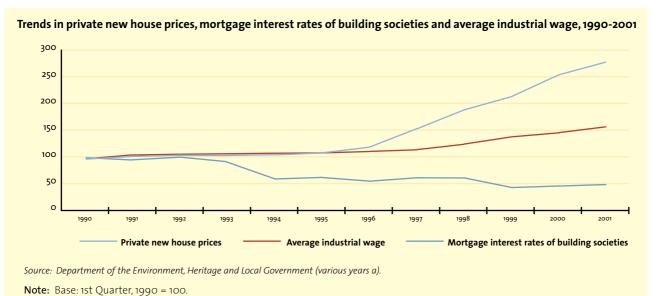
Source: Data for 1988 to 2000 were generated for the Department of the Environment, Heritage and Local Government by Peter Bacon and Associates. Data for 2001 and 2002 were generated directly by the Department of the Environment, Heritage and Local Government.

Note: Data refer to two earner, married households, whose income consists of the average industrial wage, plus the average non-industrial wage. Mortgage payments are assumed to be a 20 year mortgage for 90 per cent of the average new house price for that year, repaid at average mortgage rates for that year.

mortgage payments have become steadily less affordable between 1994 and 2000, although in the latter year mortgage payments were still relatively more affordable than in 1990. In 2002, the mortgage outgoings of a typical household represented about 24 per cent of their disposable income, compared to 22 per cent in 1995 and 29 per cent in the early 1990s on a national basis. The recent deterioration in affordability is more marked in Dublin, however, with 34 per cent of the two-earner household disposable income being absorbed by mortgage repayments in 2002 – compared to 24 per cent in 1995.

The primary cause of these trends is revealed in Figure 2.13. This is that the house price inflation of the last decade was balanced by a significant reduction in mortgage interest rates, which more than halved in real terms during the 1990s, significantly cutting the cost of servicing the home loans of existing owners, and reducing the costs of house purchase for aspirant buyers. The affordability gains associated with falling mortgage interest rates have also been reinforced by rising disposable incomes during the last decade, which are the result of both rising average incomes and falling taxation levels over this period (Bacon *et al*, 1998).

FIGURE 2.13



*Z.*7

Mortgage loan approvals by housing tenure of borrowers, 1990-2002

	Owner Occupied		Private Rented		Local Authority Rented		Parent's Residence		Other		Total loans approved
	%	N	%	N	%	N	%	N	%	N	N
1990	42.40	14,760	21.80	7,589	2.20	766	30.80	10,722	2.80	975	34,812
1991	37.20	13,786	23.60	8,746	2.40	889	33.80	12,526	3.00	1,112	37,059
1992	39.60	17,595	24.70	10,975	1.70	755	30.60	13,596	3.40	1,511	44,432
1993	38.80	17,611	23.60	10,712	2.30	1044	32.00	14,525	2.50	1,135	45,027
1994	41.30	20,734	23.10	11,597	4.00	2008	29.20	14,660	2.50	1,255	50,244
1995	48.90	24,102	21.10	10,400	2.20	1084	25.00	12,322	2.80	1,380	49,288
1996	54.60	33,309	19.00	11,591	2.40	1464	21.40	13,055	2.60	1,586	61,005
1997	59.50	38,468	19.50	12,607	1.40	905	17.50	11,314	2.10	1,358	64,652
1998	58.70	40,459	19.30	13,303	0.90	620	19.30	13,303	1.80	1,241	68,926
1999	56.30	44,236	21.30	16,736	1.00	786	19.60	15,400	1.90	1,493	78,615
2000	56.10	45,360	21.60	18,273	0.80	647	19.10	15,443	2.40	1,941	81,664
2001	52.20	36,050	22.30	15,401	0.60	414	22.60	15,263	2.30	1,588	68,716
2002	53.60	49,921	22.70	21,142	0.60	559	21.20	19,745	1.90	1,770	93,137

Source: adapted from Department of the Environment, Heritage and Local Government (various years a).

Note: These data include loans issued for the purchase of both new and second-hand dwellings nationwide. These data were compiled by the Department of the Environment, Heritage and Local Government from forms completed on a voluntary basis by mortgage applicants; consequently they may not be representative of all mortgage applicants. N means number.

Despite this evidence regarding the affordability of house purchase, however, a recent review of the housing system by the government policy advisory body the National Economic and Social Forum (2000:vii) raises the concern that the dramatic increase in house prices during the late 1990s and early 2000s has created serious problems of access to the sector, to the extent that it has '... now put home ownership beyond the reach of most people on average incomes'. The available evidence regarding trends in access to the owner occupied sector is set out TABLES 2.7 and 2.8 and FIGURE 2.14 which sketch trends in mortgage lending since 1990. These data certainly highlight problems in this regard. However, they also reveal some contradictory trends in access to the housing market in the second half of the 1990s, which indicates that the issue of the affordability of first-time house purchases at the current time is more complex than the NESF implies.

TABLE 2.7 which sketches trends in the mortgage loan approvals by housing tenure, effectively illustrates this complexity. It reveals that in 1994, 41.3 per cent of mortgage loans were advanced to existing households that already owned a dwelling. By 1997 this had risen to 59.5 per cent. However, despite the significant increases in house prices examined earlier in this chapter, this trend has moderated in more recent years. In 2002 53.6 per cent of mortgage approvals were granted to existing home owners.

TABLE 2.7 also details the number of loans approved for household that were already home owners as compared to non home owners. It reveals that when these tends in mortgage lending since 1990 are examined from this perspective a different picture emerges. Despite the fall in the proportion of mortgage loans approvals issued to non home owners since 1990, the number of loan approvals for aspirant home purchasers in this category also rose significantly. This is because the total number of mortgage loans approved increased from 34,812 in 1990 to 93,137 in 2002.

Disaggregating these figures between new and second hand dwellings reveals that the fall in the proportion of mortgage approvals issued to non home owners has been particularly marked in the case of second hand dwellings. For dwellings of this type the proportion of mortgage approvals issued to non home owners fell from 58.6 per cent in 1990 to 39.1 per cent in 2002. The participation of these households in the new homes market decreased from 56 per cent in 1990 to 53 per cent between these years (Department of the Environment, Heritage and Local Government, various years a).

The data on the incomes of those entering owner occupation between 1994 and 2001, set out in TABLE 2.8, provide evidence that households on average incomes experienced problems accessing owner occupation in

TABLE 2.8

Mortgage loan approvals by income of borrowers, 1994-2001

Year	Not exceeding €25,395	€25,396 to €31,743	€31,744 to €38,092	€38,093 to €44,441	€44,442 to €50,790	€50,791 to €63,487	Exceeding €63,487
	%	%	%	%	%	%	%
Dublin are	ea – based on prin	ncipal incon	ne only				
1994	42.6	22.7	12.8	5.9	5.2	5.7	5.0
1995	46.2	20.3	12.7	5.7	4.6	5.0	5.5
1996	44.2	18.4	10.8	5.4	5.6	7.1	8.5
1997	23.0	18.6	15.3	15.8	12.2	9.1	6.0
1998	27.2	15.8	14.3	13.8	10.4	9.2	9.3
1999	22.1	17.9	17.1	13.2	10.1	9.6	9.9
2000	18.0	17.1	17.5	13.9	10.6	10.5	12.3
2001	16.5	17.3	19.0	14.3	11.1	11.1	10.7
Dublin are	ea – based on con	nbined inco	mes of borro	wers			
1994	8.4	21.2	22.4	18.2	13.0	11.1	5.7
1995	9.5	16.1	22.0	17.2	9.8	13.7	11.7
1996	8.5	12.2	19.0	17.3	13.1	14.4	15.4
1997	5.7	8.5	17.2	18.3	17.9	18.3	14.1
1998	3⋅3	10.0	16.9	21.9	22.8	18.3	6.7
1999	2.6	4.6	8.0	11.0	10.3	23.9	39.5
2000	1.4	2.8	6.0	9.3	11.4	22.1	47.0
2001	0.8	2.0	5.2	8.4	9.9	24.5	49.1
Whole cou	untry – based on	principal in	come only				
1994	54.4	20.0	10.9	4.5	3.5	3.9	3.0
1995	32.3	26.9	16.5	9.6	7.2	5.0	2.5
1996	46.3	22.6	11.3	5.0	4.3	5.0	5.5
1997	36.8	17.7	12.7	11.0	7.5	6.1	8.2
1998	32.7	16.5	13.2	12.9	8.9	7.8	8.1
1999	33.2	20.2	17.0	10.3	7.2	6.5	5.7
2000	29.4	20.3	17.7	10.9	7.9	6.9	6.9
2001	26.0	22.1	18.4	11.7	8.1	7.4	6.3
Whole cou	untry – based on	combined i	ncomes of bo	orrowers			
1994	17.1	21.6	20.3	14.0	8.8	11.2	7.0
1995	17.1	20.7	19.3	15.4	10.3	10.0	7.2
1996	14.5	18.2	20.4	14.0	11.5	11.9	9.4
1997	8.5	11.2	16.0	15.3	13.3	17.5	18.1
1998	4.5	13.7	19.5	22.2	19.8	17.0	3.3
1999	4.8	7.9	12.3	14.3	12.7	21.3	26.6
2000	2.8	5.6	10.5	14.3	13.8	21.9	31.1
2001	1.4	3.8	8.6	13.5	14.3	25.1	33.3

Source: Department of the Environment, Heritage and Local Government (various years a).

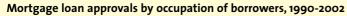
Note: The data in this table refer to all dwellings, both houses and apartments. No comparable information is available for the years previous to 1994 or for 2002. These data were compiled by the Department of the Environment, Heritage and Local Government from forms completed on a voluntary basis by mortgage applicants; consequently they may not be representative of all mortgage applicants.

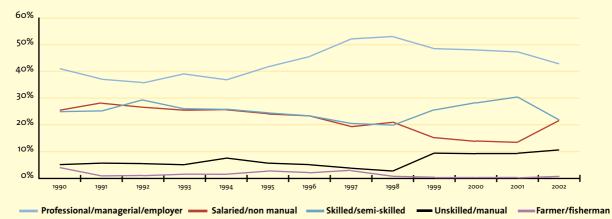
the latter half of the 1990s. This table demonstrates that the participation of households with incomes not exceeding €25,395 in the private housing market sharply contracted during this period, particularly in the Dublin area, and households with incomes of €25,396 to €31,743 also experienced a significant, but less dramatic fall in level of mortgage borrowing. In contrast the participation of households with incomes in the top three divisions of the income scale increased for every category of borrower - including single income and dual income households, and borrowers in Dublin and the whole country.

In view of this evidence the trends in house purchase by different occupational groups which are provided in FIGURE 2.14 are rather unexpected. This graph reveals that in 2002 43.3 per cent of borrowers were from a professional/ managerial background, which is an increase of 5.6 per cent on the corresponding figure for 1994. By contrast, only 10.5 per cent of borrowers in 2002 were unskilled manual workers, 0.9 per cent were farmers/ fishermen, and 22.6 per cent were salaried (non-manual) workers. This graph also demonstrates that among these occupational groups, the salaried (non-manual) and skilled manual workers experienced the greatest fall in participation in the private housing market between 1996 and 2002 in percentage terms, as their share of house purchases decreased by 5.6 and 5.5 per cent respectively. Unexpectedly, perhaps, the pattern of mortgage lending to the unskilled manual occupational group exhibits the

opposite trend – lending to these households grew from 7.3 per cent of all mortgages approved in 1994 to 10.5 per cent in 2001. Although this graph details mortgage approvals nationwide, these trends in lending to the

FIGURE 2.14





Source: Department of the Environment, Heritage and Local Government (various years a).

Note: These data include loans issued for the purchase of both new and second-hand dwellings nationwide. These data were compiled by the Department of the Environment, Heritage and Local Government from forms completed on a voluntary basis by mortgage applicants; consequently they may not be representative of all mortgage applicants.

various occupational groups do not vary significantly between the different regions of the country.

2.7 Issues Arising

This chapter has described the marked changes in the housing system that have taken place since the mid-1990s. Among the most significant of these changes are a dramatic increase in private house prices and related increases in private rents and in social housing need. These developments have been affected by rising demand for housing which is, in turn, the result of demographic factors and economic growth. The data examined in this chapter indicate that housing output expanded significantly in the late 1990s to meet this demand and to address the relatively small size of our housing stock per capita that was highlighted in Chapter One. The second part of the chapter assessed the impact that these changes have had for housing affordability and highlighted affordability difficulties in the private rented sector and among lower income households seeking to gain access to the owner occupied sector. The extent to which these challenges have been addressed by policy initiatives is examined in later chapters.





3 Housing Policy Developments

The preceding chapter has revealed that more than any other since the foundation of the State, the last decade has been marked by significant change in the system of housing provision in Ireland. At the close of the 1980s, the housing problems of this country appeared largely under control – the number of households on waiting lists for social housing fell from 30,000 to 17,770 between 1982 and 1989 and house prices in Dublin increased at a sustainable rate of 7.7 per cent per annum in the period 1983-1993 (Department of the Environment, Heritage and Local Government, various years a; Bacon et al, 1998). However, by the late 1990s this situation had been transformed, to the extent that the National Development Plan: 2000-2006 highlights the potential that rising house prices and demand for social rented housing will 'slow down economic growth through its effect on wage demands and labour supply' (Government of Ireland, 2000a:36).

The changes in the housing system during the 1990s were in turn reflected in changing priorities among policy makers. As their names suggest the housing policy statements produced by the DoEHLG in the early years of the decade, A Plan for Social Housing and Social Housing – the Way Ahead, are mainly concerned with ensuring an adequate supply of housing for the lower income sections of the population, principally by means of providing social rented accommodation (Department of the Environment, 1991a; 1995c). However, by the late 1990s, rapid price inflation in the housing market focused government attention on the housing needs of the general population and inspired a number of significant interventions in the owner occupied and private rented sectors. The broadening of the housing policy agenda over this period, together with the increased political priority which it was afforded, also had the effect of moving housing and accommodation issues to the core of the national policy agenda and of accelerating the pace of policy development in this area. Since 1996 eight major policy statements on housing have been issued by the Department of the Environment, Heritage and Local Government. Furthermore, in contrast to the early 1990s when housing policy development was confined mainly to policy statements from this Department, by the late 1990s it had become a key consideration in most national social and economic policy statements including: the National Development Plan (NDP) for 2000 to 2006, the national agreement negotiated between government and the social partners in 2000 and 2003, and the revised National Anti-Poverty Strategy (NAPS) published in 2002 (Government of Ireland, 2000a, 2000b, 2003; Department of Social, Community and Family Affairs, 2002).

3.1 Housing Policy Statements Issued in the Early 1990s

The principal statements of policy on housing issued by the DoEHLG in the early 1990s are A Plan for Social Housing and Social Housing - the Way Ahead (Department of the Environment, 1991a, 1995c). The latter document identifies enabling '... every household to have available an affordable dwelling of good quality, suited to its needs in a good environment, and as far as possible, at the tenure of its choice' as the principal aim of housing policy in Ireland (Department of the Environment, 1995c:4). It acknowledges that this objective repeats the aim set in previous white papers on housing, except in one important respect: it is tenure neutral and '... clearly acknowledges the role of all tenures in the housing system – social rented and private rented as well as owner occupied' (Department of the Environment, 1995c: 4). In contrast, all of its predecessors promote owner occupation as a key secondary aim of housing policy in Ireland, viewing it as the form of tenure preferred by most people.

The 1991 and 1995 DoEHLG housing policy statements report that the general strategy for realising this overall policy aim is that those who can afford it should provide housing for themselves, with the aid of the fiscal incentives available, while those who cannot will have access to social housing or income support to rent private housing. In order to achieve this, these documents announced a number of new policy measures most of which focus on the sections of the population who cannot afford to provide housing for themselves. These initiatives include: higher rates of new social house building by local authorities, voluntary housing associations and co-operatives; incentives to encourage construction of more private rented accommodation; and measures to ensure that groups with distinct housing needs such as Travellers, people with a disability and older people are adequately accommodated (see Chapters Five, Six and Seven of this review). In addition, A Plan for Social Housing announced the introduction of three new supports for low-income home owners - the shared ownership, mortgage allowance for tenants and low-cost housing sites schemes – together with an increase in the maximum amount that can be borrowed under the local authority house purchase loans scheme, which is targeted at households who cannot access mortgage credit from a commercial provider. These schemes are examined in more detail in Chapter Four.

3.2 Reforms to the Fiscal Treatment of Housing in the Early 1990s

The first half of the 1990s also saw a number of reforms to the fiscal treatment of housing. The residential property tax introduced in 1984 was abolished in 1994, for instance. Additionally, a number of reforms were made to the system of tax allowances intended to encourage the building and refurbishment of dwellings in areas designated for urban renewal. These reforms were introduced originally by the Finance Act 1981 and extended and developed by the Urban Renewal Act 1986 (McAteer et al, 2002). This relief initially applied to the expenditure on construction costs (exclusive of site costs), conversion or refurbishment of accommodation for owner occupation or rent in areas designated under the scheme. In the early 1990s a number of reforms were made to the reliefs available to owner occupiers who bought a refurbished dwelling in an area designated under the urban renewal scheme, as a result of which the tax allowances available to owner occupiers who bought a refurbished dwelling in a designated area were increased to 100 per cent of eligible capital costs, as compared to the 50 per cent capital allowances available to owner occupiers who bought a newly constructed dwelling. The allowances available to investors who purchased dwellings for letting in these areas were not amended at this stage. They were still allowed to set 100 per cent of the eligible capital costs of all relevant residential investments, against rental income. This applied to both new and refurbished dwellings.

Under the terms of the Urban Renewal Act 1986 these reliefs were available in parts of the operational areas of the five city councils. However, throughout the late 1980s and early 1990s the number of areas designated under the urban renewal scheme expanded steadily and by 1995 30 towns around the country had received

Number of dwellings completed under the urban renewal scheme, by location 1986-1995

City Council	Dwellings built in designated areas N	Total number of dwellings built in the local authority operational area N	% of new dwellings in designated areas
Cork	839	6,422	13
Dublin	5,350	24,018	22
Galway	553	5,653	10
Limerick	661	3,930	17
Waterford	200	2,484	8

Private rented

Source: KPMG et al (1996).

designation in addition to Cork, Dublin, Limerick, Galway and Waterford city councils (KPMG et al, 1996). In addition, the Temple Bar Area Renewal and Development Act 1991 extended these reliefs to Temple Bar in Dublin and established a designated company to manage the renewal of this area. The Dublin Docklands Development Authority was established in 1997 to manage the renewal of the docklands area of the city, and to take over the functions of the Custom House Docks Development Authority which had been set up under the auspices of the Urban Renewal Act 1986.

Owner occupied

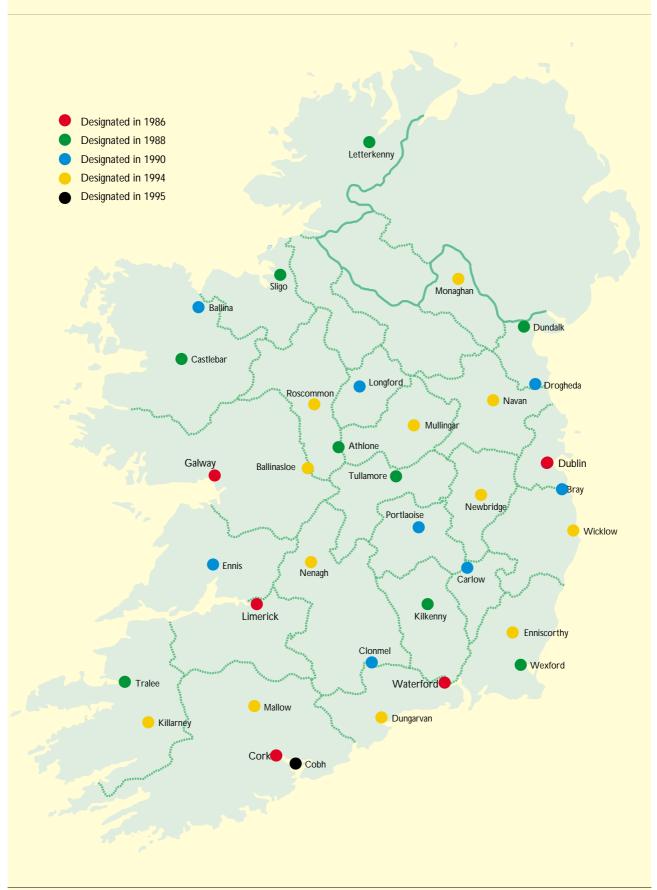
FIGURE 3.1 maps the areas that had been designated under the urban renewal schemes by 1996. TABLE 3.1 details output of dwellings under the schemes in the operational areas of the five city councils between 1986 and 1995, revealing that new dwellings built in areas designated under the urban renewal scheme account for a significant proportion of total new housing output in these areas over this period, particularly in Dublin. FIGURE 3.2 outlines the proportion of dwellings built under the auspices of the urban renewal scheme and occupied by private renting tenants in 1995. It shows

that 60 per cent of these dwellings were rented nationwide but that the level of owner occupation was much higher in Dublin city. According to KPMG et al (1996) sales to property investors were proportionally higher outside Dublin due to the fact that certain local authorities targeted the schemes at this section of the market. In addition, there was a relatively high proportion of investment in the Custom House Docks area due to significant corporate interest in investing in this area. In the case of Temple Bar, residential units were relatively expensive and the financial incentives for owner occupiers of refurbished residential development were significantly higher. This resulted in a lower level of investment in rental property in this area.

Table 3.1

FIGURE 3.1

Areas designated under the urban renewal schemes, 1986-1995



3.3 Economic and Social Policy Statements Pertinent to Housing Issued in the Early 1990s

Apart from the aforementioned Department of the Environment, Heritage and Local Government policy statements, housing was not a key issue in many of the national social and economic policy documents issued in the first half of the 1990s. It was not mentioned, for instance, in either of the two National Development Plans covering the periods 1989-1993 and 1994-1999 which set out the broad objectives of national economic policy, together with details of the State and EU capital and current investment which was to be made available to help achieve them; nor was it identified as a target in the most significant social policy statement published during this decade – the 1997 National Anti-Poverty Strategy (NAPS); nor addressed in the national agreement negotiated between government and the social partners in 1996 – Partnership 2000 for Inclusion, Employment and Competitiveness (Government of Ireland, 1989, 1993, 1997b, 1996).

When housing was included in the national policy statements produced during this period, treatment of the issue generally followed the precedent set by the 1991 and 1995 DoEHLG housing policy statements, and focused primarily on the needs of low-income households. For example, the majority of housing commitments contained in the 1994 national agreement - the Programme for Competitiveness and Work – address the implementation of A Plan for Social Housing (Government of Ireland, 1994; Department of the Environment, 1991a). Not surprisingly, considering the high level of poverty among Traveller families, most of the recommendations on accommodation and housing proposed in The Report of the Task Force on the Travelling Community also focused on the social rented sector (Task Force on the Travelling Community, 1995). For instance, this report recommended the provision of 3,100 additional units of accommodation for Travellers by the year 2000, the majority of which would be provided by local authorities or voluntary agencies (see Chapter Seven for further details).

3.4 Economic and Social Policy Statements Pertinent to Housing Issued Since the Mid-1990s

The first sign that the national policy agenda was broadening beyond social rented housing came with the

publication of the Action Programme for the Millennium which sets out the programme for government of the Fianna Fáil/Progressive Democrat coalition elected in 1997 (Government of Ireland, 1997a). This document proposes a number of initiatives intended to address the housing needs of low-income households, including funding continuing house construction by local authorities and voluntary and co-operative housing bodies, improving and extending social housing schemes generally, refurbishing inadequate housing and developing a national strategy on homelessness. It also commits government to enabling the maximum coordination of housing policy under one Department and to ensuring that local authorities develop serviced sites in order to accelerate the supply of new houses to meet rising demand and stem house price inflation.

The review of the Action Programme for the Millennium, carried out in 1999, provides further evidence of the increased political primacy of housing issues at the end of the 1990s, and of the broadening policy agenda in this area (Government of Ireland, 1999). This document states: 'The housing situation remains a core concern for the Government' – a claim that is supported by the eighteen housing-related policy commitments it contains as compared to the five set out in the original Action Programme for the Millennium (Government of Ireland, 1999:20; Government of Ireland, 1997a). Details of these proposals, which address a wide range of housing issues, are set out in Table 3.2.

The political prioritisation of housing also resulted in its inclusion in the principal national policy statements published at the end of the 1990s, including: the National Development Plan: 2000-2006; the 2000 national agreement between government and the social partners, the Programme for Prosperity and Fairness, and the Revised National Anti-Poverty Strategy which was published in 2002 (Government of Ireland, 2000a; 2000b; Department of Social, Community and Family Affairs, 2002). Although each of these documents focuses on different aspects of housing provision and policy, they are also complementary and build on commitments contained in one another. Therefore, taken together they make up a comprehensive plan for the development of the housing system until the middle of this decade.

The National Development Plan: 2000-2006 identifies the shortage of housing as a significant threat to the health of the economy, and as a result singles out investment in housing capital provision in order to improve supply as a key priority in relation to the public investment provided for under its auspices (Government of Ireland, 2000a). According to the NDP this shortage of housing is the result of a combination of factors. It suggests that it is '... due in part to a shortage of serviced

TABLE 3.2

Housing commitments contained in the Revised Action Programme for the Millennium, 1999

Planning and Land

- Fully implement the Service Land Initiative which will yield 100,000 sites by end 2000
- 2. Promote strategic development of locations outside Dublin as an economically selfsustaining basis to restrain demand in Dublin
- 3. Identify surplus state lands in the larger urban areas with a view to releasing these for housing development
- 4. Prepare a National Spatial Strategy to provide for the long-term balanced, sustainable development of the whole country
- 5. Work to enact the Planning and Development Bill 1999 by Easter 2000
- 6. Invest further resources in the modern planning system envisaged in the Bill.

