

Housing in Ireland:  
Performance and Policy  
Background Analysis

# The Provision of Social and Affordable Housing

## 6.1 Introduction

Background Papers 3 and 4 outline recent trends in the demand and supply of market housing. This paper considers in more detail the demand for housing under the various social and affordable housing programmes funded through state investment, and the corresponding levels of supply. Its primary purpose is to provide a factual account, including relevant commentary by observers, of how recent developments have shaped social and affordable housing. Due to the focus on trends and issues arising in relation to the housing system at a broad level, a number of specific issues such as Traveller accommodation and homelessness have not been considered in any significant detail. The Council is aware that the most recent social partnership agreement, *Sustaining Progress*, contains acknowledgement of the importance of these issues, and homelessness in particular. Notwithstanding the above, the Council believes that addressing the broader housing issues, not least the adequacy of supply, will contribute significantly to attaining the policy goals outlined for these particular groups.

The scale increase in the demand for state supported housing has been fuelled by the growing number of households which cannot meet their housing requirements from their own resources. Three key developments have contributed to this growth – firstly, the increase in the overall population and the related growth in household formation; secondly, the ‘pricing out’ of a greater proportion of households from the private housing market due to the dramatic growth in house prices and market rents; and, finally, a contraction in the relative share of housing available outside of the private housing market. This emerging gap in affordability was assessed by the local authorities in 2002 as comprising one third of all newly forming households in the medium-term.

In assessing the extent of the supply response and its overall impact on demand for social and affordable housing, it is important to differentiate between the varying levels of need expressed within the system. At one end of the spectrum, conventional social housing targets those households which can only afford to pay a fraction of market rents, or require particular accommodation and/or related services not supplied by the market. Fahey (1998) defines social housing thus:

*Social housing consists of rental accommodation constructed with state subsidy where allocation of dwellings is somehow linked to social need and where the landlord usually has a non-profit status or is a state agency such as a local authority. (p. 16)*

In the Irish context, social housing can be described as the stock of dwellings provided by:

- ◆ The public housing authorities (city councils, county councils and town councils), with responsibilities designated to them under the housing legislation related to the relief of housing needs in the general interest – termed public or local authority housing;
- ◆ The not-for-profit, voluntary and philanthropic housing associations, trusts and other organisations involved in the relief of housing needs for the benefit of the community (as distinct from the private profit motive) – termed voluntary housing;
- ◆ The co-operative housing associations or societies (registered as Industrial and Provident Societies) involved in the relief of the housing needs of their members on a not-for-profit basis for the benefit of the community - termed co-operative housing.

At the other end of the spectrum of need as assessed by local authorities, the current Affordable Housing programmes and Shared Ownership Scheme target more intermediate households which cannot afford to purchase their own homes in the open market. A useful means of distinguishing between those households supported by social housing programmes on one hand, and the Affordable Housing and Shared Ownership schemes on the other, is to consider the terms of eligibility for both. Box 6.1 provides further detail in this respect.

### Box 6.1 Eligibility for social and affordable housing

Eligibility for public housing has traditionally been dependent on a household displaying a particular housing need. A theoretical context for housing need and associated demand is provided by Buchanan *et al.* in their 2002 review of local authority housing strategies and homeless action plans.

#### Eligibility for social housing

The Housing Act of 1988 sets out the requirement for housing authorities to conduct an assessment of the need for the provision of adequate and suitable housing for persons who require and are in need of such accommodation and unable to provide it from their own resources. Section 9 (2) of the Act lists the categories of need to be taken into account in conducting such assessments, which include persons who:

- |  |  |
|--|--|
| (a) are homeless;  | (d) are living in overcrowded accommodation;   |
| (b) lead a nomadic lifestyle;  | (e) are sharing accommodation with another person or persons and who, in the opinion of the housing authority, have a reasonable requirement for separate accommodation; |
| (c) are living in accommodation that is unfit for human habitation or is materially unsuitable for their adequate housing; |  |

- (f) are young persons leaving institutional care or without family accommodation;
- (g) are in need of accommodation for medical or compassionate reasons;
- (h) are elderly;
- (i) are disabled or handicapped, or
- (j) are, in the opinion of the housing authority, not reasonably able to meet the cost of the accommodation which they are occupying or to obtain suitable alternative accommodation.

Households included in this assessment of need are also eligible for housing by a non-profit housing provider. Provision of capital funding to an approved housing body is conditional on the basis that accommodation is meeting housing needs in the area, and that at least 75 per cent of the dwelling units provided will be used as the main place of residence for:

- ◆ Persons whose need for accommodation has been included in a local authority's most recent assessment of housing need;
- ◆ Homeless persons as defined in Section 2 of the Housing Act, 1988;
- ◆ Tenants, or tenant purchasers, of houses provided by a housing authority who are surrendering the tenancy or conveying the house without compensation to the authority;
- ◆ Elderly emigrants returning to reside in Ireland (catered for under the specially designed Safe Home scheme).

#### Eligibility for Affordable Housing and Shared Ownership

Households with a gross household income<sup>1</sup> under the qualifying threshold, tenants and tenant purchasers of local authority dwellings who intend to surrender their dwelling, persons assessed by a local authority as being in need of housing, and since 1995 households renting from an approved housing body are eligible to apply for assistance under the 1999 Affordable Housing Scheme or Shared Ownership Scheme.

The Planning and Development Act 2000 as amended defines an eligible person for Part V Affordable Housing as a person "who is in need of accommodation and whose income would not be adequate to meet the payments on a mortgage for the purchase of a house to meet their accommodation needs because the payments calculated over the course of a year would exceed 35% of the person's annual income after income tax and PRSI are deducted." Housing supplied under the provisions of Part V may be sold outright or by way of Shared Ownership.

Given the above distinctions, it is evident that the use of the term social and affordable housing covers a wide spectrum of need, with significant differences in the number of housing options, but also the level of support required by households at either point of this spectrum. The paper provides a separate treatment of social and affordable housing where appropriate to preserve this distinction.

Section 6.2 outlines the development of social and affordable housing policy. A treatment of the supply and demand for social and affordable housing is contained in Section 6.3. Section 6.4 assesses the provision of housing for

<sup>1</sup> Under current criteria (2004), single income households with 2.5 times income (or income less than €36,800), or dual income households with 2.5 times the principal salary and 1 times the second salary not exceeding €92,000 would be eligible to apply

purchase outside of the market, while Section 6.5 reviews rent and mortgage supplement under the SWA scheme. The effectiveness of state intervention in relation to wider social objectives is considered in Section 6.6, while a comparative assessment of public expenditure across individual housing programmes is provided in Section 6.7.

## 6.2 The Development of Social and Affordable Housing

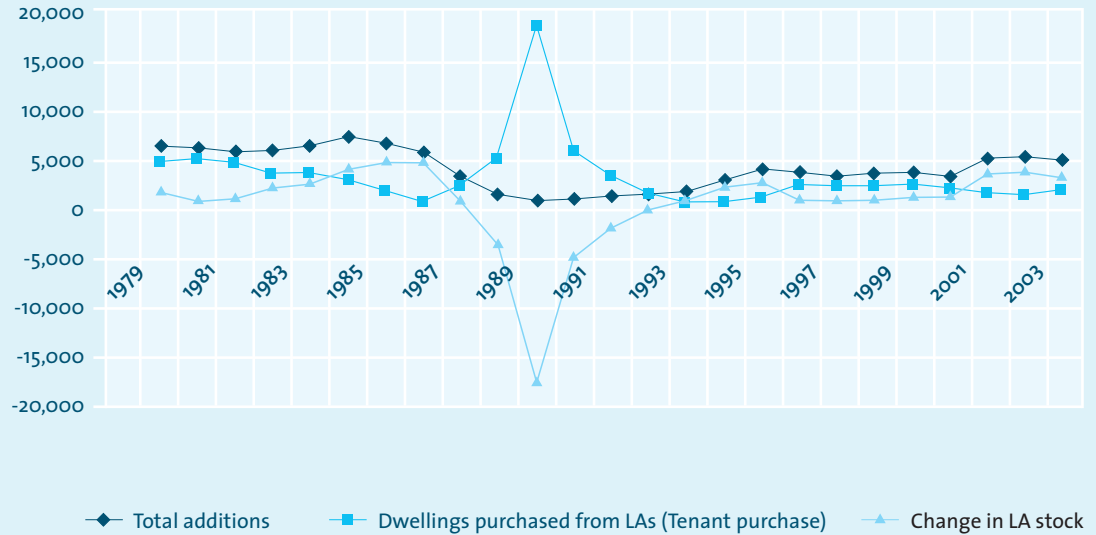
### 6.2.1 Historical Origins

A number of accounts provide a historical background to the evolution of the provision of non-market housing in Ireland (see Blackwell (1988), Aalen (1990), Fahey (1998), Finnerty (2002), Curry, J (2003), Norris in Callanan and Keogan (2003), O'Sullivan, (2004)). These studies yield the following observations:

- ◆ The influence of poor law on the early development of social housing programmes which focused on the 'deserving poor', arguably shaping the eligibility requirements for local authority housing today;
- ◆ The legacy of the origins of Irish local government – the early development of Irish social housing was shaped by UK legislation, which has bequeathed both countries an atypical system of social housing provision in the wider European context;
- ◆ Particular political concerns have differentiated Irish housing policy further – for example, the heavy emphasis placed on provision for low-income workers in rural areas;
- ◆ The early introduction of tenant purchase, which has led to the large scale conversion of social housing into owner-occupied housing (see below);
- ◆ The impact of the expansion and contraction of capital funding over time on the output of social housing;
- ◆ The residualised nature of Irish public housing due to the low levels of rents charged and allocation to disadvantaged groups, which became more pronounced in the 1980s and 1990s in a context of a rapid increase in the absolute levels of home ownership;
- ◆ The gradual decline of public rental housing in terms of its proportionate share of the overall stock;
- ◆ The relatively recent, but rapid, expansion of the voluntary and co-operative housing sectors to become mainstream providers of social housing.

The trajectory of Irish social housing explains much of its uniqueness. A particular feature is the evolution of the local authority stock. The size of the current stock belies the scale of output over the past century due to the volume of sales to tenants.

Figure 6.1 Evolution of local authority housing stock: 1979 -2003



Source: Housing Statistics Bulletins, various

Over the period illustrated above (1979-2003), some 98,000 units were added to the local authority stock. The net impact on overall stock levels was a fifth of that number in the 25 year period, or some 20,600 units; as 77,394 dwellings were sold to tenants. This has contributed not only to the high proportion of owner-occupation in the Irish housing system, but has correspondingly reduced the social rental stock. The impact of disposals in the evolution of the local authority housing stock is considered in more detail in Appendix 6.1.

The evolution of Irish social housing differs from other European countries in two important respects: the initial concentration on rural areas (indeed the provision of urban and rural housing provision was only unified under the Housing Act, 1966), and the fact that it was driven primarily by the State rather than philanthropically driven as in other cases (O'Sullivan, 2004). The nature of state involvement in housing continues to set Ireland apart from other comparable systems. O'Sullivan expresses it thus:

*Until the early 1960s, new housing was provided in approximately equal measure by the State and the market. The dominant trend since then has been the increasing role of the market in the provision of housing ... (which) now accounts for 90 per cent of all new housing. However, what is of significance is that the Irish State remains committed to financing, managing and supporting a 'social rental housing' program, through direct build, acquisitions and other schemes, a policy that many other EU member states appear to have abandoned.*

This policy stance is evident in the inclusion of social housing as a core development priority in the National Development Plan to address the infrastructural deficit in the size of the national housing stock, but also as one of the ten special initiatives under *Sustaining Progress*.

### 6.2.2 Recent Changes in Housing Policy and Programmes

The period since 1991 has seen significant policy action in the provision of housing and related supports for economically and socially vulnerable households. Prior to 1991, housing policy concentrated on assessing and meeting the demand for public housing, with a traditional dependence on the supply of local authority housing as a primary method to meet this demand. The down-sizing of the local authority stock from a peak of over 125,000 units in 1961 to a low of under 98,000 units in 1991 reduced the capacity of the system to meet the upturn in housing need which occurred from the late 1980s onwards.

*A Plan for Social Housing (1991)* heralded a renewed commitment to social housing, not only aimed at increasing provision, but also at diversifying housing supply through the ‘enhanced contribution from the voluntary and co-operative sector’. Many of the subsequent measures (including this increased support for voluntary and co-operative bodies) reflected the view that a return to the construction of large-scale local authority estates was not an appropriate solution. Acknowledgement of the need to address housing standards in the existing stock led to an expansion in funding for remedial works. The Shared Ownership Scheme and the Mortgage Allowance Scheme were also introduced at this time, expanding targeted support to low or average income home buyers.

The steady rise in the numbers of households assessed in need of social housing continued to outpace supply, however, during this period. 1995 saw the issue of a second major policy statement on housing policy – *Social Housing: The Way Ahead*. This reaffirmed the commitment to strengthening and expanding the role of social and affordable housing – with a number of improvements to the various schemes introduced in 1991, including a target for total social housing output of 7,000 units annually<sup>2</sup>. It also acknowledged ‘the role of all tenures in the housing system – social rented and private rented as well as owner occupied’ – introducing the registration of private residential tenancies and other measures.

The National Development Plan subsequently outlined social housing as a key development priority in recognition of ‘the infrastructural deficit in the size of the national housing stock in relation to the growing housing requirements of an expanding and changing population’ and provided for a number of additional measures to improve housing supply over the period 2000-2006. Along with supporting infrastructural investment, commitments were also made to increase social housing construction and to improve the physical condition of the existing housing stock. Commitments in the Plan included:

- ◆ Targets for an additional 35,500 local authority houses;
- ◆ An increase in the output of voluntary housing, rising to 4,000 units per annum by 2006;
- ◆ Provision of 1,000 houses per annum for sale under the Affordable Housing Scheme and 1,000 transactions per annum under the Shared Ownership Scheme over the course of the Plan.

2. This was to comprise of ‘starts’ under the following programmes: local authority units (new build and acquisition) – 3,900, the voluntary and co-operative sector – 1,200; Shared Ownership Scheme – 1,500, improvement works en lieu – 250; and Mortgage Allowance Scheme – 150.



The then Department of the Environment and Local Government published a further policy statement in June 2000 – *Action on Housing*. This statement announced a number of measures which took account of the 2000 Bacon report<sup>3</sup>, but also a review of social and affordable housing needs and programmes undertaken by the Department. The statement included measures to introduce Strategic Development Zones for housing, measures to remove a number of infrastructural constraints, and improvements to the planning system (increasing resources, but also an increase in residential densities). In relation to social and affordable housing, the following steps were outlined:

- ◆ An increase in the number of housing starts under the NDP from 35,000 to 41,500;
- ◆ A number of measures to facilitate land acquisition for social and affordable housing, including legislation to increase the borrowing limit of the Housing Finance Agency, to widen the range of non-housing functions for which the Agency could lend, but also to enable the Agency to lend directly to approved housing bodies;
- ◆ Measures to encourage more efficient utilisation of the housing stock, including encouragement of local authorities (particularly in urban areas) to construct smaller dwellings with a view to earmarking them for elderly persons currently in inappropriate accommodation; and the piloting of a home ownership sheltered housing development for elderly private homeowners wishing to purchase housing more suitable to their needs within their community and locale by the National Building Agency.

The emergence of a number of Affordable Housing programmes<sup>4</sup> – most notably the 1999 Local Authority Affordable Housing Scheme, obligations towards the provision of social and affordable housing under Part V and the Affordable Housing Initiative under *Sustaining Progress* – to support access to low-cost home ownership also reflects efforts at policy level to address the growing cohort of the population which traditionally would have purchased from the private market through their own resources. This necessitates the inclusion of such programmes in a review of state intervention in the direct provision of housing.

The Planning and Development Act, 2000 as amended has introduced a requirement for the preparation of a Housing Strategy by each local authority, the preparation and implementation of which should ensure that the housing needs of *all sectors* (our emphasis) of the population be addressed. Section 94 outlines the key elements to be taken into account by each housing strategy:

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3. Bacon, P, and McCabe F., (2000), *The Housing Market in Ireland: An Economic Evaluation of Trends and Prospects*

4. It is important to note that the term 'affordable' housing is used in two ways in current Irish housing policy – referring firstly to the policy objective of ensuring general affordability across all tenures (targeting those households that are expending more than 35 per cent of disposable income on housing – either mortgages or rent), and secondly to Affordable Housing programmes – which refer specifically to the provision of discounted houses for sale to eligible households. For the purposes of the report, the use of lower case (affordable housing) refers to the former context, whereas the use of upper case (Affordable Housing) refers to the latter.

