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Minister Jan O’Sullivan on the future of Irish housing

A state of the nation report from John O’Connor and Grainia Long

David Duffy and Brian Hughes explore the housing market and future housing demand
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Disclaimer: The views expressed by contributors in Housing Ireland are not necessarily those of the Chartered Institute of Housing, the journal’s sponsors or the Editorial Panel and should not be taken as representative of any of the above.
Welcome…

President’s message

I am delighted that CIH is launching Housing Ireland at this time in the Republic of Ireland. This is a challenging time for Irish housing, and indeed for housing across England, Scotland, Wales and Northern Ireland. Now, more than ever, we as a sector need to engage with politicians and policy makers to ensure that we do not perpetuate the cycle that has led us to this crisis point, to find practical solutions to the problems we’re facing, and to set the right direction for the future of the sector.

Since I became President of CIH in January 2012, I’ve been engaging with members at conferences, award ceremonies and meetings across the UK. It’s become clear to me that people value the work CIH does to drive the sector forward, and particularly the way that we champion housing, helping to influence the direction of policy and practice by bringing the front-line experience of our members to the table. Our goal to equip everyone involved in housing with the advice, support and knowledge they need to be brilliant is now more important than ever.

This journal will strive to do just that – to inform housing professionals across Ireland about the latest policy developments, to encourage discussion on topical issues and to provide a platform for influencing public policy making, through the expertise, experience and opinions offered by its contributors.

I hope that Housing Ireland will be a useful tool in facilitating that discourse and look forward to keeping in touch with developments through future issues.

Robin Lawler
President
Chartered Institute of Housing
Editorial

Why a Housing Journal and why now?

The idea of producing a journal for housing professionals and the housing sector is one that we in CIH have been kicking around for a while. Not quite an academic journal, but more than a newsletter or magazine. We wanted to produce something that reviewed recent research, legislation and housing policy but that also provided a degree of analysis and discussion with views from people working in housing. So far, so good and very much in line with CIH’s key principles of informing individuals and organisations and influencing the housing agenda through thought leadership and debate.

But why focus on the Republic of Ireland? Surely Northern Ireland would make more sense given that CIH has an established presence there? Well no – the more we discussed the idea the more it seemed like the perfect time to launch this journal in Ireland.

The collapse of the housing market and willingness to think outside the box (or perhaps even accept that there no longer is a box!) that characterises the new approach to public policy in Ireland means a whole new landscape for housing. The Housing Policy Statement of June 2011 set the agenda for a new framework of strategies and initiatives that will require different skills and innovation in the sector.

There is an energy in the housing sector in Ireland and an openness to trying different things to meet changing needs that makes it an exciting policy environment to be working in, albeit a challenging one. So a journal that keeps track of these developments, offers a range of perspectives and opinions and aims to get people thinking and talking about housing policy should fit right in.

That’s the hope in any case. Although this is a CIH publication and has been sponsored by the Housing Agency our objective is to make it as inclusive as possible, covering the public, private and voluntary sectors, with contributions from academics, policy-makers and practitioners. Basically anyone with an interest in and something interesting to say on the housing sector in Ireland.

I’m delighted that Minister Jan O’Sullivan agreed to be interviewed for this first edition of Housing Ireland and generously gave of her time one morning in Dublin to outline her vision for housing. Thanks must also go to our Editorial Panel – all of whom were willing to take a step into the unknown and get the journal off to the right start. And to all of our contributors for such considered and thought-provoking articles.

In trying to be all things to all people, there is always a risk that you please none. I hope that won’t happen in this instance and that we’ve got the balance right.

Jennie Donald
State of the nation

For this first edition of Housing Ireland we asked John O’Connor, Chief Executive of the Housing Agency, and Grainia Long, Chief Executive of the Chartered Institute of Housing to share their thoughts on the changing face of housing in Ireland and across the UK.

A new perspective on housing

The past few years have been difficult for everyone involved in housing, particularly property owners in negative equity and those facing mounting mortgage arrears. Everyone has had to adjust to a new ‘reality’ and that adjustment takes time.

Those working in housing have had to adapt quickly to the radically changed environment. Housing practitioners are dealing with those changes and implementing revised housing policy. The lack of capital funding, increasing social housing waiting lists and loan arrears has been onerous for everyone, particularly those at the coal-face of dealing with individual cases and families in financial difficulties.

The work of Irish housing practitioners in adapting to such major changes and coping with the demands has to be commended.

When we reflect on the past few years, the reality is that new houses stopped selling in 2007 so we have been in a recession for five years already. During this time there has been lots of talk about the ‘recession’ and several opinions put forward about property prices ‘bottoming out’. A lot of this talk is unhelpful as it perpetuates our suspended state, with people adopting a ‘wait and see’ approach. In actual fact what we experienced was a property bubble so we cannot expect those peak values to return in the short to medium term. With any change comes the initial shock, resistance and a period of living in the previous ‘state’ before we arrive at acceptance and can move on. We have been living in a paralysed property market for the past few years - like a rabbit caught in the headlights – and have been unable to mobilise ourselves into action as this involves accepting our new market reality. This situation has been sustained by all those who are unwilling to accept the new asset values. However we need to get out of ‘limbo’.

Often once a situation of uncertainty has been brought to a head it is like a burden lifted. For example, the family with an unsustainable mortgage will face daily fears and anxiety about their future. But when they can accept their situation and actively engage in seeking a new arrangement they will no longer have that uncertainty and anxiety and they can move on with their lives.

Supply and demand

In 2006, our housing output peaked at over 90,000 homes. Last year the output was approximately 10,000 homes. However we still have an annual housing demand of 20,000 to 30,000, with greater demand in the Dublin region. We also have to factor in that we have a growing population with 4.5 million recorded in the April 2011 census. The concern is that we enter a cycle of reduced output for a number of years which will ultimately lead to a lack of supply to meet pent-up demand in the future.

Social housing

Due to our difficult economic circumstances, the demand for social housing has risen. The 2011 Housing Needs Assessment indicated a figure of 98,000 households across all categories of need were on social housing waiting lists. This puts significant pressure on local authorities and approved housing bodies who have little capital funding to build social housing. One response has been to utilise the private housing stock by encouraging private property owners to enter into short or long term leasing arrangements with local authorities who in turn provide the properties to their social housing tenants.

It takes time to re-adjust to renting and leasing properties for social housing. In the case of approved housing bodies, they have to adjust to seeking funding from the Housing Finance Agency or from private lending institutions to fund developments. The structure of the social housing sector is going to change significantly over the coming years. Local authorities will continue to be the housing authorities and will likely move to being the strategic enabler for the social housing sector. Approved housing bodies will play an increased role in relation to the provision and management of social housing and face more responsibilities in seeking private finance to fund their housing provision.
Unfinished housing

The unfinished housing developments around the country are a serious concern and improving the lives of the residents is at the core of dealing with this issue. The safety of those residents and residents of neighbouring estates is of primary importance. The Advisory Group to the Government on the Unfinished Housing Developments prepared a report which outlined that one of the key actions needed was for everyone involved to work together and to promote a level of co-operation. It is imperative that we finish off the incomplete developments and bring them into use, especially as we have a very restricted building programme in the future.