Owner Occupied Housing

- Create a dynamic housing market capable of turning out 50,000 new homes every year to keep pace with the rapid rate of economic growth
- 8. Closely maintain the effectiveness of measures to achieve price stabilisation and balance in the housing market and fine tune them, as appropriate
- 9. Target support to homeowners with high fixed interest rate local authority loans
- 10. Reform the Capital Acquisitions Tax so that rising house prices do not place an intolerable financial burden on close relatives inheriting the family home.

Private Rented Housing

- 11. Promote the development of the private rented sector, taking account of the report of the Commission on private rented sector to be completed in 2000
- 12. Address comprehensively the impact on the student population of supply pressures in the private rented sector.

Social Rented Housing

- 13. Promote increased output from the voluntary housing sector to supplement an increased local authority building programme of 22,000 dwellings over the next 4 years
- 14. Continue to improve local authority housing stock through regeneration with particular focus on houses in disadvantaged areas.

Homelessness

- 15. Develop a comprehensive response to homelessness which will provide a continuum of care for homeless persons from the time a person becomes homeless to his or her return to independent living in the community
- 16. Provide transitional accommodation for resettlement programmes and designate a proportion of local authority houses for homeless persons
- 17. Provide further emergency hostel accommodation to overcome the need for any homeless person to sleep on the street.

Travellers

18. Provide housing authorities with resources to implement their five-year Traveller accommodation programmes.

Source: Government of Ireland (1999).

building land which can be addressed by investment in water and sewage services and a better public transport system' (Government of Ireland, 2000a:36). However, it also admits that '... the market alone will not address the housing needs of all sections of the population. There is a need for additional social housing programmes, targeted at less well-off households' (Government of Ireland, 2000a:36). On this basis, it proposes a threefold strategy to improve housing supply which aims to: provide the necessary infrastructural investment to facilitate the increased housing output required to meet the current and anticipated demand in a planned and coherent fashion; increase social housing building to

meet rising needs; improve the physical condition of the social housing stock. Details of the housing related actions provided for in the NDP in order to achieve these objectives are set out in TABLE 3.3.

The housing policy reforms set out in the Programme for Prosperity and Fairness and the revised National Anti-Poverty Strategy build on the increases in housing supply provided for in the NDP, but in addition, these policy statements develop the NDP actions in some significant respects, and also propose a number of new measures. The Programme for Prosperity and Fairness contains a total of nineteen policy recommendations which are intended to ensure that the increases in housing supply provided for in the NDP will meet the needs of all sections of society, that the national housing stock is effectively managed and that housing policy development keeps pace changing demand. These measures are detailed in TABLE 3.4.

As its name suggests the National Anti-Poverty Strategy sets out government strategy on the reduction of poverty in Ireland, and the review of the NAPS which was published in 2002 addresses the problem of housing and accommodation poverty. In relation to this issue it sets the following overall objective for government action under its auspices:

... to enable households experiencing poverty and disadvantage to have available to them housing or accommodation which is affordable, accessible, of good quality suitable to their needs, culturally accessible, located in a sustainable community and, as far as possible, in a secure tenure of their choice

(Department of Social, Community and Family Affairs, 2002:13).

In order to achieve this objective, it identifies a number of key policy targets including: 41,500 local authority housing starts (including acquisitions) between 2000 and 2006; the delivery of an appropriate mix of social and affordable housing measures which meet the needs of different types of households; and sufficient, appropriate emergency accommodation for people sleeping rough to be available by the end of 2004, in

3.3

Housing commitments contained in the National Development Plan: 2000-2006

Area	Expenditure	Output
Social and affordable house building	€6.341 billion	Additional 35,500 local authority dwellings between 2000-2006 Increase in output of voluntary sector dwellings to 4,000 per annum. Provision of 1,000 houses per annum for sale under the Affordable Housing Scheme and 1,000 transactions per annum completed under the Shared Ownership Scheme
Provision of water and waste water services to develop land for housing and commercial use	€o.489 million	Provision of an adequate supply of serviced residential land to ease pressure on the supply and price of houses – 200,000 additional serviced housing sites over the period 2000–2006
Refurbishment of housing stock	€o.957 billion	Refurbishment of pre-1960 local authority dwellings under the Remedial Works Scheme and o local authority flats complexes in Dublin inner city and Ballymun under the Area Regeneration Scheme Improvement of owner occupied dwellings under the Disabled Persons and Essential Repairs Grants Schemes and the Task Force on Special Housing Aid for the Elderly
Accommodation for groups with specific needs	€o.319 billion	Improvement of the standard and supply of hostel accommodation for homeless persons and the introduction of resettlement programmes to help them access this accommodation Provision of accommodation for Travellers
Total Investment	€8.016 billion	

Source: Information provided by the Department of the Environment, Heritage and Local Government

Note: These figures are at 1999 prices.

conjunction with appropriate outreach services to enable them to access it.

More recently, the prioritisation of housing has been maintained in the programme for government of the Fianna Fáil and Progressive Democrat administration elected in 2002, in the latest national partnership agreement, and in the *National Spatial Strategy* (Government of Ireland, 2002, 2003, Department of the Environment and Local Government, 2002a). The programme for government pledges that 'We will implement a multi-stranded approach to addressing housing needs right across the spectrum' (Government of Ireland, 2002:17). In order to achieve this objective the programme commits government to a number of specific actions. These are summarised in Table 3.5.

The National Spatial Strategy, published in 2002, outlines a planning framework to achieve more balanced social, economic and physical development and population growth between the different regions of the country (Department of the Environment and Local Government, 2002b). To this end, the strategy identifies new 'gateways' or engines of regional and national growth.

These are: Dundalk, Sligo, Letterkenny/Derry, Athlone-Mullingar-Tullamore. Furthermore, it designates as 'hubs' a number of towns that link the capabilities of gateways to other areas; Cavan, Ennis, Tuam, Castlebar-Westport, Mallow, Kilkenny, Monaghan, and Wexford.

The importance of having an adequate supply of land in urban areas to meet housing need is highlighted in the Strategy. Consequently, it proposes the 'strategic reservation of land through the development plan process, coupled with ensuring timely and sequential release of land, to avoid delays in the availability and servicing of land on the one hand and premature release of zoned land on the other' (Department of the Environment and Local Government, 2002b: 103). In addition, the National Spatial Strategy outlines an evaluation framework to assist with the choice of appropriate locations for housing land. The sustainable provision of housing is also emphasised as involving the following:

- Concentrating development in areas where it is possible to integrate employment, community services, retailing and public transport
- Constructing more mixed-use, well-designed, higher density developments near town centres and public transport
- Consolidating existing developments rather than extending greenfield development
- Ensuring that new housing developments in or at the edge of villages and small towns is of a quality of design, character, scale and layout that is well related to the character and form of the location
- Avoiding environmentally sensitive areas
- Creating living environments of the highest quality in terms of design, integration of amenities, facilities for children, older people and people with special needs.

The Strategy also highlights the under-utilisation of serviced land in towns and villages with a declining population and recommends that a more pro-active approach be taken towards the urban consolidation of these areas.

TABLE 3.4

Housing commitments contained in the Programme for Prosperity and Fairness, 2000

- 1. The local authority housing programme will be expanded to deliver a total of 22,000 new house starts in the four years 2000-2003.
- 2. The Department of the Environment, Heritage and Local Government (DoEHLG) has established a Voluntary Housing Unit to develop all aspects of the sector. The Unit will have a mechanism for active consultation with voluntary housing providers and other relevant interests. The voluntary housing programme will be expanded to deliver a total of 5,400 additional units in the four-year period 2000-2003.
- 3. The DoEHLG will examine new models of voluntary housing, including employer housing and expansion of the definition of voluntary housing.
- 4. The targets set out in the National Development Plan for the provision of affordable housing for low to middle income purchasers under the Local Authority Affordable Housing Scheme and the Shared Ownership Scheme will be achieved. Local authorities will be supported in implementing the social and affordable housing provisions set out in Part V of the Planning and Development Bill when enacted.
- 5. The operation of the Tenant Purchase and Shared Ownership Schemes will be kept under review by the DoELG.
- 6. The report of the Commission on the Private Rented Residential Sector will form the basis for reforming the sector and, in particular, for addressing a number of issues, including security of tenure, appropriate regulation and enforcement; achieving an appropriate balance between the rights and obligations of landlords and tenants; measures to increase investment in, and supply of, rented accommodation; and the removal of constraints to the development of the sector.
- 7. The recommendations of the forthcoming report of the Cross-Departmental Team on Homelessness, which will deal with the provision of accommodation and other services by statutory and voluntary agencies, to provide a continuum of care, recognising the varying and diverse needs of homeless persons, will be examined urgently.
- 8. Increased funding is being provided to develop further the range of targeted home improvement measures. These measures include the Disabled Persons and Essential Repairs Grants Schemes, the Task Force on Special Housing Aid for the Elderly, and improvement works in lieu of local authority housing.
- 9. Improvements to local authority housing, including the regeneration of Ballymun and inner city flats and the Remedial Works Scheme, will be continued.
- 10. The Government will evaluate the impact of the incentives introduced in the Finance Act 1999 on the supply of accommodation for students and will consider further action in the light of the results of the evaluation.
- 11. Local Traveller Accommodation programmes adopted during the lifetime of this Programme will be monitored and the procedures evaluated in the light of their effectiveness in meeting the backlog of Traveller accommodation provision.
- 12. Measures to improve the management of local authority housing estates/flat complexes, including more effective participation by tenants and residents with the relevant local authorities, will be kept under review by the DoEHLG. An inter-agency approach will be adopted, building on the experience of the Integrated Services Process, to ensure that wider community development aspects are incorporated.
- 13. The development of professional accreditation standards for housing management will be explored.
- 14. The Minister for the Environment, Heritage and Local Government will amend Part M of the National Building Regulations by mid-2000 in order to make houses visitable by people with disabilities. This will require houses which are subject to application for planning permission to comply with Part M as amended.
- 15. The mandating of visitable new housing on or after 1 January, 2001 will be a significant step towards achieving Lifetime Adaptable Housing (LAH).
- 16. Progression towards full LAH throughout the house will be kept under review in light of the experience of the implementation of the planned Building Regulations.
- 17. A Housing Forum will be set up which will monitor the implementation of the housing measures provided for in this Programme.
- 18. The need to develop strategies to increase local community support for the provision of dwellings for groups facing discrimination will be addressed.
- 19. A housing information and advice infrastructure will be provided.

Source: Government of Ireland (2000b)

With regard to rural settlements, the *National Spatial Strategy* distinguishes between (a) housing needed in rural areas within the established rural community by people working in rural areas or in nearby urban areas (rural generated housing) and (b) housing in rural locations sought by people living and working in urban

areas including second homes (urban generated housing). It argues that, as a general principle, rural generated housing demand should be accommodated in areas where it arises, subject to 'good planning practice' and that measures should be adopted by planning authorities to ensure that new housing is

3.5

Housing commitments contained in the Programme for Government of Fianna Fáil and the Progressive Democrats, 2002

- Extension of the Serviced Land Initiative and the designation of additional Special Development Zones as required
- Further expansion of the various social housing programmes
- Assistance to the voluntary housing sector to ensure the achievement of the target of 4,000 dwellings per year set in the National Development Plan
- Setting of new housing targets under the National Anti-Poverty Strategy in light of the results of the 2002 assessment of housing needs
- Implementation of the recommendations of the Commission on the Private Rented Residential Sector
- Implementation of the homeless strategies by each local authority
- Implementation of the local authority Traveller Accommodation Plans
- Streamlining of approval procedures for local authority house building projects
- The establishment of a housing advice service by local authorities which will provide information on housing options and supports to the general public
- Finalisation of a National Public Property Register which will identify all properties in state control suitable for housing projects
- Implementation of a new approach to urban renewal based on the combined use of compulsory purchase orders and public/private partnerships
- In order to minimise disruption to housing supply, maximum application and appeals timings to be applied to planning permission applications necessitated because the original planning permission had not been utilised within two years of the granting
- The reviewing by government of procedures for dealing with insubstantial planning appeals and of the operation of the Planning and Development Act 2000 to ensure that it is meeting objectives.

Source: Government of Ireland (2002).

targeted to meet local housing needs. In relation to urban generated housing demand, the Strategy takes the view that this should be met 'within the built up areas and on lands identified, through the development plan process, for integrated, serviced and sustainable development' (Department of the Environment and Local Government, 2002b: 106). In order to reduce the pressure for urban related development in the open countryside, the Strategy encourages local authorities to make towns and villages more attractive by providing appropriates services and sites within these existing settlements. In addition, the Strategy also contains recommendations intended to ensure that planning is appropriate to the needs of different types of rural areas.

The latest national partnership agreement, *Sustaining Progress*, also commits government to a number of actions related to housing and accommodation (Government of Ireland, 2003). For instance, as mentioned in Chapter One of this review the agreement undertakes that a review will be carried out of the effectiveness of programmes designed to assist low-income groups including those with social housing needs and special housing needs. It also mentions that attention will be paid to ensuring progress in the implementation of the Traveller accommodation programme and that

the implementation of policy to combat homelessness will continue to be prioritised, as will improving estate management in the local authority rented sector and supporting the role of the voluntary and co-operative sector in housing provision. In relation to the private rented sector the agreement commits government to modernising and developing this sector on the basis of the recommendations of the Report of the Commission on the Private Rented Residential Sector (2000) (see Chapter Five). However, the most innovative housing related commitments in Sustaining Progress relate to the supply of dwellings for sale to households who cannot afford to buy a home on the open market. This initiative, put forward by the parties to the Sustaining Progress agreement, aims to enhance the supply of affordable housing with the objective of increasing the supply of such housing by 10,000 units. In response to the proposal, the government is committed to an ambitious scale of delivery of affordable housing through this new affordable housing initiative and the other affordable housing coming through arrangements under Part V of the Planning and Development Act 2000, as amended. Further details of the housing related commitments contained in Sustaining Progress are provided in TABLE 3.6 below.

TABLE 3.6

Housing and Accommodation Commitments Contained in Sustaining Progress, 2003

Owner Occupied Housing

The parties to the pay agreement have proposed a new Initiative aimed at further enhancing the supply of affordable housing, with the objective of increasing the supply of such houses by 10,000 units. It is their intention that this Initiative be aimed at those who in the past would have expected to purchase a house from their own resources but who find that they are unable to do so in the current housing market. It is also intended that these houses would be made available for sale to a target group defined in terms of income and/or housing need on a full cost-recovery/commercial basis. In responding to the proposal, the Government is committed to an ambitious scale of delivery of affordable housing for the target group through this new affordable housing initiative and the other affordable housing coming through arrangements under Part V of the Planning and Development Act 2000 as amended. Government will ensure that the necessary actions are taken before the end of this Agreement to secure the achievement of this objective with measurable progress to be made by the mid-term review. In focusing on the affordable housing Initiative, it is intended that it will not detract in any way from the continuing efforts to maintain a high level of overall housing supply which brings greater stability to the market and greater opportunities particularly for first time buyers, nor shall it detract from the emphasis on delivering a broad range of initiatives for lower-income groups and those with social and special housing needs.

Social and Affordable Housing Provision

There will be a review of the effectiveness of programmes designed to assist low-income groups, including those with social housing needs and special housing needs, such as elderly, disabled and homeless people and Travellers. The recently published *Assessment of Housing Need*, which shows increased numbers on the waiting lists of local authorities, provides greater clarity on the specific housing needs of an increased number of applicants for social housing. In the light of this assessment, Government will seek to ensure that it makes the best use of resources available to meet these needs. It is anticipated that the resources available in 2003 will allow for the needs of about 12,000 households to be met through the various social and affordable measures. Specific attention will be paid to ensuring greater progress in implementation of the Traveller Accommodation Programme. Therefore, there will be a priority focus within this Special Initiative on identifying and addressing the barriers encountered to date in the implementation of the Traveller Accommodation Programme, so as to push forward implementation within the lifetime of the Agreement.

Action to tackle homelessness through the implementation of the Integrated Strategy on Homelessness, the Youth Homelessness Strategy and the Homelessness Preventive Strategy, and the associated Local Authority Homeless Action Plans. The level of priority for these strategies will be maintained.

Support efforts of local authorities to improve estate management, by providing funding for projects under the Housing Management Initiatives Grants Scheme, and through the work of the Housing Unit, further promoting best practice in the management of the public and social housing sector.

Continue to support and develop the role of the voluntary and co-operative housing sector in the provision of social and affordable housing.

Private rented sector

The private rented sector plays an important role in the provision of affordable accommodation and the Government is committed to continuing to modernise and develop this sector, based particularly on the Commission on the Private Rented Residential Sector report in 2000. Legislation to be published in the first half of 2003 will provide for measures approved by Government on foot of this report, including the establishment of the Private Residential Tenancies Board on a statutory basis and reforms in relation to matters such as security of tenure, registration of tenancies, notice to quit periods, rent reviews and dispute resolution.

Consideration is also being given to developing Public Private Partnership (PPPs) arrangements to encourage increased supply of affordable rented accommodation.

Next Steps

The Government will work with the social partners to ensure that an integrated approach is maintained to delivering results across the various elements of housing policy. The Housing Forum, as established under the PPF, will continue to provide the social partners with an opportunity to contribute to housing policy development by the Department of the Environment, Heritage and Local Government. During 2003, a comprehensive study on housing will be undertaken by the NESC.

Source: Government of Ireland (2003).

3.5 Housing Policy Developments Since the Late 1990s

The broadening of the housing policy agenda since the mid-1990s together with the political prioritisation of housing also had the effect of accelerating the pace of policy development in this area. As well as the housing-related actions provided for in the national social and economic policy documents described above, since 1996

the Department has published two reports on local authority housing management, one report on the private rented residential sector and two on homelessness (Housing Management Group, 1996, 1998; Commission on the Private Rented Residential Sector, 2000; Department of the Environment and Local Government, 2000d, 2002a). In addition, the Department of Health and Children (2001) published a strategy to combat youth homelessness. These are examined in Chapters Five, Six and Seven of this review respectively. However, urban renewal and related

designated area schemes and the owner occupied sector were the aspects of housing policy which saw the most rapid and extensive reform during the latter half of the 1990s, and it is on these policy areas that the final section of this chapter focuses.

In 1996 a comprehensive review of the urban renewal scheme found that it had proved useful in attracting investment to the designated areas (KPMG et al, 1996). However, results were missed when it came to urban design and architectural standards. On the social side, indigenous residents and those in adjoining areas found it difficult to reap the benefits in terms of employment and other opportunities. Consequently, the Urban Renewal Act 1998 significantly altered the thrust of tax-designated urban renewal. The Act also extended the availability of tax relief for urban renewal to 2002.

The 1998 Act initiated a more targeted approach to urban renewal. Under the terms of the 1999 Urban Renewal Scheme, local authorities were required to draw up Integrated Area Plans (IAPs) setting out their views of the districts within their operational area appropriate for designation, together with a plan detailing how the renewal of the selected area might most effectively be achieved (Department of the Environment, 1997b). Seventy-eight IAPs were submitted by local authorities under the auspices of the scheme and forty-nine of these received approval for designation. Several of these target areas (such as suburban districts and local authority estates) would not traditionally have been the focus of urban renewal. The tax reliefs intended to encourage investment in urban renewal areas were not further reformed at this stage. However, these incentives were made more widely available in 1998 and 2000 as a result of the establishment of the Rural Renewal and Town Renewal Schemes respectively. FIGURE 3.3 maps the areas designated under the urban and town renewal schemes between these dates.

The Town Renewal Scheme was introduced in recognition of the fact that the problems of urban decay and dereliction are not just confined to cities and large towns but also occur in smaller towns, many of which have the additional problem of depopulation as a result of migration to larger urban centres. One hundred medium sized towns (with populations of between 500 and 6,000 people) were designated for tax relief on residential and commercial development. The scheme aims to promote development that is balanced and sustainable, make these towns more attractive to people and stem development in the open countryside. Following extensions of the respective deadlines, both the urban and town renewal schemes are due to end on 31 December 2004.

In order to regenerate parts of the Upper Shannon region, the Rural Renewal Scheme was introduced in

1998. The scheme applied these tax incentives to residential development in counties Longford and Leitrim as well as to parts of Cavan, Roscommon and Sligo. While originally the scheme applied only to rental properties, the Finance Act 1999 extended it to owner occupied houses. The scheme is due to end on 31 December 2004.

The establishment of the Living Over the Shop Scheme (LOTS) was introduced in 2000. This scheme provides tax relief for the provision of residential accommodation in vacant space above commercial premises on designated streets in the cities of Cork, Dublin, Galway, Limerick and Waterford. As the refurbishment of existing buildings is a central aim of the scheme, relief for construction expenditure is available only in very limited circumstances. Like the urban, town and rural renewal schemes mentioned above, the Living Over the Shop Scheme will end on 31 December 2004.

The pace of the development of policy on the owner occupied sector quickened considerably in the latter half of the 1990s, inspired by marked increases in house prices. In order to aid the design of measures to address this price inflation the Department of the Environment, Heritage and Local Government commissioned three reviews of the housing market from Bacon and Associates economic consultants. The first of these, An Economic Assessment of Recent House Price Developments (Bacon et al, 1998), highlighted the increasing influence of investors in the private housing market in the late 1990s and argued that the consequent additional demand was contributing to general house price inflation and because investors generally buy lower-priced properties they were also supplanting first time buyers. This report placed considerable emphasis on supply factors in fuelling house price inflation, especially the shortage of serviced land, together with inefficiencies in the planning process, which had constrained expansion of new house building.

Details of government action on the basis of this analysis are set out in a statement entitled Action on House Prices which announced a number of reforms to State investment in and management of private house building and to the tax treatment of housing (Department of the Environment and Local Government, 1998a). In relation to the former issue, it stated that additional investment in infrastructure would be made available to tackle the barriers to increased house building which arose as a result of lack of water and sewage supply and the road network constraints. For example, it stated that expenditure under the Serviced Land Initiative which funds the provision of the water and sewage infrastructure necessary for new housing development would be increased from €19 million to €38 million, and that extra resources would be made available to An Bórd Pleanála to address bottlenecks in





the planning appeals process which were slowing the pace of housing developments.

However, the most significant reforms announced in this policy statement relate to the fiscal treatment of house purchase and development. In relation to this issue the policy statement announced cuts in the rate of stamp duty payable by owner occupiers purchasing second hand dwellings, to zero in the case of dwellings priced at €76,184 and under; 3 per cent on dwellings priced at between €76,185 and €126,974; 4 per cent on dwellings priced between €126,975 and €215,856; 5 per cent on dwellings priced between €215,857 and €317,435; 7 per cent on dwellings priced between €317,436 and €634,869 and 9 per cent on all dwellings costing over €634,869. From this time, stamp duty at these rates was also levied on all new dwellings bought by non owner-occupiers, whilst the stamp duty levied on new dwellings purchased by owner occupiers was not increased from zero at this stage. This document promised that tax relief on investments in private rented accommodation in areas designated under the urban renewal scheme would be used more selectively and that this relief would only be made available if considered vital for the improvement of the target area. Furthermore, landlords were no longer able to offset the interest on money borrowed to purchase a dwelling for rent on or after 23 April 1998, against rental income for tax purposes. In order to encourage the release of additional building land onto the market, Action on House Prices also announced that a reduced capital gains tax rate of 20 per cent would apply to sales of serviced, zoned residential land for a four-year period (Department of the Environment and Local Government, 1998a).

A second report by Bacon and Associates was published in March 1999. It concluded that the measures described above had brought about a moderation in the rate of house price inflation, but that problems of affordability and access remained for potential owner occupiers and that further government intervention in the housing market was required. As a result, the DoEHLG policy statement *Action on the Housing Market* (Department of the Environment and Local Government, 1999a), announced the following measures:

- Temporary sewage facilities would be used to enable the early release of sites with the potential to yield up to 16,000 new dwellings in North County Dublin.
- Steps would be taken to ensure that the Serviced Land Initiative delivered maximum results on schedule such as the introduction of several large water and sewage schemes.
- There would be an examination of the potential use for housing of lands in state ownership.

A better geographical balance of economic activity and population distribution would be achieved by means of State investment provided in the National Development Plan, the formulation of a National Spatial Development Strategy, and the encouragement of construction of higher density housing developments.

The third report by Peter Bacon *et al*, published in June 2000, highlighted a continued imbalance between supply and demand for private housing and noted that perceptions of further price increases were fuelling demand and creating continued instability in the housing market. In addition, this report argued that speculators were continuing to play a significant part in the market, a proportion of whom were purchasing dwellings for short-term capital gains rather than as long-term investments.

The response of the Department of the Environment and Local Government (2000a), Action on Housing, made provision for the establishment of Strategic Development Zones (SDZs) which would allow for a 'fast-track' planning process to enable large-scale housing developments in specific areas. The SDZs would be managed by project offices based in the relevant local authority. This measure was subsequently given a statutory basis in the Planning and Development Act 2000. Action on Housing also announced a number of other measures intended to address infrastructural barriers to increased housing developments, including the fast tracking of key water infrastructure projects essential for new housing developments and the exemption of some construction projects from planning permission in order to speed up the planning process. Additionally, this document provided for a number of changes to the stamp duty regime on the purchase of dwellings.