- (a) the existing need and the likely future need for housing;
- (b) the need to ensure that housing is available for persons who have different levels of income;
- (c) the need to ensure that a mixture of house types and sizes is developed reasonably to match the requirements of the different categories of households, as may be determined by the planning authority, and including the special requirements of elderly persons and persons with disabilities, and
- (d) the need to counteract undue segregation in housing between persons of different social backgrounds.

This allows local authorities not only to determine the non-market response to social need, but also to plan strategically for the required levels of serviced land to meet the demand for housing overall. The ability of local authorities to turn these powers into capabilities will be a key factor in achieving a more balanced housing system.

Recent guidelines from the Department of the Environment, Heritage and Local Government on preparation of multi-annual Action Plans for Social and Affordable Housing for 2004-2008 'provide a framework for the integrated and cohesive planning and delivery over the coming years of specific social and affordable housing measures in each local authority area, based on the relevant Housing Strategy' (Department of Environment, Heritage and Local Government, HPS 2/04, 2004). Of particular note are the following provisions:

- ◆ The development of plans at county / city council level, with county councils identifying the relevant needs and input to delivery by Borough and Town Councils;
- ◆ Emphasis on both new-build and regeneration and remedial works;
- ◆ Consideration of interactions with the private sector, either through specific arrangements to provide social or affordable housing, or the extent to which the private sector will meet the needs of lower income households over the period;
- ◆ An identification of the anticipated level of local authority resources (from internal capital receipts and Part V funds).

In addition, the requirement of an 'audit' of the current housing position at county / city level to provide a clearer picture of the level and composition of housing need, the general age of the social rental housing stock held by the local authorities and the voluntary and co-operative sector, and its condition, should support the identification of strategic objectives to guide capital spending. The Council endorses this more formal approach to the planning of housing supply, which should support a more cohesive approach to aligning housing output and supports to needs.

Finally, a number of developments have occurred at a policy level altering the process and scope of policy-making in relation to housing, with a particular impact on the provision of social and affordable housing:

- ◆ The Cross-Departmental Team on Housing, which is chaired and serviced by the Department of the Environment, Heritage and Local Government and reports regularly to the Cabinet Committee on Housing on progress of government measures to increase housing supply;
- ◆ The establishment of the Housing Forum has facilitated involvement of the social partners in policy making at a national level, and in particular to monitor developments in relation to the supply and affordability of housing;
- ◆ The introduction of Strategic Policy Groups at local authority level has provided for the direct involvement of housing and other community interests in initiating and developing policy at a local level;
- ◆ A number of planning and working groups have also been established periodically to consider particular policy matters for example the Commission on the Private Rented Residential Sector and the Planning Group established in 2000 to develop proposals for new rental assistance arrangements;
- ◆ The development of national traveller accommodation strategies and strategies on homelessness, and supporting planning at local authority level.

Perhaps the single most important policy development in recent decades has been the introduction of the provisions of Part V of the Planning and Development Act, 2000 (as amended), not only as an additional source of supply of social and affordable housing, but also as a mechanism to achieve greater social integration in new private developments.

#### **Part V of the Planning and Development Act, 2000**

Part V of the Planning and Development Act of 2000 as amended stipulates that local authorities can ensure up to a maximum of 20 per cent of all residential developments is retained for social and affordable housing. In practical terms, this meant that a developer as part of their planning permission would be required to transfer completed houses to a local authority or housing association for social and affordable housing (or transfer land to a planning authority). Housing units resulting from these provisions can either be allocated for social rental housing, or sold on through the Affordable or Shared Ownership schemes operated at local authority level (since 2002 approved voluntary and co-operative housing bodies have also been permitted to provide Affordable Housing for sale to their tenants). Where the size, shape or attribute of a particular private development was not suitable for social or affordable housing, the planning authority could receive payment equivalent to the value of the transfer of land.

The legislation was subsequently amended in 2002 to provide additional methods of compliance for developers (including the building and completion of new houses on behalf of the local authority or housing association on another site, the transfer of alternative land in the local authority functional area, the payment of a specified amount or a combination of options).

A summary of actual and planned output of Social and Affordable Housing under Part V is beginning to show a significant upward trend following a slow start. Over 1,547 units had been proposed by March of 2004.

**Table 6.1 Actual and planned output under Part V Provisions, as at March 2004**

	Acquired	In progress	Proposed
Social housing – local authority	85	109	504
Social housing – voluntary and co-operative	0	80	127
Affordable Housing	104	595	916
<b>Total no. of units</b>	<b>189</b>	<b>784</b>	<b>1,547</b>
<b>Other contributions</b>			
Payments in lieu of sites/ dwellings		€1,560,348	
Payments received under Section 96B (6) Withering Levy		€267,420	
Land transferred		1.645 hectares	

Source: Annual Housing Statistics Bulletin March 2004, figures from DoEHLG

Appendix 6.2 provides detail of the estimated supply of 2,600 additional units annually under Part V made by local authorities prior to the 2002 amendment. While it is too early to assess the likely output under this measure, output is still some way off of initial anticipated supply due both to the lag time in effecting provisions under the Act, but also due to the increased range of options available to developers to meet their obligations (including the transfer of cash or sites in lieu of housing units). However the current upward trend is a sign of the potential future contribution to social and affordable housing output from implementation of this measure. The forthcoming local authority Action Plans for Social and Affordable Housing for 2004-2008 will provide a forecast of the extent to which local authorities expect this fledgling source of housing to impact on overall output. It will be interesting to note the extent to which planned and actual take-up, but also planned and actual ratios of allocations towards social and affordable housing vary among local authorities, not least in considering how the measure supports the objective of improving social integration.

A number of concerns were raised during the 2002 review of housing strategies by Buchanan *et al.* which are likely to still pertain, many of which were expressed by the officials of housing authorities themselves:

- ◆ The emphasis on the provision of discounted housing for purchase by low-income households, as opposed to social rental housing. The authors of the review called for the provision of guidelines to local authorities to prioritise social rental housing where unmet social need exists;
- ◆ Another source of concern reported is the lack of additional funding to cover any additional social housing under Part V – the cost of units purchased would be met under existing programmes – it was widely considered that the final cost of Part V units would be quite high, and even ‘exorbitant’ in many cases;
- ◆ The provision of housing for social rental under Part V also brings challenges in managing mixed tenure estates – but also difficulties in relation to the location of development land in peripheral locations;
- ◆ The provisions of Part V only extend to developments on zoned land, which will require additional zoning programmes at local authority level. Some local authorities in discussion with the authors of the review indicated that up to three times the amount of land actually required to meet housing need would have to be zoned to allow for ‘distortions in the supply of land to the building market’.

Other concerns which have emerged further to implementation of provisions include:

- ◆ The high management and service costs likely to arise from the transfer of apartments in high-density developments to local authorities or housing associations under Part V;
- ◆ The particular need to ensure that the planning of residential developments involving the provision of social rental units reflects social housing design guidelines which outline best practice in minimising crime and anti-social behaviour.

These highlight the challenges facing local authorities in channeling the provisions arising from Part V towards increased supply in a manner which supports greater social integration, but also one that is consistent with available resources.

### **Conclusions**

The cumulative effect of recent policy developments is the emergence of a significant range of supports within the current public housing system. A shift away from the provision of large-scale local authority housing estates to a more diverse social housing stock has seen a greater role for voluntary and co-operative providers, but also greater use of alternative supports in lieu of conventional social housing. The widening remit of the local authorities - beyond the provision of bricks and mortar to encompass a more facilitative and co-ordinating role in overall supply - has also begun to change the balance between the provision of publicly managed units and other supports.

Table 6.2 below summarises the main social and affordable housing programmes which are now in place, distinguishing between programmes providing conventional social housing (with life-long security of tenure as a rule), other supports in lieu of social housing (both transitional and permanent measures), and programmes supporting the purchase of housing at a discount. This also displays the increase in the number of public actors in supporting marginal households to access affordable housing seen in the significant role played by the Department of Social and Family Affairs and the administering health boards in supplementing the rents of approximately 60,000 additional households in the private rental sector in 2003.

**Table 6.2** Main social and affordable housing schemes, 2004

Schemes providing social rental housing	Other supports in lieu of social housing	Schemes supporting 'affordable' home ownership
<p><b>General needs housing</b></p> <ul style="list-style-type: none"> <li>◆ Construction and maintenance of local authority rental housing stock</li> <li>◆ Construction and maintenance of voluntary and co-operative rental housing (funded under the Capital Loan and Subsidy Scheme)</li> </ul> <p><b>Specific needs housing</b></p> <ul style="list-style-type: none"> <li>◆ Construction and maintenance of voluntary and co-operative rental housing for specific needs (funded under the Capital Assistance Scheme)</li> <li>◆ Provision of Traveller accommodation and support</li> <li>◆ Homeless accommodation</li> <li>◆ Arrangements with private rental sector for long term accommodation at a social rent (Rental Accommodation Scheme)</li> </ul>	<p><b>Assistance with housing costs in private housing market</b></p> <ul style="list-style-type: none"> <li>◆ Rent supplement under Supplementary Welfare Scheme</li> <li>◆ Grant assistance for adaptation of private homes of disabled persons</li> <li>◆ Improvement Works in Lieu of social housing</li> <li>◆ Special improvement works and general housing aid for elderly persons</li> </ul> <p><b>Supports to existing local authority tenants</b></p> <ul style="list-style-type: none"> <li>◆ Grant assistance for adaptation of homes of disabled local authority tenants</li> <li>◆ Remedial works</li> <li>◆ Extensions to local authority dwellings</li> </ul> <p><b>Emergency or temporary accommodation</b></p> <ul style="list-style-type: none"> <li>◆ B &amp; B accommodation</li> </ul>	<p><b>Subsidised home ownership</b></p> <ul style="list-style-type: none"> <li>◆ Tenant purchase scheme</li> <li>◆ Local Authority Affordable Housing Scheme</li> <li>◆ Affordable Housing through Part V provision</li> <li>◆ Affordable Housing Initiative (<i>Sustaining Progress</i>)</li> <li>◆ Shared Ownership Scheme</li> <li>◆ Mortgage Allowance for local authority tenants</li> <li>◆ Low cost subsidised sites scheme</li> </ul> <p><b>Access to finance</b></p> <ul style="list-style-type: none"> <li>◆ Local authority home purchase loan</li> </ul>

Notes 1. Funded by the Department of Social and Family Affairs and administered through the health board structure

It is apparent therefore that an exceptionally large number of policy changes have taken place in housing policy during recent years. Most notably, the once dominant programme of local authority housing is now accompanied by an expanding range of social and affordable housing programmes, but also other significant housing supports through the use of social assistance. Policy support for a pluralist approach to housing provision looks set to continue, as reflected in the strategic priorities set out by the Department of the Environment, Heritage and Local Government in its Statement of Strategy for 2003-2005.

### 6.2.3 State expenditure on social and affordable housing

Significant policy change has also been accompanied by increased state investment in social and affordable housing. Public capital expenditure on housing has increased seven-fold since 1993 as illustrated in Appendix 6.3. Of particular note is the increase in expenditure since 2000, arising from implementation of housing targets under the National Development Plan. A sum of €7.6 billion was earmarked for housing under the Plan's Economic and Social Infrastructure Operational Programme (ESIOP).

The bulk of state expenditure on housing is provided through investment under the Public Capital Programme. Total public capital expenditure on housing in 2003 accounted for €1.7 billion, while corresponding expenditure for 2004 is estimated at €1.79 billion. Expenditure in 2003 equated to just under 20 per cent of total investment under the Programme, or almost half of all investment in social infrastructure. The diversification of housing provision away from primary reliance on conventional local authority housing requires the apportionment of available funding across a number of programmes, including the introduction of significant expenditure under new programmes such as the Affordable Housing Scheme (€220m was invested in 2003 to cover mortgages arising under the scheme). Appendix 6.4 provides a more detailed overview of the main areas of government expenditure on housing in 2002.

Currently, capital investment is financed by a mix of exchequer and non-exchequer funding (which is comprised mainly of local authority capital receipts, loan finance from the Housing Finance Agency and receipts from other sources including the National Lottery). A review of the breakdown of exchequer and non-exchequer financing of public capital expenditure on housing in 2003 and 2004 indicates that approximately 60 per cent of total investment has comprised of Exchequer funding in both years (see Appendix 6.5). Significant current expenditure also arises due to rent supplement paid under the SWA scheme – in 2003 this accounted for an additional €330 million, equating to a fifth of expenditure under the capital programme. Combined, current and capital expenditure totalled over €2 billion in 2003, or 2 per cent of GNP.

Evidently, the level of overall expenditure on social and affordable housing is an essential component in how well supply meets demand. The increase in expenditure on housing is bound by other considerations such as overall priorities for government spending, but also the capacity of the social housing system to deliver additional output, given limited organisational resources and other constraints such as availability of affordable land. Chapter 6 of the main report considers the future resourcing of social and affordable housing in more detail.

## 6.3 The Provision of Social Housing

The most significant (and often most visible) method of providing housing outside of the market is the direct provision of rental accommodation by local authorities and the voluntary and co-operative sectors, referred to in aggregate as social housing. This section considers the recent provision of *social housing* from a number of perspectives:

- ◆ The demand for social housing as assessed by local authorities;
- ◆ The recent supply of social housing and its impact on overall stock levels;
- ◆ The provision of local authority housing; and
- ◆ The provision of voluntary and co-operative housing.

### 6.3.1 Demand for social housing

Demand for social housing is most commonly expressed in the form of local authority housing waiting lists. In relation to the true scale of need, two sets of views were recently captured in the report by Buchanan *et al.* when reviewing the current local authority housing strategies and homeless action plans. For those who argue that the waiting lists *underestimate* the true scale of need, the following issues were highlighted—firstly, many elderly, disabled and homeless people are missed unless a careful survey is conducted; secondly, asylum seekers typically are excluded yet they can be in need (Dublin City Council estimated in 2002 that approximately 2,500 asylum seeker households in their area were eligible to apply for local authority housing but only a small number had yet done so); thirdly, assessment of need, particularly amongst single persons, is arguably unduly restrictive—younger people may be omitted in particular; and, finally, some rural need may remain hidden, including homelessness.

However, the review also listed a number of arguments which indicated that the use of current waiting lists may lead to some overstatement of the extent of demand for local authority housing or other forms of long-term social housing. Buchanan *et al.* point to a number of reasons why these estimates may give an exaggerated picture of the extent of need:

- ◆ Not all strategies are discounted to reflect multiple applications;
- ◆ Some strategies did not appear to limit their estimates to applications which had been approved by the local authority;
- ◆ Some households may be on the list only because it was a pre-condition for getting the SWA rent supplement;
- ◆ Some may apply because they seek to buy Affordable Housing under a LA scheme, but do not want to rent social housing.



The overstatement of expressed need for conventional social housing can occur due to bureaucratic and other perverse incentives, along with the absence of other alternatives - anecdotal evidence of households on the waiting list turning down offers of reasonable accommodation is one indication of this effect.

O'Sullivan (2004) points to the need for greater clarity as to what is being measured in assessments of need. He states that considerable confusion exists concerning the numbers on the housing waiting list and how housing need is conceptualized and measured in Ireland, with four separate categories being taken into account currently:

1. Households who apply to local authorities to have their housing need met and are deemed to require local authority housing – or the ‘net’ housing need;
2. Households who apply for local authority housing, but are deemed best suited for other social housing measures. These are households who have met the entry criteria for local authority housing, but whose needs are deemed to be better met by other social housing providers, by the SWA rent supplement system, or measures in lieu of social housing. In addition, households included in more than one local authority assessment are listed. These households, along with those in (1) above are often referred to as the ‘gross’ housing waiting list;
3. Households who are in the private rented sector in receipt of a rent allowance under the Supplementary Welfare Allowance scheme, but not registered with housing authorities, some 40,000 in 2003 (it is likely that this number will be reduced in the near future as arrangements with the private rental sector are progressed to transfer more long-term recipients to an accommodation-based solution);
4. Households that are homeless, but not registered with housing authorities. In addition to the assessment of housing need, a simultaneous assessment of the extent of homelessness is conducted by housing authorities<sup>5</sup>. Those enumerated in this assessment should include those homeless households registered with local authorities and those who, for various reasons, are not. In 2002, there were 2,468 homeless households enumerated in the assessment of housing need compared to 3,773 in the assessment of homelessness, a gap of 1,305 households.