It has been suggested that we use the unfinished housing estates as a solution to meet the demand for social housing. In principle, it is a good idea, however it will not be a panacea for our social housing waiting lists. Many of the so called ‘ghost estates’ are in areas where there is little demand for housing. It also clashes with our social housing policy to develop integrated communities of mixed tenure.

National Asset Management Agency (NAMA)

While social housing waiting lists are escalating, NAMA has come under considerable pressure to provide a greater social dividend in the housing area. In response to this NAMA has drawn up a list of just over 2,000 houses and apartments which it will make available for social housing over the coming months. NAMA is keen to ensure there is a ‘social mix’ of no more than 20 percent of local authority tenants in any housing development or apartment block. The Housing Agency is working with NAMA, local authorities and approved housing bodies to deliver more social housing.

Mortgage arrears

Dealing with mortgage arrears is high on the Government’s agenda, as demonstrated by An Taoiseach Enda Kenny chairing a committee on this issue. The focus of the Keane Report and others into the financial crisis has been purely financial. One drawback is that there has been no societal element or regard to the psychological impact of prolonged uncertainty for people in difficulties. However a number of recommendations were made, which are progressing. A Mortgage-to-rent scheme is being piloted at present by Allied Irish Bank and Cluid Housing Association and it is proposed that this will be rolled out nationwide in the summer. Mortgage to Rent is a way of enabling a person with an unsustainable mortgage to remain in their home despite being unable to afford their mortgage payments now and in the future. This involves a change of tenure, from owning the home to renting it as a social housing tenant, however the key benefit is that people remain in their homes and avoid the disruption that comes with a house move.

Future prospects

In conclusion, our way forward for housing is to adapt to the changes that we have experienced. We need to progress new ways of funding and delivering social housing, such as renting and leasing. The limited funding and resources that we have must be used to achieve the best possible outcome. As part of this, we need to make maximum use out of the existing housing stock that we have, this includes minimizing the amount of vacant properties. In relation to the unfinished housing developments, we need to bring those properties that are complete or nearly complete into use. It is all about utilising what we have in the best possible way.
There remains a fiscal bias in favour of homeownership—reduction in house prices in many parts of the UK make it an attractive choice for those who have already built up equity - however a new generation of aspiring home owners are shut out because of lack of access to affordable sources of finance.

At the same time the public funding model for social and affordable housing has been radically altered in England, and increasingly so in the devolved administrations.

Perhaps unsurprisingly, demand for rented housing in the private sector has soared and by 2014 this tenure will have outstripped social and affordable housing in size across the whole of the UK. However, perhaps the biggest and most dramatic change is the structural reform to the welfare system, with £2.8bn being removed from housing welfare on an annual basis. That means substantial reductions in funding for a housing system already creaking under the strain of demand. The result? Social housing is in a perilous state, at risk of being increasingly residualised; along with the households who live in this tenure.

There are a number of things that concern me about the new housing landscape.

I worry about housing’s place as part of the wider economic infrastructure - that it is central to economic recovery. Clearly we have more to do as a sector to demonstrate the value of public investment in housing. In public spending terms housing has disproportionately been the recipient of austerity measures so we have an important case to make to ‘tip the balance’ in favour of investment.

Housing has been sacrificed for health and education spending. This risks long term market failure and could undermine health and educational outcomes. We face a decade of rising poverty and potentially a lost generation of young people who cannot access employment, housing or other opportunities. Good housing equals better health and educational opportunities never has it been more important to ensure meaningful housing choices for the next generation.

I also worry that the increased policy divergence across the UK will lead to inequality and disparity of outcomes and that the very things that united the housing sector and allowed us to share experience, knowledge and good practice will no longer be there. In spite of this though, I still believe that we can reverse or work around some of the more damaging aspects of the new paradigm for housing, and for social housing in particular. Also I believe in the ability of the housing sector and individual housing professionals to out perform and to create a new consensus in everyone’s interest.

Tenure trends

Tenure structures are changing across the UK. The private rented sector is growing as other tenures are sinking. Northern Ireland for instance has seen its private rented sector grow rapidly over the last ten years doubling since 2001, fuelled by investment from the Republic of Ireland. It now has approximately 125,000 properties, while the social housing sector has around 110,000 homes. This sector is increasingly being used as a housing option for people who would traditionally have sought social housing, in part because the demand for social housing simply cannot be met by supply. Access to homeownership, whilst still a priority for government
across the UK is much more difficult than it once was – mortgage finance is less readily available at affordable rates, even if you do manage to save the required deposit. It is also increasingly funded through equity sharing rather than debt finance. Perhaps unsurprisingly homelessness is growing and rough sleeping is on the rise. Affordability and supply problems have the potential to create a legacy of poor housing outcomes for growing numbers of people with a safe and secure home becoming a luxury rather than a right.

Crisis points
There are perhaps three main areas which could tip the balance towards a housing system which delivers for all.

• Chronic undersupply means that we continue the volatile housing the market cycles that had led to the current situation with repossession soaring, house prices dropping and market unable to recover and too many people trying to access too few homes, of whatever tenure.

• Welfare Reform will have huge impacts on the affordability of housing for those on the lowest incomes. 800,000 homes will become unaffordable as a result of the changes to local housing allowance, while the housing benefit under occupancy deductions and end to direct payment of rents to social landlords will put organisational income streams at risk and potentially affect the borrowing of private finance for maintenance and development. Which means even fewer new houses for those who need them most.

• Cuts to education funding may mean fewer new housing professionals. At a time when new ideas, energy and an informed workforce are needed to support the housing system and drive it forward, we may see housing stop becoming a career choice for young people and also a lack of continuing professional development for those already working in the sector.

So what should our response be?
First and foremost we need to build the capacity of the housing system - that means both financial capacity in the new lending environment and governance capacity within the sector. We also need to push for a clear picture of what the level of public subsidy for housing will be in the future and how it will be structured. That in turn will help us as a sector look for new investment models for the future and focus on better and more proactive asset management.

Housing providers are proactively examining their core purpose and function and how they can best deliver for communities. They need clear policies around who they provide for and how they can make best use of their assets.

The new regulatory framework for social housing in England has just been published and there is a real hope within the sector that it will allow housing providers to set the business strategy for their organisations rather than having it set for them.

As Chief Executive of the professional body for housing, I am also encouraged at the continued commitment across the sector to professionalism and high standards of performance - striving for improvement remains the watchword of our sector, and there has never been a more important time for professionals to be brilliant.

Speaking with professionals across the UK, Ireland and further afield, there are some common trends facing housing, wherever we live and work. As we build a vision for housing for the future, there are some core principles against which professionals could measure success:

• That we focus on sector-led solutions;
• That we create the fiscal and policy levers to ensure a rational supply of housing for future generations;
• Housing being recognised as a long term change programme with government approval for lasting reform;
• A public commitment to a fair housing system;
• A housing system that has the capacity to meet demand and choice;
• That whatever our views on individual policy decisions, in the interests of households and communities, failing to prepare is not an option;
• A recognition of housing’s economic and social impact.

In spite of the scale of the challenge, housing professionals are ultimately ambitious for housing, recognising its potential at the heart of our economic and social infrastructure and its ability to transform lives. The potential to effect change is stronger when our members work together so I hope CIH can play a role in supporting you to deliver an effective and dynamic housing system, in everyone’s interest.
The Irish housing review

It would be impossible to comprehensively cover all of the recent developments in housing policy in Ireland, but this is an edited highlight of some of the main issues impacting on the sector over the past six months.