These reforms, which are detailed in TABLE 3.7 below, created a tri-partite stamp duty regime under which different rates are charged to property investors and owner occupiers purchasing for the first time and on subsequent occasions. It is important to note, however, that these reforms were not implemented in full. Under the terms of the Finance Act 2001 the flat 9 per cent rate of stamp duty for investors in second-hand residential properties was retained, but stamp duty on new residential property investments was reduced to 3 per cent in the case of dwellings priced at less than €126,973, and the same rate was levied on non-first time owner occupiers for properties costing above this (McAteer *et al*, 2002).

In addition to the reforms introduced on the recommendation of Bacon *el al's* three reports, a number of other notable changes to the fiscal treatment of housing and

3.7

Revisions to stamp duty on residential property introduced in 2000

Purchase price threshold	First-time buyers of second-hand homes	Others buying second-hand homes for own occupation	Investors buying new or second-hand homes
Up to €126,974	Nil	Nil	9%
€126,975-€190,461	Nil	3%	9%
€190,462-€253,948	3%	4%	9%
€253,949-€317,434	3.75%	5%	9%
€317,435-€380,922	4.75%	6%	9%
€380,923-€634,869	7.5%	7.5%	9%
Over €634,869	9%	9%	9%

Source: Department of the Environment and Local Government (2000a).

support for owner occupiers have been introduced since the mid-1990s. For instance, on the basis of a commitment contained in the revised Action Programme for the Millennium, the rate of capital acquisitions tax levied on inherited dwellings was also decreased substantially by the Finance Act 2000, and the threshold under which no capital acquisitions tax is due was increased (Government of Ireland, 1999). Furthermore, a rent a room relief scheme was introduced in the 2001 Finance Act. Under the terms of this scheme, the income derived from renting out a room in a principal private residence, up to a specified limit (which stood at €9,675.40 in 2002) is exempted from income tax. In November 2002 the Department announced the cessation of the new house grant scheme which was previously available to first-time purchasers of new dwellings. Further details of this scheme are contained in Chapter Four.

3.6 Housing Policy Development at Local Level

In addition to the national policy reforms described above, significant housing policy developments have also taken place at the local level over the past ten years, as local authorities have gained new responsibilities in relation to planning for the implementation of the national policy within their operational areas. The advent of this new remit is linked to the wider programme of local government reform mapped out in the 1996 Department of the Environment policy statement Better Local Government: A Programme for Change, and legislated for in the Local Government Act 2001, which has resulted in the establishment of Strategic Policy Committees (SPCs) within each local authority (Department of the Environment, 1996). SPCs are made up of councillors and local business and community representatives, and are responsible for initiating and developing policy for the different local government functional areas, including housing, in conjunction with a senior local authority official known as a director of services.

This new remit has also resulted in the production of five-year Traveller accommodation strategies by local authorities under the terms of the Housing (Traveller Accommodation) Act 1998 and the preparation of strategies to address homelessness on the recommendation of the Department of the Environment and Local Government (2000d) report *Homelessness: an Integrated Strategy*. Furthermore, under the terms of the Planning and Development Act 2000, each local authority is required to prepare a housing strategy which will cover the period of its development plan. The strategy must be reviewed within two years of its preparation and

TABLE 2 8

Public capital expenditure on housing by category of expenditure, 1991-2002

	1991 €M	1992 €M	1993 €M	1994 €M	1995 €M	1996 €M	1997 €M	1998 €M	1999 €M	2000 €M	2001 €M	2002 €M
Local authority housing	82.3	83.2	117.6	199.5	228.9	243.7	277.1	307.5	354-4	521.2	826.3	999.2
Voluntary housing	14.1	16.8	26.0	34.9	42.9	41.9	34.7	34.3	47.2	91.9	143.6	165.4
Shared ownership	0.9	24.1	44.4	56.4	63.5	63.5	54.7	63.7	141.7	149.4	204.3	200.0
House purchase and improvement loans	36.9	36.3	30.7	24.4	22.9	26.2	23.9	25.3	29.3	38.6	49.2	89.0
Private housing grants	18.7	16.5	19.4	33.6	43.0	46.6	46.5	46.9	46.3	59.4	70.3	80.4
Affordable housing	N/a	25.9	5.5	22.1	50.0							
Other housing	4.1	2.5	2.5	5.1	3.8	5.1	5.2	6.3	7.6	11.6	12.6	13.1
Total	156.9	179.4	240.6	353-9	405.0	427.0	442.1	484.0	652.4	877.6	1,328.4	1,597.1

Source: Department of the Environment and Local Government (2000a). Note: N/a means not applicable

amended, if necessary. Each strategy must contain measures which address the housing needs of all sectors of the existing and future population in the area of the development plan and must encourage mixed and balanced communities to counteract undue social segregation. A more comprehensive list of the new powers of local authorities in this regard is provided in FIGURE 1.6 in Chapter One of this review.

3.7 Public Expenditure on Housing

The housing policy developments described in this chapter necessitated significant increases in public expenditure in this country as new housing programmes have been introduced and output under existing programmes has been greatly expanded. Trends in this regard are sketched in Table 3.8 on page 51. It reveals that public expenditure on all areas of housing increased between 1991 and 2002. Expenditure on the shared ownership scheme grew over two-hundred-fold during the 1990s and spending on local authority and voluntary housing also increased significantly. By contrast the growth in expenditure on private housing grants and house purchase and improvement loans has been more modest.

3.8 Issues Arising

The detailed examination of housing policy developments since 1990 presented in this chapter has revealed extensive and rapid reform in this area of policy. This policy reform was necessitated by the equally dramatic changes in housing demand, supply and affordability described in Chapter Two and the available information on the extent to which these initiatives were successful in addressing the problems in the contemporary housing system will be set out in later chapters of this review.

The extent and pace of housing policy reform also reflects the changes to arrangements for housing policy development introduced in recent years, outlined in Chapter One. At national level, the National Housing Forum that was originally established under the terms of the *Programme for Prosperity and Fairness* partnership agreement, provides the social partners with an opportunity to contribute to housing policy development by the Department of the Environment, Heritage and Local Government (Government of Ireland, 2000b). The creation of cabinet sub-committees and cross-departmental teams on social inclusion and on housing, infrastructure and public/private partnerships has enabled the more effective co-ordination of policy developments relevant to housing. Furthermore, the establishment of new sections within the DoEHLG with specific responsibility for housing supply, voluntary and

co-operative housing, social inclusion and housing management and affordable housing and of the Housing Unit which provides advice and guidance on social housing management and on policy making, and conducts housing related research, has contributed to more effective housing policy development and implementation. Similarly at local government level the establishment of Strategic Policy Committees with responsibility for housing, of homelessness fora and of Traveller Accommodation Consultative Committees, together with reforms to the staffing structure of local government are intended to facilitate improved policy implementation and local policy development.

In order to be effective, housing policy development and implementation must be evidence-based and there is evidence that the work of the aforementioned groups and agencies has been impeded by a shortage of up-todate data and research evidence. For instance, the Revised National Anti-Poverty Strategy notes, 'Given the absence of baseline data it would not be credible to establish quantitative targets on access to accommodation at this stage' (Department of Social, Community and Family Affairs 2002:13-14). The recently established Private Residential Tenancies Board (PRTB) (examined in Chapter Five) and the planned integrated housing computer package for local authorities (see Chapter Six) have the potential to generate significant new data to inform policy making and implementation, as well as strategic management; relevant agencies should endeavour to ensure that this potential is exploited as fully as possible. In addition the opportunities for generating additional information and research to inform housing policy development by generating synergies between the groups and agencies involved in this area and providing additional resources to relevant agencies such as the Housing Unit should be explored.

However, the extent and pace of housing policy reform in recent years is such that an overarching appraisal of government intervention in the housing system is now required. As mentioned earlier in this discussion, the *Sustaining Progress* national partnership agreement reveals that a comprehensive study on housing will be undertaken by the National Economic and Social Council (NESC) in 2003 (Government of Ireland, 2003). Furthermore, it commits government to undertaking a review of housing programmes designed to assist low-income groups and it is envisaged that in addition to the NESC study this review will be informed by research carried out by the Housing Unit.

In order to avoid duplication and add value to the ongoing reviews and research carried out by the DoEHLG and the other agencies and groups involved in this area, this review of housing programmes which target low-income groups might focus principally on the equity, effectiveness and efficiency of these interventions at the macro level. The specific aspects of the various programmes which could usefully be examined in this review are highlighted in the following chapters.



4 Supporting Home Ownership

Chapter One of this review mentioned that in 1990, 79 per cent of Irish households owned their homes, as compared to the European Union average of 58.7 per cent (European Union, 2002). Chapter Two revealed that this tenure has been subject to significant change in the period since 1995, which is distinguished by marked increases in house prices. Furthermore, because of the key role which the private market plays in housing the Irish population, it has also been the focus of concerted action by government in order to increase supply, stem price inflation, support first-time and low-income home buyers and promote home ownership in specific areas of the country. This chapter inspects the supports currently available to home owners, opening with an examination of the more longstanding measures of this type that are still in operation, followed by an appraisal of the supports for home owners that have been introduced in the last ten years.

4.1 Local Authority Housing Loans

As mentioned in Chapter One, the provision of housing loans is one of the aspects of the housing system in which local authorities have had the longest involvement. These loans were first introduced in 1899, and until the mid-1950s no restrictions were placed on the type of household that could avail of them. After this time access to this source of finance was limited to lower income households. Fahey and Maître (forthcoming: 9) report that until recent years local authorities played a significant role in mortgage lending:

Prior to the economic take-off in the 1960s, local authorities were often the primary source of mortgage finance. In the 1970s, they accounted for nearly half of all new mortgage loans and over one-third by value. Even by the mid-1980s they accounted for over 25 per cent of new loans by value.

TABLE 4.1

Trends in mortgage lending by local authorities, 1990-2002

Ne	ew houses	Secon	d-hand houses			Maximum loan	Share of mortgage market
				Single income household	Dual income household		
	Value		Value				
N	€М	N	€М	€	€	€	%
545	8,380,271	824	17,649,359	12,697	12,697	26,665	2.1
535	10,411,852	743	17,014,490	15,237	27,934	31,743	2.0
493	9,269,087	776	18,157,254	15,237	27,934	31,743	1.6
356	6,602,638	515	12,062,511	15,237	27,934	31,743	1.1
295	5,205,926	339	7,872,376	15,237	27,934	31,743	0.6
164	3,428,292	239	6,094,742	17,776	44,441*	41,901	0.4
181	3,809,214	195	5,713,821	17,776	44,441*	41,901	0.3
111	2,666,50	148	4,444,083	17,776	44,441*	41,901	0.2
91	2,285,528	120	3,809,214	19,046	47,615*	48,250	0.1
64	1,777,633	77	3,174,345	25,398	63,487*	63,487	0.1
52	1,650,659	61	3,047,371	31,743	79,359*	127,000	0.1
71	5,100,000	84	5,500,000	31,743	79,359*	127,000	0.1
93	7,100,000	129	10,500,000	32,000	80,000	130,000	0.2
	N 545 535 493 356 295 164 181 111 91 64 52 71	N €M 545 8,380,271 535 10,411,852 493 9,269,087 356 6,602,638 295 5,205,926 164 3,428,292 181 3,809,214 111 2,666,50 91 2,285,528 64 1,777,633 52 1,650,659 71 5,100,000	N Value €M N 545 8,380,271 824 535 10,411,852 743 493 9,269,087 776 356 6,602,638 515 295 5,205,926 339 164 3,428,292 239 181 3,809,214 195 111 2,666,50 148 91 2,285,528 120 64 1,777,633 77 52 1,650,659 61 71 5,100,000 84	Value Value 6M N 545 8,380,271 824 17,649,359 535 10,411,852 743 17,014,490 493 9,269,087 776 18,157,254 356 6,602,638 515 12,062,511 295 5,205,926 339 7,872,376 164 3,428,292 239 6,094,742 181 3,809,214 195 5,713,821 111 2,666,50 148 4,444,083 91 2,285,528 120 3,809,214 64 1,777,633 77 3,174,345 52 1,650,659 61 3,047,371 71 5,100,000 84 5,500,000	N Value M € 545 8,380,271 824 17,649,359 12,697 535 10,411,852 743 17,014,490 15,237 493 9,269,087 776 18,157,254 15,237 356 6,602,638 515 12,062,511 15,237 295 5,205,926 339 7,872,376 15,237 164 3,428,292 239 6,094,742 17,776 181 3,809,214 195 5,713,821 17,776 111 2,666,50 148 4,444,083 17,776 91 2,285,528 120 3,809,214 19,046 64 1,777,633 77 3,174,345 25,398 52 1,650,659 61 3,047,371 31,743 71 5,100,000 84 5,500,000 31,743	for qualification Single income household Dual income household N Value €M Value ₹M Value ₹M	N Value N N EM N EM N EM Single N N EM N EM N Single N N EM N EM N EM Single N N EM EM Single N EM EM EM Single N EM EM EM EM Single N EM EM EM EM EM EM Single N EM EM EM Single N EM EM EM EM Single N Sing

Source: Department of the Environment (1991b; 1997a); Department of the Environment and Local Government (various years a; 1998b; 2000b).

Note: * in these years 2.5 times the income of principal earners in dual income households plus once the subsidiary earner's income must not exceed this amount in order to qualify for a local authority mortgage. N means number. The percentage share of the mortgage market accounted for by local authority loans is calculated on the basis of the value of the loans paid out. Details of the value of loans were calculated at 2002 rates. Loan maxima specified above do not apply to certain offshore islands. Figures relating to income and expenditure are rounded to the nearest whole number.

The extent of local authority involvement in the provision of mortgage finance fell dramatically from 1987 when access to these loans was further restricted to low-income households that had failed to obtain mortgage finance from a commercial lending agency (Department of the Environment, 1987).

Until 1995 local authorities provided three types of mortgage loans: annuity or repayment loans on which borrowers pay both interest and an increasing amount of capital on a regular basis each month over the term of the loan; income-related loans on which repayments are determined on the basis of the borrower's income; and convertible loans which are income related for a period after which they are converted into annuity loans. Social Housing - the Way Ahead (Department of the Environment, 1995c:30) announced that because 'Income related and convertible loans have accounted for an insignificant proportion of local authority house purchase loans in recent years, these loan options are now being discontinued'. Consequently, all local authority mortgages issued after 1995 are annuity mortgages.

Table 4.1 on page 54 details the level of mortgage lending by local authorities during the 1990s. It reveals that their involvement in this area has continued to fall over the last decade. In 1990 local authority housing loans accounted for 2.1 per cent of the value of all mortgage lending in the country, but by 2000 they made up just 0.1 per cent of mortgage lending. The number of loans paid out also declined from 1,369 to 113 over this period.

Social Housing – the Way Ahead attributes this fall in take-up to the failure of the income limits for access to the scheme to keep pace with wage inflation (Department of the Environment, 1995c). In 1992 these income limits stood at €15,237 for a single income household which is just above the average industrial wage for that year of €15,150 but by 1997 the income limit (€17,776) was below the average industrial wage (€19,319) (Central Statistics Office, 2001b). However, the data set out in TABLE 4.1 indicate that significant increases in these income limits in 2001 have not arrested this decline in take-up to any significant degree. This indicates that in addition to the income limits for qualification the popularity of local authority mortgages has also been undermined by additional factors such as the wider availability of mortgages from commercial lenders, coupled with the fact that the maximum loans available from local authorities did not keep pace with house price inflation during the latter half of the 1990s. In 2001, for instance, the maximum mortgage available from a local authority was €127,000 – significantly less than the average house price for that year of €194,576 (Department of the Environment, Heritage and Local Government, various years a).

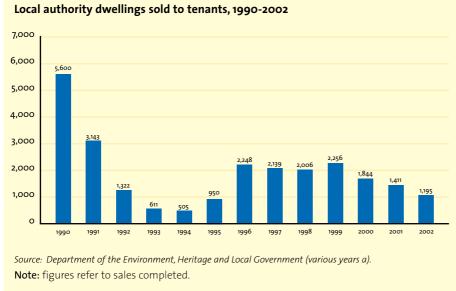
Despite the requirement that local authority housing loans should only be made available to low-income households that had failed to obtain credit from commercial lenders, the available evidence indicates that, from the perspective of mortgage arrears, the efficiency of the administration of the scheme by local authorities has improved over the last decade. Research by the DoEHLG's value for money unit found that between 1993 and 1995 local authorities reduced the level of arrears on their housing loans by 9.99 per cent (Department of the Environment and Local Government, 1998c). More recently, however, an investigation by the Ombudsman (2000) has exposed striking inefficiencies in the procedures used by local authorities to monitor the maturity of loans. The Ombudsman found that only seven of the 42 local authorities that administer the housing loans scheme had put in place systems to prevent their overpayment. Among the remaining authorities the report revealed 6,411 housing loans that had been overpaid and, as a result, refunds totalling over €694,000 were made to borrowers.

4.2 Tenant Purchase Scheme

As mentioned in Chapter One, local authority tenants countrywide were afforded the right to purchase their dwellings by the Housing Act 1966, although rural tenants have enjoyed this benefit since the 1930s. Since then take-up of the scheme has been high. The popularity of tenant purchase is related to the relatively low price for which dwellings have been sold, as evidenced by the fact that when additional incentives have been introduced sales have generally increased further. For instance, of the 45,253 dwellings tenant purchased between 1980 and 1989, 18,166 were sold in 1989 alone, driven by additional discounts for householders who applied to buy their dwelling in 1988 (Norris, 2003).

The 1990s appear to be an exception to this rule, however, as during this decade sales were significantly lower than in the two previous decades. Only 20,780 local authority dwellings were purchased by tenants between 1990 and 1999, less than half the number sold in the 1980s, and just over one third of the total sold in the 1970s. Furthermore, FIGURE 4.1 demonstrates that additional incentives for purchasers introduced in 1993 and 1995 did not completely reverse this trend. In 1993 tenants of more than one year's standing were granted a minimum discount of €3,809 off the market value of their dwelling or a 3 per cent discount off the market value for each year of tenancy subject to a maximum discount of 30 per cent. From May 1995, tenant purchasers were allowed to avail of both these discounts simultaneously.

FIGURE 4.1



The falling rate of tenant purchase is the result of three factors. Firstly, the sale price of dwellings is calculated on the basis of their market value, and as was discussed in Chapter Three house prices in this country have risen dramatically since the mid-1990s. Secondly, average incomes of local authority tenants are low compared to those of the general Irish population, and income poverty levels among households living in this sector have increased since the mid-1980s (Nolan et al, 1998; Murray and Norris, 2002). Thirdly, in the operational areas of the city councils, particularly Dublin City Council, the potential for sales of dwellings is curtailed by the exclusion of local authority flats and dwellings designated for older tenants from the tenant purchase scheme. Social Housing – the Way Ahead (Department of the Environment, 1995c) announced that this prohibition had been examined by the DoEHLG and it had concluded that where satisfactory arrangement could be made for the sale of maisonettes, these could be offered for sale to tenants who wish to purchase. However, no practical arrangements could be made for the sale of flats which would be satisfactory for tenant purchasers, in view of the probable high cost of service charges to owners, the necessity for public liability insurance and concerns about the future saleability of purchased flats. In view of the low average incomes of local authority tenants and the above-mentioned constraints on the sale of flats, it is reasonable to assume that the future potential for further expanding owner occupation through the sale of local authority rented dwellings is significantly less than in the past, even if further price discounts off the market value of properties were made available.

4.3 House Purchase and Improvement Grants and Aids

TABLE 4.2 details recent trends in the take-up of the principal home purchase and improvement grants available to owner occupiers in this country since 1990: new house grant, the thatched roof grant, improvement works in lieu of social housing and the low-cost housing sites scheme. The home improvement grants and aids available to home owners with specific housing needs – special housing aid for the elderly, the essential repairs

and disabled persons grants – are examined in Chapter Seven.

The new house grant scheme was introduced in 1977 to encourage new house building. By 2002 the level of the grant had reached €3,810, rising to €12,190 for dwellings built on certain offshore islands. The grant was available to first-time buyers who purchased a new dwelling of not more than 125 square metres and not less than 38 square metres in size, for use as their principal residence (Department of the Environment and Local Government, 2000c). In November 2002, the Minister for the Environment, Heritage and Local Government announced the cessation of the new house grant scheme.

TABLE 4.2 reveals that the dramatic changes in the housing market during the 1990s, which were described in Chapter Two, did impact on the take-up of the new house grant. Take-up of this grant rose significantly between 1990 when 5,072 grants were paid out and 1996 when 10,826 grants were paid out. This increased take-up reflects the marked increase in housing output and in mortgage loan approvals mentioned in Chapter Two. However, despite the continued growth in housing mortgage lending since the mid-1990s, take-up of the new house grant did not expand during this period.

In contrast, take-up of thatching grants and the improvement works in lieu of social housing scheme remained relatively static throughout the 1990s. Thatching grants cover two thirds of the cost of renovating thatched roofs of owner occupied dwellings subject to a maximum of €3,810; rising to €6,350 for medical cardholders. Higher levels of assistance are available for houses on certain offshore islands. The improvement works funds the improvement and/or

*T*ABLE **4.2**

Take-up of new house and thatched roof grants and improvement works in lieu of social housing and low cost housing sites schemes, 1990-2002

	Improvement	Low cost	New ho	use grant	Thatch	ing grant
Year	works in lieu of social housing	housing sites	Paid by the DoEHLG	Paid by the DoCRGA	Paid by the DoEHLG	Paid by the DoCRGA
1990	N/a	N/a	4,953	119	21	500
1991	7	36	5,022	93	196	508
1992	31	187	4,884	112	254	570
1993	138	694	5,475	99	222	574
1994	124	448	8,133	101	180	660
1995	123	365	10,155	136	181	699
1996	143	407	10,713	113	175	647
1997	164	191	10,355	115	154	495
1998	152	279	10,349	98	139	522
1999	196	339	9,129	127	150	564
2000	123	98	9,994	121	200	673
2001	108	188	10,172	123	171	868
2002	164	141	10,313	209	190	874
Total	1,473	3,373	109,647	1,566	2,233	8,154

Source: Department of the Environment, Heritage and Local Government (various years a) and unpublished data provided by the Department of the Environment, Heritage and Local Government.

Note: Figures on improvement works in lieu of social housing refer to dwellings completed; figures on low-cost housing sites refer to the number of sites sold; DoEHLG means Department of the Environment, Heritage and Local Government; DoCRGA means Department of Community, Rural and Gaeltacht Affairs. N/a means not applicable.

extension of private dwellings owned by households that would qualify for social housing if such works were not carried out. It is administered by local authorities, and households that benefit from the scheme are required to pay charges to the relevant local authority for a 15-year period, although the level of these payments is determined on the basis of their income. Social Housing - the Way Ahead (Department of the Environment, 1995c:15) reported that 'Despite a widespread welcome for the scheme by local authorities, progress to date has been disappointing'. At this stage the Department reformed procedures for approving expenditure on works carried out under the scheme by local authorities, but as TABLE 4.2 demonstrates these modifications did not bring about a substantial increase in take-up over the long term.

Like the improvement works in lieu scheme, the establishment of the low-cost housing sites scheme was also announced in *A Plan for Social Housing* (Department of the Environment, 1991a). Although local authorities were empowered to provide housing sites at a nominal cost to qualified persons for some time before this, the low-cost housing sites scheme allows them to recoup the net cost of acquisition of sites from the DoEHLG. When the scheme was established eligibility was initially limited to local authority tenants and tenant purchasers prepared to return their dwelling to the local authority,

persons assessed by local authorities as in need of housing, and approved voluntary and co-operative housing providers intending to use the sites for construction of social housing. From 1995 eligibility was extended to include tenants of dwellings provided by voluntary or co-operative bodies and local authorities were encouraged to use the sites scheme to construct dwellings for sale under the shared ownership scheme which is described below. Also at this time a number of reforms were made to funding arrangements to enable local authorities to acquire low-cost housing sites more easily. Despite this TABLE 4.2 demonstrates that take-up of the low-cost housing sites scheme fell steadily during the second half of the 1990s. The DoEHLG does not collect information on the number of low-cost housing sites sold to individuals and to the voluntary

and co-operative housing providers that are approved to avail to the scheme. The only available information on this issue is in *Social Housing – the Way Ahead*, which reports that:

In 1994, over 80 per cent of sites were sold to approved housing bodies ... to provide rented housing accommodation. The balance was used for group shared ownership projects and for dwellings being provided for individuals.

(Department of the Environment, 1995c:28).

4.4 Shared Ownership Scheme

Announcing the establishment of the shared ownership scheme, A Plan for Social Housing explained that the new measure is intended 'To facilitate access to full home ownership in two or more stages to those who could not afford full ownership immediately' (Department of the Environment, 1991a:38). This is achieved in practice by the following mechanism:

 Approved households select a new or second-hand dwelling of their choice for purchase on the open market.

4.3

Reforms to the shared ownership scheme, 1991-2002

	Income limit fo €	r qualification					
	Single income	Dual income	Minimum	Income limit	Maximum rental	Rent	
	household	household	initial equity	for subsidy	subsidy available		
Date	€	€	%	€	€	%	
1991	15,236	27,934	50	12,697	889	5.0	
1992	15,236	27,934	50	12,697	889	5.0	
1993	15,236	27,934	50	12,697	889	5.0	
1994	15,236	27,934	50	12,697	889	5.0	
1995	17,776*	44,441*	40	13,967	1,079	5.0	
1996	17,776*	44,441*	40	13,967	1,079	5.0	
1997	17,776*	44,441*	40	13,967	1,079	5.0	
1998	19,046*	47,615*	40	15,236	1,524	4.5	
1999	25,395*	63,487*	40	15,236	2,031	4.5	
2000	31,743*	79,359*	40	25,395	2,539	4.5	
2001	31,743*	79,359*	40	25,395	2,539	4.5	
2002	32,000*	80,000*	40	25,500	2,550	4.5	

Source: Information supplied by the Department of the Environment, Heritage and Local Government.

