Delivering Social Housing: An Overview of the Housing Crisis in Dublin

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Abstract: *This paper explores the responses to the housing crisis in Dublin, Ireland, by analysing recent housing policies promoted to prevent family homelessness. I argue that private rental market subsides have played an increasing role in the provision of social housing in Ireland. Instead of policies that facilitate the construction of affordable housing or the direct construction of social housing, current housing policies have addressed the social housing crisis by encouraging and relying excessively on the private market to deliver housing. The housing crisis has challenged governments to increase the social housing supply, but the implementation of a larger plan to deliver social housing has not been effective, as is evidenced by the rapid decline of both private and social housing supply and the increasing number of homeless people in Dublin.*

Introduction

As the main space of capitalist contradictions (Harvey 2014), housing needs to be critically analysed in the context of austerity policies and crisis and from a political and economic perspective. Social housing is at the centre of the housing crisis across European cities. With growing populations, high rental prices, and insufficient numbers of new homes being built, many cities are experiencing high levels of homelessness and a housing shortage (Scanlon et al. 2015). In Ireland, current research suggests the state's disengagement from housing provision (Kenna 2011, Finnerty et al. 2016) has its roots in the Irish fiscal crisis, which occurred between the late 1970s to the mid-1980s. During this period, modifications made to the provisions for funding social housing altered the role of the state as the main provider of social housing. The post-2008 economic scenario did not signal a new policy direction, and instead, austerity policies simply accelerated this long-term trend (Norris and Byrne 2017).

In Ireland, post-war Keyneasian economics led to significant public spending on social housing during the 1950s and 1960s, as the Irish state started to encourage the private, developer-led homebuilding market to take a leading role in housing production (Kenna 2011). The development of the Irish housing system at that time paved the way for the current system. While promoting home-ownership, the state restricted its own role to providing grants, land zoning, and inspections of privately-built new homes. Consecutive Irish administration promoted a restricted social housing sector via rigorous targeting to households in need.

In this paper, I review the housing and homeless policies implemented in the emerging post-crisis period, and the interdependent role of the national housing policy and private sector to respond to this crisis. I argue that the lack of effective policies to prevent homelessness and increase the housing stock has an impact on the unprecedented housing and homelessness crisis, and that despite some efforts by the Irish government to increase mainstream social housing investment, the state's progress on eliminating homelessness has been very limited, as it relies excessively on the private sector for housing investments to meet long-term housing needs.

This article is organised into three sections. Section 2 describes the context of the housing crisis and the impact of rising rents in Dublin. In section 3, I examine policies supporting private tenancies and look at the structural crisis of family homelessness. The conclusion reflects on the challenges of delivering social housing in Dublin.

The structural crisis of family homelessness

The housing sector in Ireland was severely affected by the recent global financial crisis, which has given

rise to new forms of housing intervention (Kirchin et al. 2014, Social Justice 2017). Since the global financial crisis hit Ireland in 2008-2009 and the country had to enter an IMF emergency stability programme, the dominant neoliberal housing policy-model has been influential in reshaping housing systems and housing opportunities in the country (Dukelow 2015; O'Callaghan 2015).

This crisis has had a profound effect on families as a combined result of low incomes, increasing renting costs, and the housing shortage. Its effects have not just hit the unemployed. Although the unemployment rate fell from 15.1% in December 2010 to 6.0% in December 2017 (Eurostat 2018), families are still priced out of the property market. In some areas working couples would need nearly more than a third of their take-home pay each month to cover the instalments necessary to repay a mortgage in Dublin (RTB 2018). Unable to commit one-third of their income to a mortgage, the only remaining option for many families is to rent privately.

Rents in Ireland fell for almost three consecutive years between 2008 and 2011, and remained reasonably steady until late 2012. Since then, rents have risen for 26 consecutive quarters (Lyons 2018: 2-3). The upswing in rents has now been going on significantly longer than the preceding economic downturn in 2008. Around the country rents are still rising at double-digit rates. Nationally, and especially in Dublin, rents are at least 10% higher than the year before. According to the quarterly rental price report by Daft.ie (February 2018), the average rent across the country is €1,227, up on average by €121 per month. This means that rents rose nationally by 10.4% in a year-on-year change in the average asking rent, forcing people into homelessness due to rising rents.