Budget 2012

In 2012 Finance Minister Michael Noonan announced a range of measures designed to stimulate the property market. Most were largely unexpected changes to the tax treatment of property in Ireland:

• The ‘Preliminary Household Charge’ was introduced as an interim measure until a full property tax system is developed to help fund local services such as fire and emergency services, libraries, street cleaning, lighting and planting;
• Changes to the Non Principle Private Residence Charge (NPPR Charge), notably removed the exemption for properties leased to a local authority under the rental accommodation scheme and for those leased to the Health Service Executive;
• Changes to Mortgage Interest Relief to assist individuals who purchased their first principal private residence between 2004 and 2008 and provide mortgage interest relief at a rate of 15% for first-time buyers; and
• Changes to Stamp Duty on residential property with a reduction to 1%.

House prices

According to the Central Statistics Office (CSO) Residential Property Price Index February 2012, figures show house prices have fallen by almost 18% in the last year to February 2012. House prices in Dublin are 56% lower than their peak in early 2007. Apartment prices in Dublin are 62% off their peak. Across the rest of the State, residential property has fallen by 45% in price since the peak of the property boom, with CSO statistics putting the average fall for the country at 49%.

Commentary from leading stockbrokers and analysts suggest that prices could decline by as much as 70% over the next year as constraints imposed by banks on access to credit along with a shrinking pool of potential first time buyers due to unemployment and uncertainty on finance are expected to drag on demand for some time.

Mortgage arrears

The Report of the Inter-Departmental Group on (residential) Mortgage Arrears, chaired by Declan Keane, was published in October 2011. The report ruled out the introduction of any scheme involving blanket debt forgiveness. It also states that any resolution scheme introduced would be implemented on a case-by-case basis.

The group recommended the introduction of a ‘Money Advice and Budgeting Service 2’ (it would operate on a standalone basis and be funded by the covered banks). The group also recommended the introduction of two mortgage-to-rent schemes and the introduction of a three-tiered approach to debt settlement. This involves a revised judicial process for bankruptcy discharge, a non-judicial debt resolution process, and the introduction of Debt Relief orders. The Keane Report also advised lenders to develop mortgage-to-rent products, split mortgages and trade-down mortgages to deal with the problem.
Unfinished housing developments

In 2010, an Advisory Group on Unfinished Housing Developments was established to set out actions to ensure the effective management and resolution of unfinished housing developments. It was established after results from a national survey on unfinished housing developments in 2010 highlighted there were more than 2,800 unfinished developments in the country. The more recent 2011 national survey on unfinished housing estates revealed 2,066 unfinished housing developments across the country.

The Advisory Group published its report Resolving Irelands Unfinished Housing Developments in May 2011. The report recommended that site resolution plans be prepared by site owners for each unfinished development. It said teams should be established within banks, NAMA, the Construction Industry Federation, approved housing bodies and local authorities to co-operate and facilitate decision-making. Sites must also be secured to minimise risk to current residents and the public.


Mortgage-to-rent

The first transaction under the new mortgage-to-rent scheme concluded in February 2012. The mortgage-to-rent programme is targeted at homeowners whose properties are suitable for social housing. The borrowers must have unsustainable mortgages and face repossession from banks to qualify for the scheme. They agree to surrender their homes and then rent them from an approved housing body, which then takes control of the property. The Department of the Environment, Community and Local Government provides 25% of the equity for the new loan.

Housing need

September saw the Housing Needs Assessment 2011 figures published, the first time since 2008. It showed a total of 98,318 households on the waiting lists compared to 56,249 in 2008. The number of people on the waiting list because they could not afford their accommodation is 65,643 households. The figures show that 67% of households in housing need were unable to meet the cost of accommodation. Over 78% of those in need of housing have annual incomes of less than €15,000 demonstrating the link between unemployment and housing need. Over 43,000 households on the waiting list are family households with children, which accounts for over 71,000 children. There are over 2,200 older people and 1,300 people with disabilities.
Social housing assessment and allocations

April 2011 saw the commencement of section 19 of the 2009 Housing Act and on foot of this, the introduction for the first time of regulations covering the assessment of applicants for social housing support. The new assessment process determines the ‘qualification’ of the household for social housing support, by assessing both ‘eligibility’ and ‘need’ for social housing support. The regulations provide standard income limits and set out how income is defined. In addition to assessing a household’s eligibility the household’s accommodation needs are also assessed and a household must have an identified housing need in accordance with the regulations to qualify for social housing support. This information is also used to help determine the nature of the accommodation to be provided.

In May 2011 new regulations related to the allocation of social housing support were introduced. Housing authorities were tasked with revising the way in which they deal with refusals of social housing support and the way households are prioritised for allocation. Housing authorities also had the option of introducing Choice Based Lettings in their authority. Future changes to regulations will include more strategic targeting of allocations to address areas of particular need and ensuring greater equity and transparency in allocation schemes.

Multi-unit development Act 2011

Early 2011 saw the introduction of the Multi-Unit Development Act. The Act addresses some of the practical issues that have historically been the source of much dispute between developers and home owners, such as transferring common areas, completion of developments, duties of management companies and service charges. The Act will apply not only to new developments completed after the commencement of the Act but also to existing multi-unit developments.

Priory Hall

187 apartments in Priory Hall, Donaghmede, Dublin, were evacuated in October 2011 by order of the High Court, following the discovery of serious building deficiencies causing a fire hazard. At the time the court was told the complex was a very serious fire safety risk, had significant structural deficiencies and had its insurance cover withdrawn. The case is on-going, with residents still not able to return to their homes. This is a case and an issue that will have ramifications for years to come and for all of the stakeholders involved from the residents to local authorities and the financial institutions. It has called into question years of light-touch self-regulation of the building industry and may lead to changes to building regulations in the future.

National housing strategy for people with a disability

The National Housing Strategy for People with a Disability 2011 - 2016 was published in October 2011 setting out a framework for the delivery of housing for people with disabilities through mainstream housing policy. The strategy’s vision is: ‘To facilitate access, for people with disabilities, to the appropriate range of housing and related support services, delivered in an integrated and sustainable manner, which promotes equality of opportunity, individual choice and independent living’. It is supported by nine strategic aims, each of which identifies a series of action points to guide the implementation process.
Welfare Reform has dominated the housing agenda across the UK – the Bill received Royal Assent on the 8th March and is now the Welfare Reform Act 2012. Northern Ireland is still to introduce its own Welfare Reform Bill as, unlike Scotland and Wales, social security policy and legislation is devolved to the Northern Ireland Executive.

**England**

- The Localism Act will decentralise responsibility and powers for planning and housing to local councils, communities and individuals. It is part of the Coalition Government’s agenda to empower communities and give them the freedom and flexibility to plan locally.

- Affordable rent became the buzzword in England with social housing providers moving towards developing homes at 80% of the market rent. This will be the main form of ‘social’ housing supply and is billed as a more flexible form of social housing.

- The new housing strategy in England - Laying the Foundations – promised to take a new approach to housing with the aim of driving local economies and creating jobs and spreading opportunity. Unlocking the housing market and getting Britain building are the cornerstones of the strategy.

- The Tenants Services Authority (TSA) – the English social housing regulator has been disbanded. From April 2012, economic regulation and some aspects of consumer regulation will be transferred to the Homes and Communities Agency (HCA).