Note: From 1995 onwards only those double income households in which two and a half times the income of the principal earner plus once the income of the secondary earner does not exceed the income limits mentioned to qualify for the shared ownership scheme. In the case of single income households total household income must not exceed two and a half times these limits.

- When the local authority for the area in which the dwelling is situated is satisfied that it meets the applicant's needs, and is structurally sound, it purchases the property.
- The applicant then buys part of the equity in the property from the authority, normally with the aid of a mortgage, together with a minimum deposit of €1,270.
- The rest of the equity remains in the ownership of the authority which grants a shared ownership lease on this equity to the applicant, who must pay rent which is set at a percentage of the value of the rented portion, updated annually by 4.5 per cent.
- The applicant undertakes to buy out the remaining equity within 25 years.

When the shared ownership scheme was introduced in 1991, eligibility was limited to households with a gross household income of under €15,236, tenants and tenant purchasers of local authority dwellings who intend to surrender their dwelling, and persons assessed by a local authority as being in need of housing. However, as is detailed in Table 4.3, in 1995 significant increases to these income limits were announced in *Social Housing – The Way Ahead*, coupled with reforms to the methods used to determine the eligibility of single and double income households (Department of the Environment, 1995c).

The income limit for qualification was raised to €44,441 and single income households were deemed eligible for the shared owner-ship scheme if 2.5 times their household income was less than this amount. Dual income households qualify if 2.5 times the principal earner's income plus once times the secondary earner's income does not exceed this limit. These formulae are still used to calculate eligibility for the shared ownership scheme, but the income limits for qualification have been raised on several occasions since 1995.

From 1995 households renting a dwelling from an approved voluntary or co-operative housing body were eligible to avail of the shared ownership scheme. In addition, following the Planning and Development (Amendment) Act 2002, these agencies may now provide

houses for sale under the shared ownership scheme. Under these new arrangements an eligible person will be entitled to purchase up to a maximum of 50 per cent of the equity in a house or apartment, with the approved housing body retaining the remaining equity.

A Plan for Social Housing specified that applicants for the shared ownership scheme must initially purchase at least 50 per cent of the equity in their chosen property. However, a rental subsidy would also be available to households with a gross income of less than €12,697 to keep their outgoings within manageable levels. Social Housing – the Way Ahead announced a reduction in this initial minimum equity stake to 40 per cent, together with reforms to procedures for the purchase of the local authority's share of the dwelling by the home owner, an increase in the amount of the rent subsidy and an increase in the income limits for qualification for this subsidy (Department of the Environment, 1995c). In addition, as revealed in TABLE 4.3, the rent subsidy has been further reformed on a number of occasions since then and in 1998 the rent payable on the value of the local authority's equity was reduced from 5 per cent to 4.5 per cent per annum. Households purchasing a dwelling from a voluntary or co-operative housing association using the shared ownership scheme, as mentioned above, are also eligible for the same level of subsidy as purchasers availing of the standard shared ownership scheme run by local authorities.

TABLE 4.4

Transactions completed under the shared ownership scheme by county council and city council area, 1991-2002

County Councils	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Carlow	2	20	21	24	14	4	4	2	6	4	9	20
Cavan	0	0	0	1	1	2	1	0	11	10	17	5
Clare	1	36	37	30	35	34	39	26	27	19	68	66
Cork	16	19	33	63	40	47	45	49	44	47	86	142
Donegal	13	11	26	18	15	11	9	7	5	2	4	12
Dublin*	26	165	192	N/a	N/a							
Dún Laoghaire-												
Rathdown	N/a	N/a	N/a	54	43	27	11	9	36	40	30	27
Fingal	N/a	N/a	N/a	96	84	113	123	54	45	42	20	6
Galway	2	8	17	14	16	10	5	2	2	5	6	8
Kerry	13	16	37	32	21	14	12	6	5	1	6	12
Kildare	12	26	54	62	35	20	17	13	18	21	63	89
Kilkenny	2	34	64	46	51	35	50	41	32	26	45	63
Laois	0	0	5	17	12	4	5	2	1	17	25	35
Leitrim	2	4	0	2	0	0	1	0	0	2	3	4
Limerick	1	6	9	21	21	21	34	32	22	17	26	35
Longford	0	2	9	8	19	13	21	16	5	9	5	16
Louth	1	2	3	4	1	1	1	1	4	10	13	24
Mayo	3	3	7	10	8	9	9	5	13	10	8	6
Meath	0	1	11	31	16	13	4	6	42	36	32	24
Monaghan	1	10	13	5	6	9	3	2	3	1	13	6
North Tipperary	1	6	5	10	6	19	10	13	3	7	18	31
Offaly	0	1	5	5	13	8	3	3	4	11	12	25
Roscommon	1	1	2	7	3	1	0	0	2	1	2	4
Sligo	4	13	22	22	32	20	26	21	15	12	21	30
South Dublin	N/a	N/a	N/a	112	210	191	160	114	306	249	400	144
South Tipperary	2	4	5	2	5	7	5	8	3	2	8	33
Waterford	3	12	10	9	4	6	2	3	3	4	2	8
Westmeath	3	6	23	32	38	29	15	10	13	10	26	62
Wexford	2	7	6	18	18	21	12	4	12	24	27	18
Wicklow	12	29	60	54	35	22	22	7	28	22	8	9
Total	123	442	676	809	802	711	649	456	710	661	1,013	964

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
36	25	52	63	65	81	63	46	33	36	58	43
9	49	206	354	375	341	294	278	539	463	468	577
8	37	42	13	9	2	2	4	7	2	9	12
0	3	9	7	8	20	20	4	5	1	12	9
0	2	34	25	19	11	14	17	20	27	51	81
53	116	343	462	476	455	393	349	604	529	598	722
176	558	1,019	1,271	1,278	1,166	1,042	805	1,314	1,190	1,611	1,686
	36 9 8 0	36 25 9 49 8 37 0 3 0 2 53 116	36 25 52 9 49 206 8 37 42 0 3 9 0 2 34 53 116 343	36 25 52 63 9 49 206 354 8 37 42 13 0 3 9 7 0 2 34 25 53 116 343 462	36 25 52 63 65 9 49 206 354 375 8 37 42 13 9 0 3 9 7 8 0 2 34 25 19 53 116 343 462 476	36 25 52 63 65 81 9 49 206 354 375 341 8 37 42 13 9 2 0 3 9 7 8 20 0 2 34 25 19 11 53 116 343 462 476 455	36 25 52 63 65 81 63 9 49 206 354 375 341 294 8 37 42 13 9 2 2 0 3 9 7 8 20 20 0 2 34 25 19 11 14 53 116 343 462 476 455 393	36 25 52 63 65 81 63 46 9 49 206 354 375 341 294 278 8 37 42 13 9 2 2 4 0 3 9 7 8 20 20 4 0 2 34 25 19 11 14 17 53 116 343 462 476 455 393 349	36 25 52 63 65 81 63 46 33 9 49 206 354 375 341 294 278 539 8 37 42 13 9 2 2 4 7 0 3 9 7 8 20 20 4 5 0 2 34 25 19 11 14 17 20 53 116 343 462 476 455 393 349 604	36 25 52 63 65 81 63 46 33 36 9 49 206 354 375 341 294 278 539 463 8 37 42 13 9 2 2 4 7 2 0 3 9 7 8 20 20 4 5 1 0 2 34 25 19 11 14 17 20 27 53 116 343 462 476 455 393 349 604 529	36 25 52 63 65 81 63 46 33 36 58 9 49 206 354 375 341 294 278 539 463 468 8 37 42 13 9 2 2 4 7 2 9 0 3 9 7 8 20 20 4 5 1 12 0 2 34 25 19 11 14 17 20 27 51 53 116 343 462 476 455 393 349 604 529 598

Source: Department of the Environment, Heritage and Local Government (various years a).

Note: Shared ownership transactions conducted by town and borough councils are included in the total for the relevant county council.

*: Refers to Dublin County Council which was split into Fingal, Dún Laoghaire-Rathdown and South Dublin County Councils in 1994. **Note:** N/a means not applicable.

TABLE 4.4 details take-up of the shared ownership scheme in the operational areas of each of the city and county councils. It reveals that in the first year of its operation take-up was relatively modest but that it increased significantly from 558 transactions in 1992 to 1,019 the following year and by 2002 1,686 shared ownership transactions were carried out. This is significantly higher than the target of 1,000 shared ownership

transactions per annum set in the current National Development Plan (Government of Ireland, 2000a).

Despite this positive long-term trend in take-up, the number of shared ownership transactions has not grown steadily since the advent of the scheme. They peaked in 1995, 1999 and 2001 but between these years the number of transactions conducted was significantly

lower. Worral (2002) argues that take-up of the shared ownership scheme has risen subsequent to the introduction of the various increases in the income limits for qualification described above. However, in years when the income limits remained static, and therefore failed to keep pace with wage inflation, take-up waned.

In addition to these national trends, Table 4.4 also reveals some unexpected regional variations in take-up of the shared ownership scheme. In some parts of the country where house prices are high, such as in Dublin and Cork cities, for instance, take-up of the scheme is high, while in other regions with high house price inflation, notably Galway city and county, take-up is very low. Conversely those areas where house prices are lower also have varying take-up of shared ownership. This suggests that in addition to the income limits for eligibility, the success of the scheme is influenced by local factors such as its promotion and administration by local authorities or specific characteristics of the local housing market.

In terms of take-up, this scheme is currently the most widely used support for low-income home owners in the country, and Chapter One revealed that expenditure on this scheme has grown in line with its popularity. In view of this, the operation of the shared ownership scheme on the ground merits examination in more depth. A national review of shared ownership could also assess the validity of some of the concerns that have been raised by various commentators regarding its operation. For instance, Downey's (1997:31-33) study of housing debt in Ireland highlights a marked increase in arrears on shared ownership loans in the Dublin area during the first half of the 1990s which he argues '... threaten the tenure security of those households resident under the scheme and in housing debt ... and threaten the longterm viability and success of this policy support for aspiring low-income home owners'. McDonagh (1993) also raises the concern that some households will not be able to purchase the balance of the local authority's equity at the end of 25 years for reasons of income or age.

4.5 Mortgage Allowance Scheme

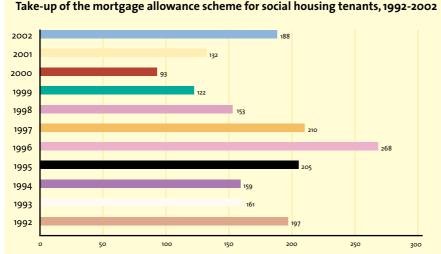
According to A Plan for Social Housing (Department of the Environment, 1991a) the objective of the mortgage allowance scheme is to enable tenants or tenant purchasers of local authority dwellings to buy a home in the private sector. This is achieved by means of an allowance provided to households who return their dwelling to the local authority. The allowance is paid on a graduated basis over five years directly to the lending agency that provides the mortgage on the replacement dwelling purchased by the applicant.

On the establishment of the scheme in 1991 the total mortgage allowance was set at €4,190, €1,270 of which is paid in year one, with progressively smaller amounts paid out in the four subsequent years. *Social Housing – the Way Ahead* (Department of the Environment, 1995c) announced an increase in the total amount of the allowance to €5,713.82, €1,778 of which is paid in year one, falling to €635 in year five, together with an extension in eligibility for the scheme to include tenants of dwellings provided by approved voluntary and cooperative housing bodies. From June 2000 the allowance was further increased to €11,428 in total and also at this time the minimum mortgage required for eligibility was increased from €12,697 to €38,092.

Details of take-up of the mortgage allowance for tenants are set out in FIGURE 4.2. As would be expected, this graph reveals that take-up of the scheme varies in line with the level of the allowance available. Take-up increased significantly in 1996, probably as a result of increases in the level of the allowance introduced in 1995.

A Plan for Social Housing argues that 'Not being a direct cash grant' the mortgage allowance '... should not result in the large scale surrender of local authority houses as happened under the £5,000 (€6,350) cash surrender grant in 1985-1987' (Department of the Environment, 1991a, p. 23). This latter measure resulted in the surrender of 7,700 local authority tenancies (or 6.5 per cent of the local authority stock at the time) by households who used the grant to purchase a private dwelling (Blackwell, 1988). The key difference between the surrender grant and the tenant purchase scheme described earlier in this chapter is that the households in question physically relocated from local authority estates. Research carried out by Threshold (1987), the voluntary housing advice body, on the impact of the £5,000 (€6,350) grant in Dublin concludes that the departure of these households destabilised community structures in these areas, and because many of the tenants who took advantage of the grant were in employment this also reduced average incomes locally which in turn undermined the local economy. FIGURE 4.2 indicates that A Plan for Social Housing was correct in predicting that the mortgage allowance would not result in the mass surrender of local authority tenancies. Only 1,888 dwellings have been surrendered under its auspices since 1992. In addition, analysis of the take-up of the allowance in different regions of the country reveals no striking geographical concentrations, although take-up is slightly higher in rural areas, probably as a result of lower house prices locally.

FIGURE 4.2



Source: Department of the Environment, Heritage and Local Government (various years a).

Note: Data refer to the number of dwellings surrendered.

4.6 Affordable Housing Scheme

Under the terms of the affordable housing scheme local authorities are empowered to provide new dwellings, on land provided by them for sale at cost price to qualified households. At the time of the establishment of this scheme in 1999, the Department envisaged that the majority of output under its auspices would be in the parts of the country where rising house prices had created affordability problems for aspirant home owners, e.g. the major urban centres (Department of the Environment and Local Government, 1999b). At this time, eligibility for the scheme was limited to tenants and tenant purchasers of local authority dwellings who return their dwellings to the local authority, single income households with a gross annual income of not more than €25,395, and those dual income households in which 2.5 times the gross income of the higher earner plus once the income of the lower earner did not exceed €63,487. Purchasers of the dwellings are required to fund their acquisition with a 25-year term local authority mortgage, the level of which is determined on the basis of their ability to pay, but it must not exceed 95 per cent of the price of the dwelling. In addition, households with a gross income of €15,236 could avail of a subsidy towards the repayments on this loan which operates along similar lines to the subsidy payable under the shared ownership scheme mentioned above. Or alternatively, qualifying households could avail of the mortgage allowance scheme for local authority tenants to purchase an affordable dwelling, subject to the proviso that no single household can qualify for both subsidies. According to the Department the rationale for these complex arrangements is as follows:

... the scheme attempts to meet both sides of the housing demand/supply equation by bringing

forward additional housing for sale at discount prices and by providing loan financing at low rates. The effect of providing mortgage finance at low rates would, in the absence of a corresponding supply response through the local authorities, lead only to higher house prices.

(Department of the Environment and Local Government, 1999b: 1).

The affordable housing scheme is distinctive from most of the other supports for low-income home owners reviewed here because it makes provision for the recoupment of profits on the resale of

these dwellings by the original purchasers. When the scheme was first established, purchasers who resold their dwelling within five years were required to refund the difference between their original market value and the price for which they actually purchased them to the relevant local authority. However, the level of this refund was reduced for each subsequent year of ownership, falling to zero after ten years.

In 2000 the terms of the affordable housing scheme were significantly amended by the DoEHLG. For instance, the income limit for access was increased to €31,743 in the case of single income households, and although the formula used to determine the eligibility of dual income households was not amended at this stage, the income limit for qualification of these households was increased to €79,359. The income limit for the mortgage subsidy scheme was also increased to €25,395. In addition, from 2000 the five city councils and Fingal, Dún Laoghaire-Rathdown and South Dublin County Councils were allowed to recoup the costs of sites for affordable housing from the DoEHLG, subject to a maximum of €38,092. For other local authorities this maximum site subsidy was set at €31,743. Also at this time the rules regarding the recoupment of profits made on the first resale of affordable dwellings were amended. First purchasers of affordable dwellings who resold them within 10 years were required to refund a percentage of any profit made, equal to the percentage difference between the price for which they originally purchased the dwelling and its original market value. This means for instance that an individual who purchased a dwelling for €80,000 in 2000, at a time when it would have fetched €100,000 on the open market, and then went on to sell the dwelling for €120,000 in 2002, would have to pay the relevant local authority 20 per cent of the €40,000 profit. The recoupment due is reduced by 10 per cent for each year after the tenth year of ownership by the first purchaser.

Output under the affordable housing scheme has not yet reached the target of 1,000 units set under the National Development Plan (Government of Ireland, 2000a). However, output has increased steadily in each year since the initiation of the scheme – from 40 units in 1999 to 86 in 2000, 272 in 2001 and 882 in 2002. However, this new building has not been concentrated in urban areas as was originally envisaged by the DoEHLG. Only 131 of the affordable dwellings built in 2001 for instance were located in the operational areas of the five city councils or in Fingal, Dún Laoghaire-Rathdown and South Dublin; while the equivalent total for the previous year is 44 (Department of the Environment, Heritage and Local Government, various years a).

4.7 Affordable Housing Provided Under the Auspices of Part V of the Planning and Development Act 2000, as Amended

As mentioned earlier in this review, Part V of the Planning and Development Act 2000 obliges local authorities to amend their development plans to incorporate housing strategies setting out how they will meet projected housing demand within their operational areas. The need for social and affordable housing must be taken into account in the formulation of these strategies (Focus Ireland *et al*, 2002).

In order to assess affordable housing needs, the Department of the Environment and Local Government (2000e) suggests that local authorities should consider the following:

- The supply, demand and price of houses generally in the area, within different parts of the area and for particular classes of houses such as existing affordable housing and dwellings suitable for first-time buyers
- Household incomes locally
- Mortgage interest rates for house purchases.

To satisfy the affordable and social housing need identified in this assessment, local authorities may employ up to 20 per cent of land zoned for residential development locally. The 2000 Act requires property developers to transfer the necessary proportion of dwellings, land or sites to local authorities as a condition

of planning permission. However, the Planning and Development (Amendment) Act 2002 specifies additional ways by which applicants for planning permission for residential developments may comply with these social and affordable housing provisions. These include the provision of compensation to the local authority of an equivalent monetary value of the dwellings, sites or land, the provision of dwellings, sites or land in an alternative location, or a combination of these two options.

In addition, the Planning and Development (Amendment) Act 2002 introduced a number of other amendments to these social and affordable housing provisions of the 2000 Act. First, to expedite the supply of social and affordable housing, the 2000 Act introduced a '2-year withering provision' for planning permission granted prior to its enactment. Specifically, the Act provided that permissions for residential development granted after 25 August 1999 but before a housing strategy is included in the relevant development plan would only last for two years or until 31 December 2002, whichever was longer. The Planning and Development (Amendment) Act 2002 removes that provision so that the normal rules concerning the duration of planning permission now apply. In return for extending the duration of permissions affected, developers will be required to pay a levy in respect of each house for which permission would have expired if this Act were not passed. The levy is set at half a per cent of the sale price of dwellings with a value less than €270,000 or 1 per cent of the sale price of dwellings with a value equal or greater than €270,000. Secondly, the 2000 Act provided that an exemption certificate from the social and affordable housing requirements under Part V may be sought in relation to small housing developments, i.e. those of four or fewer houses, or on land of 0.2 hectares or less. However, the 2002 Act reduces the limit for such exemptions to 0.1 hectares.

Affordable housing developed under the auspices of Part V of the Planning and Development Act 2000 may be sold outright or by way of the shared ownership scheme. The 2000 Act specifies that eligibility to purchase affordable dwellings is limited to persons in need of accommodation and whose income would not be adequate to meet the payments on a mortgage for the purchase of a suitable dwelling, because such payments would exceed 35 per cent of their net annual income. In the case of dual income households half the net income of the second earner must also be taken into account in determining eligibility.

The order in which affordable dwellings are offered for sale to eligible households is determined by a scheme of priorities. Section 98 of the 2000 Act requires that in preparing a scheme of this type, local authorities should have regard to the following:

- The accommodation needs of first time buyers
- The current housing situation of eligible persons
- The income or other financial circumstances of eligible persons for instance, local authorities can accord priority to lower income households provided these households have the means to make the mortgage payments
- The period for which the eligible persons have resided in the local area
- Whether they own land or houses locally or elsewhere
- Distance of the affordable housing from the places of employment of the eligible persons
- Any other relevant considerations.

In 2002, 52 sales of affordable dwellings developed under the auspices of Part V of the Planning and Development Act 2000 had been completed with many more the subject of pre-planning discussion/negotiation. The Planning and Development (Amendment) Act 2002 also permits approved voluntary and cooperative housing bodies to provide affordable housing for sale. However, at the time of writing no affordable dwellings had been constructed by these bodies. Further details of the social housing provisions of the Planning and Development Act 2000 and of the voluntary and co-operative housing sector are included in Chapter Six of this review.

4.8 Urban, Town and Rural Renewal

As mentioned in Chapter Two, under the current Urban Renewal Scheme, tax incentives are available to owner occupiers who purchase a residence in one of 49 urban areas countrywide that are designated for physical and socio-economic development under the scheme. In order to encourage the refurbishment of existing buildings, the reliefs available under the current urban renewal scheme are more generous for owner occupiers purchasing refurbished dwellings than for owner occupiers who construct or purchase newly constructed dwellings. Ten per cent of refurbishment costs per annum may be offset against total income over ten years compared with 5 per cent per annum in the case of new construction.

In addition, the Town Renewal Scheme offers the same incentives to owner occupiers in the designated towns countrywide, while under the Finance Act 1999, tax relief was also made available in respect of residential property in the Upper Shannon Region under the Rural Renewal Scheme.

The Living Over the Shop Scheme (LOTS) provides urban renewal type tax relief to owner occupiers for the refurbishment and necessary rebuild of vacant residential space above commercial premises on designated streets in the cities of Cork, Dublin, Galway, Limerick and Waterford. Incentives are available to owner occupiers for refurbishment and for necessary and associated new build.

4.9 Issues Arising

Chapter Two of this review revealed that the private housing market has been subject to marked change in the period since 1995, a period that is distinguished by significant increases in house prices. Chapter Three revealed that it has also been the focus of concerted action by government in order to increase supply and stem price inflation. This chapter has examined the various measures that have been introduced since 1990 in order to support home ownership. It demonstrates that the broad thrust of policy in this regard has been to move away from universal supports available to the majority of owner occupiers in favour of more targeted supports, with the objective of supporting low-income home buyers and promoting home ownership in specific areas of the country. In this regard developments over the past decade continue a policy trend obvious since the 1960s (Fahey and Maître, 2004). It also reflects the view of government policy advisory agencies such as the National Economic and Social Council (1990: 247) that 'general cash subsidies for owner occupiers are inefficient and inequitable and ... that such grants can only be appropriate if selective, and targeted to meet specific housing needs'.

Six new schemes to enable low-income households to purchase a dwelling have been introduced since 1990 and the data examined for this review indicate that they have had mixed success in terms of take-up in different parts of the country. Therefore at this stage, a review of these arrangements, with a view to identifying any impediments to take-up and designing appropriate remedial action, would be opportune. It is envisaged that the Housing Unit will conduct a review of this type during 2004. A review of this type could usefully address the following issues: the cost effectiveness, efficiency and equity of the various measures and their wider social and economic impacts if any; the reasons for geographical and chronological variations in take-up of the various schemes and measures to address these variations; the potential for streamlining these measures and the sustainability of home ownership which they facilitate.



5 The Private Rented Residential Sector

This chapter examines the main characteristics of the private rented residential sector in Ireland, including an assessment of the quality of accommodation, rent levels and security of tenure available in this sector. It summarises the key recommendations of the Commission on the Private Rented Residential Sector (2000), which carried out the first major investigation into the tenure since the foundation of the State. Two different forms of assistance for tenants are also discussed in this chapter: tax relief on rent and Supplementary Welfare Allowance Rent Supplement. Finally, the chapter examines the fiscal supports that currently apply to the sector.

5.1 The Private Rented Residential Sector in Ireland

In examining the private rented residential sector it is important to note that it caters for a wide variety of people with different needs and varying resources. Different categories of tenant include those waiting to purchase their own homes, those who are there by choice, those in temporary accommodation for labour market reasons (e.g. secondment, migrants, students), low-income households on waiting lists for social housing, welfare dependent households on supplementary welfare allowance rent supplement, homeless people and asylum seekers.

Similarly, the Commission on the Private Rented Residential Sector (2000) highlights a number of different types of landlords in the private rented sector in this country, including the following: individuals who invest in the sector on a professional basis; commercial organisations that operate as landlords; investor landlords; individuals who become landlords for circumstantial reasons, e.g. because they have had to move away for employment, and consequently rent out their dwelling; residential landlords who live in part of the property and rent out the rest; individuals who invest in residential rental property for short-term capital gain and property developers who may become landlords on a short-term basis.

However, comprehensive and up-to-date data on the sector are extremely limited, a point highlighted by Blackwell as far back as 1988 (Blackwell, 1988). The dearth of data presents a major limitation to a thorough analysis of this sector of the housing system and to the development of policy on the area.