The Irish government has implemented two main strategies to bring down annual rent inflation: rental caps and private rental subsidies. The Planning and Development and Residential Tenancies Act 2016 designated some parts of the country where rents are highest as 'Rent Pressure Zones' (RPZ). In these areas, private rents are capped at 4%, preventing landlords from raise the rent for a two-year period. The RTB (Residential Tenants Board) estimated that 57% of private tenancies in the country were included in the RPZ in 2017.

The 4% cap on rent increases every two years inadvertently prevents the emergence of new rental supply, mostly owing to the loss of incremental improvements to the existing supply. Another possible reason for this is that the market may be paralysed by the uncertainty engendered by constant policy changes. This effect is not produced by rent caps alone, but the almost constant drip-feed of new announcements and proposals from policymakers regarding housing are evidence of an unstable policy environment. Given that housing development is a multi-decade investment, volatile rental policies have contributed to the crisis and help to explain the lack of housing supply (Kenna & O'Sullivan 2014; Lyons 2017). Capping rent is a temporary solution and is more likely to hinder the growth of supply.

Rent support schemes have been the primary response mechanism to the social housing deficit and the homelessness crisis (Hearne and Murphy 2017). 'Rebuilding Ireland', the name of the government's action plan to tackle the housing shortage, provides a clear picture of the Irish government's commitment to fostering conditions favourable to private investment in housing. This housing plan relies on the private rental sector as the primary mechanism for resolving the social housing deficit and the homelessness crisis. The Rental Accommodation Scheme (RAS) and the Housing Assistance Payment (HAP) permit tenants to access housing in the private rental sector. HAP is a relatively new form of housing support that is currently being phased in, as the Rent Supplement (RS) scheme was merged with HAP. In HAP, landlords are paid directly by local authorities and they are able to claim 100% relief on their mortgage interest, provided certain conditions are met (Moore and Dunning 2017). According to Hearne and Murphy (2017), in 2016 there were 50,000 tenants receiving the rent allowance, 16,000 HAP recipients and 20,000 RAS recipients, from a budget of almost half a billion per annum (€29m for HAP, €136m for RAS, €300m for RS). A key constraint is the availability of properties to rent with HAP, particularly to homeless households. Legislative changes introduced through the Residential Tenancies Act 2015 augmented the rights of landlords in the private rental sector, who can still terminate a tenancy under certain conditions, even when the tenant is receiving social housing support (O'Sullivan 2016).

Expenditures on rent support schemes have increased over the last ten years, while long-term dependency on temporary income supports remains an acute housing-policy concern. Meanwhile the move from direct housing production to a heavy reliance on HAP and the private sector has come under strong criticism. While HAP and the RAs became the main social housing schemes, the ongoing mortgage arrears crisis, the private rental crisis, and the lack of private supply created an unstable and insecure environment for those threatened by homelessness.

Homelessness and rent support schemes

The economic recession in the 1970s and 1980s and the late 2008 global financial crisis led to significant cuts in government investments in welfare policies, particularly in social housing. During this period, the provision of social housing shifted from being directly built by the state (through local authorities) to being predominantly provided through the private market. Figure 1 shows the severe reduction in public expenditure on housing, a trend that began in 1974 and hit its lowest point in 2015.

Figure 1 illustrates the decline in the construction of social housing directly by the government. In 1975 local authorities built 8,794 social housing units, which accounted for one-third of the total new housing provision that year. This building trend was reduced to 5,559 in 2005, which equalled just 6% of the housing provided, and in 2015 the state built just 75 units (Byrne and Norris 2017), a shockingly low number