- Social landlords in England will also have to meet a new set of standards from 1st April 2012. The new regulatory framework for registered social housing providers includes a number of changes, in particular reflecting the future distinction between the regulator’s economic and consumer regulation roles.

**Wales**

- Meeting the Housing Challenge: ‘Building the Housing Consensus’ was published in December 2011 by the Welsh Housing Minister Huw Lewis. The paper sets out the Minister’s thoughts on the challenges facing the housing sector and an attempt to develop a shared agenda in advance of the forthcoming Housing Bill.

- Minister Lewis has confirmed that homelessness and improving the private rented sector will feature in Wales’ Housing Bill.

WHAT’S HAPPENING ELSEWHERE

• A new Building Regulations Advisory Committee will support the Welsh Government in developing building regulations policy and advise on how to deliver the 55% energy improvement in new housing target.

• Planning reform is underway in Wales with an independent Advisory Group established and a Planning Bill ‘planned’ for 2013.

Scotland

• The Scottish Government’s ‘Social Housing Charter’ came into effect on 1st April 2012. Its purpose is to improve the quality and value of the services that social landlords deliver and provide the basis for the Scottish Housing Regulator to assess how well they are performing.

• The Scottish Housing Regulator has published the new regulatory framework for social landlords in Scotland (April 2012). It takes a risk-based and proportionate approach.

• Scotland has reported a sharp decline in homelessness figures – down 20% in terms of applications and assessments over the course of a year. The Housing Minister has claimed success is due to prevention measures.

• The Scottish Government has announced an additional £87 million will be invested in affordable and energy efficient homes to support jobs in the construction industry.

• A consultation on affordable rented housing in Scotland was published in February 2012 and closes this month. It sets out ten proposals that will give social landlords greater flexibility in the allocation and management of their housing stock.

Northern Ireland

• The Northern Ireland Executive’s Programme for Government was published in March 2012 and focused on providing 8,000 new social and affordable homes and double-glazing in all Northern Ireland Housing Executive (NIHE) properties by 2015 as its key housing commitments.

• The Minister for Social Development, Nelson McCausland, is due to publish his housing strategy in summer.

• The Northern Ireland Executive is to pilot a new ‘pay as you go’ oil scheme aimed at alleviating fuel poverty in low-income households using unique new technology.

• The FirstBuy NI pilot was launched to support first-time buyers trying to access the housing market – if buyers can pay the five per cent deposit on a new build home, and take out a 75% mortgage, Co-Ownership Housing will finance the remaining 20%.

• House prices continue to fall in Northern Ireland according to the Royal Institute of Chartered Surveyors and the University of Ulster’s Housing Markets Survey. The number of transactions, however, is more positive and market activity generally is improving.
Knock knock, who’s there?

In the first of a regular feature, a leading Irish housing professional tells us what they really think...

Real housing need is much lower than figures claim

2008: 56,000 households in housing need. 2011: 98,000 households in housing need. An increase of 75% in three years. A pretty dramatic increase isn’t it? Well, no actually. In fact, the increase in high housing need is probably less than a third of this.

How can this be, and why would the government exaggerate the extent of housing need?

First, back to basics. Every three years since 1989, local authorities have carried out an Assessment of Social Housing Needs in their area. They place households in one of ten different categories of housing need, such as ‘Homeless’, ‘Living in unfit or materially unsuitable accommodation’, ‘People with a disability’, ‘In need of accommodation for medical or compassionate reasons’. Another category is ‘People not reasonably able to meet the cost of the accommodation they are occupying or to obtain suitable alternative accommodation’.

Naturally these categories cover a huge range of circumstances. At one end are people who are by any standards in acute housing need: people without any home at all; people living in very overcrowded or very substandard housing; and people with serious medical conditions that are made worse by their living conditions. At the other end are people whose housing is basically fine but are just across the overcrowding line; or people who are living with their parents and would like to move out some time; or people living in very good quality housing who are having difficulty paying for it. All of these – people with very urgent needs down to people whose housing need is very low indeed – are included in the total figure.

And one category is bigger than all the others put together: those who are having difficulty finding the rent. In 2011, this group accounted for 66,000 of the 98,000 households, just over two-thirds of the total.
In most countries, people whose sole problem with their housing is affordability are considered to have a lower housing need than people living in housing that is unsatisfactory in another way such as overcrowding or poor physical conditions. It really makes no sense to put people who are having difficulty paying their rent in the same category as people who are homeless, or living in unfit housing, or unable to get up the stairs without help. It’s a bit like saying that someone with a heart attack has the same medical need as someone with an ingrown toenail.

By making no distinction between high and low housing need the government is doing itself no favours, because it makes the problem appear even greater than it actually is.

On the information available it’s not possible to say with any certainty how many of the 98,000 households are in high housing need and how many are in low housing need. But if you assume that all those who are overcrowded, living in unfit housing, have particular needs because of a disability or similar, are categorised as having a high housing need; and assume that all those whose housing is fine but they are having difficulty paying for it, to be in low housing need, then the picture looks very different.

So instead of 98,000 households with housing need; we could say that about 32,000 households have high housing need and about 66,000 households have low housing need.

Instead of housing need increasing by 75% between 2008 and 2011, the figures would show that high housing need increased by a relatively modest 22%, while low housing need increased by a colossal 222% during the same period.

Of course if the Assessment of Social Housing Need really placed people in different bands, such as ‘urgent’, ‘high’, ‘moderate’, and ‘low’ then the picture would be a little different. But the basic story that high housing need is increasing at a slower rate than low housing need, would not change.

It doesn’t help anyone – people in housing need, the government, or those who are trying to provide social housing – to over-simplify the figures to the extent that they make things look worse than they really are. And arguing for a distinction to be made between high housing need and low housing need is not massaging the figures to make the problem appear less serious; it is arguing for a more accurate picture that will be to everyone’s benefit.

What the government needs to do is to change the way the assessment is carried out to ensure that it differentiates between people with different degrees of housing need. And that means telling local authorities, who currently use a range of different ways of assessing housing need, that they have to use a standard assessment. So perhaps the reason why housing need is exaggerated is unwillingness by government to take on local authorities?

Whatever the reason, it’s easy enough to make sure that the assessment differentiates between people with different degrees of housing need, and the next assessment is not due until 2014 so there’s plenty of time if the government starts now.

Anonymous
April 2012
Feature interview

Jan O’Sullivan TD Minister of State, Department of Environment, Community and Local Government with special responsibility for Housing and Planning

Jennie Donald and Áine Daly quiz the new Minister on her plans for housing and regeneration in Ireland and how life has changed since taking up her new post.

It is always slightly nerve-racking going into a Ministerial meeting, especially when you are going to interview the Minister, but Jan O’Sullivan instantly put us at our ease. Although we began with a list of questions, once we got into the issues it soon became an open exchange of ideas and a frank discussion of some of the challenges facing the housing sector in Ireland.

The Minister has clearly gotten to grips with her portfolio very quickly, perhaps not surprising given her constituency background and interest in regeneration. When asked about her strategic priorities and the top three things she would like to achieve regeneration was definitely one of them:

“I have a strong commitment to regeneration because there are particular areas of our cities and towns that need a specific focus and it isn’t just about providing housing in those areas. Regeneration is about creating places where people will want to live and delivering sustainable opportunities. And we need to recognise that it can’t happen overnight – you have to engage with communities and that means differences of opinion and long conversations about the best way to proceed. One of the really important things for me is supporting communities with ideas and mentoring. I was on Limerick City Council from 1985 and I was going in and out of communities and really seeing the difference that community-led regeneration can make – there is a strengthening of people’s confidence and their sense of ownership in their area. Rather than somebody from the outside telling them what would be best for them, communities are deciding for themselves what they want and need. That brings its own difficulties but is ultimately what creates sustainable communities.”