5.2 A Declining Sector?

As mentioned in Chapter One, the proportion of people living in the private rented sector in Ireland declined during much of the second half of the twentieth century so that this country now has the second smallest private rented sector in the European Union. In 1961, 18 per cent of all households were private rented, whereas in 1991 only 8 per cent of the Irish population lived in accommodation that they rented from a private landlord (Central Statistics Office, 2003). Possible explanations for this decline include a preference for owner occupation because of perceived benefits of acquiring an asset rather than renting, increased availability of mortgage finance, perceived shortcomings within the private rented sector and the impact of rent control which rendered investment in the sector unattractive.

However, there is some evidence that the decline in this sector ceased during the 1990s and may have been reversed. The proportion of households living in the sector rose from 7 per cent in 1991 to 11 per cent in 2002 (Central Statistics Office, 2002). In the absence of comprehensive research, the exact factors that precipitated this development are difficult to identify. However, it is likely that it was affected by a combination of factors including: the tax reliefs for investors in private rented accommodation such as those available under urban, town and rural renewal schemes; house price inflation. coupled with rising private rents during the second half of the 1990s which made private rented residential property a more attractive investment; increased demand for private rented accommodation among, for example, households unable to access social housing which would have helped to ensure a ready supply of potential tenants. In addition, as mentioned in Chapter Two of this review, the latest national partnership agreement - Sustaining Progress - also contains proposals for measures intended to reverse the decline of the private rented sector (Government of Ireland, 2003).

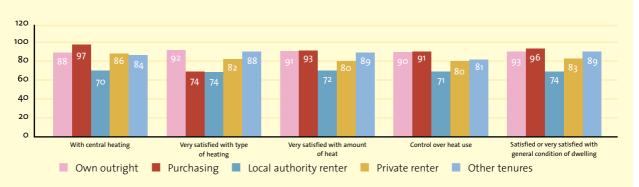
5.3 Characteristics of the Private Rented Sector

(a) Ouality of Accommodation

While data on the physical quality of private rental accommodation are relatively limited, the available evidence does highlight persistent problems of poor quality accommodation and the absence of some amenities for a minority of households in this sector. Data from the national house conditions survey for 2000/2001 quantify the extent of this problem (Watson



Selected house conditions by tenure, 2000-2001



Source: Watson and Williams (2003).

Note: These data are not comparable with the results of the previous national house conditions survey (Finn, 1992) because of differences in the research methods employed in the two surveys.

and Williams, 2003). A selection of results most relevant to private renters is presented in Figure 5.1. The graph shows that private renters were less likely to be satisfied or very satisfied with the general condition of their dwelling than those living in any other housing tenure, apart from local authority tenants. In addition, the survey found that private tenants (in common with local authority tenants) were less likely to have central heating in their dwellings than owner occupiers and were relatively more dissatisfied with the quality of their heating system.

Another indicator of some poor quality accommodation in this sector is that a significant proportion of private rented dwellings inspected by local authorities are found to be sub-standard. Regulations made under the Housing (Miscellaneous Provisions) Act 1992 specify the

'minimum standard' to which private dwellings in this country must be constructed and maintained. In order to meet the requirements of these regulations dwellings must be in a 'proper state of structural repair'. However, as the regulations also state that account will be taken of the 'age, character and prospective life of the house', not all older dwellings are obliged to meet these minimum requirements. TABLE 5.1 shows that, in 2002, over half (51 per cent) of the inspected private rented accommodation did not meet the minimum standards. Information from local authorities indicates that inspections are usually initiated following a complaint from a current or former tenant, and on this basis it is reasonable to expect that a significant proportion of dwellings selected for inspect-ion would fail to meet minimum standards.

TABLE **5.1**

Inspection of private rented dwellings by local authorities, 1994-2002

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Number of dwellings registered	N/A	N/A	19,384	25,799	23,296	25,900	25,386	29,456	25,496
Number of standards Inspections	6,017	6,084	3,846	5,501	5,145	4,118	4986	3,685	5,059
Inspection rate	N/A	N/A	19.8%	21.3%	22.1%	15.9%	19.6%	12.5%	19.8%
Number not meeting the requirements	2,765	2,109	814	1,902	2,710	1,130	2,184	1,964	2,558
Failure rate	46.0%	34.7%	21.2%	34.6%	52.7%	27.0%	43.8%	53.3%	50.6%

Source: Department of the Environment, Heritage and Local Government (various years, a).

Note: This table refers to the number of dwellings registered at 31 December of each year. Figures for 1999, 2000, 2001 and 2002 are provisional, as completed returns were not submitted by all the local authorities. N/A means not applicable.

Improving the quality of accommodation in this sector is hampered by two important factors. First, the available evidence indicates that the level of registration of private rented dwellings by landlords is relatively low. Regulations made under the 1992 Act require private landlords to register their accommodation with the relevant local authority or face a maximum fine of €1,269.74 for non-registration. However, comparison of the number of dwellings registered with local authorities in 1997 (25,799) with the Census 2002 data on the number of dwellings that were private rented during that year, indicates that only 18 per cent of dwellings met the registration requirement (Central Statistics Office, 2003). Lack of compliance with the registration requirements raises difficulties in identifying private rented dwellings for the purposes of inspection.

The second factor contributing to the poor quality of accommodation in the private rental sector is the low level of inspections of accommodation standards by local authorities. Table 5.1 demonstrates that only 19.8 per cent of registered accommodation was inspected in 2002. Furthermore, as explained in Table 5.2, there are variations in the enforcement activities of local authorities by location and year. Levels of inspections were significantly higher in 2002, compared to the previous year and some urban local authority areas such as Dún Laoghaire-Rathdown, Fingal and South Dublin County Councils as well as Dublin and Cork City Councils performed relatively high numbers of standards inspections. By contrast the rate of inspections in some other local authority areas is low.

(b) Affordability

As revealed in Chapter Two, private renting tenants devote a relatively high proportion of household expenditure to rent payments, in comparison with households accommodated in other housing tenures. It is also likely that the recent moderation in the rate of rent inflation which was also discussed in Chapter Two will improve the affordability of private residential rents. In addition, since 1990 a number of measures have been introduced by government to address this issue.

Following the introduction of the Housing (Miscellaneous Provisions) Act 1992, for instance, landlords are required to furnish tenants with a rent book or written letting agreement or lease, including the amount of rent to be paid along with details of timing and procedures for payment. Prior to 1995, tax relief for the rental costs of tenants was available for those aged 55 years and over. Following the 1995 budget, this relief was extended to private tenants under the age of 55. The relief is granted by way of a tax credit at the standard rate with reference to the tax paid in the year of assessment. However, the relief is minimal when rent levels are considered. The Commission on the Private Rented Residential Sector (2000) estimated that in 2000/2001 the average income tax rent relief was worth €5 per week. In addition, tenants on very low incomes and other tenants who are outside of the tax bracket such as students, obviously cannot benefit from tax relief.

A limited form of rent control exists in Ireland as a result of the Increase of Rent and Mortgage Interest (War Restrictions) Act 1915, made permanent by the Rent Restrictions Act 1960. In 1981 the Supreme Court found

the system of rent control established by these Acts to be unconstitutional. However, the Housing (Private Rented Dwellings Act) 1982 and the Housing (Private Rented Dwellings) (Amendment) Act 1983 were introduced to afford some protection to tenants of formerly rent controlled dwellings. In cases where these tenants and landlords of these dwellings cannot reach an agreement about rent levels, the 1983 Act empowers the Rent Tribunal to determine what is a just and fair rent in the circumstances. In addition, a special meanstested rent allowance scheme was established to provide assistance to tenants in the sector for whom rent increases would cause financial hardship. On 25 July 2002, the protection offered by the 1982 Act expired for 'successor tenants' whose tenancy had lasted at least five years. The term 'successor tenants' refers to those people who inherited the tenancy from the 'original tenant', i.e. the tenant on 25 July 1982. 'Original tenants' and their spouses may continue to occupy the dwelling at a rent agreed with the landlord or the Rent Tribunal. Relatives have no entitlement to succeed to the tenancy where the death of the original tenant/spouse occurs after 25 July 2002 and rent allowance ceases to be payable to tenants whose protection under the 1982 Act has expired. The most recent estimate from the Department of the Environment, Heritage and Local Government suggests that there are approximately 1,700 formerly rent-controlled dwellings under the protection of the 1982 Act.

(c) Security of Tenure

Another characteristic of the private rented sector is the relatively limited security of tenure for tenants compared to home owners. Since the introduction of the 1992 Housing (Miscellaneous Provisions) Act, landlords are required to give tenants who hold 'periodic tenancies' (where the tenants rent from week to week or month to month) 28 days notice to quit. With regard to fixed term tenancies (subject to, for instance, a lease) notice to quit is not required because the tenancy expires on the date of termination of the fixed term lease.

Where a tenant has occupied a dwelling for 20 years, he or she may gain the right to a new tenancy for up to 35 years under the occupation equity clause, contained in Part II of the Landlord and Tenant (Amendment) Act 1980. While the intention was to enhance the security of tenure for long-term tenants, in practice it has been shown that landlords terminate the tenancies in advance of the 20-year period, ensuring that tenants do not obtain such leases (Working Group on Security of Tenure, 1996). On examination of this issue, the Working Group on Security of Tenure (1996) recommended that the Act be revised to allow tenants to opt out of their entitlement to the 35-year lease in order to allow them to remain in the dwelling.

TABLE 5.2

Number of inspections of registrations and standard of private rented dwellings by city and county council, 1997-2002

County Councils	Registra	tion Inspec	tions				Standa	ds Inspecti	ons					
	2002	2001	2000	1999	1998	1997	2002	2001	2000	1999	1998	1997		
Carlow	0	0	0	0	0	0	0	0	0	0	0	106		
Cavan	0	0	0	0	0	2	0	0	0	0	0	2		
Clare	0	0	0	0	0	0	0	0	1	0	0	0		
Cork	0	28	10	0	0	3	0	28	12	1	0	3		
Donegal	0	0	0	0	0	0	0	0	0	1	2	0		
Dún Laoghaire-														
Rathdown	281	764	680	188	354	1005	122	79	0	20	24	1005		
Fingal	656	272	0	0	86	0	297	516	542	0	0	505		
Galway	56	0	0	0	40	0	0	63	67	104	132	165		
Kerry	21	129	96	0	164	0	21	129	95	0	183	1		
Kildare	0	6	5	3	8	16	0	3	5	3	13	14		
Kilkenny	1	12	0	0	0	0	0	0	0	0	2	5		
Laois	0	0	0	0	0	0	1	0	0	0	0	0		
Leitrim	0	0	0	0	0	0	237	0	0	0	0	0		
Limerick	0	0	397	0	45	0	0	8	5	1	4	0		
Longford	0	0	0	0	0	0	0	0	0	0	0	0		
Louth	0	0	64	0	402	0	0	0	0	13	23	8		
Mayo	0	0	1	0	139	25	0	0	0	0	71	30		
Meath	0	0	0	0	335	0	0	0	6	0	15	0		
Monaghan	0	0	0	2	0	0	3	3	0	2	0	0		
North Tipperary	0	0	0	0	0	0	0	0	0	0	0	0		
Offaly	0	0	0	41	0	0	0	0	15	20	0	2		
Roscommon	0	0	0	0	0	0	0	0	0	0	0	0		
Sligo	58	46	168	20	10	0	19	46	49	17	0	0		
South Dublin	0	82	359	278	0	0	206	82	359	0	36	22		
South Tipperary	0	0	28	1	0	19	23	0	28	1	0	12		
Waterford	20	0	0	35	65	28	20	0	15	10	63	8		
Westmeath	0	0	0	0	0	0	0	0	6	6	6	2		
Wexford	0	0	1	0	0	0	0	3	0	0	0	0		
Wicklow	0	0	0	0	0	29	0	0	0	0	0	0		
City Councils														
Cork	2,194	0	0	1,469	1,018	0	850	544	738	905	1,018	147		
Dublin	1,348	1,365	1,480	Nav	1,694	1,797	3,178	2,127	3,032	2,993	3,408	3,424		
Galway	0	0	0	0	0	0	0	2	3	16	21	4		
Limerick	0	0	0	20	0	0	2	52	8	5	4	4		
Waterford	80	0	0	0	0	0	80	0	0	0	120	32		
Total	4,717	2,704	3,289	2,057	4,360	2,924	5,059	3,685	4,986	4,118	5,145	5,501		

Source: Department of the Environment and Local Government (various years, a).

Note: Figures for 1999 are provisional, as completed returns were not submitted by all local authorities.

Note: Nav means not available

5.4 Commission on the Private Rented Residential Sector

In July 1999, the Minister for Housing and Urban Renewal established the Commission on the Private Rented Residential Sector. The Commission was made up of representatives of landlord and tenant interests, relevant government departments, the legal, accounting and auctioneering professions, as well as property investment specialists. The Commission report was published in 2000, and made the following recommendations:

- The establishment of a Private Residential Tenancies Board (PRTB) to deal with landlord-tenant disputes, conduct research on the sector and advise on policy. All tenancies would be registered with the Board, but in addition, landlords would still be required to register dwellings with the local authority.
- 2. Provide tenants who have completed a six-month tenancy with security of tenure of up to four years. The landlord should only be able to regain possession during the four-year period if (a) the tenant violates the agreement or (b) the landlord wishes to sell or (c) the landlord wishes to renovate the accommodation to the extent that vacating the premises is required. Tenants should be able to terminate the tenancy by giving a specified period of notice which would vary according to the length of their residence in the dwelling; the period of notices to quit served by landlords should also vary in accordance with the length of the tenancy.
- 3. In light of the above proposal, the Commission also recommended the abolition of the entitlement that, after 20 years of occupation of a dwelling, tenants can claim a lease of up to 35 years. The Commission endorsed the recommendation of the Working Group on Security of Tenure (1996) mentioned above, that for a five-year transitional period prior to the introduction of this measure, tenants should be allowed to opt out of their entitlement to the 35-year lease
- 4. Having examined the issue of rent control, the majority view of the Commission was that rents should be determined by market forces. However, the Commission recommended that rent reviews should not occur more than once a year unless there have been significant improvements to the property. Tenants should receive 28 days notice of the revised rent.
- Increased resources should be made available to local authorities to enable them to improve their enforcement of the statutory regulations in the sector, such as those relating to standards and registration.

6. Fiscal incentives should be available to landlords to encourage investment in the private rented sector. Specifically the Commission recommended that tax relief for new investment in new and refurbished dwellings in areas designated under the urban, town and rural renewal schemes should be continued and that the facility whereby interest on mortgages used to purchase private rented dwellings can be offset against rental income for tax purposes should be restored. As mentioned in Chapter Three this facility had been abolished in the case of all dwellings purchased on or after 23 April 1998. In addition, private residential landlords should be allowed to offset capital expenditure on refurbishment and routine maintenance against rental income for tax purposes.

In January 2001, the Minister for Housing and Urban Renewal announced that the government had accepted the Commission's recommendations in full, except for the following:

- In addition to the circumstances recommended by the Commission, landlords would be entitled to regain possession of a property if the accommodation is no longer suitable for the tenant in terms of bed-spaces, the landlord wishes to change its business use, or the landlord requires it for his or her own occupation or for family use.
- Tenancies would be registered solely with the Private Residential Tenancies Board rather than jointly with the Board and the relevant local authority as had been recommended by the Commission.

Since the publication of the Commission's report significant progress has been made in the implementation of its recommendations. For instance, mortgage interest tax relief for money borrowed to purchase private rented residences was reintroduced as of 5 January 2001. However, this provision was subject to a number of qualifications. Specifically: in multiple occupancy private rented properties built before the Planning Act 1963, at least 50 per cent of the units in the property were to be made available for letting to tenants in receipt of Supplementary Welfare Allowance Rent Supplement; the relief would be applicable to the tax liability on rental income only; and there would be a requirement of compliance by the landlord with the regulations including registration with the Private Residential Tenancies Board. However, as mentioned in Chapter Three, following the Finance Act 2002, the criteria no longer apply and interest on borrowings for the purchase, improvement or repair of any rented residential property can be offset against rental income; also tax relief for refurbishment of rented residential accommodation can now be claimed for capital expenditure incurred after April, 2001.

A core element of the reforms recommended by the Commission was the modernisation of the legislative framework. This is being implemented in the Residential Tenancies Bill, published on 28 May 2003. The Bill updates the legislation applying to the private rented sector, brings overdue protection for tenants in terms of rent reviews and much needed improvement in security of tenure and gives landlords and tenants an effective means of resolving disputes that arise between them. The Bill also addresses some of the longstanding deterrents to investing and residing in private rented accommodation. The Bill will enhance the contribution of the private rented sector to meeting housing needs; provide a framework for a stable, effective and efficient private rented sector which in turn, will encourage further development and growth in the sector.

The Bill provides for the establishment of a Private Residential Tenancies Board to resolve disputes arising in the sector, to operate a system of tenancy registration and to provide information and policy advice. At the time of writing the Board was operating on an *ad hoc* basis prior to the enactment of the Bill. In addition, the Bill restricts rents to market level and also contains provisions relating to procedures for the termination of tenancies, including graduated notice periods linked to the duration of a tenancy. There are also some consequential changes in relation to other legislation, e.g. the Landlord and Tenant Acts and the Housing Acts. At the time of writing the Bill was being considered by the Oireachtas.

5.5 Supplementary Welfare Allowance Rent Supplement

Chapter Two highlighted rising social housing need in the latter half of the 1990s, despite increased output in both the local authority and voluntary and co-operative sectors. One effect of this trend is that the private rented sector now plays a key role in meeting the housing needs of low-income households, which in turn underscores the need to maximise the potential of the private rented sector in meeting the housing needs of these households and to ensure that these needs are met in a more structured way.

Many low-income private renting tenants receive rent supplement which is an essential income support mechanism forming part of the welfare system, under the supplementary welfare allowances scheme. The supplement is a means-tested, discretionary payment covering a portion of rent. It is administered by health board community welfare officers under the auspices of the Department of Social and Family Affairs. The method

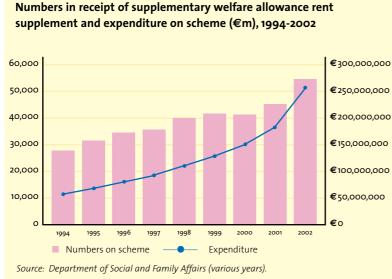
of calculating the amount of Rent Supplement is designed to ensure that, after paying rent, income does not fall below the level of supplementary welfare allowance minus €12. Rent limits apply for the purposes of the scheme. These define the maximum rent levels that are acceptable in particular areas. Hitherto, these were determined from time to time by the relevant health board. However, the Department of Social and Family Affairs announced in November 2002 that limits would be held at their existing levels until the end of 2003.

In general, people in full-time employment or education and people involved in trade disputes are not entitled to the supplement. However, exceptions are made for those on welfare-to-work schemes such as the Community Employment Scheme for up to four years. Virtually all other recipients of Rent Supplement are dependent on social welfare payments. Of the 43,000 tenants in receipt of the supplement in July 2000, 33 per cent were on unemployment benefit/assistance, 20 per cent were lone parents, 12 per cent were participants in welfare-to-work programmes, 11 per cent were on invalidity/disability payments, 10 per cent were asylum seekers, 14 per cent were on other social welfare payments, including 2,000 individuals over the age of 65 years (Commission on the Private Rented Residential Sector, 2000).

There has been a substantial growth in expenditure on Rent Supplement since the late 1980s. Although the total number of recipients has also grown over this period, as FIGURE 5.2 demonstrates, their number has not expanded concomitantly with the growth in expenditure. This phenomenon may be attributable to rent inflation particularly at the lower end of the private rental market. Contributory factors to the growth in the number of claimants of the supplement include: its extension to new client categories, such as those on welfare-to-work schemes and asylum seekers, especially prior to the introduction of direct provision accommodation for the latter in April 2000 (see Chapter Seven for further details).

In August 1999, following an inter-departmental review the government decided, in principle, to introduce a new local authority rent assistance scheme to replace in part the current SWA Rent Supplement arrangements (Inter-departmental Committee on Future Rental Arrangements, 1999). Furthermore, as mentioned in Chapter Two of this review, the policy statement *Action on Housing* signalled the need to pursue a more supply-based approach to rental assistance, in contrast with the purely subsidy-based approach of the supplementary welfare allowance rent supplement (Department of the Environment and Local Government, 2000a). The rationale for this proposal is that, although the provision

FIGURE 5.2



of subsidy in respect of private tenancies on the lines of the supplementary welfare allowance scheme has an essential role in providing income support and as an interim response for households with longer term housing needs, it does not promote supply of accommodation and is not equivalent to social housing options in terms of factors such as security of tenure, ongoing availability of accommodation in the medium or long term, or adequate standard of accommodation, and it is prone to rent and subsidy cost escalation. More recently, the intention to pursue new approaches to long-term rental housing assistance needs was reinforced in the Sustaining Progress partnership agreement which indicated that consideration would be given to the development of public/private partnership type arrangements to encourage increased supply of affordable rental accommodation, initially involving a pilot programme focused on households in need of rental assistance (Government of Ireland, 2003).

The Department of the Environment, Heritage and Local Government is currently developing proposals to address the commitments outlined above. The main objectives of this strategy will be to promote supply of good standard accommodation and reduce dependence on rent subsidy payments under the SWA rent supplement scheme, resulting in greater security of tenure, rent moderation and better value for State expenditure in this area. The type of arrangement broadly envisaged for provision of accommodation is that local authorities would establish contractual agreements with private sector accommodation providers. The private sector partners would, where appropriate, design, build, finance, and largely operate and manage rental accommodation, in accordance with requirements and specifications set out in partnership agreements. Increased supply of accommodation through new developments is a key objective, but the programme will also include procurement of existing accommodation. It is envisaged that accommodation under the scheme would be available on a long-term basis exclusively for eligible households designated by the local authority and accommodation costs could be met largely from funding that would otherwise be spent on rent supplements. Details of the rental accommodation pilot programme have still to be finalised. At the time of writing, preparatory work was being undertaken by the DoEHLG, including analysis and develop-ment of certain technical aspects, consultations, formulation of guidelines for participating local authorities and finalisation of other details of the proposed scheme. The intention is to pilot the new approach in a number of selected local authorities.

5.6 Urban, Town and Rural Renewal

Under the current Urban Renewal Scheme, outlined in Chapter Two, tax incentives for investors in rental property are linked to the 49 Integrated Area Plans (IAPs) and sub-areas within them designated for physical and socio-economic development. In general, relief is available in respect of 100 per cent of qualifying expenditure incurred on the construction, refurbishment and conversion of qualifying premises and relief can only be offset against Irish rental income. Chapter Two also mentioned the Town and Rural Renewal Schemes, both of which make similar incentives available to investors in rental schemes in the designated rural areas and towns.

5.7 Other Fiscal Incentives Relevant to the Private Rented Residential Sector

A number of other tax incentives schemes currently apply to the private rented residential sector, many of which were introduced to facilitate the supply of accommodation.

Park and Ride Facilities: In 1999, tax relief similar to that available under the Urban Renewal Schemes was introduced for expenditure relating to the construction of rented residential accommodation located at a park-and-ride facility in 20 local authority operational areas. No relief is available for conversion or refurbishment expenditure (Department of the Environment and Local Government, 1999e). The scheme was extended to 30 June 2004 in Budget 2003.

- Student Accommodation (Section 50 relief): The Finance Act 1999 introduced provision for relief on a portion of the capital cost associated with the construction, conversion or refurbishment of third-level student rental accommodation for the period April 1999 to 31 March 2003. Following Budget 2002, this scheme was extended until 30 September 2005, where a planning application has been received by the local authority by 30 September, 2003. However, in Budget 2003, the termination date for this scheme was brought forward to 31 December 2004, to align this scheme with other tax incentive schemes.
- Under the terms of the Living Over the Shop Scheme (LOTS), urban renewal scheme type tax relief is available for the provision of rented residential accommodation in vacant space above commercial premises on qualifying streets in the cities of Cork, Dublin, Galway, Limerick and Waterford (Department of the Environment and Local Government, 2000a). One hundred per cent relief is available for the construction, refurbishment or conversion of the residential parts of these buildings. Relief is supplied at the rate of 10 per cent per annum over a ten-year period. As the refurbishment of existing buildings is a central aim of the scheme, relief for construction expenditure is available only in limited circumstances.

5.8 Issues Arising

This chapter has explained that recent years have seen the advent of significant new interventions by government to the private rented sector on the recommendation of the Commission on the Private Rented Residential Sector (2000). Among the most significant of these interventions are the establishment of the Private Rented Tenancies Board and the provisions of the Residential Tenancies Bill 2003. However, at the same time the evidence presented in this chapter has revealed as problematic both compliance with and enforcement of existing legislation on the standard of private rented dwellings.

It is reasonable to assume that the recently instituted arrangements for regulation of the private rented sector will help to address some of these longstanding problems. The greater security of tenure provided for in the Residential Tenancies Bill should help to create a climate in which tenants feel comfortable about making a complaint if their dwelling is sub-standard, which should in turn increase compliance with the requirements regarding the minimum standard of rented accommodation. However in addition, a strategy to promote improvement in accommodation standards generally in this sector, including improvement in the enforcement of relevant legislation is also required. At the time of writing, the DoEHLG was in the process of formulating proposals for a strategy of this type. This is likely to take the form of a strategic programme involving a combination of action on a range of fronts including the potential for collaboration between authorities and review of the content of the minimum standards regulations themselves, which are now some 10 years old. In addition, Chapter Two of this review revealed affordability problems in the private rented residential sector, particularly among lower income tenants. Measures to address these affordability issues are contained in the Residential Tenancies Bill and the Sustaining Progress national partnership agreement. The effectiveness of these measures should be kept under review by the Department of the Environment, Heritage and Local Government and reforms initiated, as appropriate.