Notwithstanding the above concerns regarding the accuracy and completeness of recent needs assessment, the process serves as a means of identifying overall trends in the demand for social housing. A particular concern within the system is the steady increase in the number of households on this list. Since they began in 1988, each tri-annual assessment has registered an increase in the overall number of households deemed in need of housing or other supports<sup>6</sup>. Table 6.3 illustrates this trend in the rise of households registered on local authority housing waiting lists.

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5. With the exception of Dublin – in 2002 the assessment was conducted by the ESRI on behalf of the Homeless Agency. The official national assessment in 2002 of the number of homeless persons compiled by local authorities revealed a total of 5,581 homeless people (consisting of 4,176 adults and 1,405 children).

6. It is noted however that a wide variation exists across local authorities at the time of assessment – ranging from an increase of 5% in net need in Borough Council areas to an increase of 41.8% in the Town Council areas. 23 of the 90 local authorities saw a decline in net need from 1999 (Housing Statistics Bulletin, September 2002)

**Table 6.3 Local Authority Assessment of Housing Need –  
no. of households, 1989 – 2002**

Category of Need	1989	1993	1996	1999	2002
Unable to Afford	6,432	2,809	7,659	13,328	21,452
Overcrowded	7,075	4,621	5,912	8,328	8,513
Unfit Dwelling	5,122	4,324	4,799	4,796	4,065
Involuntary Sharing	3,345	2,001	3,120	4,086	4,421
Elderly	2,191	2,349	2,140	2,363	2,006
Medical	1,861	1,187	1,762	2,347	3,400
Homeless	1,452	987	979	2,219	2,468
Traveller	884	834	749	1,406	1,583
Disabled	194	108	241	236	423
Leaving care	68	156	66	67	82
<b>Total</b>	<b>19,376</b>	<b>28,624</b>	<b>27,427</b>	<b>39,176</b>	<b>48,413</b>

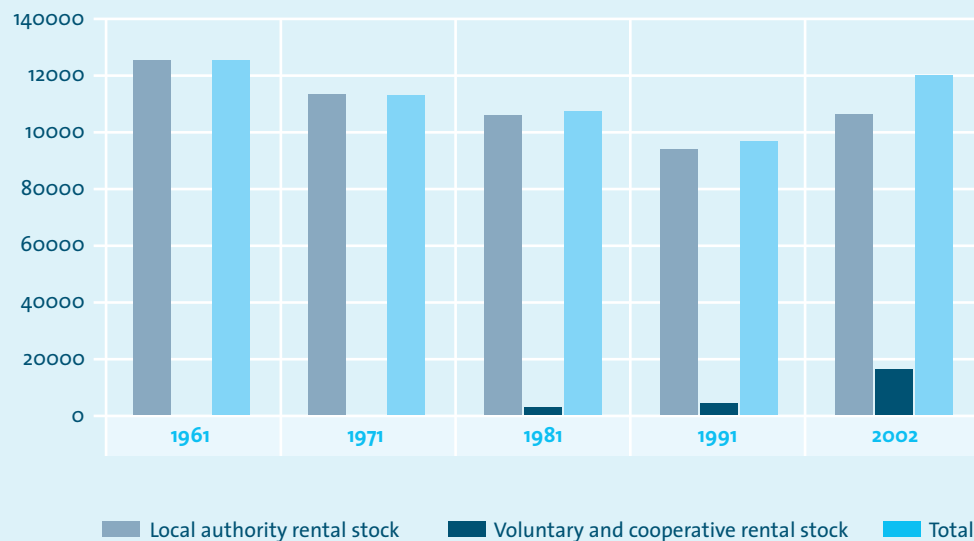
*\* It should be noted that results following 1996 are not strictly comparable to the earlier assessments.*

It is interesting to note the changing prominence of certain categories. Whereas overcrowded and unfit dwellings accounted for the majority of households being added to the waiting lists in 1988 (62 per cent), general affordability problems were the overwhelming primary reason in 2002 (43 per cent). Somewhat surprisingly perhaps, particularly given the dominance of affordability as a factor in household need, need for social housing is spread fairly evenly geographically (see Appendix 6.6). Demand is, however, disproportionately high in regional cities such as Cork, Galway and Limerick, but also in Ulster. Dublin has a significant share of overall housing need, but the fact that it remains comparable to other regions may reflect a greater historical stock of social and other affordable housing in the Dublin region. However, Dublin, being the largest city in the country, has the largest incidence of homelessness. The assessment undertaken in 2002 found that there were more than 2,900 adults homeless in Dublin. There were 640 homeless families with children which was an increase of almost 20% since the previous official count in 1999. The number of children who were homeless increased by 15% from 990 in 1999 to 1,140 in 2002. The count found over 300 people sleeping rough. The latest count also reveals that the number of people experiencing extended periods of between three to five years without a home is growing.

### 6.3.2 Supply of social housing

The legacy of the contraction of social housing output in the past can be seen from the significant reduction in the stock which occurred from the early 1960s to the early 1990s. Figure 6.2 illustrates this decline.

Figure 6.2 Change in social housing stock: 1961-2002



Source *Housing Statistics Bulletins (various), Mullins, Rhodes and Williamson (2003), CSO population censuses (various)*  
 Notes *Precise figures for voluntary and co-operative stock not available before 1981*

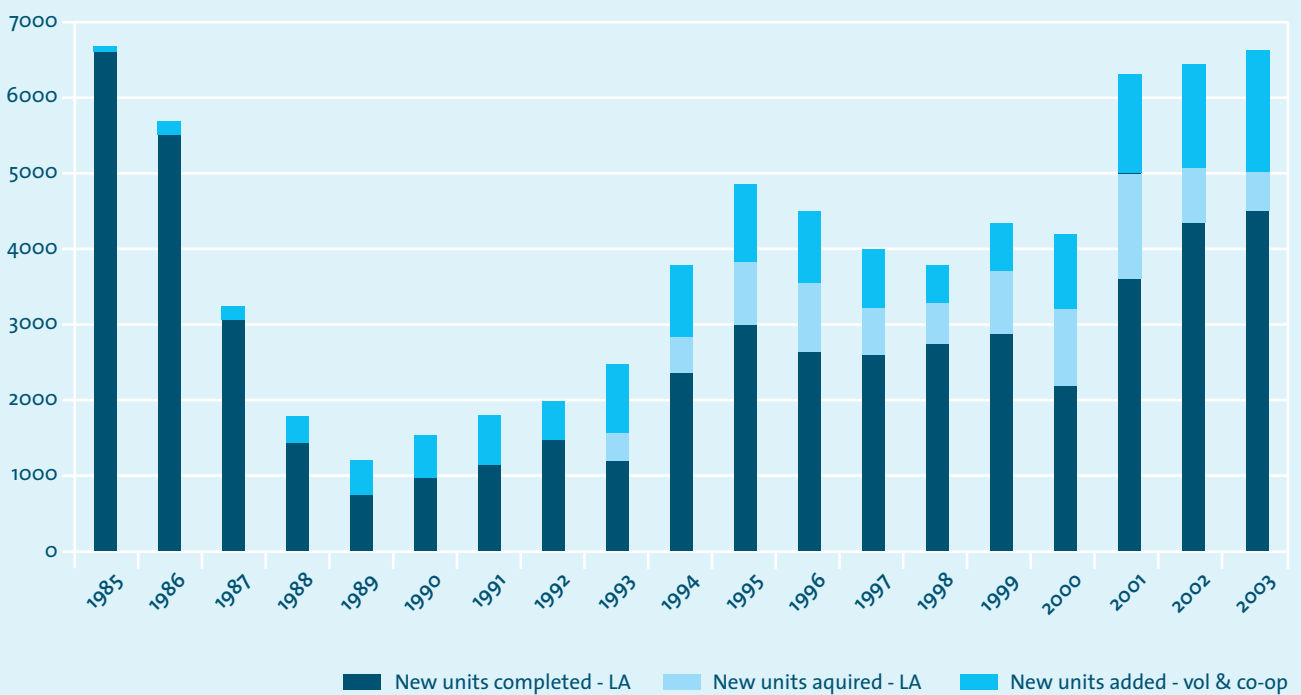
There were a number of factors accounting for this decline in the housing stock over the second part of the 20th century. Firstly, supply appeared to catch up with demand for local authority housing. The significant level of local authority construction over the earlier decades (see Blackwell for an account) in conjunction with an expansion of the housing stock overall led the authors of the 1958 report *Economic Development* to conclude that “private housing needs have been largely met, while local authority housing programmes ... are expected to be completed in all areas outside Dublin within three or four years”. In 1961 alone, the output of local authority housing in Dublin was barely a tenth of its level in 1951 (Blackwell, p. 148). Renewed support for public housing resumed in 1966 (with the publication of the 1966 Housing Act), and output reached some 8,800 new dwellings in 1975 a post-war record (Finnerty, 2002). By the 1980s, emigration levels were reflected in a high level of vacancies in the stock. Reducing waiting lists<sup>7</sup>, combined with the economic imperative of reducing public expenditure, led to a progressive reduction in expenditure over the decade, and a subsequent decline in annual output of new units. Construction had dipped to 770 dwellings in 1989.

7. Over the period 1981 to 1988, the total number of households on waiting lists fell from 27,700 to 17,700, or by 36%.

Secondly, an active policy of tenant purchase for local authority tenants from the 1960s onwards saw the stock reduce further. Tenant purchase peaked in 1989 when some 18,000 units were sold to sitting tenants. This coincided with a rapid descent of social housing need which continues today.

The decline in the level of social housing was stemmed following *A Plan for Social Housing* in 1991. Construction of social housing units by both the local authority and voluntary and co-operative sectors began to increase. Figure 6.3 below shows the rise to 5,000 units in 1995; although output would decline temporarily for the rest of the decade before it picked up again, coinciding with the dramatic rates of construction in the private housing sector and the accompanying escalation in land prices. The diagram shows the particular squeeze placed on the voluntary and co-operative sector arising from scarcity of affordable land – after reaching 1,000 units in 1995, output had fallen to 485 units in 1998.

Figure 6.3 Social housing output, 1985-2003



Source: Housing Statistics Bulletins, various

Output recovered from 2000 onwards to reach over 6,500 units in 2003 over two and a half times total supply in 1993 (2,459 units) reflecting the significant capital funding and associated targets set under the National Development Plan (by 2003, capital expenditure on social housing had reached €1.13 billion compared to €143.6 million in 1993). It should be noted however that much of this increase has been absorbed by the rising costs of land and construction. While investment in local authority housing increased eight-fold between 1993 and 2003, the corresponding output of additional units increased three-fold (see Appendix 6.7).

### Supply of social housing to meet specific needs

The increasing focus on the provision of supports to meet particular categories of need has had a positive impact for many households or individuals with specific housing needs. In 1995, about 13,200 dwellings in the stock were suitable for use by older or disabled persons. Between 1996 and 2001, some 2,300 additional units were added to this stock. In addition, almost one half of the voluntary and co-operative stock targets older persons (Mullins *et al.*, 2003). One remaining criticism is the nature of the stock provided – with a concern that insufficient sheltered accommodation is being supplied.

The level of expenditure on various programmes to meet particular housing needs constitutes a considerable proportion of overall spend. In 2002, programmes assisting Travellers, the Homeless, disabled persons and elderly persons incurred expenditure of €127 million 12 per cent of total expenditure on social housing. In addition, funding made available to the voluntary and co-operative housing sectors also catered for a substantial number of households with specific needs, given the large percentage of households with special needs accommodated by not-for-profit housing bodies (estimated at between 6,000 and 7,000 households or almost 50 per cent of the current stock – Mullins *et al.*, 2002). Expenditure has steadily increased for a number of categories as outlined in Table 6.4 below.

Table 6.4 Assistance with specific needs

		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Disabled persons grant</b>	<b>No</b>	1,460	1,615	2,172	2,231	2,455	2,875	3,646	4,883	5,932	5,739
	<b>Value €M</b>	5.6	6.5	8.9	8.6	13.1	15.9	27.7	41.7	52.6	50.5
	<b>Av. Grant €</b>	3,835	4,023	4,097	3,854	5,336	5,530	7,597	8,539	8,867	8,796
<b>Essential repairs grant</b>	<b>No</b>	576	697	747	896	957	966	1,366	1,917	3,274	2,842
	<b>Value</b>	0.94	1.2	1.3	1.5	2.2	2.7	5.1	8.9	16.1	13.3
	<b>Av. grant</b>	1,631	1,721	1,740	1,674	2,298	2,795	3,733	4,643	4,917	4,680

Source: Housing Statistics Bulletins (various), own calculations

Despite this increase in expenditure, particular challenges remain in addressing specific housing need:

- ◆ The acknowledgement that traditional accommodation responses are no longer appropriate, and the consequential implications for the planning, delivery and support of these tenancies in the mainstream social housing system;
- ◆ The implementation of existing strategies for homelessness and Traveller accommodation is dependent on new approaches and working arrangements between a number of bodies, both state and non-governmental;
- ◆ Rising costs of construction have hit particular schemes such as the Disabled Persons Repair Grant Scheme while increasing demand outstrips supply significantly. Other limitations to the scheme, including a cap of €20,000, and reports of the introduction of means-testing are evidence of on-going difficulties in meeting increased demand. It is noted that a review of the scheme, to be completed in 2004, is outlined in *Sustaining Progress*.

### **Regional supply**

In their review of housing supply since 1990, Norris and Winston (2004) note that ‘the spatial distribution of social house building during the period to 2002 broadly matched local demand.’ Approximately 25 cent of new social housing in the period (including voluntary and co-operative output) was built in the city councils, which reflected the proportionate share of need identified in the 2002 assessments. Appendix 6.8 provides more detail of output by county council and city council area during the period 1993-2003.

The breakdown of social housing output by public and not-for-profit provision at local authority level is outlined in Appendix 6.9. While figures only reflect the output of a single year (2003), the table still illustrates the significant variance in the percentage supplied by approved housing bodies at county level – which in turn indicates the geographic concentration of active housing bodies, but also the varying reliance of local authorities on these providers to reduce waiting lists. Over one half of all output in certain authorities in 2003 was accounted for by voluntary and co-operative housing (namely Laois and Longford).

### **Position in relation to current targets**

The targets set under the NDP provide a useful guide for assessing both the adequacy of targets and system output in the current system. The recent mid-term evaluation of the National Development Plan points to a considerable amount of housing activity under the Economic and Social Infrastructure Operational Programme (ESI OP). The evaluation indicated that, based on data available at end of 2002, output would be close to but short of mid-term targets (set for end of 2003). Concerns were expressed by the reviewers in relation to the cost of construction and serviced land, the contribution of increased social housing provision to further inflation, and the provision of social housing through multiple measures. However, it was stated that the greatest impact of the ESI OP on social exclusion was likely to be through progress against the measures in relation to housing – confirming the importance of housing as a

determinant of social outcomes. Table 6.5 outlines the final position in relation to NDP targets to end 2003.

**Table 6.5 Expenditure and output of units to end 2003 against key mid-term NDP targets**

	NDP target (2000–2006)		NDP mid-term target (to end 2003)		Actual output (to end 2003)			
	Units	Expenditure (€m)	Units	Expenditure (€m)	Units	% of target	Expenditure (€m)	% of target
Local authority housing starts (Measure 1)	40,100	4,152	20,000	2,324.9	17,558 <sup>1</sup>	87.8%	2,577.6	110.9%
Vol & co-op (Measure 2)	15,500	1,860	5,500	621.4	5,181	94.2%	672.5	108.2%
Affordable and shared ownership (Measure 3)	14,000	1,613	8,000	885.3	8,249	103.1%	944.4	106.7%
<b>Total</b>	<b>69,600</b>	<b>7,625</b>	<b>33,500</b>	<b>3,832</b>	<b>30,988</b>	<b>92.5%</b>	<b>4,195</b>	<b>109.5%</b>

Source Annual Housing Statistics Bulletin 2003; Indecon (2003); Figures from DoEHLG

Note 1. Includes units acquired under Part V for rental purposes. It excludes units provided for under major regeneration schemes (Measure 4 of NDP)

It is evident from the above that while output of physical units is marginally behind mid-term targets (almost 95 per cent), targeted expenditure has been surpassed over 9 percent in total over the measures considered in the above table. Estimated Exchequer contributions under the Housing Priority of the ESIOP to end 2003 have exceeded original projections for the period 2000-2003 by over €363 million.