At the top of the Minister’s list, however, was seeing an end to homelessness:

“That’s a core issue for me. It comes down to ensuring that the people in greatest need are the ones we focus on and that the answer to homelessness is about providing people with a home. Obviously for people in crisis situations temporary accommodation will still have a place, but primarily I want to work with the voluntary sector to ensure that we provide support structures for people in their own home.”

She also talked about the need to work with the sector - whether that means local authorities, approved housing bodies, the voluntary sector or the co-operative movement – to provide a variety of housing opportunities for people. Co-operative housing is something that the Minister is extremely interested in, particularly after recently opening a scheme in Loughlinstown.

Central to achieving these priorities is the Housing Policy Statement published in June 2011 and the Minister stressed her commitment to the principles set out in this document and in particular the need to move away from a hierarchical housing system with homeownership at the top.

“There has been a misuse of the concept of what houses are for. We have to pull back from that but we also have to deal with the legacy issues and to try and turn some of them to our advantage in terms of the availability of housing stock.”

The Minister also talked about the need to develop a “coherent and sustainable approach” to housing policy, one that incorporates the voluntary sector and brings rent supplement into the overall picture for housing. At the heart of this is equity in the housing system, with state funding going to those who absolutely need the state to intervene.

This is an interesting divergence from the direction that housing policy is taking in the UK with England, Scotland and Northern Ireland all pursuing the affordable housing agenda with a vengeance. We asked the Minister why Ireland is taking such a different approach:

“I suppose we are trying to learn from what happened here. The distortion of the market has left some people and local authorities who bought into shared ownership or delivered affordable housing schemes in a difficult situation. Whilst I’m not saying that these interventions
The Unfinished Housing Developments group which I chair has representation from NAMA, financial institutions, the housing associations, Rural Link, the County Managers Association and construction industry and is about trying to make these properties and developments safe and then potentially bringing them back into use.
caused the problems, we are now seeing in the housing market, there are real problems now for people who took out shared ownership loans in the past. What we want to do is let the market return to normal and right itself and that’s why I would be concerned about any interventions that could jeopardise that and would prefer not to see the state subsidising affordable housing.”

On the role that the voluntary housing sector can play in supporting her priorities for housing, Minister O’Sullivan talked about the “exciting developments” in the sector as housing provision becomes much more than bricks and mortar, but also support for individuals and communities. She also expressed an interest in social procurement and the provision of jobs for local people through construction – both the retrofitting of existing housing stock and newbuild schemes. The Minister and her officials are currently investigating how Scotland has incorporated employment clauses into procurement with a view to initiating similar measures in contracts in Ireland.

We then raised the profile given to the voluntary housing sector in the Housing Policy Statement in relation to the provision of new social homes and how that will work given the lack of capital grant and the end of traditional funding models. Does the Minister think that the structures and support are there to enable housing associations to go out and access private finance for new development?

“No, not at the moment and that’s why we intend to bring in legislation to allow for regulation of housing associations as the first step in making it easier for them to borrow money. We want to move to statutory regulation but are going to do the voluntary route first of all and see how that works for a year or so. We need a system that can give assurance that associations are properly registered, have the right procedures in place and that they are subject to scrutiny and have proper governance arrangements. The bigger associations will probably have more stringent requirements, although I don’t have any concerns about that and the large players are very well-run. We also need to create an arrangement that is viable for smaller providers of homes for older people and people with disabilities – that might mean some of them coming together in terms of how they are governed and I will be looking at that. But we need some kind of regulatory framework and I am working on that.”

The conversation then turned to the regulation of the private rented sector and the need to give the Private Rented Tenancies Board more strength in terms of the way it operates. The Minister referred to the fact that the Programme for Government includes the introduction of a Deposit Retention Scheme – although she noted that it is a “contentious issue” – given that the PRTB spends the majority of its time on dispute resolution:

“This is another area that we want to strengthen and regularise. We need to ensure that people who are living in the private rented sector have some security and also that landlords have security, because there are problems on both sides.”

We then moved on to the private rented sector more generally as a housing option that can work just as well for people as homeownership or social renting. We mentioned the CIH paper recently published in Northern Ireland on making better use of the private rented sector to meet housing need. Minister O’Sullivan agreed that it can be, as long as there is that cultural change in seeing the private rented sector as a good option when choosing a place to live and that the sector itself is well regulated:

“It’s a change for this department as there wasn’t that level of engagement with the private sector until relatively recently, but it is inevitable now. And that can be a positive development if it means that people have secure homes that are well maintained”.

Another key priority for the Minister is cross-departmental working and ensuring that the necessary government Ministers and officials are taking a joined up approach to issues. We noted that whilst this is often talked about by elected representatives it is usually much harder to achieve in practice and asked if she felt the same:

“Yes, it can be, but I suppose when you are in the kind of situation that we are in at the minute you have to. For instance in helping people with distressed mortgages the Ministers of Justice and Finance and I are all working together to try and provide some options for people in this situation. I am also keen to see how we can effectively bring the various actors in the housing sector together to work on solutions to problems. The Unfinished Housing Estates group which I chair has representation from NAMA, financial institutions, the housing associations, Rural Link, the County Managers Association and construction industry and is about trying to make these properties and estates safe and then potentially bringing them back into use.”
Whilst the Minister is not minded to provide state funding for affordable housing, she was very clear that she sees a role in helping those homeowners who now find themselves in financial difficulty – largely because she feels that the market and cultural attitudes around homeownership have led to many of the current problems. One of the measures the Minister is bringing forward around this is the Mortgage to Rent Scheme, another partnership approach with Clúid Housing Association and financial institutions:

“The scheme is in its early stages, but we have one transaction that has been agreed so far. A family were on the point of losing their house when the mortgage was taken over by the housing association and the family is now renting the house from the association. They no longer own the property but they have not lost their home. We have identified around 100 other cases so far – mainly working with a voluntary organisation made up of barristers and solicitors, who got together to help people with distressed mortgages. The scheme is limited in that you have to be eligible for social housing to qualify for it, but it is a viable option for many and we intend to try and work with as many households as we can.”

On planning she sees this as a “hugely important time for us to ensure we get proper structures and systems and relationships between national, regional and local planning and that we undo some of the zonings that have been made, that we actually de-zone in some cases and that we plan sustainably for the future. So I think in the area of planning there are huge opportunities at the moment. There may not be too many people applying for planning permission but there are bigger strategic planning decisions.”

“I hope that this is a temporary phase in Irish history, I hope that we will soon be back on track and there are signs that the market is beginning to stabilise and that people are starting to buy again. But right now we are in an in-between phase where we have to deal with the supply of unoccupied and unfinished properties and those people trapped in mortgages who can’t afford them. This gives us an opportunity to re-evaluate how we look at the whole area of housing and how we support people.”

Minister O’Sullivan on...