6 Social Housing

Chapter Two of this review highlighted the significant change which affected the system of housing provision in Ireland during the 1990s. This chapter examines how this change impacted on the social rented sector which encompasses dwellings rented from local authorities, housing associations and co-operatives at a reduced or subsidised rent. It demonstrates that the extent of change in this tenure was almost as dramatic as the owner occupied sector which was examined in Chapter Four. During the early 1990s the social housing policy agenda broadened beyond the traditional focus on matching the quantity of dwellings provided with housing need, and qualitative issues such as the design, planning, management and regeneration of the social rented stock were afforded more attention by policy makers and local authorities were given additional responsibilities in relation to planning for the implementation of national housing policy at the local level. However, from the mid-1990s, sharp increases in social housing need propelled the issue of output back to the top of the political agenda. Furthermore, throughout the decade efforts were made to diversify the methods of providing social housing.

6.1 Social Housing Policy

The 1990s were marked by a broadening in the focus of the social housing policy agenda, the advent of which was first signalled in A Plan for Social Housing (Department of the Environment, 1991a). The White Papers on housing of earlier decades were mainly concerned with estimating the numbers of people in need of social housing and making provision for this demand to be met, principally by means of local authority building. A Plan for Social Housing advanced beyond this and also presented a strategic analysis of all potential methods of accommodating low-income households – by the private sector, the local authorities and the voluntary and co-operative sector. Furthermore, on the basis of this analysis, it proposed a number of reforms to mechanisms for housing these groups which, it admitted, 'imply significant changes in the traditional role played by local authorities in the social housing area' (Department of the Environment, 1991a:30).

The most significant of these changes involved widening the traditional role of the local authority housing service, beyond building dwellings for rent. A *Plan for Social Housing* explained: While this wider remit will, of course, continue to include the traditional

functions, it will also require of local authorities a new facilitating and promotional role aimed at improving and speeding up access to housing' (Department of the Environment, 1991a:30). The policy statement emphasised that a key aspect of this new enabling role would be the encouragement of higher levels of building by voluntary housing associations and co-operatives. A Plan for Social Housing also announced a series of new measures which local authorities could utilise to enable low to middle income households to buy a home of their own – these were described in detail in Chapter Four of this review.

As well as examining alternative social housing providers, *A Plan for Social Housing* cast a critical eye over the quality of the service that local authorities supply to their own tenants and recommended a number of reforms. For instance it highlights '... the need to avoid building large local authority housing estates which have, in the past, reinforced social segregation', and suggests that as an alternative, local authorities should build smaller schemes and consider purchasing existing houses to add to their stock (Department of the Environment, 1991a:11). In addition, the document raises a number of concerns about the management and maintenance of local authority estates, on the grounds that:

Expenditure in 1991 on the rented housing stock ... will be in the region of £8om [€102m]. It is essential that this money is spent in the most cost-effective way possible and that the beneficial effects of investment are sustained in the longer term. These aims can be achieved only if local authorities improve their existing management and maintenance procedures and adopt a more devolved approach to the running of their estates.

(Department of the Environment, 1991a:13).

6.2 Social Housing Output and New Lettings

The mid-1990s saw two significant developments in relation to social housing output. Firstly, rates of new building in this sector began to grow again after a fall in construction in the late 1980s and early 1990s. This increase in output was necessitated by a significant growth in social housing need in the mid to late 1990s. As was set out in Chapter Two of this review, the numbers of households assessed by local authorities as in need of social housing increased from 17,564 in 1991 to 48,413 in 2002 (Department of the Environment, Heritage and Local Government, various years b). Secondly, the methods of providing social housing became more diverse than had traditionally been the

case, stimulated by a number of policy reforms announced in *A Plan for Social Housing* and its successor, *Social Housing* – *the Way Ahead* (Department of the Environment, 1991a, 1995c).

Trends in relation to social housing output during the 1990s are outlined in FIGURE 6.1 below. As this Figure demonstrates, output of local authority dwellings increased steadily throughout the decade, from 1,003 units in 1990 to 5,074 in 2002. This rise in output was obviously underpinned by greatly increased capital investment in local authority house building, which grew from €82.3 million in 1991 to €999.2 million in 2002 (Department of the Environment, Heritage and Local Government, various years a). In addition, it was helped by a number of reforms to the administration of these building programmes on the part of the Department of the Environment, Heritage and Local Government, and their implementation by local authorities. These reforms included: more widespread purchase of individual dwellings by local authorities and of 'turn key' housing developments, which involves buying an entire estate or cluster of dwellings from a private developer; more flexibility regarding the conventional requirement that all local authority housing developments should be approved by the DoEHLG in the case of dwellings below specified cost limits; the allocation of funding for local authority house building on to a multi-annual building programme covering the period 2000-2003 - replacing the traditional system whereby 'housing starts' were allocated annually – and the purchase of land banks by local authorities to facilitate future housing construction.

In examining output of local authority dwellings over this period it is also important to take account of the fact that a significant number of dwellings are lost to the sector annually as a result of the tenant purchase scheme examined in Chapter Four. Chapter Four noted that sales of dwellings under the auspices of this scheme were comparatively low during the 1990s compared to earlier decades. Nevertheless, a total of 20,780 local authority dwellings were sold to tenants between 1990 and 1999 as compared to 21,187 new dwellings built during this period – which means that the sector grew by only 407 dwellings in net terms.

On the other hand, FIGURE 6.1 also demonstrates that the number of new local authority tenancies allocated since 1990 is significantly higher than the new housing output in this sector. This is as a result of the fact that existing dwellings become available for letting as tenants vacate them, in some cases to buy a private sector dwelling using the supports available for low-income home owners which were examined in Chapter Four. Comparing new lettings with housing output among the different local authorities reveals that city councils rely more heavily than county councils on existing dwellings vacated by tenants as a source of new lettings.



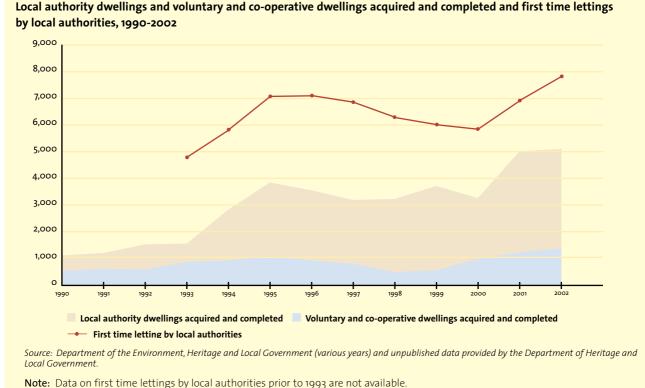
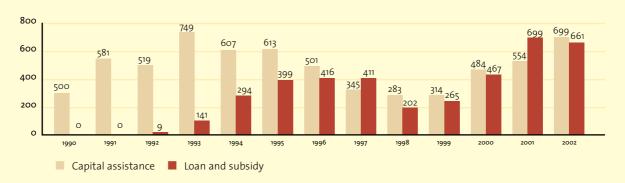


FIGURE 6.2

Dwellings completed under the Capital Assistance and Capital Loan and Subsidy schemes, 1991-2002



Source: Department of the Environment, Heritage and Local Government (various years a) and unpublished data provided by the Department of the Environment, Heritage and Local Government.

6.3 The Voluntary and Co-operative Housing Sector

According to Mullins *et al* (2003), voluntary housing agencies provided significant numbers of social rented dwellings in Ireland in the late nineteenth and early twentieth centuries. However, from the early 1900s, this sector was largely 'crowded out' by the marked expansion in social housing provision on the part of local authorities. FIGURE 6.1 reveals that this situation has changed in the last decade and that building by voluntary and co-operative housing agencies increased significantly from 1993 onwards.

The revival is related to the advent of systems of state funding to enable the development of the voluntary and co-operative sector to complement the general needs housing provision of local authorities. This involved the introduction of the Capital Assistance Scheme in 1984 which offered capital grants of 80 per cent of approved

provided to the homeless with a grant limit of €25,395 per property. The grants are in the form of a non-repayable loan from a local authority to a housing organisation providing accommodation to older people, homeless people, people with a disability, victims of violence or desertion and lone parents. By 1991, 1,600 units had been provided under the scheme (Department of the Environment, 1991a).

development costs and 95 per cent for accommodation

The marked expansion in building by the voluntary and co-operative housing sector from 1993 onwards was stimulated by a number of reforms to funding mechanisms introduced in *A Plan for Social Housing* (Department of the Environment, 1991a). The document announced an increase in the limits for funding under the Capital Assistance Scheme to 95 per cent of the capital cost of dwellings provided for the homeless and 90 per cent in the case of other dwellings. In addition, the document announced the establishment of a new funding scheme for the sector – the Rental Subsidy Scheme. This scheme has been reformed significantly

since its introduction and it now comprises a nonrepayable loan from a local authority to the social housing provider but covers 100 per cent of the capital costs of the housing development together with a fixed annual subsidy towards the management and maintenance costs of each dwelling. In addition, in 2002 its title was changed to the Capital Loan and Subsidy Scheme. Brooke (2001:12) reports that the Capital Assistance Scheme '... is used primarily although by no means exclusively for special needs housing' while the Capital Loan and Subsidy Scheme '... is used primarily for general needs housing'. Under the terms of the Housing (Miscellaneous Provisions) Act 1992, voluntary and co-operative housing providers must gain approved status from the DoEHLG in order to qualify for funding under these schemes.

Target tenant groups of voluntary and co-operative housing associations

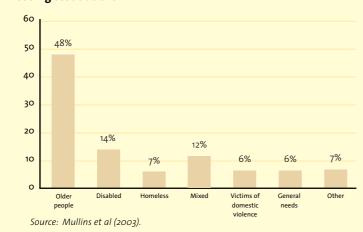


TABLE **6.1**

Dwellings built under the Capital Assistance and Capital Loan and Subsidy Schemes by county council and city council area, 1996-2002

	Capital Loan and Subsidy Scheme							Capital Assistance Scheme						
County Councils	1996	1997	1998	1999	2000	2001	2002	1996	1997	1998	1999	2000	2001	2002
Carlow	0	38	0	52	40	40	О	0	8	0	8	0	6	0
Cavan	0	0	0	0	0	0	0	12	0	0	0	15	0	0
Clare	38	0	0	0	41	0	0	4	0	0	0	28	0	4
Cork	0	54	0	20	38	22	14	43	7	5	32	39	84	91
Donegal	0	0	0	0	22	53	37	48	10	14	31	1	28	19
Dún Laoghaire-														
Rathdown	0	0	0	0	0	0	0	5	36	0	0	6	26	23
Fingal	20	0	0	32	0	0	7	6	0	8	0	42	0	14
Galway	0	0	0	21	0	0	43	3	0	14	32	32	6	44
Kerry	0	0	0	0	0	0	38	30	0	2	13	3	41	17
Kildare	38	54	0	10	0	72	44	15	13	0	8	0	10	0
Kilkenny	13	0	14	0	0	46	0	21	16	6	39	27	47	5
Laois	0	0	0	30	0	0	0	0	0	0	5	0	15	0
Leitrim	0	0	0	0	0	10	8	0	0	3	0	0	0	19
Limerick	0	0	7	0	0	15	14	44	7	6	9	35	61	35
Longford	0	0	0	0	0	10	8	0	1	0	0	0	6	0
Louth	0	0	50	0	0	37	24	0	0	0	0	24	11	0
Mayo	0	0	8	0	46	2	2	0	0	15	11	56	26	7
Meath	43	12	0	0	22	0	62	0	0	18	5	0	8	28
Monaghan	0	0	0	0	0	0	10	0	0	0	0	4	14	5
Offaly	25	0	0	0	10	0	0	0	0	0	0	13	7	0
North Tipperary	О	0	0	0	0	0	О	47	0	13	0	0	0	6
Roscommon	0	0	0	0	31	0	12	0	0	10	8	10	0	0
Sligo	15	36	72	0	143	31	0	15	0	19	12	0	0	14
South Dublin	40	43	0	0	0	110	14	0	17	0	0	4	6	6
South Tipperary	17	37	0	0	0	6	15	5	5	18	10	19	0	21
Waterford	14	41	0	0	0	0	0	0	34	0	0	0	7	0
Westmeath	0	0	0	0	43	0	0	2	60	0	7	0	0	8
Wexford	28	0	0	0	0	26	51	0	21	0	31	0	12	11
Wicklow	0	76	0	0	0	0	0	23	37	0	8	6	0	45
Total	291	391	151	165	436	480	403	323	223	151	269	364	421	422
City Councils														
Cork	0	0	0	48	0	21	14	0	0	0	0	3	16	80
Dublin	125	20	16	42	0	70	206	114	45	71	33	41	72	138
Galway	0	0	0	0	12	0	0	11	44	6	12	13	30	12
Limerick	0	0	0	0	9	29	26	49	0	17	0	0	15	9
Waterford	0	0	35	10	10	99	12	49	33	38	0	63	0	38
Total	125	20	51	100	31	21 9	258	178	122	132	45	120	133	2 77
Grand Total	416	411	202	265	467	699	661	501	345	283	314	484	554	699

Source: Department of the Environment, Heritage and Local Government (various years a).

Note: This table only includes dwellings completed. Dwellings built in the operational areas of the town and borough councils are included in the total for the relevant county council

FIGURE 6.2 details the number of dwellings completed under the auspices of each of these schemes since 1991. It reveals that between 1990 and 2002 voluntary and cooperative bodies provided 6,749 dwellings under the Capital Assistance Scheme and 3,964 dwellings under the Capital Loan and Subsidy Scheme, thereby tripling the housing stock of this sector (Mullins *et al*, 2003). Voluntary and co-operative sector house building rose to an all-time high of 1,360 units in 2002. As mentioned in Chapter Two, this growth in housing output has necessitated significant expansion of state expenditure

on the sector which rose from €14.1m in 1991 to €165m in 2002.

As a result of these developments, the size and structure of the voluntary and co-operative housing sector has changed significantly over the last two decades. In the early 1980s, approximately 75 voluntary and co-operative housing associations were registered with the DoEHLG, managing a housing stock of approximately 2,000 dwellings. By 2001, the number of voluntary housing associations had risen to 470 – with 115 new bodies

gaining approved status in the period 1995-2000 alone (Mullins *et al*, 2003). Although Mullins *et al* (2003) estimate that only 330 of these organisations are currently actively developing new housing schemes, they also calculate that the current size of the sector is somewhere between 12,000 and 14,000 dwellings. The Irish Council for Social Housing represents 184 of these organisations while 28 co-operatives and 7 district societies are affiliated to the National Association of Building Co-operatives (NABCO) (Mullins *et al*, 2003).

In recent years, Mullins et al (2003) argue, the voluntary and co-operative housing sector has begun to play a more 'mainstream role' in social housing provision with the aid of the Capital Loan and Subsidy Scheme it has increased its output of general needs housing as a response to the marked increase in social housing need during the latter half of the 1990s. In contrast FIGURE 6.2 demonstrates that in the early 1990s the vast majority of output from this sector was special needs housing funded by the Capital Assistance Scheme. It is interesting to note, however, that the bulk of this general needs housing was provided by six large organisations, whilst the majority of housing organisations in this sector manage less than ten dwellings and these smaller organisations usually cater for special needs groups. FIGURE 6.3 reveals that older people and people with disabilities are the most common client groups of these special needs housing providers (Mullins et al, 2003).

As mentioned in Chapter Two, the National Development Plan: 2000-2006 sets a target that annual output of new voluntary and co-operative dwellings will increase from less than 600 units in 1999 to 4,000 per annum by 2006 (Government of Ireland, 2000a). In 2001/2002, the National Development Plan target of 1,250 dwellings was achieved by this sector. However, Table 6.1 demonstrates that progress in this regard varies significantly by geographical location, particularly in relation to developments funded under the Capital Loan and Subsidy Scheme, and in some county council areas no dwellings were constructed under the auspices of this scheme between 1996 and 2001. Other recent developments pertinent to this sector include the establishment of a dedicated Voluntary and Co-operative Housing Unit in the DoEHLG in 1999 and the establishment of a working group under the aegis of the Department to identify procedures and measures to maximise the contribution of this sector, resulting in a consolidated circular to local authorities on the Capital Assistance and Capital Loan and Subsidy Schemes in spring of 2002. Further growth of this sector will be facilitated by the introduction of Part V of the Planning and Development Act 2000, which is discussed in more detail below. In relation to funding for the sector, the Planning and Development (Amendment) Act 2002 allows approved bodies direct access to the Housing Finance Agency to borrow the funds for housing purposes rather than going through the local authorities. Furthermore, as mentioned in Chapter Four, this Act allows approved bodies to provide houses for sale under the affordable housing and shared ownership schemes.

6.4 The Management of Local Authority Housing

Concerns about the quality of local authority housing management on the part of the then Department of the Environment and Local Government inspired the introduction of a range of ameliorative measures during the late 1990s. Some of these measures had an enabling orientation, insofar as they aimed to assist local authorities to improve their housing management performance through the provision of guidance, training and targeted grant aid, while others can be categorised as enforcement tools, which set benchmarks of required standards and established systems to monitor local authority housing management performance.

The Housing Management Initiatives Grants Scheme, established in 1995, was the first of the enabling measures to be introduced. It provides grant aid towards the cost of practical pilot projects intended to improve housing management and since its establishment it has funded over 210 projects. Soon afterwards, three further significant enabling measures were initiated by the DoELG: the Housing Management Group which produced two reports setting out the broad framework that the reform of public housing management should follow; the Housing Unit which was set up to provide social housing management guidance, information, training and policy advice to conduct research on housing; and the Housing (Miscellaneous Provisions) Act 1997 which gives local authorities additional powers to deal with tenants and squatters in public sector dwellings who are committing anti-social behaviour (Housing Management Group, 1996, 1998).

Examples of the enforcement measures introduced during the past decade include: the requirement that local authorities should produce statements of policy on housing management under the terms of the Housing (Miscellaneous Provisions) Act 1992; the Department of the Environment and Local Government circular LG 9/00 which instructs local authorities to monitor their performance in specified aspects of housing management and to publish this information in their annual reports; the establishment of a local government audit section within the DoEHLG which has carried out

6.2

Types of projects funded under the Housing Management Initiatives Grants Scheme, 1995-2000

	Estate-based management system	Increasing tenant involvement	Better standard of service for tenants	Better maintenance	More efficient lettings	Better rent collection and control of rent arrears	Strategic approach to estate management	One- stop- shop	Staff training	Other
1995	1	11	1	1						Evaluation of tenant participation
										Energy awareness seminar
1996	7	11	1			1			1	Consultancy for Housing Management Group
1997	5	6	3					1	3	Howard Foundation
										Generic tenant training
										Housing Unit
1998	1	13	2				5		1	Evaluation of tenant participation
										Training for Travellers
										Housing Unit
										Generic tenant training
1999	2	13	4	1			1			Evaluation of tenant participation scheme
										Research into eviction
										National housing conference
2000	4	6	3				1	2	2	Local estate grant facility
										Local housing forum
										■ Tenants' conference
										Challenging anti-social behaviour
										■ Traveller training
Total	20	60	14	2	0	1	7	3	7	24

Source: Brooke, S. and Norris, M. (2001).

investigations into value for money in a number of local authority housing management services including rent collection and maintenance of dwellings; and a range of reforms to the Remedial Works Scheme which made funding conditional on detailed monitoring and evaluation of projects (Department of the Environment and Local Government, 2000f; Department of the Environment, 1995d, 1997c).

In the absence of comprehensive research on the quality of local authority housing management in Ireland it is difficult to authoritatively assess the impact that these initiatives have had on housing management practice. However, anecdotal evidence indicates that local authorities have made significant strides in reforming some aspects of their housing management (Norris and O'Connell, 2002). For instance, Dublin City Council has adopted a localised system of housing management whereby the majority of services to its tenants are provided by eight regional offices; most local authorities now provide information sessions and handbooks for new tenants; the four Dublin local authorities have recently adopted a common application form which allows applicants to apply for accommodation in all four areas simultaneously; and Limerick City Council has published a detailed review of its programmes for involving tenants in housing management and has initiated a number of reforms to its funding and support for this area of work (Norris, 2000). Furthermore, an evaluation of the Housing Management Initiatives Grants Scheme concludes that the majority of the projects funded under its auspices to date have achieved their aims and that most have brought about long-term improvements in housing management standards (Brooke and Norris, 2001).

On the other hand the available evidence indicates that the focus of the reform process has been relatively narrow. For instance Table 6.2 details the types of projects that have been funded by the Housing Management Initiatives Grants Scheme since its inception in 1995. It demonstrates that the vast majority of projects have concentrated on two issues: firstly, establishing localised or estate-focused housing management systems and secondly, enabling the involvement of tenants in housing management. Other key housing management functions such as repair and maintenance, the allocation of dwellings, the collection of rent and the control of rent arrears have been the subject of relatively few initiatives (Norris and O'Connell, 2002).

A range of measures have recently been put in place which should enable improved practice in these key areas of local authority housing management. For instance, the Housing Unit has published guidelines for local authorities on these issues and it is envisaged that the process of reform of local government structures

which was mentioned in Chapter Two of this review will help to improve the management of the entire housing service in the future by enabling local authorities to devote more attention to strategic management and planning than has traditionally been the case (Housing Unit, 2000, 2001a, 2001b, 2001c, 2003a, 2003b). As a result of these reforms, Strategic Policy Committees (SPCs) have been established within each local authority, comprising councillors and local business and community representatives. These are responsible for initiating and developing policy for the different local government functional areas, including housing. In addition a number of changes have been made to staffing structures within the sector including the appointment of Directors of Service at senior management level who will support the SPCs in their policy-making work and take responsibility for the strategic management of the different local authority services. In 2001 the Department of the Environment, Heritage and Local Government funded the development of an integrated housing management computer package for all local authorities. This system, which is expected to be fully operational by the end of 2005, will enable local authorities to monitor their housing management performance more closely and design and initiate any necessary reforms.

6.5 Social Housing Design and Planning

In addition to the many reforms to local authority housing management which were described above, during the 1990s efforts were made to address the problems in social housing design and planning highlighted in *A Plan for Social Housing* (Department of the Environment, 1991a).

For instance in 1997 the DoEHLG issued guidelines on site selection for social housing schemes (Department of the Environment, 1997c). These detailed guidelines are intended to help social housing providers to mitigate the extent and effects of social segregation in housing by means of strategic selection of sites for new social housing developments and to encourage local authorities to use new social housing developments as a catalyst for the renewal of run-down areas, if possible. In 1999 the Department of the Environment, Heritage and Local Government issued further comprehensive guidelines to local authorities which addressed the layout of social housing schemes and the design of individual dwellings (Department of the Environment and Local Government, 1999d). These guidelines are intended to ensure that new social housing developments fulfil the following objectives:

- Meet the range of social housing needs
- Create a pleasant living environment for residents; have a sense of identity and place and create a sense of community
- Are integrated with the existing built and natural environment and do not contribute to social segregation
- Provide a high level of safety and security for residents, and are accessible to all including older people and those with a mobility impairment or a disability
- Can be constructed, managed and maintained at reasonable cost and are economically, socially and environmentally sustainable.

These guidelines were complemented by a number of policy measures intended to improve the design and layout of social rented housing estates. For instance, from 1997 local authorities were allowed to use one per cent of capital costs of housing development for the acquisition of artwork for the site, *A Plan for Social Housing* announced the introduction of a new scheme to fund the provision of communal facilities in voluntary sector estates, and in more recent years local authorities have also been allocated extra funding for this purpose from the DoEHLG (Department of the Environment, 1991a). These guidelines have had a positive impact on the quality of social housing.

6.6 Refurbishment and Regeneration of Social Housing Estates

The broadening of the social housing policy agenda over the last two decades has also manifested itself in increased emphasis on improving and regenerating existing local authority estates. The commencement of initiatives in this regard can be traced to 1981 when the DoEHLG established a programme to fund the provision of new windows, heating systems, bathrooms and extensions to inadequate local authority dwellings. However, expenditure on this area grew significantly from 1985 when the Remedial Works Scheme (RWS) came into operation. This scheme funds the refurbishment of entire estates, and targets in particular estates built before 1940 and the low-cost 'system built' estates constructed in the 1960s and 1970s. These original housing renewal programmes were mainly concerned with the refurbishment of the built environment, and during the 1990s the Department of the Environment, Heritage and Local Government significantly reformed them and instigated a number of new measures in order to address the multiple and multi-dimensional problems which often affect local authority estates in addition to the quality of the built environment.

RWS funding has been exploited with considerable enthusiasm by local authorities, and in the period 1985-2002 a total of 18,000 local authority dwellings, accounting for approximately 18 per cent of the current national public housing stock, were refurbished under its auspices. As a result new windows have been installed in over 3,000 dwellings, central heating has been installed in a further 6,000 dwellings and roof replacement has been completed on 15 flat complexes. However, despite this the conditions of the scheme were not changed for a number of years after its inception (Norris, 2001). The memorandum which was issued by the DoEHLG to local authorities on the preparation of the statements of policy on housing management which they are required to produce by the Housing (Miscellaneous Provisions) Act 1992 highlights some concerns on behalf of the Department in relation to the implementation of the scheme at local level. However, it claims that:

There is an undue reliance by many authorities on funding under the Department's Remedial Works Scheme as a solution to problems which could have been averted or lessened if the management of the dwellings and the estate had been effectively tackled at an earlier stage. (Department of the Environment, 1992:6)

Furthermore, in its 1995 statement of policy on housing, *Social Housing – the Way Ahead*, the DoEHLG announced that:

The Remedial Works programme was introduced to deal with a specific set of problems. Now, nine years on, it is appropriate to review its future direction and such a review will be undertaken in consultation with the local authorities this year. (Department of the Environment, 1995c:13).