While social housing output has improved steadily over the past few years (almost 5,000 additional local authority units were supplied in 2003 as opposed to 3,207 in 2000; whereas voluntary and co-operative housing reached an all time high in 2003), voluntary and co-operative output in particular will require a significant ramp up to meet targets for 2006 (4,000 units in that year). Signals have already been made that the 2004 target for voluntary and co-operative housing will prove challenging to meet, with estimates of the likely shortfall close to 950 units.

A number of reasons have been cited for the shortfalls against physical targets, each of which poses challenges for the achievement of final targets by 2006:

- ◆ The running of cost inflation ahead of budgetary allocations – local authority and voluntary and co-operative measures under the NDP are both ahead of mid-term targets in terms of expenditure incurred, despite shortfalls in units supplied;
- ◆ The delay in achieving output under Part V arising from the amendment of the 2000 Planning and Development Act;
- ◆ On-going difficulties in accessing serviced land at affordable prices;
- ◆ The stretching of organisational and sectoral capacity to meet increased supply, but also across a wider range of measures – which is likely to have resulted in a lag in developing additional capacity.

This may explain lower output in 2003 than that in 2002 under some measures – local authority housing units supplied in 2003 numbered 4,972 compared to 5,074 in 2002.

#### **Impact of supply on waiting lists**

Housing is provided to households on local authority housing waiting lists through the allocation of new local authority dwellings. Approved bodies also allocate some 75 per cent of their stock to households on the waiting lists. Based on 2003 output, this would have resulted in the allocation of new dwellings to over 6,000 households. The construction and acquisition of new dwellings is not the only source of new lettings to households on waiting lists however. Vacancies arising in the existing social housing stock also account for a significant amount of first time lettings in any year – in 2003 vacancies in the local authority housing stock alone allowed an additional 4,000 households to be provided with dwellings. Table 6.6 below shows the trends in vacancies between 1993 and 2003, and their proportionate share of first time lettings.



**Table 6.6** Number of vacancies arising in local authority stock as percentage of first time lettings – 1993-2003

Year	Total first time lettings	Number of vacancies	As percentage of new lettings
1993	4,881	3,312	67.9%
1994	6,086	3,245	53.3%
1995	7,451	3,609	48.4%
1996	7,503	3,930	52.4%
1997	7,012	3,795	54.1%
1998	6,660	3,378	50.7%
1999	6,834	3,121	45.7%
2000	6,061	2,854	47.1%
2001	8,026	3,004	37.4%
2002	8,194	3,120	38.1%
2003	8,767	3,795	43.3%
<b>Total</b>	<b>77,475</b>	<b>40,542</b>	<b>47.9%</b>

Source: *Annual Housing Statistics Bulletin, 2003, own calculations*

While vacancies arise for a number of reasons, the supply of Affordable Housing and other supports available to social tenants to become home owners has some effect. In the period 1998 to 2003, over 900 houses were surrendered under the mortgage allowance scheme, whereas 181 of the transactions under the Shared Ownership Scheme in 2003 (or 18.1 per cent of total transactions) comprised of social tenants surrendering their dwellings (31 local authority, 4 tenants of loan and subsidy scheme dwellings), or were removed from the local authority housing list (146).

A number of programmes in lieu of social housing also stem the potential flow of private households to the local authority sector. Almost 1,450 households had improvements made to their private dwellings between 1991 and 2003 that otherwise would have been eligible for local authority housing under the Improvement Works in Lieu scheme (see Appendix 6.10). Some 13,600 households were assisted in 2003 through the main social and affordable housing programmes.

### **Impact on overall stock of social housing**

The total combined stock held by social housing providers in 2002 totalled some 120,000 units – just 5,000 units less than the total stock in 1961. While the absolute scale of social housing has since recovered from its lowest level, the

stock as a share of all housing has continued to decrease, reflecting the overall increase in private house-building (averaging some 90 per cent of total building over the past decade) to meet the demand for owner-occupation. The changing proportion of stock held in each tenure is detailed in Table 6.7 below.

**Table 6.7 Breakdown of total housing stock by tenure, 1946 – 2002**

	1946	1961	1971	1981	1991	2002
<b>Owner occupied</b>	52.6 %	59.8 %	68.8 %	74.4 %	79.3 %	77.4 %
Rural	69.3%	77.4%	85.5%	85.6%	87.8%	n/a
Urban	23.2%	38.0%	52.5%	65.6%	73.1%	n/a
<b>Social housing</b>	42.7%	18.4%	15.5%	12.5%	9.7%	7.9%
<b>Private rental</b>		17.2%	13.3%	10.1%	8.0%	11.0%
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Total no. of dwellings (000s)</b>	<b>662.6</b>	<b>676.4</b>	<b>726.4</b>	<b>896.1</b>	<b>1019.7</b>	<b>1279.6</b>

Source: *Censuses of population 1946-2002, from Fahey, Nolan and Maitre (2004)*

In 1961, the State was able to directly influence the cost and conditions of housing on an on-going basis for over 18 per cent of the population. The cohort of households protected from exposure to market forces through the rental of social dwellings has reduced dramatically since then – to just under 8 per cent in 2002.

Appendix 6.11 provides an overview of the level of housing stock and completions between the period 1995 and 2002, and the corresponding breakdown between private and social housing build. The ratio of social housing per 1,000 population has varied very slightly over the period in question (30.1 dwellings per 1,000 people in 1995, 30.8 per 1,000 in 2002) – indicating an increase in overall stock in line with general population increase. However, the position deteriorates when considering the relative share of social housing overall, which has slipped as a proportion of overall housing (1 in 9 dwellings were social in 1995, 1 in 11 were social in 2002).

Having considered the key trends in the supply and demand for social housing overall, the two main delivery mechanisms, namely local authorities and the voluntary and co-operative sector, are examined in more detail below.

### 6.3.3 The provision of local authority housing

Local authorities are the main providers of social housing, making available a range of rented housing to meet a variety of accommodation needs. The local authority capital programme funds the construction and acquisition of housing

managed and maintained by individual local authorities. Expenditure under the programme has increased from €83.2 million in 1992 to €917.5 million in 2003 (down from €999.2 million in 2002), with a corresponding increase in output as illustrated in Appendix 6.7. Notwithstanding the falling share of local authority housing as a proportion of the total stock, the sector continues to play a pivotal role in addressing housing need, and currently accommodates over 100,000 households. At individual local authority level, there are significant variances between the level of housing units managed. Approximately 25 per cent of all local authority households are based in Dublin City Council. In 2000 only nine housing authorities had more than 2,000 units, while twenty-five have housing stocks of less than 200 dwellings. A number of additional local authority schemes provide measures in lieu of social housing (see Appendix 6.12).

At the beginning of the 1990s, there was a strong acknowledgement of the need to improve the *quality* of the accommodation and overall environment that local authority housing estates and inner city areas offered. The local consequences of high unemployment and the strong link that developed between social disadvantage and local authority tenancy, particularly during the 1980s, prompted a widening of the housing remit of local authorities to embrace issues complementary to physical refurbishment and which were also impacting on the quality of life of their tenants (the physical environment, management, tenant consultation and participation, community facilities, etc.). The recent provision of discrete funding for local authorities to cover the costs of providing childcare facilities in conjunction with the provision of local authority housing is one such development (€2.666 million was allocated in 2003 under this measure – the bulk of which will be drawn down in 2004).

In addition, the *nature* of local authority provision has changed, with a move away from the traditional large-scale local authority estate to the planning and development of more mixed tenure estates; the acquisition of housing from the private sector (either through the purchase of second hand properties or the commissioning of new build through joint ventures). The establishment of a dedicated Public Private Partnership Unit in the Department of Finance in 2000 provided a key mechanism to deliver on the roll-out of the PPP approach to the infrastructure and public services element of the National Development Plan. The work of the Unit is complemented by that of sectoral units in other Government Departments and by the cooperation of the social partners.

In recent years, an active acquisitions policy on the part of the local authorities has reduced the flow of dwellings from the social housing sector to the private sector arising from tenant purchase by up to half. Acquisitions by local authorities can involve the purchase of individual dwellings or multiple dwellings. For example, a number of recent and planned public private partnerships involve the purchase of a portion of completed units in a private residential development. Various initiatives at individual local authority level such as the Empty Nester's Scheme (whereby persons can opt to sell their homes to their local authority in return for life-long supported housing) are intended to add to this supply of private housing for use by local authorities. Table 6.8 below illustrates the continuing net outflow of houses from the local authority sector to private ownership. The second column shows the number of social dwellings transferring to private ownership

over the period, while the third and fourth columns indicate the number of homes purchased by local authorities from the private housing stock for social rental purposes. The net position between the two is contained in the final column.

**Table 6.8** Flow of dwellings between social housing and private housing stocks 1993-2003

	Disposals	Acquisitions – second hand properties	Acquisitions – new homes	Net impact on social housing stock
1993	-613	369	-	-244
1994	-505	467	-	-38
1995	-950	882	-	-68
1996	-2284	897	-	-1387
1997	-2139	571	-	-1568
1998	-2006	511	-	-1495
1999	-2259	804	-	-1455
2000	-1844	1003	-	-841
2001	-1411	1400	-	-11
2002	-1195	671	-	-524
2003	-1567	456	75	-1036
<b>Total</b>	<b>-16773</b>	<b>8031</b>	<b>75</b>	<b>-8667</b>

Source: *Housing Statistics Bulletins, various*

Notes: 1. Primarily dwellings arising from public private partnerships and Part V supply

## Maintenance

The maintenance and refurbishment of local authority housing occurs in two ways – planned refurbishments and ongoing repairs. The former is funded primarily under the Remedial Works Scheme, which was introduced in 1985, the first scheme to concentrate on the refurbishment of whole estates rather than individual dwellings with provision for the improvement of the general environment as well as dwellings (Norris, 2001). Between 1985 and 1999, some 16,250 dwellings were refurbished under the scheme. Current funding arrangements involve a combination of exchequer funding and contributions from the local authority's own capital receipts. Table 6.9 below shows expenditure under the scheme to 2003.

Table 6.9 Expenditure under the RWS, 1993-2003

Year	Central funding		Local authority contribution		Total funding
	€m	%	€m	%	
1993	12.3	56.4	9.5	43.6	21.8
1994	19.3	65.4	10.2	34.6	29.5
1995	12.6	54	10.8	46	23.4
1996	12.6	54	10.8	46	23.4
1997	13.2	55	10.8	45	24.0
1998	14.0	36	24.8	64	38.7
1999	14.1	36	24.9	64	38.9
2000	14.2	56.8	10.8	43.2	25.0
2001	15.4	58.8	10.8	41.2	26.2
2002	10.5	47.3	10.8	50.7	21.3
2003	13.5	55.6	10.8	44.4	24.3
<b>Total</b>	<b>150.6</b>	<b>51.1</b>	<b>145.0</b>	<b>48.9</b>	<b>296.7</b>

Source Norris (2001), Department of Environment, Heritage and Local Government

Notes 1. Includes a one-off payment of €3.2 million (IR£2.5 million) from the 1994 tax amnesty

While the scheme provides funding to address the refurbishment of rundown local authority estates, due to design defects or deterioration due to age or general decline, concerns regarding value for money had arisen by the early 1990s. The Department of the Environment stated in 1993 that there was an “undue reliance by many authorities on funding under the scheme as a solution to problems which could have been averted or lessened if the management of the dwellings and the estate had been effectively targeted at an earlier stage” (cited in Norris, 2001).

In her review of a number of projects carried out under the scheme, Norris concludes that the degree to which unpopular or problematic estates can be renewed successfully through such a scheme is dependent on the nature of the problems faced. Factors beyond the improvement of the built environment—such as the approach to estate management, the level of tenant consultation and participation, and indeed the presence of local partnerships with other public authorities such as the Garda Síochána have all contributed to those schemes which are deemed to have been most successful.

A number of reforms have been introduced to the scheme of late, including the conditionality of funding on accompanying improvements in housing management and tenant inclusion in design and implementation of renewal schemes. The carrying out of works on a pilot phase has also been introduced as a potential requirement to ascertain the effectiveness of planned refurbishment (in terms of economic, social and environmental sustainability). Norris identifies the maturation of the scheme into a more “holistic and multi-dimensional approach to estate regeneration” as seen in the introduction of grants towards the costs of establishing or improving estate management structures. The NDP provided a significant boost in funding in order to refurbish pre-1960 local authority dwellings under the Remedial Works Scheme and of local authority flat complexes in Dublin inner city.

### **Local authority regeneration**

Traditionally, local authority involvement in urban and rural renewal has focused on private housing. Moves to encompass wider social and economic regeneration were made in the Urban Renewal Act of 1998, with a range of reforms to the existing urban renewal schemes, including a requirement placed on local authorities to draw up integrated area plans to indicate objectives for social and economic renewal, alongside improvements in the physical environment of the area. The Act also allowed local authorities to establish an authorized company or appoint an existing company to draw up and implement this plan (similar to the establishment by central government of the Custom House Docks Development Authority and Temple Bar Properties (Norris 2001).

This provided for the first time the earmarking of areas of public housing for tax designation under the Urban Renewal Scheme of 1998 (previously private development was only eligible) – examples of which can be found in Ballymun, Galway and South Dublin. In her case study of the regeneration of Ballymun, Norris (2001) highlights the unique nature of the project – which involved the establishment of a private limited company (Ballymun Regeneration Limited) to prepare and implement a master plan for the regeneration of the Ballymun area. The demolition and rebuild programme was to be accompanied by socio-economic regeneration, and would be funded by a mix of public and private investment. The Ballymun Regeneration project highlighted a significant departure from traditional methods of housing supply for a number of reasons:

- ◆ Its key aims included the diversification of tenure and the encouragement of private sector investment;
- ◆ The project was the first example of where procedures for the renewal of public rented and private housing have been integrated.

The project also reflected the trend for a more integrated approach to planning – with obvious parallels to the recent introduction of Strategic Development Zones (for example Adamstown in South Dublin County Council). Private investment has supported the development of a Business and Technology Park comprising some 230,000 square metres, the first private residential development scheme in

the area since the 1960s (comprising of 129 houses and a 324 bed student complex), and the provision of a civic community centre, which would accommodate local offices for the Northern Area Health Board and Dublin Corporation.<sup>8</sup>

Progress to date would therefore appear to indicate a successful physical regeneration of the area, with a strong model for similar projects. Norris (2001) points to the requirement of more formal partnerships with community development groups to realise the full potential of social and economic regeneration in a comprehensive manner. The current redevelopment of Fatima Mansions by Dublin City Council shows the continued commitment to this approach. The Redevelopment Plan for the area involves the demolition of all existing flats and their replacement with a mix of housing types. A further 300 private apartments are to be constructed on a particular portion of the site.

Indeed, considerable (albeit informal) collaboration between Area Partnership Companies and other developmental bodies, and local authorities is seen as contributing greatly to extending the contribution of housing policy to community development and social and economic regeneration – as outlined by Fahey *et al.* in the 1998 review of social housing in Ireland.

### **The management of local authority housing stock**

The focus of local authorities has traditionally been on administration rather than management of housing (Fahey, 1998). The challenges in managing the local authority stock, particularly in estates that are ‘difficult to let’ and display anti-social problems, are well recorded by a number of commentators (Fahey, 1998; Norris and O’Connell, 2003). A number of recommendations for local authority housing were contained in the 1998 review of social housing carried out by Fahey *et al.*, including continued support to local authorities in developing effective housing management support; clarity around the appropriate level of current funding and mechanisms by which that funding might be secured; consideration of the structures and operation of local authorities (including their relations to central government), the impediments to change in management practices which these give rise to, and the reforms which might be adopted to overcome these; and the recommendation that local authorities should regard services targeted at the support of dysfunctional or disruptive individuals or households as an essential back-up to effective housing management, and where necessary, should adopt an active role in soliciting the required services from the relevant provider. While formal consultation mechanisms were also deemed necessary and useful, local authorities were urged to be open to informal communication with as wide a range of residents as possible, and to have at least one key official (such as a Tenant Liaison Officer or Estate Officer) who has good informal knowledge of the estate and personal acquaintance with a wide number of residents.

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8. The level of uptake by the private sector of associated tax incentives supporting the scheme was not ascertained from secondary data available

Diversity in approaches to the management of local authority housing has increased correspondingly in recent years, with the implementation of a number of new management approaches – primarily through increased tenant participation and the devolution of administrative and estate management functions to local offices. Training in housing management and the dissemination of best practice is supported by the Housing Unit. A network of housing officers - the Local Authority Housing Practitioners Network - has been developed which further supports this end.