considering that the number of people living in homelessness increased by 30% compared to October 2016 (DHPLGH 2017).
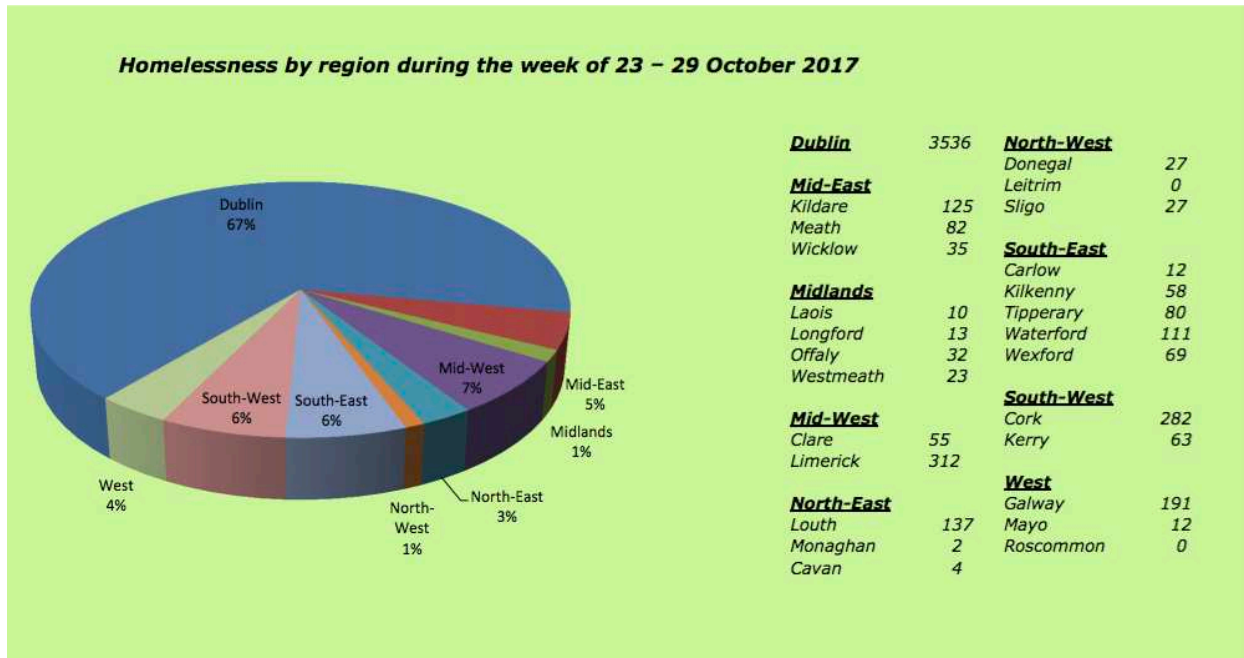
Figure 1: The decline in social housing
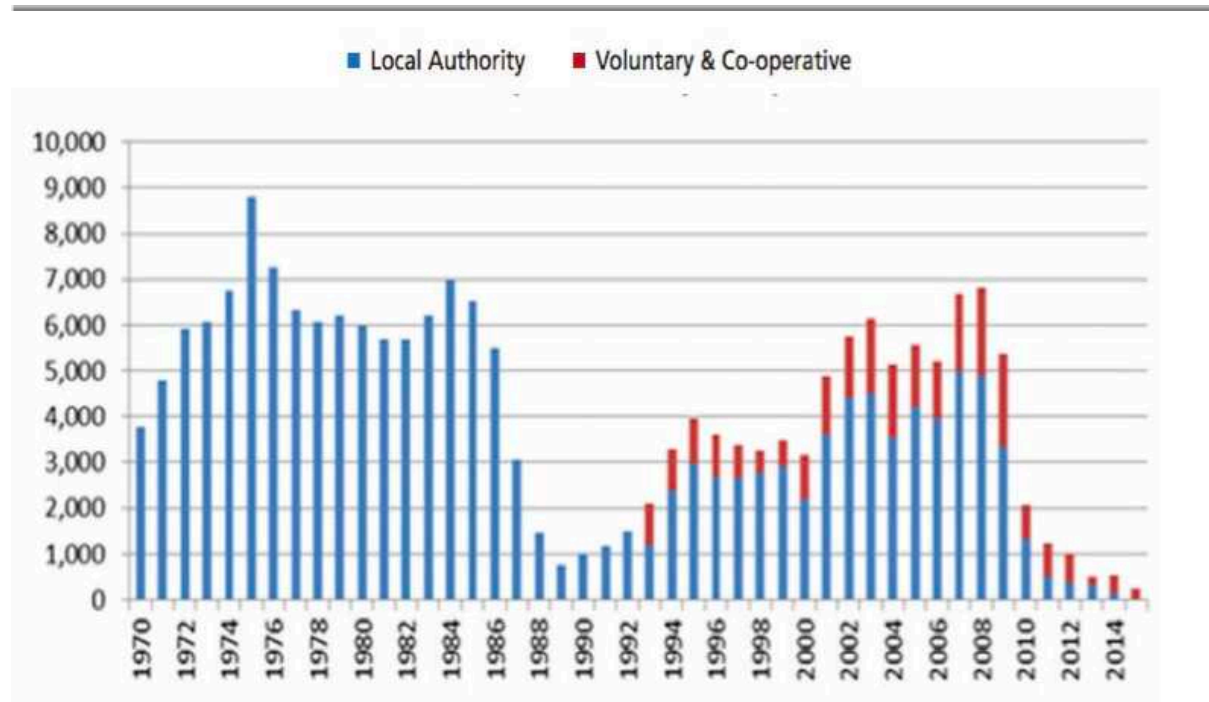
Source: Adapted from Hearne and Murphy (2017).