Social media
“I’m on Facebook and I tweet but I’m not young enough to be constantly tweeting. And I definitely don’t sit at meetings with the twitter button on! I am always a little bit cautious in terms of tweeting.”

Her new portfolio
“I have been going in and out of regeneration areas of Limerick for decades now and seen the problems and been really frustrated by the lack of action and sometimes the wrong actions. I am now in a position where I can say ‘we need to do this; we need to respond to these issues coming from the community’. I don’t have a magic wand or an endless budget, but I do want to listen to everyone who’s engaged in the process and because I’m a government minister I can do something about it and that’s the most important thing”

Ministerial life
“You get used to it all quite quickly. The biggest challenge is watching how things are perceived in the media and making sure that you’re not sending out a false message. That you’re being straight with the public. One of my colleagues recently held his hands up and said I made a mistake and this is how I’m going to rectify it – I think people appreciate that honesty.”
The goal of the Housing Agency is to make a real difference to people’s lives by promoting sustainable communities. We will do this by advocating good practice in housing management and supporting the delivery of quality housing in well-designed neighbourhoods.

The Agency was set up in May 2010 to work with and support local authorities, approved housing bodies and the Department of the Environment, Community and Local Government in the delivery of housing and housing services.

It brings together a wealth of practical, research and technical expertise so that we can offer a broad base of services. Examples of our current work include:

- Developing and managing a web-based housing manual specially for housing practitioners – see www.housing.ie
- Assisting local authorities with their regeneration programmes
- Advising local authorities on housing delivery mechanisms, housing management and finance issues
- Assisting with and advising on procurement processes
- Providing a centralised underwriting service
- Helping to resolve issues relating to unfinished estates
- Contributing to policy development and implementation
- Supporting quality training for housing practitioners
- Consulting and liaising with the housing practitioners’ forum

For more information about the Agency’s work, please contact:

Housing Agency
Cumberland House, Fenian St. Dublin 2
Tel: 01 656 4100
Email: info@housing.ie
www.housing.ie
The housing market

David Duffy, Research Officer at the Economic and Social Research Institute, considers the interplay between the housing market, mortgage credit and house price expectations.
The Irish housing market we examine today is very different from that experienced prior to the downturn in 2007. Across a range of measures activity is much weaker. The housing market does not operate in isolation and so, given the weakness of the macro-economy, it seems likely that activity will remain low for the next few years.

House prices have declined substantially since their peak and the Central Statistics Office (CSO) house price index shows that the speed of decline increased in 2011 compared with 2010. The graph below illustrates the extent to which house prices rose, as well as how long the boom lasted, and shows the extent of the fall in the house market, with prices now at levels last seen during the year 2000. The CSO show that, in February, prices are down nationally by about 49% compared to their peak and in the case of Dublin the decline is greater at 56% for houses and 62% for apartments.

Graph: Irish House Price Indices, Jan. 2005=100

Source: Based on data from Permanent TSB and the Central Statistics Office

Not only have prices fallen but so too have activity levels.

Data from the Irish Banking Federation shows that the number of mortgages drawn down peaked in 2006 at nearly 204,000. This includes mortgages drawn down by first-time buyers, movers, residential investment lettings, as well as re-mortgages and top-ups. By 2011 this had fallen to approximately 14,300, just 7% of the 2006 total.

The level of house building is much lower at present. Data from the Department of Environment, Community and Local Government shows that just 10,480 dwellings were completed in Ireland in 2011. This represents a decline of over 28% when compared to 2010 and brings completions to levels of the early 1970s. The graph shows the number of housing completions in Ireland per ‘000 population. Current completion levels mean that approximately three houses per ‘000 population are being completed.
The 2011 National Housing Development Survey shows that there remains a large stock of completed or unfinished new dwellings. The survey shows there were 85,538 new dwellings in unfinished housing developments recorded as being completed and occupied, compared to 78,195 in 2010 – an increase in occupancy of 9.4%. In addition, there were fewer dwellings recorded as complete and vacant, 18,638 in 2011 compared with 23,350 in 2010. However, despite these positive findings the survey shows a much reduced level of activity on the construction sites surveyed in 2011 when compared to 2010. Indicators such as planning permissions and commencement notices also suggest that house building activity will remain weak for the next few years.

In assessing where the housing market is now it is useful to think in terms of the factors that drive the market.

Household incomes are lower reflecting pay cuts, reduced working hours and higher taxation. At the same time unemployment has risen dramatically in response to the crisis. Having enjoyed a number of years of strong net inflows of people into the country we are now in a situation where the direction of the flow has changed and once again there are large numbers of people leaving Ireland. A key question remains as to how much of the vacant stock needs to be absorbed. Census 2011 records 14.5% of the housing stock as vacant, including holiday homes. This represents 289,451 dwellings, including 59,935 holiday homes. While many factors are negative for the market, measures of affordability show an improvement as the fall in house prices has been much more severe than declines in income. This should support the market once confidence improves and price expectations change. However, a key issue at present and for any future housing market recovery is the availability of mortgage credit.

The housing market is not just about owning a property, it also includes the rental sector. Data from the Central Statistics Office show that rents fell consistently on an annual basis from the second half of 2008 to the beginning of 2011. Although rents fell again in the middle of 2011 they have now increased since August of that year. This shows that even though people are reluctant to commit to buying a house they are still keen to set up their own independent household. For example, results from Census 2011 show that almost 475,000 households are renting, up from over 301,000 in 2006. In time this should translate into higher demand to purchase a dwelling.

The recent Household Budget Survey found that the reported proportion of total household expenditure for housing exceeded that for food. The proportion of total household expenditure that related to expenditure on food dropped from 18.1% in 2004-2005 to 16.2% in 2009-2010, whereas the proportion related to housing increased from 12% to 18.2%, over this five year period. From 1999-2000 to 2009-2010 the proportion of total expenditure related to housing increased from 9.6% to 18.2%.

One of the big issues at present is the extent of mortgage arrears, mortgage restructuring and negative equity.

Central Bank data shows at the end of December 2011 there were 768,917 residential mortgages outstanding. The data shows that the proportion of mortgages in arrears has risen steadily as the great recession has continued, with nearly 71,000 mortgages in arrears for over 90 days, representing 9.2% of outstanding mortgages. In addition, 74,379 mortgages have been restructured, of which 36,797 are not in arrears.
The fall in house prices also means that many households are now experiencing negative equity. Many in negative equity will be unaffected and will continue to pay their mortgage without difficulty. Negative equity can increase the probability of defaulting if it occurs at the same time as cash-flow problems, possibly caused by illness or job loss. Borrowing at, or close to the price peak, high loan-to-value ratios, interest only mortgages and longer mortgage terms have contributed all to higher numbers in negative equity. Given the extent of price falls the depth of negative equity is quite severe for many households, suggesting once house prices start to recover it will be some time before price increases remove the barrier of negative equity for many households.

Given the scale of the difficulties in the housing market there has been some focus internationally on possible policy responses aimed at protecting borrowers and the banking system. One such policy response is a limit on loan-to-value ratios (LTV). A limit on the maximum LTV ratio permitted might help to curtail the build-up of debt by mortgage borrowers in the future, reducing the risk associated with house price volatility. Lower borrowing means that greater declines in house prices are needed to place borrowers in negative equity. International research has shown that LTV limits can have the effect of lowering house price volatility and reducing the impact of a residential property market downturn on the banking sector. In addition, there is some evidence that LTV limits lower house price expectations, which can have a dampening effect on house price growth.