Funding for the development of management capacities in housing has been provided with the establishment of the Housing Management Initiatives Grants scheme in 1995 by the Department of Environment and Local Government, which provides support for initiatives outside of the day to day management of local authority housing.

While the above measures have been taken to counter traditional weaknesses, difficulties persist in relation to the managerial capacity of local authorities in relation to housing. These include:

- ◆ Shortage of financial resources due to differential rental system (considered further below), which fall short of the economic costs of providing a housing service in many local authorities;
- ◆ Centralised policy making and funding reduces scope for local innovation;
- ◆ Challenges in retaining experienced staff and building up core professionalism due to the career structure of local authorities;
- ◆ A continuing preoccupation with bricks and mortar as a solution to socio-economic and general management housing problems.

Not surprisingly, therefore, Norris and Winston (2004) underline the importance of evaluation, and the availability of the hard data that support evaluation, in order to reap the full benefit of the policy innovations which have taken place to date in rejuvenating run-down LA housing stock and unpopular areas, and fostering more efficient and effective management practices. Transparency and evaluation are key to allowing a more evidence-based approach to policy and practice in this area to emerge. Thus, Norris and Winston call for:

- ◆ More hard information on LA housing management and maintenance practices to be made available with a view to underpinning an on-going system of performance assessment;
- ◆ A critical evaluation of the Remedial Works Scheme and creative exploration of further new measures for implementing multi-faceted solutions to the problems of unpopular LA housing estates;
- ◆ The development of regulations, guidelines and training to help secure the sustainability of the multi-tenure estates and individual social rented dwellings that can be expected to increase under Part V of the Planning and Development Act 2000 as amended.



### The Local Authority Rent Assessment Scheme

The rent assessment scheme based on differential rents is the method used by housing authorities in Ireland to calculate the cost of rent for tenants. The Housing Act of 1966 empowered local authorities to levy rent on households on the basis of their ability to pay. The differential rent system has existed since this date.

A single formula for the calculation of rents across all local authorities came to an end in 1986 with the devolution of the differential rent scheme to local authorities. While the method of calculation largely remains the same, individual authorities have some flexibility in interpreting the guidelines provided by the Department of Environment, Heritage and Local Government. In its most recently circulated guidelines (2002) the Department states that the calculation of rents should not result in complex rent determination schemes, particularly ones which would require a different fraction of rent from tenants in different income categories or bands, which it claims ‘...tends to create potential for poverty traps as well as high marginal rates of rent’ (cited in Murray and Norris, 2002).

Guidelines outlining good practice in relation to rent assessment, collection, accounting and arrears control were published by the Housing Unit in 2001, including recommendations for procedures for periodic reviews of rent. A recent review by the Housing Unit of the rent determination schemes currently in place confirmed considerable variety in all aspects of rent calculation. In addition, ‘despite the Department’s recommendation to the contrary, a significant minority of local authorities still operate the income banded rent assessment scheme’ – given the potential for poverty traps as well as high marginal rates of rent, alternative calculation methods based on a set percentage or simple fraction are strongly recommended.

Box 6.2 below outlines the broad considerations taken into account in establishing rent determination schemes using an example of the scheme in place in Dublin City Council in 2001. This illustrates the premises of the differential rent scheme:

- ◆ The calculation of a maximum rent – in this case based on the replacement cost of the dwelling less the site cost;
- ◆ Actual rents are then calculated on a “differential rent” basis where households pay a rent at or below this level related to their income and family size.

## Box 6.2 Overview of method of calculation of local authority rents

### Method of calculation

Net weekly household income – weekly cash income of all household members, self-employment and / or state transfer payments and additional cash benefits such as children’s allowance.

### Disregards

Income from Community Employment schemes, FAS training schemes, foster child allowances, and certain welfare payments, non-cash transfers (fuel allowance)

### Dublin City Council (2001):

- ◆ Disregards – child benefit, scholarships, Community Employment income, FAS training allowances (less than €317.48 per week)
- ◆ €31.74 of weekly incomes of single person households is disregarded, €63.49 of married or cohabiting couples and €31.74 of those aged 18 years and over who are not principal earners in their households
- ◆ Rent is levied at 15 per cent of all other household income
- ◆ Maximum weekly rent contribution of each of these subsidiary earners is capped at €10.16 a week, maximum total contribution of all subsidiary earners in a single household is capped at €25.39 per week, and weekly rent is reduced by €0.63 for each member of a household aged under 18 years.

There is no minimum rent – maximum rent is calculated on the replacement cost of the dwelling, disregarding the cost of the site

Source: Murray and Norris, 2002

The method of calculation of rent (levied at 15 per cent of all eligible income) results in a relatively static proportion of income being expended. Table 6.10 below shows that on average Dublin City Council tenant households spent 11 per cent of household income on rent in 2002<sup>9</sup>. Therefore, while a significant proportion of local authority tenants are below the poverty line, their position is not materially worsened by the payment of rent.

9. Data from the Household Budget Survey indicate that the levels of rent charged by Dublin City Council are slightly higher than the national average, (Fahey, Maitre & Nolan (2004) cited social renters as spending 8.6 per cent of household income nationally). This has been attributed to the higher proportion of dwellings in Dublin City Council which are heated by central heating schemes which inflate average rent levels through the inclusion of heating charges (Murray and Norris, 2002).

**Table 6.10** Weekly rent paid by Dublin City Council tenant households as a per cent of household income by household structure, 2001

Household type	Rent as % of total household income
1 adult	12.1
2 adults	11.9
3 or more adults	11.1
1 adult with children	10.3
2 adults with children	10.5
3 or more adults with children	9.2
<b>Average</b>	<b>11.0</b>

Source Murray and Norris, 2002

Murray and Norris point to the fact that the proportion of income spent on rent does not vary considerably between households with different income levels, but in absolute terms the amount of rent charged does increase as income increases. The table above shows the impact of household structure on rent due to the disregards present, but also the capping of rent levied on the income of subsidiary earners at relatively low levels.

Recent figures from the 2002 census indicate the comparative position of local authority rents vis-à-vis rents charged in the private rental sector, as seen in Table 6.11 below. While these figures mask regional variations and differences in quality etc., it is clear that on average the local authority rent scheme offers a much lower rental – up to one third less than average rents in the unfurnished private rented sector. The gap is even greater when considering that rent for some local authority households includes the cost of central heating.

Table 6.11 Average weekly rent (€) by occupancy status and type of dwelling, 2002

Occupancy type	Detached house	Semi-detached house	Terraced house	Flat or apt in purpose built block	Flat or apt in converted/shared house	Flat or apt in a commercial	Not stated	Average
Rented local authority	42.39	41.78	37.78	50.64	98.14	103.41	38.54	42.46
Private rented – unfurnished	133.63	139.62	111.53	118.54	114.18	111.78	87.85	125.68
Private rented – furnished	141.27	189.85	187.67	186.82	131.19	128.99	153.79	169.16

Source: CSO 2002

The above figures are of course based on averages, and do not permit analysis on the range of rents paid<sup>10</sup>. It is apparent from anecdotal evidence that private rents in urban areas can far exceed the averages as outlined above. The use of figures from 2002 also reflects a high point in private sector rents; average rents have since decreased by 4 per cent in Dublin, and 2 per cent nationwide in 2003 (IAVI 2003).

### Contribution of rents towards expenditure

Guidelines from the Department of the Environment, Heritage and Local Government for the implementation of the differential rents scheme highlights the need to ensure that rents cover the costs of managing and maintaining the housing stock (Circular HRT 3/2002). It can be seen from the figures below in Table 6.12 that rents have covered less than 70 per cent of these costs on an annual basis since 1997.

10. One interesting point is the discrepancy of figures stating the average rent paid by local authority tenants. An average rent of €42.46 as recorded in the 2002 Census for local authority tenants (which is self-reported), whereas average weekly rents as reported by the Department of the Environment, Heritage and Local Government in 2002 was €29.62. The accuracy of the figure recorded in the Census might be questioned therefore in light of that stated in official records, or indeed vice versa.

Table 6.12 Local Authority Management and Maintenance Expenditure

	1997 €M	1998 €M	1999 €M	2000 €M	2001 €M	2002 €M
<b>Receipts</b>						
Rents	94.89	101.49	109.63	124.06	141.21	161.81
Net proceeds of sales (to revenue account)	18.27	16.14	-	-	-	-
Miscellaneous	6.69	11.05	11.18	15.39	11.20	5.29
<b>Total</b>	<b>119.85</b>	<b>128.68</b>	<b>120.81</b>	<b>139.45</b>	<b>152.41</b>	<b>167.10</b>
<b>Expenditure</b>						
Maintenance and management	137.76	158.45	171.22	184.04	202.59	221.64
<b>Total</b>	<b>137.76</b>	<b>158.45</b>	<b>171.22</b>	<b>184.04</b>	<b>202.59</b>	<b>221.64</b>
Total receipts as % of expenditure	86.9%	80.8%	70.5%	75.7%	75.2%	75.4%
Rent receipts as % of expenditure	68.8%	64%	64%	67.4%	69.7%	73%

Source: *Housing Statistics Bulletin, March 2003, own calculations*

It should be stated in relation to the above figures that considerable differences exist between national averages and the position at individual authority level. An examination of the net position of individual authority's housing revenue accounts shows a number of authorities which recorded a surplus in 2002 (Housing Statistics Bulletin, September 2003) – these tended to represent local authorities with smaller stocks, and usually outside of the main urban authorities. A more detailed consideration of the relevant income profiles and quality of existing stock of individual authorities would be likely to explain such variances.

### 6.3.5 The Provision of Social Housing by the Voluntary and Co-Operative Housing Sector

The rising social housing stock has been significantly bolstered by output from the voluntary and co-operative sectors, with annual output reaching over 1,600 units in 2003 from its lowest level of 485 units in 1998, and a managed stock of over 16,000 dwellings. This reflects increased funding for the sectors, including the introduction of a Capital Loan and Subsidy Scheme in 1991, which is for the most part used to fund family type social housing, and broadly similar to accommodation provided under the local authority housing programme. Under the Capital Assistance Scheme (CAS), in place since 1984, accommodation is provided by approved housing bodies for special needs categories such as the elderly, homeless, elderly returning emigrants and people with disabilities.

Appendix 6.13 provides detail on the operation of these schemes. Communal facilities for both voluntary and co-operative housing schemes are also funded by the Department of Environment, Heritage and Local Government under a separate subhead. This is towards the capital costs of building or installing a communal centre/facility for the housing project. A Site Subsidy Scheme is also available in addition to the funding available for building costs. It can be for site acquisition, demolition, clearance costs and other necessary approved costs.

Output under both schemes accounted for approximately 1 in 4 new units added to the social housing stock in 2003. This in turn has increased the share of total stock managed by approved housing bodies (approximately 13 per cent of existing stock in 2002). The step increase since the late 1990s is outlined in Table 6.13 below.

**Table 6.13 Voluntary and co-operative housing output, 1993–2003**

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
<b>CAS</b>	749	607	613	501	345	283	314	484	554	699	1018	6167
<b>CLLS</b>	141	294	398	416	411	202	265	467	699	661	599	4553
<b>Total</b>	<b>890</b>	<b>901</b>	<b>1011</b>	<b>917</b>	<b>756</b>	<b>485</b>	<b>579</b>	<b>951</b>	<b>1253</b>	<b>1360</b>	<b>1617</b>	<b>10720</b>

Source: *Housing Statistics Bulletins (various)*

At the end of 2001, there were an estimated 330 active non-profit housing organisations managing between 12,000 and 13,000 dwellings - or 10 per cent of the total social housing stock (Mullins, Rhodes and Williamson 2003). Of these dwellings, approximately 9 per cent were managed by co-operatives, 10 per cent were hostel bedspaces, and 81 per cent were long-term dwellings. Housing associations have been involved in providing social housing to a wide range of categories such as the homeless, elderly, disabled, single people and families. The type of social housing project varies from independent, low support, transitional housing through to sheltered housing, and often integrating social and welfare supports. This range of housing supply supports a more diverse approach to meeting the housing needs of people, particularly those of special needs groups.

Organisations in the non-profit housing sector in Ireland take one of two broad forms:

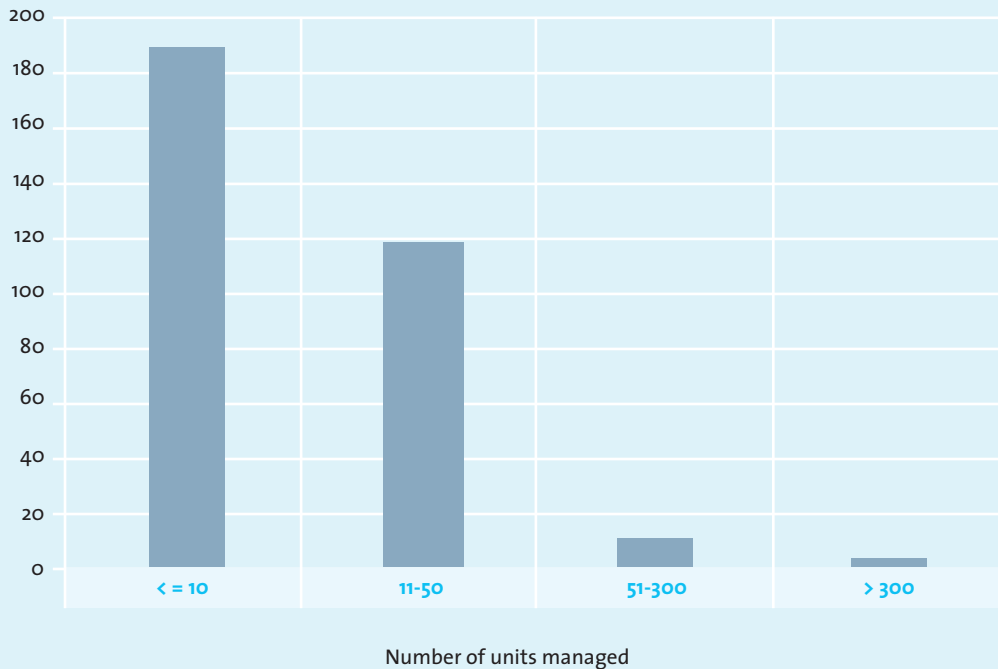
- ◆ Voluntary housing bodies or associations – mainly in the form of not-for-profit limited companies, but also some incorporated trusts - often formed out of existing community organisations to provide housing and related services as a social and philanthropic service to their communities. There are an estimated 300 of these bodies in operation in Ireland;

- ◆ Housing co-operatives provide a distinct form of not-for-profit housing on either an ownership or rental basis. Historically, co-operatives were based on ownership, with groups and individuals organizing self-build housing schemes. Since the availability of capital assistance to registered voluntary housing bodies, rental housing co-operatives have been developed under the auspices of the National Association of Building Co-operatives (NABCo). Rental housing co-operatives offer security of tenure with subsidised income-related rents for those members / tenants who are prepared to share responsibility for the general upkeep and care of housing estates or apartment blocks within the co-operative housing organisation system. Applicants for membership must have due priority on the local authority housing waiting lists and participate in the education and training programme for each new local housing co-operative. There are now over 20 rental housing co-operatives, generally ranging in size between 15 and 80 dwellings.

There are two representative bodies for non-profit housing in Ireland which reflect this broad division in voluntary housing provision – the Irish Council for Social Housing (ICSH) established in 1982 and the National Association for Building Co-operatives (NABCo), established in 1973. In 2003 ICSH had over 220 member associations and NABCo had a network of 28 affiliated co-operatives and 7 district societies providing rental and ownership housing. Both have a representative, promotion, co-ordinating, information, advisory and training role. ICSH also supports and provides assistance for legal incorporation, development support for members, conferences, networking, regional meeting and training, and capacity building programmes for housing associations. NABCo organizes new co-operative housing projects and provides organizational assistance and / or on-going management for affiliated housing co-operatives.

It is interesting to note the relative scale of operations of individual not-for-profit bodies. Given the number of associations involved, it is not surprising to see that the vast majority of these associations (nearly 200 or 67 per cent) manage less than 10 units. Figure 6.4 below gives a breakdown of the distribution of units managed.