This review has resulted in significant reforms to the RWS which were announced by the Department of the Environment, Heritage and Local Government in two memoranda issued to local authorities in 1995 and 1999 (Department of the Environment, 1995b; Department of the Environment and Local Government, 1999c). Its 1995 memorandum on the scheme emphasises the potential contribution of non-housing factors such as vandalism, educational under-achievement and deficient transport to the decline of estates. On this basis the Memorandum urges local authorities to consider other possible options for regeneration of problem housing estates apart from refurbishment, e.g. transfer to a voluntary housing agency. It specifies: 'Where the refurbishment option is chosen, the housing authority must demonstrate ... that the balance of economic advantage lies with that course of action' (Department of the Environment, 1995b: 4). This emphasis on economy in the operation of the scheme is reinforced by the introduction of the requirement that local authorities carry out detailed monitoring of each phase of the implementation of projects together with a comprehensive and multifaceted evaluation of the project on completion.

The 1995 Memorandum emphasises that the improvement of housing management and maintenance is a condition for the receipt of funding under the Remedial Works Scheme. The importance of consultation with the local community in order to ensure the success of Remedial Works projects is stressed in the Memorandum, which also emphasises that the architectural and environmental aspects of RWS projects should receive particular attention and it includes detailed guidelines on such issues as, improving the aesthetic appearance of estates, improving security in dwellings, the provision of efficient and affordable heating systems, maintaining a balanced range of accommodation, and creating 'defensible spaces' around dwellings.

In 1999, the DoEHLG issued new guidelines to local authorities on the operation of the RWS (Department of the Environment and Local Government, 1999c). These guidelines place more emphasis on the idea of a pilot phase of the development of a Remedial Works project, which was introduced in the 1995 Memorandum. They state that the DoEHLG can require a local authority to carry out a pilot phase and in such cases local authorities are obliged to conduct a review and assessment of the pilot scheme and to submit the results to the Department. The new guidelines emphasise the importance of ensuring that refurbished estates can be managed and maintained in a way that is economically, socially and environmentally sustainable, and they provide for funding towards the costs of establishing or improving estate management structures on target estates.

In addition to the Remedial Works Scheme, Dublin City Council has also developed an Area Regeneration Programme which consists of the once-off upgrading of high density older housing complexes in various locations around the city and is linked to the development of a strong estate management programme to overcome chronic social problems. It is primarily directed at flat complexes in the inner city and is being carried out over a five-year period at a cost of approximately €110 million (at 1997 prices) to be funded jointly by the Department, which has contributed €82,532 million and the City Council which has provided €25,394 million. This programme typically involves the installation of central heating, window and door replacement, roof repairs and improvements to areas surrounding flat complexes owned by Dublin City Council. New windows have been installed in 2,000 houses, central heating has been installed in over 5,500 dwellings and roof replacement has been completed on 12 flat complexes.

In more recent years efforts have also been made to attract private sector funding for regeneration projects, by making investment in designated local authority estates eligible for tax relief under the Urban Renewal Act 1998. The best known application of this mechanism in practice is in Ballymun, where Dublin City Council has set up a designated company called Ballymun Regeneration Ltd, tasked with planning for and managing the demolition of all of the tower blocks and their replacement with conventional housing and low-rise apartments, organised around a new town centre, which will contain private rented dwellings, shops, offices and a hotel (Ballymun Regeneration Ltd, 1998a and 1998b). The rebuilding of the local authority dwellings in the estate will be funded directly by central government, but it is envisaged that most of the town centre will be developed by the private sector.

6.7 Social Housing Provided Under the Auspices of Part V of the Planning and Development Act 2000, as Amended

As mentioned earlier in this review Part V of the Planning and Development Act 2000, as amended, includes a number of provisions that will have major implications for the way in which social housing is supplied in future. The Act obliges local authorities to include housing strategies in their development plans, setting out how they will meet projected social and affordable housing, and it provides that if necessary they may require that up to 20 per cent of land zoned for residential development locally is employed to meet these needs.

This will mean that in future a proportion of social housing will be developed and constructed by the private sector rather than directly by local authorities or voluntary and co-operative housing providers. The Department of the Environment and Local Government (2000e) guidelines to local authorities on the operation of Part V recommend that, in order to ensure that the accommodation provided through this mechanism meets the needs of social housing tenants, local authorities should engage in detailed pre-planning discussions with the developers of the estates in question. Part V is also innovative insofar as it makes specific reference to the need to involve the voluntary

housing sector in the provision of social housing as far as is practicable.

The provision of social housing under the auspices of Part V will mean that in future many new local authority dwellings will be developed in estates that are mixed tenure, i.e. include owner-occupied dwellings together with dwellings rented from local authorities and from voluntary and co-operative housing providers. In its guidelines on the implementation of Part V, the Department makes the point that the management of these multi-tenure estates will raise significant challenges for local authorities in the future. In particular it is important that appropriate arrangements are put in place for the management of communal areas in multi-tenure apartment complexes and high-density housing developments. As mentioned in Chapter Four, some amendments were made to the social and affordable housing provisions in the Planning and Development (Amendment) Act 2002.

6.8 Issues Arising

Chapter Two of this review highlighted significant growth in social housing needs as identified in assessment of need carried out by local authorities in 1996, 1999 and 2002. In view of this development, coupled with the many demands on the public finances, it may be appropriate to explore alternative methods of funding new social house building in addition to or as an alternative to existing sources of revenue such as public/private partnerships. In addition, ensuring that the funding provided by Government to the sector is spent as cost effectively, efficiently and equitably as possible, obviously remains a core concern at all times.

For instance, funding for voluntary and co-operative housing associations grew ten-fold between 1991 and 2002 and the recent legislation also enables them to provide affordable housing. However, the mechanisms for monitoring this sector by government have not been expanded in line with rising funding. As a result, some

anomalies have emerged – for instance local authorities are responsible for monitoring the activities of housing associations, but many of these associations operate in more than one local authority operational area. In order to rectify this anomaly, nationwide mechanisms for monitoring the accounts, number of tenancies and letting criteria employed by voluntary and co-operative housing associations should be put in place. At the same time funding for this sector should be reviewed and the potential for introducing new funding schemes to address emerging needs explored. This review could also usefully examine funding for the additional management costs associated with the provision of sheltered and supported housing.

Many new initiatives to enable improved management of local authority housing have been put in place since 1990, there is now a need to assess the effectiveness and efficiency of practice in this regard. The integrated housing management computer package which is currently being developed on behalf of local authorities by the Local Government Computer Services Board will help to further improve the level of management information available to individual housing authorities and to help identify the need for further improvements in this area. In addition this facility could also enable better monitoring by central government of the effectiveness of expenditure on this service.

The Remedial Works Scheme which funds the refurbishment of run-down local authority estates accounts for a significant proportion of government expenditure on the sector, and therefore also merits review. In particular the extent to which Remedial Works funding is used to finance improvements to dwellings which should properly fall within the remit of normal cyclical maintenance of dwellings should be examined. In addition, this review should explore the potential for developing new initiatives to address the problems of unpopular local authority estates, in addition to improving the built environment, and for involving other partner agencies in the development and implementation of multi-faceted solutions to the problems of these areas.



7 Meeting Special Housing and Accommodation Needs

The Department of the Environment, Heritage and Local Government plays a number of important roles in relation to the accommodation needs of groups with special and varied housing and accommodation needs such as Travellers, older people, people with a disability and homeless people. In relation to Travellers, the main challenges which currently face the DoEHLG are: addressing the backlog of accommodation needs and addressing future accommodation requirements, including the provision of Traveller-specific accommodation. For older people, the central concern is with facilitating those who can do so to remain living in their own homes (Interdepartmental Committee on the Care of the Aged, 1968; Working Party on Services for the Elderly, 1988; Department of Health, 1994). With regard to people with a physical disability, the inappropriate accommodation of some physically disabled people in institutions is problematic and the provision of accessible housing is essential to enable these people to live independently. The rise in the number of asylum seekers and refugees since the mid-1990s presents a new challenge for housing policy and practice. In addition to problems faced by Irish citizens in the current housing market, such as the shortage of affordable accommodation, asylum seekers and refugees may experience additional problems in relation to language barriers, lack of information about how to access housing in Ireland, as well as prejudice and discrimination. As revealed in Chapter Three, since 1996 the number of homeless people has risen considerably and concern has been expressed about the number of young homeless and the lack of a co-ordinated response to the needs of homeless people generally (Department of the Environment and Local Government, 2000d; Department of Health and Children, 2001).

This chapter examines the key housing and accommodation provisions for each of these groups, and highlights the main relevant policy developments introduced since 1990. One key piece of legislation, which affects all of the aforementioned groups, is the Equal Status Act 2000. This Act outlaws discrimination in a range of areas including the provision of accommodation on the grounds of: age, disability, membership of the Traveller Community, race, nationality, ethnic background, religious beliefs and sexual orientation.

7.1 The Task Force on the Travelling Community, 1995

State services for Travellers were developed in the 1960s on the basis of *The Report of the Commission on Itinerancy* and reformed in the early 1980s following *The Report of the Travelling People Review Body* (Commission on Itinerancy, 1960; Travelling People Review Body, 1983). In 1993, a Task Force on the Travelling Community was established, the terms of reference of which included the formulation of recommendations to address the significant backlog of Traveller accommodation needs. Background research for the Task Force identified 1,085 Traveller households on the roadside and 257 on temporary sites (Task Force on the Travelling Community, 1995).

The main recommendations made by the Task Force in relation to Traveller accommodation are as follows:

- The provision of 3,100 units of additional accommodation consisting of 900 houses (standard and group housing), 1,200 serviced units and 1,000 transient units by the year 2000
- The design of this accommodation should reflect the distinct needs and identity of Travellers by, for instance, catering for their work patterns and extended family groupings
- A network of transient halting sites should be provided across the country with site bays having access to electricity, running water, sewage disposal and refuse collection
- A Traveller Accommodation Agency, an independent statutory body, should be established. This would draw up, in consultation with the local authorities, a plan for Traveller accommodation to achieve the target of provision of such accommodation by the year 2000
- Each local authority should establish a Traveller Tenant Accommodation Committee to involve Travellers in the development of accommodation strategies
- In addition to direct provision of accommodation by local authorities, the Traveller Accommodation Agency should investigate the possibility of accommodation provision by Travellers/Traveller organisations
- Section 8 of the Housing Act 1988 should be amended to include group housing and halting sites within the general assessment of housing needs which local authorities are required to produce every three years
- Local authorities should review and where necessary amend their Development Plans to allow the provision of Traveller specific accommodation in all land zones (zoned or unzoned)

- Adequate Traveller accommodation should be developed across the country to combat the drift of Travellers to Dublin as a result of inadequate facilities in other locations
- Legislation and procedures should be amended to increase the powers of local authorities in tackling anti-social behaviour among tenants and illegal camping (Taskforce on the Travelling Community, 1995).

7.2 The Housing (Traveller Accommodation)Act 1998

In response to the Task Force report, the government adopted the National Strategy for Traveller Accommodation in 1996, which involved the following:

- The establishment of a Traveller Accommodation Unit in the Department of the Environment, Heritage and Local Government
- Improving the management and maintenance of Traveller accommodation
- Significantly increasing expenditure on Traveller accommodation
- Upgrading of existing accommodation.

The main elements of the Strategy were incorporated in the Housing (Traveller Accommodation) Act 1998, which puts in place a legislative framework for the provision of Traveller accommodation. A key aspect of the legislation is that it requires local authorities to prepare and adopt five-year Traveller accommodation programmes within their functional areas which they must review at least every three years. In addition, the legislation establishes

mechanisms for consulting Travellers/Traveller representatives at both national and local level. At national level, the National Traveller Accommodation Consultative Committee advises the Minister for the Environment, Heritage and Local Government on Traveller accommodation. This committee was established as a statutory body in April 1999. At local level, local authorities are required to set up Local Traveller Accommodation Consultative Committees (LTACCs) consisting of representatives of Traveller organisations and local authority elected members and officials to advise on the preparation of the local accommodation programmes.

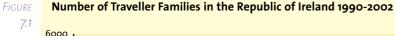
A significant feature of the 1998 Act is that it acknowledges Traveller nomadism by specifying that local accommodation programmes consider 'the provision of sites to address the accommodation needs of Travellers other than as their normal place of residence and having regard to the annual patterns of movement by Travellers'. Section 32 of the Act gives local authorities increased powers to move Travellers in certain limited circumstances, however, and removes the previous requirement that they should be offered alternative accommodation by the local authority. Arrangements in this regard were further strengthened by Section 24 of the Housing (Miscellaneous Provisions) Act 2002.

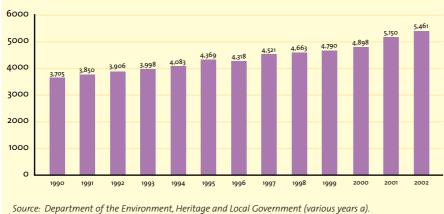
7.3 Progress on the Implementation of the Traveller Accommodation Programme

In any discussion of the accommodation situation of Travellers it is important to take account of the increase in the number of Traveller families living in Ireland. FIGURE 7.1 indicates that there were 3,705 families in 1990

compared with 5,461 families in 2002.

Progress on the implementation of the recommendations of the Task Force on the Travelling Community is monitored by a Committee established by the Department of Justice, Equality and Law Reform in June 1998. This committee consists of representatives of the Traveller community, relevant government departments and the social partners. In its first report, the monitoring committee noted that considerable progress had taken place in the establishment of the





legislative, administrative and financial frameworks necessary for the implementation of the Task Force Report between 1995 and 2000 and in the institution of mechanisms for consulting Travellers (Department of Justice, Equality and Law Reform, 2000). As mentioned above, the Housing (Traveller Accommodation) Act was enacted in July 1998, and local authorities adopted their five-year plans in 2000.

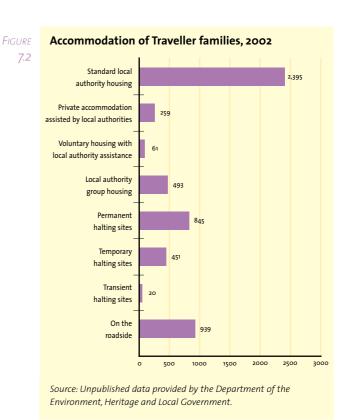
FIGURE 7.2 outlines the accommodation situation of Traveller families for the year 2002. Almost half of Traveller families are accommodated in standard housing: either standard local authority housing (44 per cent), voluntary and co-operative housing provided with local authority assistance (1 per cent), or private housing with the assistance of local authorities (5 per cent).

Furthermore, during the period 1990-2002, there has been an increase in the number of Traveller families accommodated by local authorities. However, as FIGURE 7.3 demonstrates, the greatest percentage increases have occurred in (a) voluntary housing with local authority assistance and (b) private housing with local authority assistance – these account for a total of 320 Traveller families that were offered accommodation.

FIGURE 7.4 demonstrates that there has been an increase in the number of Traveller families accommodated on halting sites from 702 families in 1990 to 1,314 in 2002. However, progress in the provision of permanent halting sites has been relatively slow; 845 Traveller families lived on such permanent halting sites in 2001 compared with 777 in 1996 – the earliest year for which these data are available.

FIGURE 7.5 demonstrates that, despite a continued increase in the total number of Traveller families, the actual number clarified as being on the roadside has been reduced since 1999 as a result of the increased availability of accommodation. Nevertheless, 939 Traveller families (17 per cent) still live on the roadside.

As shown in Table 7.1, progress in the provision of new accommodation for Travellers has been slower than recommended by the Task Force on the Travelling Community. Between 1996 and 2002, a total of 1,340 units of accommodation were provided for Traveller families – considerably less than that recommended by the Task Force. This new accommodation consists of 765 standard local authority houses, 295 new halting site bays (including permanent and emergency bays) and 258 new group houses. In addition, 584 units of Traveller specific accommodation were refurbished during the period (448 halting site bays and 136 group houses). Even though the output of new accommodation has been less than envisaged by the Task Force, it is one of the principal reasons for the reduction in the number of Traveller families on the roadside since 1999.

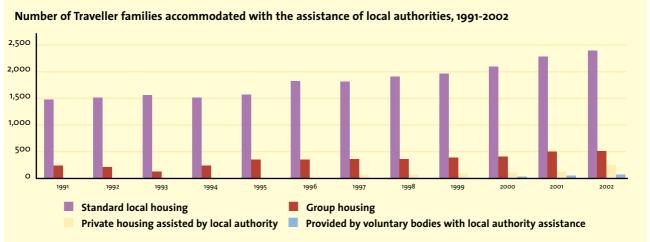


Expenditure on Traveller specific accommodation has increased significantly since 1991, as revealed in Figure 7.6. In the year 2002, €26,643,000 was spent in this area compared with €3,940,000 in 1991. It is important to note that these figures do not include the cost of the provision of more than 642 local authority dwellings allocated to Traveller families in this period.

7.4 Local Traveller Accommodation Consultative Committees

The Local Traveller Accommodation Programmes and the Local Traveller Accommodation Consultative Committees are central to the provision of accommodation for Travellers. However, recent evaluations of both have highlighted some significant problems. In relation to the local programmes, the Irish Traveller Movement (2001) expressed concerns about the methods by which Traveller accommodation needs were assessed, with claims of inaccuracies and underestimates of both current and projected need. For example, many local authorities include in the assessment of need only those Traveller families who have been living in their operational area for an extended period. This method of assessing need excludes Travellers who were out of their area when the assessment was conducted. Other problems highlighted by that review included a lack of





Source: Department of the Environment, Heritage and Local Government (various years a); Department of Justice, Equality and Law Reform (2000).

Note: Figures for Travellers accommodated in private houses with local authority assistance and housed by voluntary bodies with local authority assistance are not available for 1996.

FIGURE 7.4

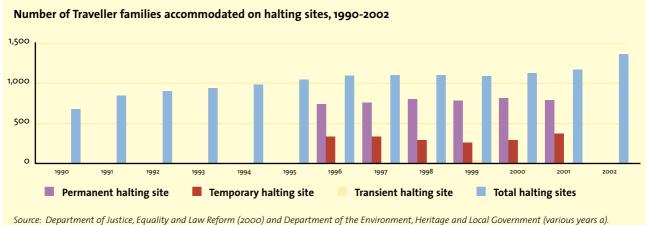
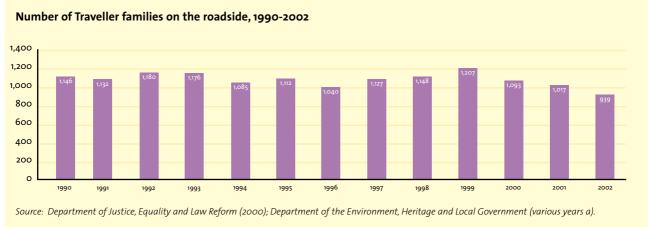


FIGURE 7.5

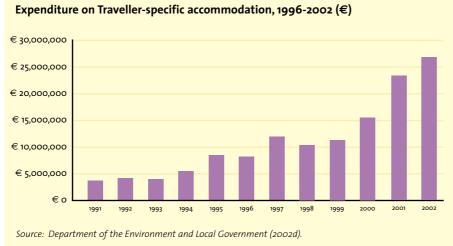


specificity regarding targets for new accommodation, identifiable new locations or sites for Traveller accommodation and time-scales for implementation (Irish Traveller Movement, 2001).

An evaluation of the Local Traveller Accommodation Consultative Committees carried out by by the National

Traveller Accommodation Consultative Committee and the Department of the Environment and Local Government (2000) found that these committees had a diversity of experience, and also identified their strengths and weaknesses. On the positive side, the report concluded that the local committees had generally been successful in providing Travellers with

FIGURE 7.6



the opportunity to participate in the formation of Traveller accommodation plans and they had also provided a forum for debate and consultation between Travellers, local authorities and elected representatives. However, although some members expressed high levels of satisfaction with the operation of the local committees, Traveller representatives were more likely to be dissatisfied in this regard. In addition, Travellers were more likely to feel that they had less input into the preparation of accommodation programmes and they were less satisfied with the plans than other committee members.

Following this study, the National Traveller Accommodation Consultative Committee (2001) devised guidelines to improve the effectiveness of these committees with regard to the implementation of their plans. Furthermore, the National Committee, in conjunction with the Department of the Environment, Heritage and Local Government, has issued guidelines on a number of issues to assist local authorities with the development and implementation of the Traveller Accommodation programmes (National Traveller Accommodation Consultative Committee and the Department of the Environment and Local Government, 1998a; 1998b; 1998c; 1999; 2001; 2002).

7.5 Management and Maintenance of Traveller Accommodation

In April 1997, the Department of the Environment, Heritage and Local Government introduced a new scheme to fund the management and maintenance of Traveller accommodation provided by local authorities. Under this scheme, local authorities are refunded 75 per cent of expenditure on the salaries of caretakers for

these sites, 50 per cent of expenditure on routine maintenance of halting site bays to a maximum of €640 per bay per year and 50 per cent of their expenditure on the hire of skips for refuse disposal to a maximum of €381 per bay per year.

The provisions relating to antisocial behaviour on local authority housing estates contained within the Housing (Miscellaneous Provisions) Act 1997 were extended to include halting sites by the Housing (Traveller Accommodation) Act 1998. This enables local authoities

to issue those engaging in anti-social behaviour with an exclusion order barring them from the site. Travellers living in standard local authority housing were already covered by similar provisions in the Housing (Miscellaneous Provisions) Act 1997.

7.6 Housing and Accommodation for Older People

Details of the housing tenure of non-institutionalised older people from the 1991 census suggest that the vast majority live in dwellings which they own (86.2 per cent). Local authority housing accommodated 7 per cent of older people in 1991, 4 per cent lived in private rented accommodation and 3 per cent were living in other forms of accommodation, such as dwellings provided by the voluntary and co-operative housing sector (Central Statistics Office, 1996).

7.7 Home Improvement and Purchase Supports for Older Home-Owners

A number of schemes are available to assist older people with the improvement and adaptation of their accommodation, thereby enabling them to remain living in their own homes. These include the disabled persons grant, discussed later in this chapter, the essential repairs grant, and the special housing aid for the elderly scheme. The essential repairs grant is operated by the local authorities and provides assistance with repairs necessary to prolong the life of the house. FIGURE 7.7 reveals that 3,274 grants were issued in 2002 and that

TABLE **7.1**

New and refurbished Traveller-specific accommodation, 1996-2002

	1996	1997	1998	1999	2000	2001	2002	Tota
. New halting sites	71	63	27	4	18	54	80	317
Permanent bays	71	39	23	4	18	10	27	192
Emergency/ Temporary bays	0	22	4	0	0	44	33	103
Transient bays	0	2	0	0	0	0	20	22
. New group housing								
schemes (No. of units)	24	31	6	26	49	83	39	258
Total new Traveller-								
specific accommodation	95	94	33	30	67	137	119	575
. Refurbished halting sites	91	83	63	34	81	23	73	448
Permanent bays	91	61	0	20	2	23	69	266
Transient bays	0	10	0	0	0	0	0	10
Emergency or temporary bays	0	12	63	14	79	0	4	172
. Refurbished group housing								
schemes (No. of units)	4	29	26	15	22	22	18	136
Total refurbished Traveller-								
specific accommodation	95	112	89	49	103	45	91	584
. New standard local authority								
housing	111	76	83	73	137	162	123	765

Source: Department of Justice, Equality and Law Reform (2000) and Department of the Environment, Heritage and Local Government (various years a).

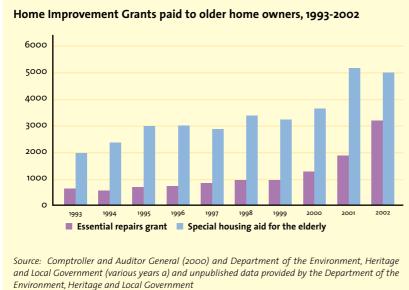
the take-up of the scheme has increased in recent years. This increase can be linked, inter alia, to improvements in the terms of the scheme and the increase in the older population. For example in 1985 the maximum available was €1,524 but by 2001 this had increased to €9,523. The other main scheme of support for older home owners -Special Housing Aid for the Elderly – is administered by the health boards, funded by the DoEHLG and managed by a Task Force on Special Housing Aid for the Elderly. Typically, aid is available for necessary repairs to make a dwelling habitable for the lifetime of the occupant. The repairs affected are of a most basic nature to the fabric of the house to secure it from the elements and ensure it remains habitable for the duration of its occupancy by the older person. In the interests of older persons, whose housing conditions are improved under the scheme, it has, since its inception, been administered with flexibility and a minimum of formality. For these reasons, it has been an objective to avoid rigid procedural and other requirements. Works generally extend to the repair or replacement of external doors and windows, gutters, replacement of missing or loose roof tiles, dry lining/ damp proofing of rooms, such as a bedroom or living room persistently in use, replacement of defective electrical wiring, repair of fireplaces and, where required, the provision of presses or shelves for the storing of food or clothing. A suitable form of heating may also be installed, e.g. storage heating. It is important to note that a system prioritising applications evolved over the years whereby all applicants are assessed, thereby ensuring that the most urgent cases are given priority and dealt with immediately. Funding under the scheme grew significantly from €2.5 million in 1993 to €11.903 million in 2002, and as a consequence the number of repairs carried out under its auspices has also expanded. The Department of the Environment, Heritage and Local Government estimates that at the end of 2002 approximately 52,000 dwellings have been improved under the scheme since its establishment in 1982 and about 4,998 homes were repaired in 2002.