While the housing market is currently weak, evidence from the rental market suggests that people are continuing to form independent households. At some point, a more positive view of the outlook for the market will translate into increasing demand for homeownership. At the moment people expect that house prices will continue to fall and so by waiting they will be able to purchase at a lower price. Although very important, house price expectations are difficult to measure. The expectation that house prices would continue to grow, delivering strong capital gains, made homeownership attractive at a time when house price levels were high. The expectation that house prices will continue to fall has reduced housing demand through the impact of an expected capital loss from homeownership. A change in expectations can change the relative attractiveness of homeownership. House price expectations will play a key role in determining the outlook for the housing market.

1 Department of Environment, 2011 National Housing Development Survey, Summary Report, October 2011
Future housing demand and key issues facing the sector

Dr Brian Hughes from the School of Spatial Planning at the Dublin Institute of Technology looks at the evidence on future housing demand in Ireland and highlights some of the key issues facing the sector.

There is a pressing need to formulate a fresh strategic plan for future housing demand in Ireland, based on end-use demand and on location considerations.

Two primary ‘drivers’ of a housing market are demography and location. Unfortunately, this imperative was stridently ignored during the ‘growth’ period before 2008 and the outcome – very often driven by taxation incentives and poor political judgement - has significantly contributed to Ireland’s current economic and financial predicament. An indispensable third requirement is the availability of housing finance for what is the largest transaction that most people make during their lifetime. With some recommendations for the future, this article examines the spatial distribution and composition of state housing and its population, uncovering a situation that reflects failed strategies.

Table 1 sets out the 2011 preliminary census housing data together with the 2006 census outcome and respective growth rates. They are presented for two principal areas of the State, as distinct from the ‘Planning Regions’ of the National Spatial Strategy (NSS). They are the Greater Dublin Area (GDA) comprising Dublin and its adjacent counties, Kildare, Meath and Wicklow and the Rest of State (RoS), the remaining portions of the Republic of Ireland. The GDA comprises 9.95% and the RoS has 90.05% of the State surface area.

The area data in Volume 1 of the 2011 census is due for publication towards the end of April. In overall population terms, the areas continue to converge. By 2011, the GDA had grown to 39.31% of total State population with the RoS area having the remaining 60.69%.

This long-term convergence characterised by density of firms and population is driving Dublin’s agglomeration momentum. By the last quarter of this century, the two areas will have similar populations, especially in the absence of the RoS area having any European Spatial Development Perspective-sized cities, of 200,000 population (Hughes (2010). Fiscally, the two areas already generate similar contributions to the State’s total tax revenue.

The housing position
Table 1 shows the State’s housing stock and that of its two areas, starting with the Preliminary 2011 census findings and also showing the 2006 census stock position. This confirms the striking contrasts between the two areas.

From the next Table 2, it is apparent that in 2006 and even more so in 2011, the RoS area’s extent of housing vacancy is of a different magnitude compared with the much lower level in the GDA. Whereas in 2011 the GDA had a considerable level of under supply, the position in the RoS area is one of chronic excess.

As to the strength of future housing demand, there continues to be considerable public debate between property industry representatives on the one hand and the academic body on the other hand.
Two primary ‘drivers’ of a housing market are demography and location. Unfortunately, this imperative was stridently ignored during the ‘growth’ period before 2008 and the outcome - very often driven by taxation incentives and poor political judgement - has significantly contributed to Ireland’s current economic and financial predicament.
In the marketplace, it is instructive to consider vacancy with net absorption in assessing market activity and overall vacancy. Throughout the developed world, vacancy rates of 4% to 8% confirm a ‘normal’ market, dependent on volumes of turnover. For the purposes of this Irish study, a surplus of 5% supply in excess of demand is used, allowing for ‘churn’ and having regard to the prevailing ‘slow’ market.

Since the Celtic Tiger era (1993-2007), volumes of housing turnover have greatly reduced, as evidenced by the collapse in the numbers of new mortgages and, consequently, in sale completions. Some property is sold for cash and so the total volume of turnover will be somewhat greater than that of 11,000 mortgages granted in 2011. On the supply side, there has been a severe drop in housing construction completions with the current level being close to 10,000 units per annum - down from the annual peak of 90,000 or so units being built towards the end of that era.

It is difficult for all building construction to stop in its tracks and thus a considerable quantum of housing completion were still taking place during the earlier part of inter-censal 2006-2011, when it was already evident that the surplus situation, especially in the RoS area, was already way ahead of normal demand.

**Population**

Despite the economic problems of the country, its natural growth of births less deaths remains robust at about 1.1% per annum, which is about twice that of Cyprus, the second strongest national rate of growth in the EU. Likewise, it took two to three years after the 2006 census for the direction of Irish migration to reverse from inwards to outwards. For the five years to the 2011 census, natural growth was 222,771 and in-migration at 118,650.

As this demographic natural growth pattern continues, it now appears that out-migration is approximately in balance with natural growth. Thus the State population is likely to remain static at the 4.6 million level i.e. until out-migration abates. Subject to the pace of economic recovery, long-term Irish growth should resume, given that the world’s population is increasing by one billion every 13 years or so.

**End use demand for housing**

Area rates of population growth and age play an influential role in housing absorption. The critical factor is the population composition within the age cohort of 19-39 and also the proportion of the 15-65 population that are “in employment”. Currently the 19-39 age cohort is the one most affected by out-migration. As to the strength of future housing demand, there continues to be considerable public debate between property industry representatives on the one hand and the academic body on the other hand. Occasionally, the property industry tends to ‘oversell’ itself, with the attendant risk of demand overestimation.

However, both sides of the debate agree that, for the foreseeable future, the over-supply position in the GDA is likely to ‘normalise’ within three to five years, with just pockets of surplus apartment-type housing being evident, particularly in locations such as new towns and suburbs. Consequently, these differences of opinion as to future demand would appear to focus on the position in the RoS area. Property practitioners appear to ignore the fact that there are two distinct components of demand in the RoS area, reflecting its “urban” as distinct from “rural” population elements. The CSO define “urban” as a contiguous settlement with a minimum population of 1,500. In the RoS area, some 1.3 million people live in the open countryside.

The 2011 urban-rural proportionality will shortly be confirmed by the CSO. However, it is expected that the transition from rural to urban will continue to be one of slow progress - due to this sharp distinction in their respective responses to demand and in recognition of the fact that the rural component of population is location-bound to farming and likewise to mainly non-nucleated locations.

The crucial factor is that today’s rural demand, particularly in the RoS area, is overwhelmingly met by one-off house-building (with 6,000 or so new properties) rather than by way of absorbing the area’s surplus urban housing stock. Accordingly, its potential rate of absorption is largely limited to the RoS area’s weak urban population content. In the census of 2006 the GDA’s population was classified as being twice as urban, 87.22% in contrast with the RoS area’s urban content of 43.62%.

**Reduced potential for economic recovery**

Thus, with a total stock vacancy level in 2011 of 18.12% and given the constrained nature of the RoS area’s demand being confined to its urban population content, the balancing of future demand with existing supply may remain elusive. Radical steps, including the demolition of unwanted completed stock, may prove to be inevitable, despite the State’s expanding housing list. As much of the RoS area’s housing surplus is so remotely located, it is unlikely that many employment opportunities are likely to arise within reasonable commuting distances of such locations. To put people from the housing waiting list into such locations would reduce or eliminate their opportunity to easily access employment.