**Figure 6.4** Distribution of non-profit bodies by number of dwellings managed (based on sample)

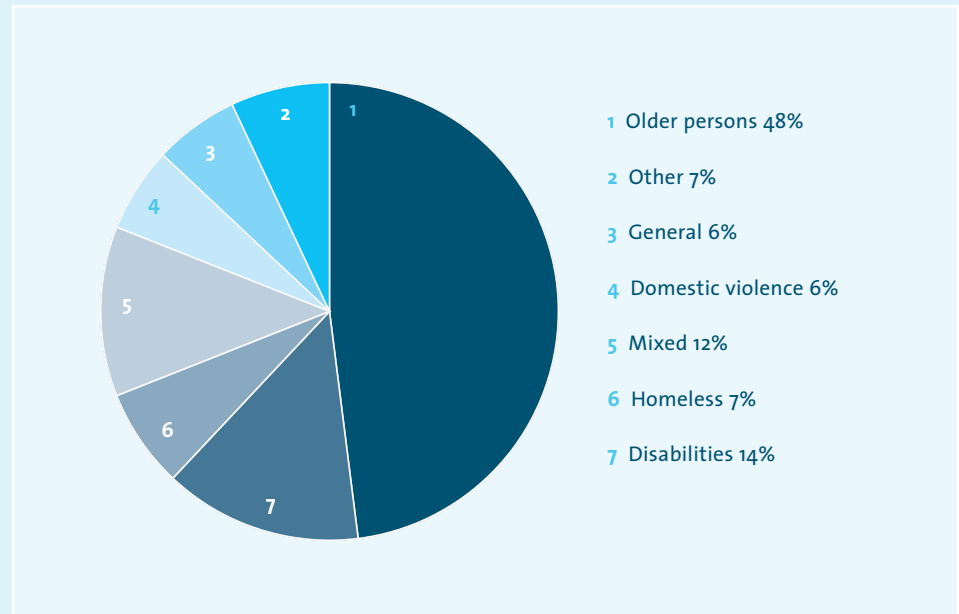


Source: Mullins, Rhodes and Williamson, 2003

Voluntary housing is predominately provided to groups with particular housing needs, in particular older persons and people with disabilities – see Figure 6.5 below. However a small number of general needs associations now account for an increasing share of all dwellings in the sector – in 2003 output of general needs housing was almost double that of housing for particular needs (see Table 6.12 above). Department of Environment, Heritage and Local Government figures show that in the period January to June 2003, over 530 households were removed from local authority waiting lists following the uptake of voluntary or co-operative housing.



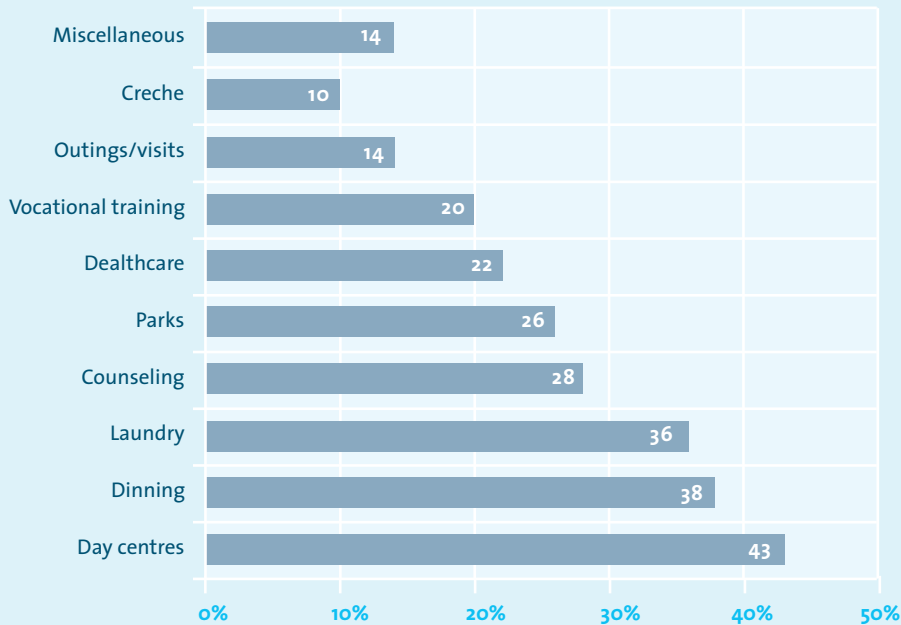
Figure 6.5 Distribution of voluntary housing by category accommodated



Source Mullins, Rhodes and Williamson, 2003

The multi-faceted nature of services provided by these bodies also illustrates their contribution to wider economic and social objectives. Figure 6.6 below shows the range of services provided.

**Figure 6.6** Services provided by voluntary bodies in addition to housing (percentage providing service)



Source: Mullins, Rhodes and Williamson, 2003

Other services to tenants of voluntary and co-operative housing associations are also provided in partnership with other specialist bodies or state agencies. For example, tenants with disabilities are enabled to live independently through access to a range of integrated supports, including access to social and personal services.

Notwithstanding the flexibility and geographic coverage arising from the particular profile of the sector, a number of concerns arise from its fragmented nature. Mullins, Rhodes and Williamson (2003) point to the following obstacles facing voluntary housing bodies:

- ◆ Patchiness geographically;
- ◆ Availability of development land (particularly in urban areas and especially Dublin);
- ◆ While core funding for voluntary provision has expanded dramatically in recent years, Mullins, Rhode and Williamson point to the complexities in accessing funding, along with difficulties in securing funding for care and support services as particular challenges for voluntary housing bodies;
- ◆ The ability of sector to take on board innovative policies or provisions – given the discrepancies in the size and capacity of individual bodies. The delay in effecting the planned devolution of ownership of rental subsidy estates to tenants in the form of communal ownership was cited as an example which illustrates the difficulties in implementing sectoral policies.

### **Management of voluntary and co-operative housing**

Similar to local authority housing management, the sector has seen considerable support to individual providers in respect of management functions. The housing co-operative structure itself involves the participation by shareholding members / tenants in the management boards of individual co-operatives. Both the ICSH and NABCo run training programmes (the ICSH runs a programme leading to a Certificate in Housing Management) in relation to management and governance of voluntary and co-operative housing organisations. However, while the professionalism and commitment of housing bodies cannot be questioned, the lack of any regular monitoring or evaluation of outcomes precludes any assessment – positive or negative - of the strengths and weaknesses of the sector or individual components. Notwithstanding the above, the growing proportion of social rental housing now provided and managed by voluntary and co-operative housing bodies shows the continuing and potential role for the sector, in particular to continue the provision of purpose built accommodation and supporting services to particular categories of household; but also to provide a basis for the transfer of dwellings under Part V. A number of new models of home ownership are also being actively considered by the sector, including the introduction of partial equity schemes (see Chapter 6 of the main report).

## **6.4 The Public Provision of Housing for Purchase**

### **6.4.1 Introduction**

The assistance of modest and low income households to purchase their own homes has traditionally been supported by the State through the right for local authority tenants to purchase their own homes. The introduction of shared ownership and the various Affordable Housing programmes has provided a more diverse range of supports to marginal home buyers. Table 6.14 shows that approximately two-thirds of all houses allocated by local authorities to low-income home purchasers in 2001 and 2002 were provided by way of Shared Ownership or purchase of Affordable Housing.

**Table 6.14** Number of households assisted to purchase discounted housing, 1973-2003

	1973-1980	1981-1990	1991-2000	2001-2003
Tenant purchase	49,101	46,807	17,072	4,173
Shared ownership <sup>1</sup>	n/a	n/a	9,666	4,295
Affordable housing programmes <sup>2</sup>	n/a	n/a	126	2,887
<b>Total</b>	<b>49,101</b>	<b>46,807</b>	<b>26,864</b>	<b>11,355</b>
<b>Annual average over period</b>	<b>6,137</b>	<b>4,680</b>	<b>2,686</b>	<b>3,785</b>

Source: Housing Statistics Bulletins (various)

Notes: 1. Introduced in 1991 following A Plan for Social Housing

2. Three separate affordable housing programmes were introduced over the period 1999-2003 each of which aim to provide discounted housing to households fulfilling conditions of eligibility (including certain income limit)

The current annual average of 3,785 households assisted under the various schemes shows an increase of over 30 per cent on the number of households assisted annually during the 1990s, and this figure is likely to increase as the various Affordable Housing programmes take root.

Other supports to marginal house purchasers include the local authority house purchase loans scheme, which is targeted at households who cannot access mortgage credit from a commercial provider (this scheme has reduced in significance in recent years)<sup>11</sup>, and the provision of low-cost housing sites scheme (3,373 transactions between 1990 and 2002) for self-build. Each of these can be used separately or in conjunction with the various Affordable Housing or Shared Ownership Schemes.

The introduction of the Mortgage Allowance Scheme is made available to tenants or tenant purchasers of local authority housing or tenants of a year or more of houses provided under the Capital Loan and Subsidy Scheme to assist them to purchase or have a private house built with a mortgage, making their existing units available for reletting to other social housing tenants. Appendix 6.14 provides further detail on each of the above measures.

11. The scheme was introduced in 1899, and open to all households until the mid 1950s, after which time limits on the basis of household income applied. In 1990 the scheme contributed to local authorities holding 2 per cent of the mortgage market – this had reduced to 0.2 per cent in 2002.

### 6.4.2 The Local Authority Tenant Purchase Scheme

Tenant purchase, or the right to buy, has had a major effect on overall levels of home ownership in Ireland. Approximately two-thirds of the estimated 300,000 plus dwellings constructed by local authorities have been transferred into private ownership through this scheme, leaving a stock of 109,000 local authority dwellings at the end of 2002. It was estimated in 1998 that about a quarter of all owner-occupied homes had originated from local authority stock (Fahey). This flow of public dwellings to the private housing market peaked in 1989 when 18,166 dwellings were sold under the scheme in one year.

All local authority tenants are entitled to purchase their homes, provided they have been a tenant of a local authority for at least one year, with the exception of houses provided for, and occupied by elderly persons. The sale of local authority flats have also been excluded from the scheme due to a number of practical and legal difficulties (proposals submitted by Dublin City Council in July 2004 to overcome these difficulties are currently being considered by the Department of Environment, Heritage and Local Government).

The purchase price is calculated by reference to its market value, in its existing state of repair less a discount related to the length of tenure. In assessing the price to be paid the local authority will take into account any improvements made to the dwelling by the sitting tenant and disregard these. In addition to a discount of €3,809, a further discount of 3 per cent of the value of the house will be granted for each year's residency subject to a maximum of 10 years. In addition no stamp duty is payable on the purchase of the house. Thus the maximum discount is in excess of 30 per cent of market value. The funding of the purchase price may be financed through a local authority loan with a variable interest rate or a five year fixed rate (2.95 per cent and 4.45 per cent in 2004). The mortgage protection insurance rate is 0.598 per cent with effect from 1 January 2004. In return, the house must be occupied as a normal place of residence by the purchaser or the purchaser's family and if the house is to be sold within 20 years from the date of purchase the local authority's consent must be sought.

The declining volumes of tenants purchasing their own home from local authorities in recent years are noted in Table 6.15 below – an annual average of over 6,000 dwellings sold in the 1970s had reduced to just over 1,000 annually in the past few years (it should be noted that 2003 saw a slight increase in disposals with almost 1,600 dwellings sold).

**Table 6.15** Volume of sales to tenants under Tenant Purchase scheme

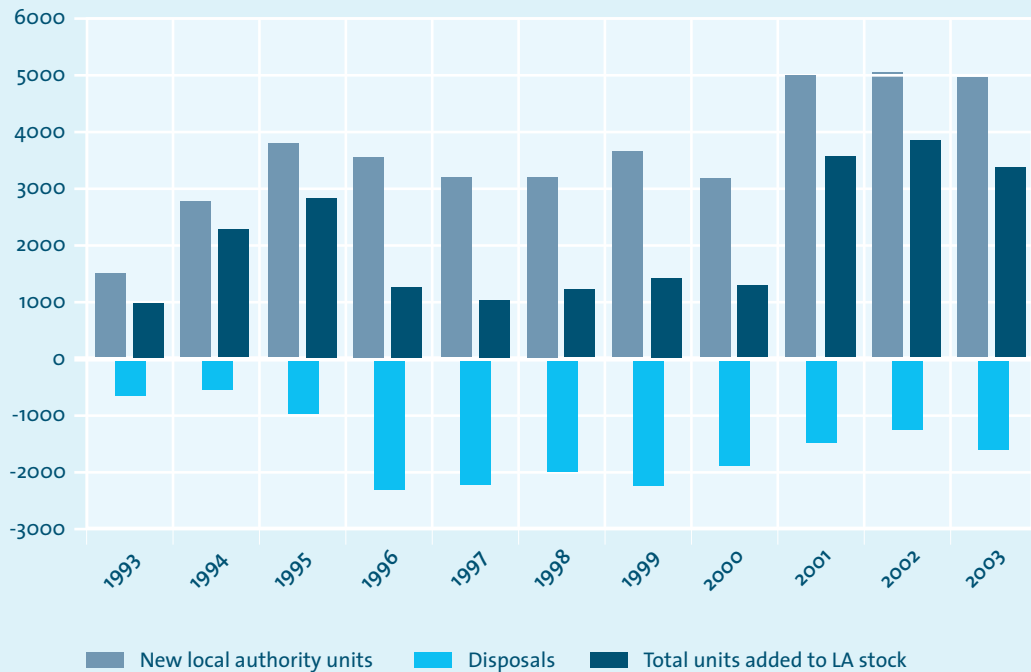
	1973-1980	1981-1990 <sup>1</sup>	1991-2000	2001-2003
Total	49,101	46,807	17,072	4,173
Annual average	6,138	4,681	1,707	1,391

**Source** *Housing Statistics Bulletins, various*

**Note** 1. 18,166 dwellings were sold in 1989 alone, following additional discounts offered under the 1988 Tenant Purchase Scheme

Norris and Winston (2004) attribute this decline to three factors – the rapid increase of house prices generally (which is reflected in the calculation of sale prices as they are based on market value), the decreasing average incomes of local authority tenants (reflecting the allocation of houses to those most in need), and the exclusion of local authority flats and dwellings designed for older tenants from the scheme. Despite this absolute decline in sales, the continued policy of disposals continues to have a marked effect on overall supply in recent years. The impact of disposals on net additions to the local authority stock between 1993 and 2003 is shown in Figure 6.7 below. In the period 2000-2003 alone, 6,017 dwellings were sold – equating to 15 per cent of the targets for increased output under the NDP for the entire period 2000-2006.

**Figure 6.7** Impact of disposals of local authority dwellings on net additions to overall local authority stock, 1993-2003



Source *Housing Statistics Bulletins, various*

It would also appear from recent Departmental figures that applications and approvals for tenant purchase will mirror, if not increase upon recent years – as at end 2003 a further 3,157 applications for tenant purchase had been approved, whereas 4,125 applications had been received. Any approval for the sale of flats such as that proposed by Dublin City Council could also contribute significantly to overall sales.

### The cost of tenant purchase

The cost to the public purse of tenant purchase can be calculated as follows:

- ◆ The level of subsidy made to the tenant purchaser (market value less discounts);
- ◆ The cost of replacing lost dwellings less capital receipts generated;
- ◆ Rental income foregone and expenditure saved.

In relation to the level of subsidy made to the tenant purchaser - the tenant purchase scheme provides for a 3 per cent discount on the market price for each year of tenancy subject to a maximum discount of 30 per cent on the market price. Based upon figures for 2002, when 1,105 units were sold by local authorities and €104.1mn was received in revenue, local authority houses were

sold at an average of just over €87,000<sup>12</sup>. Based upon the maximum 30 per cent discount this implies a subsidy to the individual tenants of an average of €37,300 and a 'market price' of just under €125,000. (The market price of an average new home in 2002 was €198,000; a second home sold for an average of €227,800).

When considering the replacement cost of €150,000 for the average newly constructed local authority dwelling, the cost to the state of selling a local authority house and subsequently replacing it is closer to €70,000. The cost foregone is the differential between the average management and maintenance and the average rent received which is currently about €500 per annum. The Net Present Value of this would be approximately €10,000 at a discount rate of 5 per cent. However, given that the rents are calculated on a differential basis, those who are in a position to purchase their own dwelling were likely making a greater contribution to rental payment, most likely in excess of the average management and maintenance cost, it is possible that the level of rental income foregone worsens the ongoing cashflow position of the local authority further.

Another way of looking at the impact of tenant purchase would be to examine the impact of the sale of a dwelling on the NPV of the Local Authority housing decision.

In the mid-term review of the NDP, the ESRI calculated that the total proceeds over the period 2000-2002 (4,450 units sold) would be in the region of €618 million if sold at market value and taking the average second-hand house price. Estimates obtained by the ESRI from the Department of the Environment, Heritage and Local Government indicate that the total proceeds amount to €271 million, or 44 per cent of the market value estimated above (this implies an average receipt of €61,000 per house). The authors of the mid-term evaluation accept that the use of national averages may exaggerate the extent of subsidy, but make the point that 'the State is struggling to meet demand for public housing while depleting the stock at below-market prices' (p. 143).