The number of private houses built in the 2010-2015 period fell to 60,499 - a drop of 85% compared to the 2001-2006 period. Data from the Department of Housing, Planning and Local Government show that local authorities built just 75 social housing units during the whole of 2015 – the lowest number on official record. Over the course of 2015, voluntary housing associations built 401 social housing units. Housing associations have managed to do more to meet people's housing needs than local authorities, in a sector overly dependent on building companies and banks. As civil society entities, housing associations are not-for-profit charity organisations, that bring together a range of stakeholders from across civil society involved in the process of social housing delivery today, and housing associations have shown themselves to have an important role to play as housing providers in Ireland and particularly in the Dublin region.

The number of people sleeping rough in Dublin rose by 35% in 12 months and almost 70% of the cases are concentrated in the Dublin area. On the week of 23-29 October 2017, 3,528 people were sleeping rough in Dublin, and the next highest figures were in Limerick (312), followed by Cork city (282), Galway (191), and Kildare (125).

Figure 2: Homelessness by region in October 2017

Homelessness by region during the week of 23 – 29 October 2017

Dublin	3536	**North-West**	
		Donegal	27
Mid-East		Leitrim	0
Kildare	125	Sligo	27
Meath	82		
Wicklow	35	**South-East**	
		Carlow	12
Midlands		Kilkenny	58
Laois	10	Tipperary	80
Longford	13	Waterford	111
Offaly	32	Wexford	69
Westmeath	23		
		South-West	
Mid-West		Cork	282
Clare	55	Kerry	63
Limerick	312		
		West	
North-East		Galway	191
Louth	137	Mayo	12
Monaghan	2	Roscommon	0
Cavan	4		

Source: Department of Housing, Planning & Local Government, Homelessness figures, 2017.

A close look at the homeless figures from 2017 shows 184 sleeping rough in the Dublin region in the winter of 2017, an 15% increase compared to the same period in 2016. This number has steadily increased since the winter of 2015. During the third quarter of 2017, 4,710 homeless people used emergency homeless services in Dublin. Continuing a trend in recent years, the number of families using emergency homeless accommodation peaked that year in the month of July at a total of 1,138 families (and 2,416 dependents), an increase of 15% on the previous year. A slight decrease in those numbers was observed during the summer of 2017 as families were moved into tenancies, but the average time for a family to move from emergency accommodation to tenancy (social housing, HAP, or private rentals) is 12-18 months (Dublin Region Homeless Executive 2017).

The majority of homeless people are in Dublin, with nearly three quarters of all homeless persons reported as using services there, while the remaining homeless used services in the mid- west and the south-east regions of the country. Dublin is said to have the most urgent need for new affordable family accommodation in Ireland (Social Justice 2017: 137).

Figure 3 shows that there was an increase in public investment in services for the homeless in the 2017 budget of €28 million, amount to a total of €98 million for these services. While this increase may be laudable, it reflects an increase in expenditures allocated to covering additional costs in the area of to

accommodation and homelessness services rather than expenditures aimed at addressing the problem of affordable housing by accelerating social housing construction. The Housing Assistance Payment (HAP) scheme received an additional one million in the same budget, bringing the total to €105 million, but HAP was not designed to provide housing supply, as it was part of the reform of social housing support in Ireland and it aims to bring all long-term social housing services provided by the state together under the system of local authorities (DPER 2017). Nevertheless, HAP has some advantages. On the one hand, HAP tops up the income of homeless families by 50% of the rental price and gives them a greater choice about where to live and more mobility. But on the other hand, rent increases in the private rental sector have eroded this advantage over time, and HAP recipients are removed from waiting lists for social housing, as this policy understands their need for housing to have been meet through HAP.