A recent review of the special housing aid scheme by the Comptroller and Auditor General (2000) called for an in-depth evaluation of its operation. The review revealed substantial

delays in completing work in all health board areas, together with a wide variation in approaches to its implementation, costs and project completions and a significant backlog of work in all areas with waiting lists of six months to four years (Comptroller and Auditor General, 2000). However, the report was largely positive about the importance and value for money of the work carried out and, in addition to the essential repairs grant, there is little doubt that the scheme has contributed to the significant improvement in the quality of housing of older people and their high level of satisfaction with housing conditions, as revealed by Fahey and Murray (1994) and Fahey (2001).

If older people become unable to live in their own home, the sale of residence provisions for those aged 66 years and over who are in receipt of a means-tested pension facilitates them in selling their homes to purchase or rent more suitable accommodation (e.g. sheltered accommodation) or to move into a private nursing home. Under the terms of these provisions, the balance of the gross proceeds from the sale is exempted from the pension means test, subject to a ceiling of €190,460.

FIGURE 7.7



7.8 Local Authority 'Purpose-Built' Accommodation for Older People

Since the Housing Act 1988 local authorities are required to 'have regard to' the housing needs of older people in developing their house-building programmes and allocating local authority housing. As mentioned in Chapter Three, assessments of housing need since 1989 reveal a steady level of need among older persons of between 2,000 to 2,500. As studies have shown that older people do not tend to apply for local authority

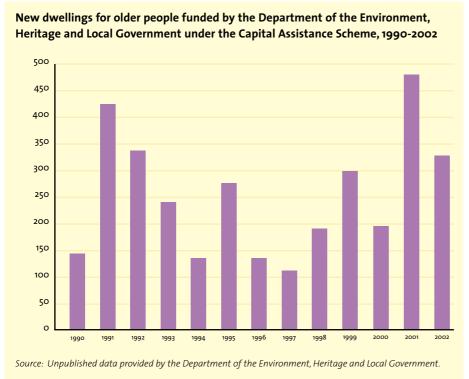
housing, this is likely to be an underestimate of their total housing need (National Council on Ageing and Older People, 2001).

Local authority accommodation provided specifically for older people is usually in the form of bungalows designed for one to two people or group schemes of selfcontained dwellings in terraces of apartments. In 1995, the total local authority housing stock of 95,700 included about 13,200 dwellings purpose-built for older or disabled people (Department of the Environment, various years a). Data provided by the Department of the Environment, Heritage and Government indicate that between 1996 and 2001 at least 2,288 new older persons dwellings have been built to supplement this stock. In addition, the recent review of

the National Anti-Poverty Strategy commits the government to ensuring that all local authority dwellings for older people have adequate heating systems (Department of Social, Community and Family Affairs, 2002).

7.9 Voluntary and Co-operative Housing for Older People

FIGURE 7.8



The Years Ahead (1988) report, produced by the Working Group on Services for the Elderly, recommended that the role of voluntary housing organisations be expanded to meet the housing needs of older people. Chapter Six noted that, since the publication of A Plan For Social Housing (Department of the Environment, 1991a), there has been a significant increase in the level of building by voluntary housing associations and cooperatives. As FIGURE 7.8 demonstrates, between 1990 and 2002, the Department of the Environment, Heritage and Local Government provided funding towards the provision of 2,858 units of accommodation by voluntary bodies for older people under the Capital Assistance Scheme.

While there is very little data on tenant demographics or services provided by voluntary housing associations, a recent survey suggests that almost one half target older people (Mullins *et al*, 2003). In addition to providing and managing dwellings, most voluntary and co-operative housing associations provide a range of ancilliary services, especially those housing older people. They include day centres, dining and laundry facilities, counselling, parks, health care, and vocational training (Mullins *et al*, 2003).

In November 2001, the Minister for Housing and Urban Renewal announced the establishment of a new scheme for housing older returning emigrants. Under the scheme, up to 25 per cent of all new sheltered housing units constructed by recognised Voluntary Housing Associations funded under the Capital Assistance Scheme can be allocated to older returning emigrants who are on the 'Safe-Home' waiting list. The 'Safe-Home' programme assists older Irish emigrants of pensionable age or above the age of 60 years, who wish to return to Ireland but lack the finance and/or ability to do so without assistance. This scheme has the potential to house a significant number of applicants in this category but as it refers to 'new' construction it may be a number of years before it has a substantial impact.

7.10 Sheltered Housing for Older People

The Years Ahead report recommended that, where it was not possible to maintain older people in their own homes or in standard local authority housing, sheltered housing should be the first choice (Working Party on Services for the Elderly, 1988). Sheltered housing refers to housing wherein residents have separate, appropriately designed dwellings but share on-site communal welfare areas and have access to on-site support staff, e.g. wardens and alarm systems. The accommodation may be part of a cluster of accommodation for older people or it may be integrated with other dwellings and there are advantages and disadvantages to each approach (Silke, 1994). While local authorities provide some sheltered housing, most new projects are provided by voluntary housing associations and to a lesser extent by private organisations.

Following the publication of A Plan for Social Housing, grants were introduced for the provision of communal facilities in voluntary housing projects (Department of the Environment, 1991a). This is significant for sheltered housing projects as it provides them with funding for the communal aspects of such schemes, e.g. dining rooms. In the case of larger schemes, local authorities can recoup the cost of the following from the DoEHLG:

provision of a common room; ancillary facilities normally required for a sheltered housing scheme; provision of an alarm system and suitable heating facilities; ensuring that the scheme is designed to maximise safety and security for residents.

A number of studies indicate that there is an inadequate supply of sheltered housing (O'Connor et al, 1989; Ruddle et al, 1997). In addition, there is considerable variation in the level of support services, e.g. home-help and physiotherapy, provided to residents of these schemes. In the view of the National Council on Ageing and Older People, most of the voluntary and co-operative housing schemes designated for older people could not be defined as sheltered housing. In rural areas, for example, most schemes are two to three unit developments providing little or no social care support or communal facilities. There are also a number of small group schemes in both urban and rural areas which have some of the care supports but which have had to scale back other services in recent years, such as on-site wardens (Ruddle et al, 1997).

7.11 Housing for People with a Disability

Chapter Two revealed that social housing needs increased and fell during the 1990s. However, the number of disabled households assessed as in need of accommodation grew steadily during this period, from 131 in 1991 to 236 in 1999 and 423 in 2002. Both the local authority and the voluntary and co-operative housing sectors provide a significant amount of housing for people with a disability. In addition to this, the Disabled Persons Grant, introduced in 1972, is one of the key housing supports available to disabled people. It enables local authorities to grant aid the provision of additional accommodation or necessary works to existing accommodation in order to meet the needs of a disabled person (Blackwell, 1988). It applies to both private houses and local authority housing.

FIGURE 7.9 highlights a significant increase in the take-up of the grant since about 1998, with 5,932 grants paid in 2002. In addition, significant improvements have been made to the terms and conditions of the disabled persons grant scheme. The maximum grant has been increased from €10,158 in 1997 to €20,230 currently. The grant may now cover up to 90 per cent of the approved cost of the works compared to two-thirds in 1997. Furthermore, the recoupment rate from the Department of the Environment, Heritage and Local Government has also been increased from 50 per cent to two-thirds.

7.12 Report of the Commission on the Status of People with Disabilities

The Commission on the Status of People with Disabilities report of 1996 made a number of recommendations on housing and accommodation. The main recommendations in this area were as follows:

- The formulation by the Department of the Environment, Heritage and Local Government of a policy on housing for people with disabilities which would provide information for planners, consumers and housing suppliers about the situation and requirements of people with disabilities
- The adoption of a policy of lifetime adaptable housing as the norm in all housing sectors. This means that homes should be accessible to people with a disability and that housing providers ensure they would be suitable for the needs of people throughout their lifetime, e.g. if they become disabled later in life
- The modification of the Disabled Persons Grant to include a provision that up to 95 per cent of the approved costs would be covered and to ensure greater uniformity in the implementation of the grant
- The preparation of a plan of action to ensure that people with physical and sensory disabilities inappropriately placed in institutions are moved to more appropriate accommodation (Commission on the Status of People with a Disability, 1996).

The Department of Justice, Equality and Law Reform monitors progress on the implementation of the aforementioned recommendations. Progress to date includes the acceptance, in principle, by the DoEHLG of the recommendation to formulate a policy on housing for people with a disability, together with the recent reforms to the disabled persons grant mentioned above (Department of Justice, Equality and Law Reform, 1999). Data on persons with an intellectual disability inappropriately accommodated are available from the Intellectual Disabilities Database and the report of the monitoring committee on the status of people with disabilities notes that 'steps are in train to introduce a similar database for the physical and sensory services' (Department of Justice, Equality and Law Reform, 1999:163).

In a recent amendment to the building regulations, significant progress has been made with regard to the development of lifetime adaptable housing. Part M of the Building Regulations, issued under the Building Control Act 1990, revised in 1997 and amended in 2000, states that 'adequate provision shall be made to enable people with disabilities to safely and independently access and use a building' (Department of the Environment and Local Government, 2000g:3). Consequently, new houses built after January 2001 should be designed so that people with a disability can access the main rooms. However, local authorities have been criticised for their low level of enforcement of these regulations and for the paucity of sanctions for non-compliance, with McGettrick concluding that 'Part M is very weak and effectively ignored in terms of creating a more accessible built environment for

disabled people' (McGettrick,

Section 4 of the Equal Status Act 2000 also addresses the

housing situation of people

2003: 73).

Disabled Persons Grants issued, 1990-2002 7,000 6,000 5,000 4,000 3,000 2.483 2.000 1.455 1,000 Source: Comptroller and Auditor General (2000) and Department of the Environment, Heritage and Local Government (various years a)

with a disability. It states that a person selling or letting accommodation must do all that is reasonable to accommodate the needs of a person with a disability by providing special facilities in circumstances where, without these, it would be impossible or unduly difficult to avail of accommodation. There is, however, no obligation to provide these facilities when the costs are greater than what is termed the 'nominal cost'. Consequently, McGettrick (2003) contends that the

capacity of this legislation to

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FIGURE 7.9 affect the provision of accessible accommodation for disabled people is limited.

7.13 Asylum Seekers and Refugees

The term asylum seeker is used to refer to a person seeking to be recognised as a refugee under the terms of the 1951 Convention relating to the Status of Refugees. Housing services available to asylum seekers differ significantly from those granted to individuals who have been granted refugee status or leave to remain in the State. Refugees are those people who have been granted this status under the terms of the Convention (convention refugees) or those who have been invited to Ireland on foot of a government decision in response to a request from the United Nations or other international bodies (programme refugees). At the discretion of the Minister for Justice, Equality and Law Reform, some people who do not obtain refugee status under the terms of the Convention may be granted leave to remain in the State for humanitarian reasons.

(a) Asylum Seekers

Until 1999, asylum seekers were housed in the private rented sector, mainly in Dublin, and they qualified for full social welfare payments, including Rent Supplement under the Supplementary Welfare Allowance Scheme. However, since 2000, the government has operated a policy of dispersing asylum seekers around the country in accommodation provided directly by the State. As a result, most asylum seekers now live in designated complexes and their accommodation, food and other basic requirements are met, for the most part, by the State. There are two exceptions to the system of direct provision and dispersal. Some asylum seekers obtain permission to move into private rented accommodation due to illness or family circumstances. It is estimated that 1,000 such moves were approved in the first thirteen months after the introduction of direct provision (Woods and Humphries, 2001).

In November 1999, The Directorate for Asylum Support Services (DASS) was established under the auspices of the Department of Justice, Equality and Law Reform to co-ordinate the dispersal and direct provision schemes. The Reception and Integration Agency (RIA) replaced DASS in April 2001 and incorp-orated the former Refugee Agency which had been operating under the Department of Foreign Affairs. Under the auspices of the Department of Justice, Equality and Law Reform, the role of the RIA is to plan and co-ordinate the provision of services for asylum seekers and refugees and to co-ordinate the implementation of integration policy for both refugees and those granted leave to remain in the

State. Since April 2000, the RIA and DASS have accommodated 18,000 asylum seekers (Waters, 2002). At present, the RIA has a network of over 70 accommodation/ reception centres in 24 counties, with approximately 5,000 people in direct provision accommodation (Waters, 2002).

(b) Refugees and Persons Granted Leave to Remain in the State

The RIA does not provide permanent housing for refugees or those granted leave to remain in the State. However, it has established a number of pilot 'stepdown' facilities for the parents and families of Irish-born children as an interim stage between direct provision and independent living. These schemes provide self-catering facilities and residents receive full social welfare payments. In May 2002, there were almost 100 residents of these centres, located in Tralee and Waterford. A resettlement officer, other RIA staff and community welfare officers assist residents in their search for more long-term accommodation.

In accessing permanent housing, refugees have the same entitlements as Irish citizens but obviously they also face the same difficulties as citizens, for instance in locating affordable accommodation. Furthermore, they may face additional problems in obtaining accommodation due to ethnic/racial discrimination. Moran (2002) estimates that one-quarter of places in asylum seeker accommodation centres are filled by those who have refugee status or leave to remain in the State, but cannot obtain alternative accommodation. In addition, a significant number of refugees experience homelessness, living for long periods of time in emergency accommodation such as Bed and Breakfasts and hostels. The Northern Area Health Board's Community Welfare Service Asylum Seekers Unit funds the 'emergency' accommodation needs of 2,000 refugees in Dublin alone (Moran 2002). In addition the Housing Unit (2003a) has recently issued guidelines to local authorities on housing refugees.

7.14 Homelessness

Section 2 of the Housing Act, 1988 defines a homeless person as someone who, in the opinion of a local authority, (a) has no accommodation available which he or any other person who normally resides with him, or might reasonably be expected to reside with him, can reasonably occupy or remain in occupation of, or (b) is living in a hospital, county home, night shelter or other such institution because he does not have accommodation of the kind referred to in (a), and is unable to provide accommodation from his own resources.

Quantifying the number of homeless people is difficult in part because estimates tend to include those who present at statutory and voluntary services and exclude those who do not avail of such services. Another difficulty is that estimates usually count the number of homeless at one point in time rather than looking at the flow of those who experience homelessness over time (For discussions on the measurement of homelessness see: Fahey and Watson, 1995; O'Connor and Williams 1999; and O'Sullivan, 1996). According to the most recent assessment of housing need carried out by local authorities in 2002 there were 2,468 homeless households in the State, a slight increase from the previous assessment of 2,219 in 1999 (Department of the Environment, Heritage and Local Government, various years b).

There is some evidence to suggest that these assessments underestimate homelessness (Focus Ireland et al, 2002). For example, a 1999 study revealed that there were 2,900 persons, including 990 dependent children homeless in Dublin, Wicklow and Kildare alone (O'Connor and Williams, 1999). The assessment of housing need in that year indicated that 2,219 homeless households were in need nationwide. In March 2002, a second assessment of homelessness in Dublin indicated that the number of homeless has remained relatively static at 2,920 individuals and 1,140 children (Williams and Gorby, 2002). However, the number of households in emergency accommodation or using other homeless services has increased by almost 200, up to 1,470 from 1,290 in 1999. The incidence of rough sleeping has also increased from 140 in 1999 to 312 in 2002. This assessment, undertaken by the Economic and Social Research Institute (ESRI) and the Homeless Agency, which is tasked with implementing a strategy to combat homelessness in the Dublin area, recorded that 312 persons reported they had slept rough at some time during the previous week. However, when the Homeless Agency undertook a one night count of rough sleepers as part of the assessment, 140 people were found to be sleeping rough in the entire Dublin area, of which 79 were in the city centre.

7.15 Strategies to Combat Homelessness

Since 1990, a number of strategies have been devised to combat homelessness. These are described below.

(a) Homelessness: an Integrated Strategy (2000) The Department of the Environment, Heritage and Local Government launched *Homelessness: an Integrated Strategy* in May 2000 (Department of the Environment, and Local Government, 2000d). It recommended the establishment of Homeless Fora in every county under

the auspices of the Housing Strategic Policy Committees involving local authorities, health boards and voluntary agencies. On the recommendation of *A Plan for Social Housing* (Department of the Environment, 1991a), fora of this type had already been established in city council areas. One of the central proposals of the strategy is the formulation of homeless action plans by local authorities, health boards and voluntary agencies to ensure a more coherent and integrated delivery of services by all agencies to homeless people.

Under the strategy, local authorities are to be responsible for the provision of accommodation, including emergency hostel accommodation, while health boards are to cater for in-house care and the health needs of homeless people. In addition, a higher quantity and quality of accommodation is to be provided. The strategy also recommended the establishment of settlement and outreach services to help homeless people back into independent living. In recognition of the extent of the problem in Dublin, the Homeless Agency was established to co-ordinate the delivery of services in the Dublin area.

To enable local authorities to provide additional accommodation, the DoEHLG announced that capital spending over the period 2000 to 2006 would be doubled from €25.4 million to €50.8 million. Additional current funding of €7.6 million per annum would be available from the Department to voluntary bodies for the provision of hostel accommodation and settlement/ outreach services. Total funding on accommodation and related services for the homeless at the end of 2002 was €43 million, rising to €50 million in 2003. Finally, additional funding was to be made available to the Department of Health and Children to fund the provision of in-house care in hostels catering for the homeless. In the Dublin area, the Homeless Agency was established to manage the allocation of this expenditure as well as being responsible for the planning, co-ordination and delivery of services for homeless people in that region.

Homeless action plans (HAPs) were to be completed and adopted by November 2001. However, a recent analysis of the plans by a number of voluntary sector bodies, noted that only 19 of the 30 local authorities had done so by June 2002 (Focus Ireland *et al*, 2002). It notes that there are considerable variations in the HAPs from county to county due, in part, to the varying levels of homelessness and service provision (Focus Ireland *et al*, 2002). However, the report also attributes the delays and variations to factors such as inadequate time, finance and the lack of a legislative requirement to produce the plans. Unlike the housing strategies and Traveller accommodation plans, the homeless action plans are not established on a statutory basis and, as the timing for the production of all three plans coincided, the other

plans were addressed first to the detriment of the development of the HAPs. Other problems, identified in the report, included inadequate resources at local level to research, develop, co-ordinate and implement the HAPs and a lack of funding to contract out expertise on homelessness where this was absent in a local authority.

Overall, the report highlights that many of the plans fail to deal adequately with the need for a continuum of housing options (e.g. transitional, sheltered, permanent accommodation in addition to emergency accommodation). Others problems with the plans included a lack of specific targets for reducing and eliminating homelessness and time frames for meeting these targets. Metropolitan urban areas are praised for their production of plans with appropriate detail but only in key cities is the implementation of plans underway. Some areas outside of the major urban areas are criticised for paying little or no attention to diminishing the incidence of homelessness and 'exporting' their homeless to large cities. However, many of the action plans, particularly in rural areas where there are small numbers of homeless persons and very little coordinated services, are committed to providing additional accommodation and improving services for

homeless persons after further consultation with voluntary and statutory bodies. In many areas, this coordination of services and improvements to existing services will result in a reduction in the number of homeless people.

The Department of the Environment, Heritage and Local Government has undertaken to initiate a review of the operation of the homeless strategies and action plans by the end of 2003. Consideration is being given at present as to how the proposed review will be carried out.

(b) Youth Homelessness Strategy (2001)

To complement the strategy for adults, the Youth Homelessness Strategy was published by the Department of Health and Children in 2001. While acknowledging the phenomenon of 'hidden homelessness', the strategy noted that 588 cases of homeless children were dealt with by the health boards in the year 2000 with over 60 of them under the age of twelve (Department of Health and Children, 2001). However, this is likely to be an underestimate given that there were 990 dependent children homeless in Dublin, Kildare and Wicklow alone in the year 1999 (O'Connor and Williams, 1999).

TABLE 7.2

The Youth Homelessness Strategy (2001)

Preventive measures

- Family support and other preventive services will be developed on a multi-agency basis for children at
 risk of becoming homeless, including an out-of-hours crisis intervention service and multi-disciplinary
 teams to target at-risk young people.
- 2. Schools will support children at-risk of homelessness.
- 3. Local communities will be supported to help children who are at risk of becoming homeless.
- 4. Aftercare services will be strengthened for children leaving foster care, residential care, supported lodgings and young offender centres to assist children with the transition from care to independent living or a return to their families.

Responsive services

- Emergency responses will be set up for children who become homeless, e.g. specialised 24-hour reception services.
- 2. Individual action/care plans will be developed for case management/ key working with young people, based on a comprehensive assessment of children who become homeless.
- 3. A range of accommodation will be provided for those who are unable to return home.
- 4. A range of supports will be provided to meet health, educational and recreational needs, based on the action/care plans, with the aim of reintegrating the child into his/her community as quickly as possible.

Planning/Administrative Supports

- 1. Health boards are responsible for taking the lead role in implementing the strategy. This will require putting in place effective arrangements for co-ordinating statutory and voluntary services.
- Each health board will develop multi-access information points to improve access to its services for young homeless people.
- **3.** Effective information systems on young homeless people will be developed, including a database accessible to both voluntary and statutory service providers.
- **4.** The effectiveness of interventions to prevent youth homelessness and services to assist homeless youth will be evaluated at both local and national levels on an on-going basis (Department of Health and Children, 2001).

Since mid-1997, €11.428 million has been targeted at youth homelessness. Nevertheless, the strategy identified gaps in existing services and problem areas, all of which had been noted by the Forum on Youth Homelessness (2000) which examined the problem in the Dublin area.

The twelve objectives of the strategy are outlined in Table 7.2 under three categories of preventive measures, responsive services and planning/administrative supports. A cross-sectoral approach will be required to implement the strategy including commitments from the health boards, other public agencies, the voluntary sector and local communities.

(c) Homelessness Preventive Strategy (2002)

As part of the overall strategy to combat homelessness a strategy to prevent groups known to be at particular risk of homelessness from actually becoming homeless was formulated. Launched in February 2002, the *Homelessness*

Preventive Strategy aims to ensure that no-one is released from any type of State care without the appropriate measures in place to ensure that the person has a suitable place to live, with the necessary supports if needed (Department of the Environment and Local Government, 2002b). In addition, it provided for the following targeted measures:

- Adult offenders: A specialist unit will be established by the Probation and Welfare Service to deal with offenders who are homeless. The Prison Service will build and operate pre-release units as part of their overall strategy of preparing offenders for release.
- Young offenders: Pre-release and step-down units will be established at both Oberstown and Trinity House centres for young offenders as a matter of priority.
- People leaving mental health residential facilities: All psychiatric hospitals will have a formal and written discharge policy, which will be communicated to all relevant staff and will be

- provided to patients and next-of-kin. Psychiatric teams will have a nominated professional to act as discharge officer and ensure that the policy is followed. Records will be kept of the number of patients being discharged and the type of accommodation into which they are being discharged.
- People leaving acute hospitals: All hospitals will have formal admission and discharge policies in place to identify homeless people on their admission to hospital and to ensure that arrangements are made to provide accommodation for homeless people after their discharge. These policies will be communicated to all relevant staff and all patients and next-of-kin will be provided with a copy. Every hospital will have a nominated officer to act as discharge officer and ensure that the policy is followed.
- Young people leaving care: Health boards will develop and implement aftercare protocols for all young people leaving care (Department of the Environment and Local Government, 2002b).

7.16 Issues Arising

This chapter has examined the various supports that are available to the sections of the population with special housing and accommodation needs, e.g. members of the Traveller community, homeless people, older people, people with a disability and asylum seekers and refugees. It has revealed that some of these provisions have had a mixed impact in practice. For instance, targets for the provisions of Traveller-specific accommodation set by the Task Force on the Travelling Community (1995) have not been attained, although current levels of output are sufficient to achieve the Traveller accommodation targets set in the National Development Plan 2000-2006 (Government of Ireland, 2000a). The latest social partnership agreement, Sustaining Progress, includes a commitment that specific attention will be paid to achieving progress in the implementation of the Traveller Accommodation Programmes (Government of Ireland, 2003). All options for expediting the provision of this accommodation should be explored at this stage.

The DoEHLG has undertaken to initiate a review of the action plans on homelessness (Department of the Environment and Local Government, 2000d). This assessment should focus on issues such as: mechanisms for implementing the action plans, issues affecting implementation at local level, expenditure on homeless services and the achievement of targets and timeframes for the reduction of homelessness. The results of this

monitoring process should be made publicly available and should inform decisions regarding resource provision. Furthermore, recommendations for improving progress in reducing homelessness should be devised.

At the same time it may also be appropriate to examine the mechanisms for assessing the numbers of homeless people as part of the regular assessments of housing need required by the Housing Act 1988 to ascertain whether they provide accurate data. This exercise should take account of the extensive work which has been carried out by the Homeless Agency on this issue.

The Department of the Environment, Heritage and Local Government should consider developing a policy on housing for people with a disability as recommended by the Commission on the Status of People with Disabilities (1996). This policy statement could devote particular attention to the enforcement of Part M of the building regulations which deal with access to dwellings by people with a disability.

Consideration should also be given to expanding and mainstreaming the pilot schemes to assist refugees with the transition from direct provision accommodation to standard housing. This development would complement the guidelines on accommodating refugees recently circulated to local authorities and other social housing providers by the Housing Unit (2003).





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