### 6.4.3 Affordable Housing and Shared Ownership

The 2002 assessment of housing need carried out by local authorities indicated that one third of all households formed in the period following the assessment would fall below a defined affordability threshold (not more than one third of income being expended on housing costs) or some 12,000 households a year. A sub-set of this section of the population, those at the lowest end of the income spectrum, or with specific needs not met by the private housing market, is targeted by the provision of conventional social housing as outlined above. A separate cohort comprises of those households assisted to purchase housing either outright or on a shared equity basis under the following schemes:

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12. The use of the average market price of a second hand house is likely to provide a maximalist view – the average net sale price of local authority houses in North Tipperary County Council during 2003 was €37,146



- ◆ 1999 Local Authority Affordable Housing Scheme;
- ◆ Affordable Housing arising from Part V;
- ◆ *Sustaining Progress* Affordable Housing Initiative;
- ◆ Local Authority Shared Ownership Scheme.

An overview of each of these schemes is provided in Appendix 6.14.

The potential scale of demand for such housing is difficult to estimate, as current provision is necessarily rationed according to strict eligibility criteria. Given average house prices at the end of 2003<sup>13</sup> (€224,567 and €291,646 for new houses nationally and in Dublin respectively; and €264,898 and €355,451 for second hand properties), the proportion of households that would expend more than a third of income on housing costs on the basis of average house prices is likely to reach significantly further up the income spectrum than do current income limits for the 1999 Affordable Housing and Shared Ownership schemes. Recent DoEHLG figures indicated that single earning households on a gross income of €32,900 (the then income limit under both schemes) would be able to afford a €190,000 house (based on a 92 per cent loan for 25 years at an interest rate of 5 per cent), falling far short of average house prices in many urban areas, and where demand for affordable housing is highest. It is noted that income limits were increased in 2004 to €36,800 for single earning households.

However, the approach taken to defining eligibility criteria for Affordable Housing arising from Part V would appear to better reflect regional price differences. Eligibility is calculated on the income level at which mortgage outgoings would be more than 35 per cent of the household's net income, based on the average house price in that particular area. Based on 2003 average house prices in Dublin, a one-earner household with a gross household income of less than €41,000 would be eligible to be considered, whereas a two-earner household earning up to €63,900 would be eligible to apply in an area of average market house prices of €250,000.

### **Supply of Affordable Housing**

Over 16,000 dwellings have been purchased by eligible households at a discount from market prices under the various Affordable Housing and Shared Ownership programmes between 1993 and 2003, as detailed in Table 6.16 below.

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<sup>13</sup> *Annual Housing Statistics Bulletin, 2003*

**Table 6.16 Supply under Shared Ownership/Affordable Housing  
1993-2003**

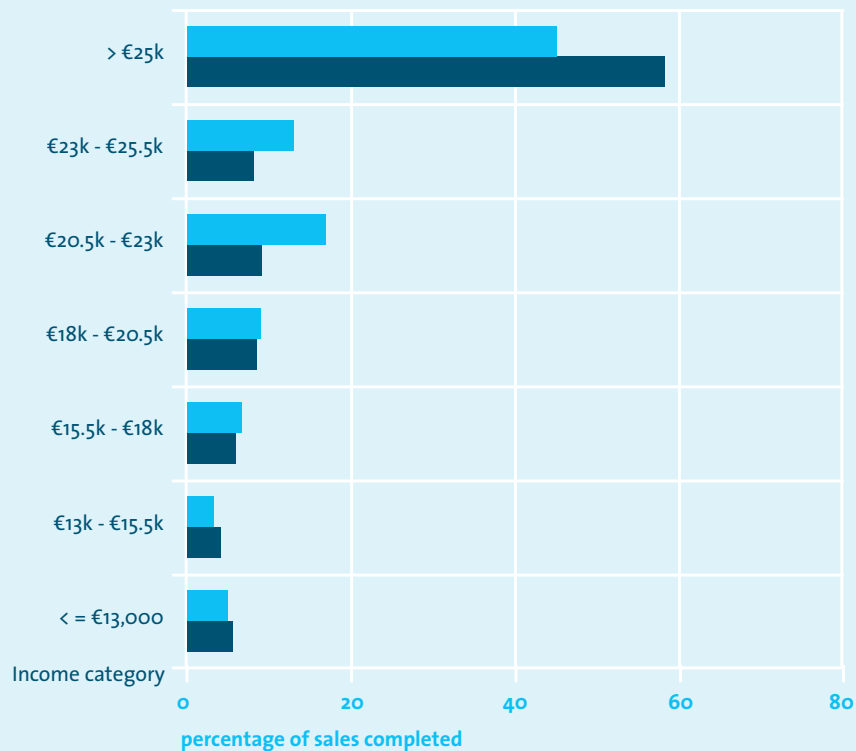
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
Shared ownership	1019	1271	1278	1166	1042	805	1314	1190	1611	1686	998	13380
1999 Affordable housing Scheme	0	0	0	0	0	0	40	86	272	882	1524	2804
Part V Affordable housing	0	0	0	0	0	0	0	0	0	46	88	134
<b>Total</b>	<b>1180</b>	<b>1430</b>	<b>1483</b>	<b>1434</b>	<b>1252</b>	<b>958</b>	<b>1476</b>	<b>1369</b>	<b>2015</b>	<b>2802</b>	<b>2610</b>	<b>16318</b>

Source: *Housing Statistics Bulletins, various*

Transactions under the Shared Ownership Scheme in 2003 have dropped significantly from levels in preceding years. As the scheme is demand-led, continued growth in house prices and the historically low level of interest rates are both likely to have dampened demand for this option. Increased supply of housing under the various Affordable Housing options is also likely to have countered demand for shared ownership.

Figure 6.8 below shows that the significant proportion of households buying under either scheme earned close to the income limit in place at the end of 2003 (over 40 per cent for LA Affordable Housing, and almost 60 per cent under the Shared Ownership Scheme.) Interestingly, some 9 per cent of households assisted earned less than €15,000.

**Figure 6.8** Profile of households assisted under LA Affordable Housing and LA Shared Ownership Schemes, 2003



Source: Annual Housing Statistics Bulletin, 2003

### Supply from a local perspective

The original expectation of the various Affordable Housing programmes was that demand would be highest in the Greater Dublin Area and other larger urban areas, in light of the particular pressures experienced in these regions. Appendix 6.11 shows the level of supply across the local authorities constituting the Greater Dublin Area and other local authorities in 2003.

With a few exceptions (most notably Dublin City Council which supported sales under Shared Ownership and Affordable Housing schemes that corresponded to 29 per cent of overall housing supply<sup>14</sup>), the number of units provided has been less than 6 per cent of all new build in city councils and local authorities in the Greater Dublin Area. The development of houses under the *Sustaining Progress Affordable Housing Initiative* should address this deficit for some of the local authorities in question, given the urban location of several of the state land banks being provided. Individual local authorities also show signs of gearing up supply even further through significant redevelopment projects – Dublin City Council plans to make 30 per cent of housing available as Affordable Housing arising from the redevelopment of Cherry Orchard (total output estimated at 5,000 units).

14. Almost half of this amount consisted of Shared Ownership transactions, which does not necessarily result in the additional supply of a new unit to the stock for every transaction.

The primary costs to the Exchequer and primary costs to the purchaser under Tenant Purchase, the various Affordable Housing programmes and the Shared Ownership Scheme are described in Appendix 6.16. Further to consideration of the Tenant Purchase Scheme above, it is evident that the more recent programmes to support low-cost home ownership place a lower burden on the Exchequer, as they are generally financed on a cost-recovery basis (subject to the provision of a site at either an implicit or explicit cost to the relevant local authority). In particular, the Shared Ownership scheme offers a rental stream on the rented share of the dwelling in question (4.3% in 2004). Provision for the capture of capital appreciation on resale of dwellings bought at a discount from the local authorities under Affordable Housing or Shared Ownership Schemes provides an opportunity to offset some or all of the subsidy provided to the purchaser. The absence of centrally collated data on such capital gains does not permit the analysis of costs recouped.

## 6.5 Rent Supplement under the SWA Scheme

### 6.5.1 Overview

The Supplementary Welfare Allowance scheme (SWA) was introduced in 1977. It is administered by almost 700 Community Welfare Officers (CWOs) and 53 Superintendent Community Welfare Officers (SCWOs) from 1,050 sites in the ten regional Health Boards under the general direction and control of the Minister for Social and Family Affairs. The scheme is operated in accordance with legislation and guidelines issued by the Department, which funds the scheme but has no function in deciding entitlement in individual cases.

SWA provides a basic weekly allowance as a right to eligible people who have little or no income. People with low incomes may also qualify for a weekly supplement under the Scheme to meet certain special needs. One of the supplements available to people eligible for a supplementary welfare allowance is a rent supplement. The Rent Supplement is an income support payment covering a portion of the rent payable. The introduction of rent supplement under the Supplementary Welfare Allowance scheme was initially planned to deal with emergencies and short-term housing need that arose from a change in personal circumstances. However the current rent supplement scheme has in effect become a long-term housing support for many with the numbers requiring assistance under the scheme increasing by 33 per cent in the last two years alone while expenditure increased by almost 85 per cent in the same period – see Table 6.17 below. Data on 2004 levels indicate a slight drop in recipient numbers – down to 58,500 households at the end of May.

**Table 6.17** Number of recipients and associated expenditure under SWA scheme, 1996-2003

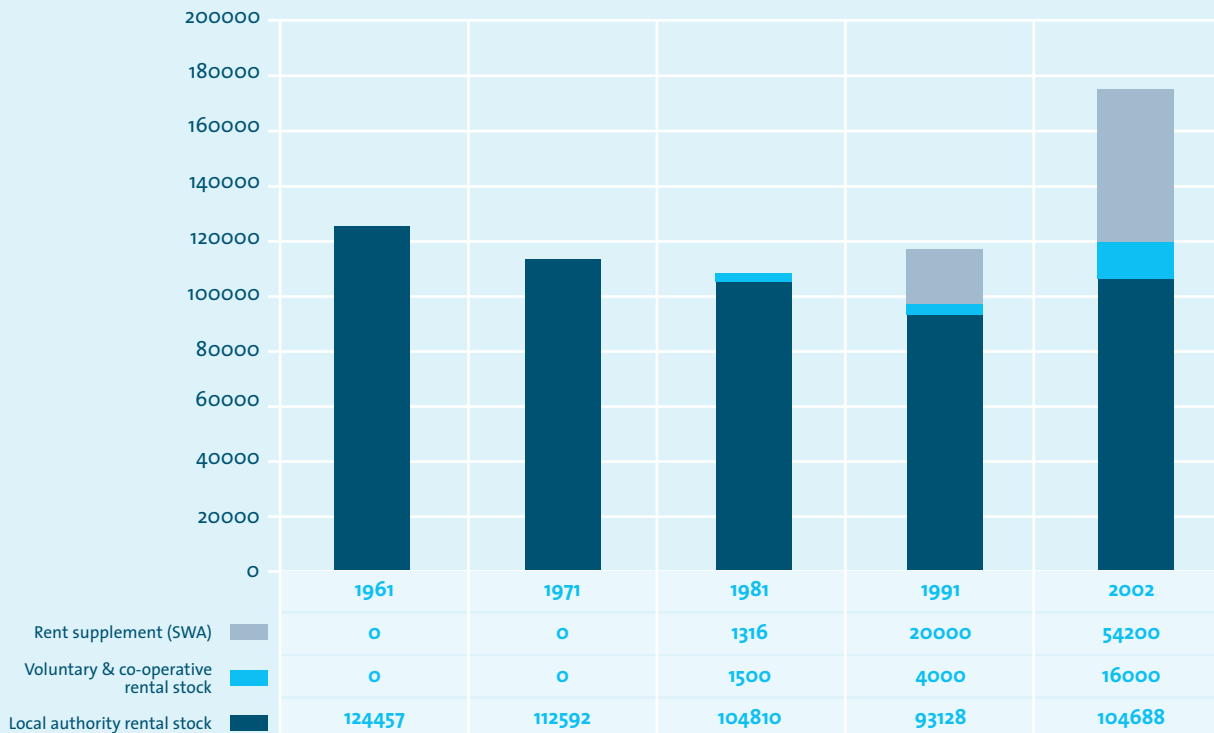
	1996	1997	1998	1999	2000	2001	2002	2003
No. of recipients	34,700	36,800	39,999	41,873	42,863	45,028	54,200	59,976
<b>Total cost (€m)</b>	<b>€79.5</b>	<b>€95.6</b>	<b>€111.7</b>	<b>€127.7</b>	<b>€150.7</b>	<b>€179.5</b>	<b>€252.2</b>	<b>€332</b>
Average annual cost per recipient	€2,291	€2,598	€2,792	€3,049	€3,531	€3,988	€4,653	€5,535
Av. monthly cost per recipient	€190	€216	€232	€254	€294	€332	€387	€461

Source Department of Social and Family Affairs

Average expenditure for each household in receipt of the allowance is now €5,535 per annum. This reflects an expenditure increase in 2003 of 31 per cent on 2002 levels (on top of a 41 per cent increase in 2002 on 2001 levels). The use of national averages of course does not demonstrate regional differences, or indeed variances between the lowest and highest payments. Nor do individual payments necessarily correspond to the amount of rent received by the landlord of the particular dwelling, as welfare recipients sharing a dwelling can claim individually, or make top-ups to their rent in the event they have an income other than their social welfare payment.

The increase in the total number of recipients over the lifetime of the scheme shows its significance as a housing solution for many vulnerable households. The fact that the number of households in receipt of Rent Supplement now equates to 40 per cent of the entire private rented sector (and is half the size again of the total social rental housing sector) indicates the reliance of the housing system on this measure to provide affordable rental accommodation. This is illustrated further in Figure 6.9 below, which shows the increasing proportion of low-income households renting in the private rental sector and receiving rent supplement in comparison with those low-income households renting in the social housing sector.

**Figure 6.9** Total number of households assisted to access *rental* accommodation through state subsidy, 1961-2002



Source *Housing Statistics Bulletins (various), Mullins, Rhodes and Williamson (2003), CSO population censuses (various)*  
 Notes *Figures for voluntary and co-operative stock not available before 1981*

The method of calculating the amount of Rent Supplement is designed to ensure that, after paying rent, income does not fall below the level of supplementary welfare allowance minus a minimum contribution (€13 as of 2004). The starting point is the rate of Supplementary Welfare Allowance (SWA) payable in the claimant's situation, e.g. for a single person it is currently €134.80 per week (2004 rates). This rate is considered to include a 'housing element' of €13 per individual or family unit.

This is deducted from the appropriate rate of SWA to find the amount of income which the claimant must be left with to provide for basic needs. Any income above this baseline is counted as means available to pay rent. However, there are a number of disregards taken into account. Therefore, to find the amount of Rent Supplement payable, the amount of the claimant's contribution should be deducted from the weekly rent or the maximum amount level of rent applicable as determined by the Department.

Given that the majority of recipients are single persons, it is interesting to note that the average monthly cost per recipient is quite close to the maximum allowable levels for single persons—up to €115 weekly in 2003 in some areas of the country. It is also interesting to note that the average cost per recipient in 2003 of €461 per month (net of the tenant’s contribution) was below the median monthly rent for the private rental sector as a whole—€609 a month, reflecting perhaps the location of SWA tenants in the lower cost end of the private rental sector. A fuller account of the operation of the scheme is contained in Appendix 6.17.