Figure 3: Investment in homeless services
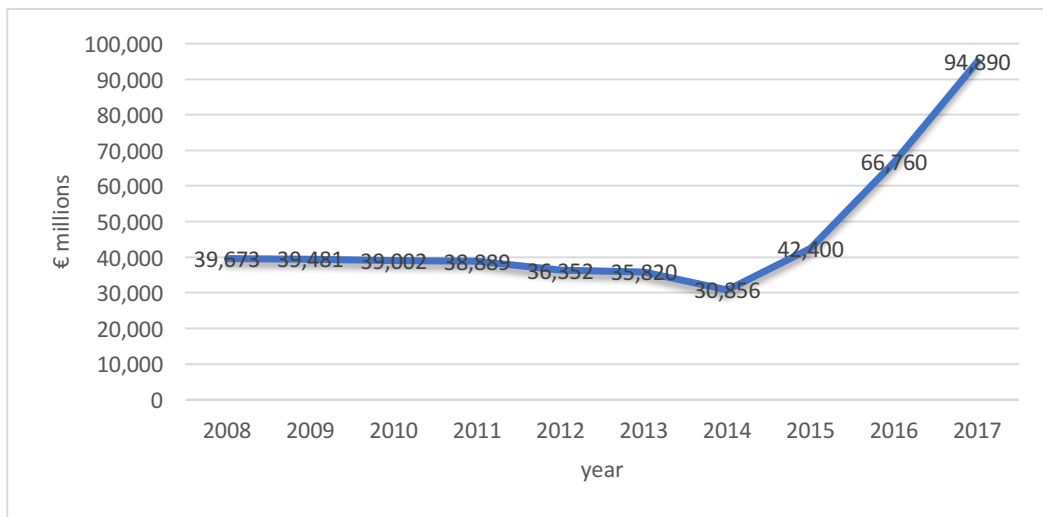
Source: Revenue Budget – Dublin City Council 2008-2016.

One intriguing prospect is that the reduction of the state's intervention has created a space for changes in policy responses; changes that could create opportunities for alternative responses to current social problems. As the housing crisis is showing no signs of improving, it is essential to achieve a balance in policies so that they seek to alleviate the situation of those who are already homeless and also to invest in the prevention of homelessness. Policies directed at prevention and early intervention are the most cost-effective policies for battling homelessness (Goodman et al. 2014, MacKenzie 2017), but at the moment, the delivery of social housing support across the country depends too much on the private sector.

Conclusion

Private rental market subsides have played an increasing role in the provision of social housing in Ireland. Instead of policies that facilitate the construction of affordable housing or the direct construction of social housing, the current housing policies have addressed the social housing crisis by encouraging and relying excessively on the private market to deliver housing. The increasing number of homeless people in Dublin is a signal that there is a conflict between the economic and welfare policies in the country.

While private rental market subsides have not been effective in preventing family homelessness, decisions have to be made to redirect public expenditures towards social housing schemes. As Table 1 showed, increased investment in homeless services is not leading to less homelessness. The government has not yet recognised in its policies that the private market is unable to meet the demand for affordable housing in the city. The government's over-reliance on the private rental market is not the solution to the housing crisis. Ireland needs nearly 30,000 homes a year to satisfy its growing housing demands, and this means both market and social housing.

The housing crisis in Ireland is a complex problem. Increased housing supply and affordable homes are urgently needed to put up with increasing population numbers and the challenges this increase represents. The prevention of homelessness (through security of tenure, for instance) and an emergency social housing building programme designed to accelerate the construction of social housing should be the primary mechanisms for responding effectively to the crisis. The use of vacant sites for social housing construction and the adoption of emergency legislation to enable rapid new construction have been identified as strong incentives for the construction of affordable housing. While voluntary housing organisations respond to the crisis in their own way, the government has a role to play. This role incudes the task of controlling increases in house prices and market rents and providing affordable housing without over- reliance on the private sector.

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