Another politically sensitive issue is the fact that during the Celtic Tiger era, RoS area housing construction was such a boon to its employment creation that it substantially over-stated that area’s potential to create long-term jobs. With the level of housing surplus described above, this otherwise important form of employment, upon which the RoS area is so dependent, is effectively eliminated for the foreseeable future, thus reducing further its opportunity to re-commence early economic recovery.
Steps to recovery
As this article has demonstrated, spatial strategists need to have a clear understanding of the likely spatial direction for future accommodation demand. There are also questions to be raised as to the divergent path between the National Spatial Strategy objectives of balanced regional development and the findings of the 2011 census as to where Ireland’s growth is taking place. It will be necessary to heed the World Bank’s advocacy to replace balanced regional development with ‘lumpiness’ and with centripetal agglomeration, thereby recognising the need for economic competitiveness, the nature and change of ‘work’ and the need to achieve commensurate economies of scale.

If it is agreed that the restoration of economic competitiveness continues to be Ireland’s number one priority, given the focus on arresting and gradually reducing national debt, there will have to be a refocusing on the potential to grow its lagging cities, thereby concentrating future housing output into a few, larger settlements. Above all, there is a need to learn from the strategic errors of the past that have so abysmally failed. This will mean the supply-led, defective, spatial policy strategies that have so clearly failed, need to be identified, rejected and replaced with a robust housing policy – one that is evidence based on demand-led growth.

Finally, with the publication of the Mahon-Flood Tribunal findings, a parallel robust policy for residential zoning will need to have due regard to these supply-led failed strategies of excessive residential land-zoning with their contribution to the chronic housing over supply.

Table 1: State and Area Housing Stock, 2006 and 2011

<table>
<thead>
<tr>
<th>Housing Units - stock</th>
<th>State</th>
<th>GDA</th>
<th>RoS</th>
<th>GDA Area % share of stock</th>
<th>RoS Area % share of</th>
</tr>
</thead>
<tbody>
<tr>
<td>Census Year:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>1,994,845</td>
<td>730,507</td>
<td>1,264,338</td>
<td>36.62%</td>
<td>63.38%</td>
</tr>
<tr>
<td>2006</td>
<td>1,769,613</td>
<td>657,184</td>
<td>1,112,429</td>
<td>37.14%</td>
<td>62.86%</td>
</tr>
<tr>
<td>Units - growth</td>
<td>225,232</td>
<td>73,323</td>
<td>151,909</td>
<td>+0.52%</td>
<td>-0.52%</td>
</tr>
</tbody>
</table>

Source: CSO 2011 – Census Part 1, Table 42 and Preliminary Results.
Analysis: Brian Hughes

Table 2: State and Area Housing Units and Percentage Vacancy, 2006 and 2011

<table>
<thead>
<tr>
<th>Vacant Units</th>
<th>State</th>
<th>GDA</th>
<th>RoS</th>
<th>GDA % Vacancy</th>
<th>RoS % Vacancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Census Year:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>294,202</td>
<td>61,568</td>
<td>227,633</td>
<td>8.43%</td>
<td>18.02%</td>
</tr>
<tr>
<td>2006</td>
<td>266,322</td>
<td>65,205</td>
<td>201,117</td>
<td>9.92%</td>
<td>18.08%</td>
</tr>
<tr>
<td>Vacancy - growth</td>
<td>-27,880</td>
<td>-3,637</td>
<td>26,766</td>
<td>-1.49% (improvement)</td>
<td>-0.06% (disimprovement)</td>
</tr>
</tbody>
</table>

Source: Central CSO 2011 – Census Part 1, Table 43. Analysis: Brian Hughes

Table 3: Comparing the GDA and RoS Area - Populations (2006-2011)

<table>
<thead>
<tr>
<th>Population Position</th>
<th>State</th>
<th>GDA</th>
<th>RoS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Census Year:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011 (Preliminary)</td>
<td>4,588,252</td>
<td>1,804,156</td>
<td>2,784,096</td>
</tr>
<tr>
<td>2006 Census</td>
<td>4,239,848</td>
<td>1,662,536</td>
<td>2,577,312</td>
</tr>
<tr>
<td>Pop. - growth</td>
<td>348,404</td>
<td>141,620</td>
<td>206,784</td>
</tr>
<tr>
<td>Inter-censal % growth</td>
<td>8.22%</td>
<td>8.52%</td>
<td>8.02%</td>
</tr>
</tbody>
</table>

Source: CSO, 2011 Census, Part 1 Table 3. Analysis: Brian Hughes
Upcoming events

Over the coming months look out for the following events:

The Irish Council for Social Housing has a number of Continuing Professional Development Seminars on:

TREASURY MANAGEMENT FOR HOUSING PROFESSIONALS
10th May 2012, Dublin

This one day seminar will examine the issue of treasury management for senior housing professionals. Particular areas of focus will include corporate financial management, capital markets and funding, cash and liquidity management, risk management and treasury operations and controls.

SOCIAL HOUSING, ENERGY EFFICIENCY AND AFFORDABILITY June 7th 2012, Dublin 1

This seminar will provide practical advice and guidance on what social housing providers can do to optimize the energy efficiency of their housing units through the use of new technologies or energy upgrades through retro-fitting. The issue of fuel poverty and energy affordability for tenants will also be discussed with particular reference to the Government’s recently published Energy Affordability Strategy.

SOCIAL HOUSING FINANCE INNOVATION FORUM – FOCUS ON NEW THINKING October 2012

This will focus on new thinking and innovation with particular reference to the evolution of funding and finance for social housing as well as delivering organisational efficiencies through innovative solutions. Topics will include regulation and financial viability; risk management; repairs and maintenance; writing a business plan and much more.

For booking information contact Catherine McGillicuddy on 01 6618334 or catherine@icsh.ie  website: www.icsh.ie
CENSUS 2011 – SOME HEADLINE FIGURES

- 4,588,252 people and 1,654,208 households living in Ireland.
- Percentage of people living in Ireland with a nationality other than Irish is now 12%, compared to just over 10% in 2006.
- The largest migrant group in the country are Poles numbering 122,000 (94% increase since 2006). UK migrants are the second largest group at 112,000.
- Around 12% of the total population of Ireland is 65 or over.
- There are 1,994,845 housing units in the state (up 12.72% from 2006). 1,649,408 of these units were occupied by the usual resident. The overall vacancy rate, including holiday homes, is 14.5%. If holiday homes are excluded, the vacancy rate drops to 11.53%.
- 32% of occupied housing units in Dublin City were flats or apartments.
- Almost 475,000 households in Ireland were renting on census night 2011.
- 35% decrease in the number of occupied bedsits since 2006 – only 1% of the rental market (about 5,000 households) were renting bedsits.
- 116% increase in the number of purpose built flats and apartments in Laois since 2006.
- Of those renting - 68% rented from private landlords, 29% rented from local authorities and 3% from voluntary bodies.
- Four out of five Irish homes used fossil fuels to heat their homes - in rural areas, 70% of households used oil to heat their homes, while in towns and cities 52% of homes used natural gas.
- Three-quarters of households got their water supply from public mains. This rose to 92% in urban areas.
- 25% of all private households are one-off dwellings.
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