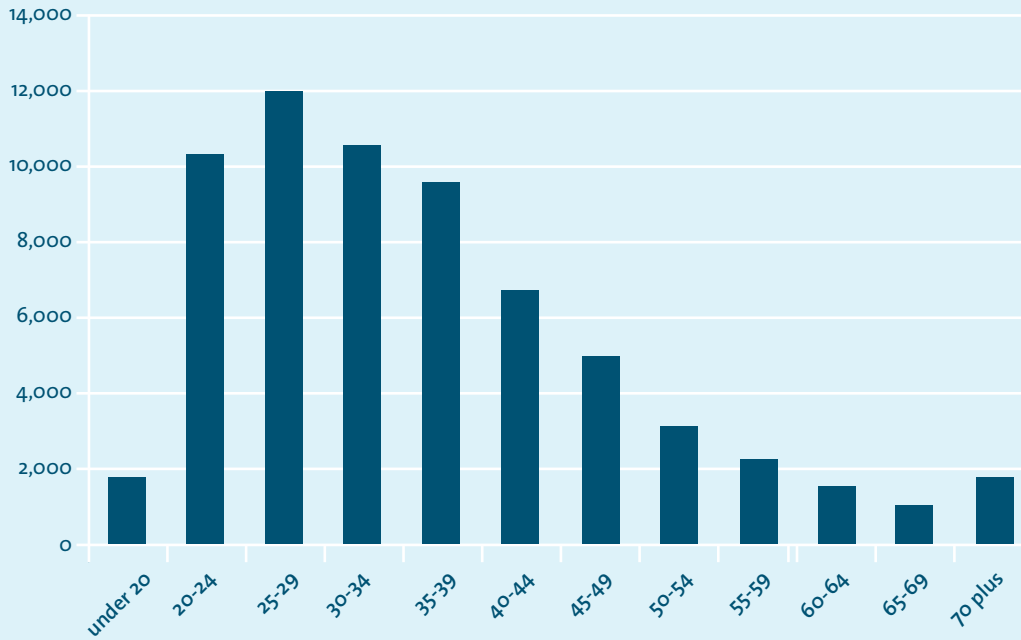
### 6.5.2. Profile of recipients

The following trends characterized SWA rent supplement recipients in 2003:

- ◆ The average recipient age is 32 years;
- ◆ Less than 3 per cent of recipients (1,755 tenants) are under 20 years of age;
- ◆ 78 per cent are single (including lone parents and people who are deserted, separated, divorced or widowed);
- ◆ 43 per cent of recipients live in the Eastern Regional Health Authority area;
- ◆ In terms of gender breakdown, households headed by females account for 56 per cent of recipients.

The higher degree of single person households reflects the prioritisation of allocations in the local authority housing system – in 1995, 66 per cent were in this category, as opposed to 30.9 per cent in local authority housing this had risen to 78 per cent by 2003. The payment would appear to be more evenly spread across the age cohorts than the total proportion in the rental sector, given that a higher proportion of young people and many fewer elderly people in general are to be found in rental accommodation. Figure 6.10 shows the distribution of recipients by age at the end of 2003.

Figure 6.10 Distribution of Rent Supplement recipients by age – 2003



Source: Department of Social and Family Affairs

Table 6.18 identifies the primary source of payment type received by Rent Supplement recipients, indicating the importance of the supplement for those households in receipt of unemployment assistance and one parent families.



Table 6.18 Primary source of social assistance as at May 2004

Payment type	End 2001		End 2002		End 2003		May 2004		Change End 2003 to May 2004	
	Recipients	% of total	Recipients	% of total	Recipients	% of total	Recipients	% of total	Recipients	% change
Old Age Pensions	1210	2.7	1271	2.3	1415	2.4	1488	2.5	73	5.2
Pre-Retirement Allowance	446	1	377	0.7	331	0.6	341	0.6	10	3.0
Widows and Widow's Pensions	213	0.5	282	0.5	350	0.6	370	0.6	20	5.7
One-Parent Family Allowance	9000	20	10916	20.1	12956	21.6	12543	21.4	-413	-3.2
Invalidity Pension	893	2	960	1.8	1011	1.7	1030	1.8	19	1.9
Disability Benefit	1077	2.4	1378	2.5	1637	2.7	1578	2.7	-59	-3.6
Disability Allowance	3917	8.7	4602	8.5	5708	9.5	6041	10.3	333	5.8
Long-Term Unemployment Assistance	5216	11.6	6098	11.2	7155	11.9	7187	12.3	32	0.4
Short-Term Unemployment Assistance	3429	7.6	4432	8.2	5038	8.4	4917	8.4	-121	-2.4
Unemployment Benefit	2097	4.7	3069	5.7	3557	5.9	3291	5.6	-266	-7.5
Supplementary Welfare Allowance	10904	24.2	13938	25.7	14146	23.6	13329	22.8	-817	-5.8
Employment Support Services <sup>1</sup>	4729	10.5	4489	8.3	3760	6.3	3621	6.2	-139	-3.7
DSS (UK)	284	0.6	318	0.6	353	0.6	360	0.6	7	2.0
Other	1613	3.6	2083	3.8	2559	4.3	2430	4.2	-129	-5.0
<b>Total</b>	<b>45028</b>	<b>100</b>	<b>54213</b>	<b>100</b>	<b>59976</b>	<b>100</b>	<b>58526</b>	<b>100</b>	<b>-1450</b>	<b>-2.4</b>

Source Department of Social and Family Affairs

Note 1. includes Back to Work Allowance, Community Employment, Back to Education Allowance, VTOS and FAS

Another feature of the SWA rent supplement scheme is its transitional nature – in May 2004 just over half of recipients were receiving rent supplement for less than 12 months (including people who have moved address in the past year). However, almost a third of recipients, or some 19,000 households, have received supplement for longer than 18 months. Table 6.19 shows the average duration of payments for recipients under the scheme.

**Table 6.19** Number of Recipients of Rent Supplement by Age and by Duration, May 2004

Duration in Months	0 to 9	9 to 12	12 to 18	18 to 24	24 to 30	30 to 36	36 Plus	TOTAL	% > 12 months
Under 20	1,153	190	136	45	7	2	-	1,533	12%
20 – 24	5,515	1,314	1,453	768	326	169	283	9,828	31%
25 – 29	5,439	1,308	1,840	1,195	520	327	857	11,486	41%
30 – 34	4,374	1,202	1,695	1,106	571	417	1,146	10,511	47%
35 – 39	2,835	829	1,183	793	387	330	1,037	7,394	50%
40 – 44	1,814	483	678	505	318	216	950	4,964	54%
45 – 49	1,200	313	491	322	239	183	873	3,621	58%
50 – 54	891	236	368	268	190	133	885	2,971	62%
55 – 59	581	154	243	172	170	103	773	2,196	67%
60 – 64	323	92	130	118	111	69	620	1,463	72%
65 – 69	194	64	99	71	59	49	423	959	73%
70 plus	267	75	163	134	99	93	769	1,600	79%
<b>TOTAL</b>	<b>24,586</b>	<b>6,260</b>	<b>8,479</b>	<b>5,497</b>	<b>2,997</b>	<b>2,091</b>	<b>8,616</b>	<b>58,526</b>	<b>47%</b>

Source Department of Social and Family Affairs, 2004

Note This analysis does not take into consideration those in receipt of rent supplement for a continuous period who moved address. These cases are recorded as new cases at the new address. When the “change of address” cases are factored in, the 47% in receipt of rent supplement for 12 months or longer increases to 55%.

### 6.5.3 Evolution of the scheme

Concerns regarding the unintended evolution of the SWA rent supplement scheme into a de facto long-term housing support are long-standing in nature. In July 1994, the Government established the Housing Review Group to examine rent and mortgage supplement under the SWA scheme. The Review Group expressed concern about discrepancies in treatment between direct local authority provision and the SWA rent supplement approach. It called for an integrated approach to the allocation of housing resources by a single agency

within a single legislative framework. On foot of this, an Interdepartmental Committee<sup>15</sup> was established in 1996 to examine the issue of transferring the administration of rent supplement to the local authorities. It concluded in 1999, and recommended that:

- ◆ Rent assistance should be provided by local authorities as part of overall housing policy;
- ◆ Short-term rent supplement should continue with the Health Boards, as should mortgage interest supplement;
- ◆ Local authorities should not provide rent assistance for accommodation that does not comply with regulations;
- ◆ Reliance on rent supplement should be lessened.

More recently, steps have been taken to limit the expansion of rent supplement. These changes are intended to bring the scheme back in line with its original intent – to support those experiencing a change in circumstances to meet housing costs through additional social assistance transfers. A number of steps aiming to refocus the Rent Supplement scheme were taken late in 2003 including:

- ◆ Except for homeless persons, or households on local authority housing lists, applicants for rent supplement must be renting for at least six months in effect, the only people excluded on the basis of this rule are people who have not been assessed by local authorities as in need of social housing;
- ◆ Households with one earner working more than 30 hours a week are no longer eligible;
- ◆ Rent supplement will be denied to applicants who have turned down two social housing offers.

Concerns have been expressed that the above restrictions to the scheme will result in a number of perverse effects – including a rise in the number of persons and households registering as homeless. However it has been clarified subsequently that the six months prior renting rule does not apply to people on local authority waiting lists, and a number of discretions and safeguards have been put in place to avoid any unintended consequences of changes to the scheme. It is important that the effectiveness of these be monitored to ensure that vulnerable households are not unnecessarily excluded from the scheme.

The impact of the setting of maximum rent levels has also raised concerns in the past. The requirement to find accommodation under a predetermined level of rent can lead to a number of unintended consequences as highlighted in a recent review of the scheme by Comhairle and Threshold, including people living in overcrowded or unfit accommodation, or indeed collusion between landlords and tenants to declare rents lower than they are to secure the rent supplement – leaving the tenant to make up the shortfall, which may in turn lead to indebtedness. Since this review, certain rent limits have been increased by the

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<sup>15</sup> Comprising the Departments of Environment, Heritage and Local Government; Finance; Health and Children; and Social and Family Affairs

Department of Social and Family Affairs to guard against this. This increase of limits, combined with a reduction in overall rents is likely to have improved the position of social welfare recipients in acquiring accommodation in the private rental sector.

#### **2004 Long-Term Accommodation Initiative for Rent Supplement Tenants**

In July 2004, a new long-term accommodation initiative the Rental Accommodation Scheme (RAS) - was announced by the Ministers for the Environment, Heritage and Local Government and Social and Family Affairs, in an effort to displace current reliance on rent supplement as a long-term housing option. The RAS, which will involve the introduction of new arrangements with private sector landlords to meet the long-term housing needs of the 19,000 households dependent on rent supplement for 18 months or longer at the time of the announcement, is expected to give rise to a variety of accommodation options, including specifically built premises, existing supplementary welfare allowance rented properties, new developments under public private partnerships, but also through adequate access to social housing. It is anticipated that within a three year timeframe rent supplement recipients assessed as having a long-term housing need will be catered for through this mix of accommodation-based approaches arranged by local authorities.

The Council welcomes this initiative, as it supports a more coherent and integrated approach to using private rental accommodation to meet long-term housing need. It also addresses some of the concerns arising from the unintended evolution of the scheme into a long-term housing solution, which has resulted in a separate and parallel housing programme to those run by the local authorities. The scheme as currently operated is not optimal as a long-term housing solution as there is more limited security of tenure, accommodation standards can be poor, and there is little or no control of rents – indeed rents can be held at an artificially high level because of the rent caps employed.

The initiative is also likely to have a knock-on effect on the current housing waiting lists. Estimates in 2003 indicated that some 14,500 households in receipt of rent supplement were registered for local authority housing. While exact figures are not available, it is likely that a significant element of the 19,000 households in receipt of rent supplement for 18 months or longer are in this category also. The presence as at May 2004 of 10,137 tenants in the scheme which were either over 65 or in receipt of invalidity pension or disability allowance, many of which are likely to be already registered for local authority housing, points to the likely suitability of more conventional social housing for these households.

The policy to move from the current ad-hoc use of private rental accommodation to more formal planning of supply should also support a more strategic use of this sector for socially motivated housing – while providing “an additional option ... alongside social housing options” as stated by the Minister for Housing. It should be noted that the transfer of payments to long-term recipients may not result in additional supply – provision for the use of existing supplementary welfare rented accommodation would result in the payment to the particular

landlord remaining as a demand subsidy. The balance between the use of existing supplementary welfare allowance rented dwellings and the supply of new, purpose-built units will determine the extent to which subsidies provided are supply-based or demand-based in nature, and their consequential impact on the private rental sector as a whole.

## 6.6 Housing, Poverty and Inequality

### 6.6.1 Introduction

The impact of state intervention in housing goes beyond the provision of appropriate and affordable accommodation to those have difficulties in accessing housing from the private market from their own resources. The provision of housing or housing supports can play an important redistributive function, to the extent of alleviating poverty. In addition, the attainment of a number of other social and economic objectives can be influenced by the attributes of a household's accommodation, due to the following:

- ◆ The impact of the physical quality of housing on health status;
- ◆ The physical location of a household can influence access to the labour market and the educational system, and indeed wider health and social services;
- ◆ The lack of a permanent residence can restrict access to social assistance and wider programmes and services, for example initiatives to address early school leaving;
- ◆ The opportunities available to individual households are shaped significantly by the level and nature of social capital and social networks present in their locale.

The importance of social housing provision for particularly vulnerable households is evident from examining the profile of tenants in the sector. By its nature, social housing supports marginal households, which are often located in areas of particular social disadvantage. A recent review of households accommodated by Dublin City Council (which caters for about 25 per cent of all local authority tenants) provides a useful reference point.

Table 6.20 Profile of households accommodated by Dublin City Council in comparison to the national population, 2002

	National population (estimated) (%)	Households accommodated by Dublin City Council (%)
Children aged less than 14 years	21.4	30.7
Proportion of population aged 65 years and older	11.5	10
Proportion of households with four or more children	8.5	3.8
Proportion of female-headed households	50.6	58.6
Proportion of single adult households	20.5	30.9
Proportion of lone parent households	10.2	22.4
Proportion of households with incomes below 50 per cent of national average	20.4	62.5
Proportion of households with incomes below 60 per cent of national average	27.2	73.1
Proportion of households with at least one adult member active in labour force	37 (head) 86 (other member)	23.5 (head) 42.9 (other member)

Source: Murray and Norris, 2002, CSO 2002, Fahey, Nolan and Maitre 2004

Table 6.20 above illustrates some stark contrasts in the comparative profile of local authority households in the Dublin City Council area. In particular, the higher proportions of children aged under 14, the number of single adult households and households with incomes below 50 per cent in the area when compared with national averages indicate some of the defining characteristics of households availing of public housing. The presence of such a significant proportion of marginal households in the social housing sector points to the increasing residualisation of the tenure. Residualisation is a concept used to describe where a particular housing tenure caters for a growing proportion of deprived people (Lee and Murie, 1997, cited in Murray and Norris, 2002) – often having the effect of making that tenure a tenure of last resort.

### Box 6.3 The residualisation of the local authority housing stock

Increasing levels of residualisation have been recorded in the local authority stock in Ireland in the past fifteen years. In 1987, 53.2 per cent of local authority tenants in urban areas were below 60 per cent of average income (this rose to 63.9 per cent for rural local authority tenants). By 2003, 62.2 per cent of all local authority tenants were below 60 per cent of the median, compared with 22 per cent of all households. This increase in the level of residualisation can be attributed to the following:

- ◆ As the stock of local authority dwellings has shrunk as a proportion of the total housing stock, the characteristics of the population who are public tenants have come to depict an increasingly marginalized group;
- ◆ Some of the poorest and most vulnerable households which traditionally would not have been located in the social housing sector are now being accommodated (e.g. persons leaving institutional care, homeless etc.).

Ironically, a residualised local authority stock has some positives for social policy. It confirms that public housing is targeted more tightly on people in need. Providers of diverse social supports are able to exploit the spatial concentration of households in need to target delivery of their services (e.g., social welfare offices, health clinics, MABS offices, area-based partnerships etc.).

However, the strengthening association between local authority tenancy and marginal households has negative implications also. A local population with high levels of different social needs can overwhelm the social services and neighbourhood amenities that are available locally. The local population may be less likely to generate the indigenous leadership that contributes to the successful redress of local imbalances. A scenario of 'poor services for poor people' easily develops in public and private sector service provision. A growing stigma becomes attached to local authority tenancy; being housed by a local authority may even accelerate a household's slide into social exclusion. Despite the high quality characterising new local authority building, the overall *housing service* can deteriorate.

Murray and Norris (2002) concluded with two key findings in their review of income poverty among households accommodated by Dublin City Council which point to continued residualisation of the tenure for the foreseeable future:

- ◆ The high level of income poverty in comparison to the general population;
- ◆ And a widening gap between the income poverty levels of these two groups.

The authors attribute this development to a number of factors, including restricted eligibility, contraction of the tenure since the 1960s, and the transfer of higher-income local authority households to owner-occupation through tenant purchase. It is evident from the above that the provision of social housing fulfils a key aim—the supply of accommodation to those most in need. However, this and other aspects of housing policy also impact on wider outcomes, and as stated by Fahey, Nolan and Maître, interact with developments in the wider

housing system with “complex consequences for the inequalities in incomes, living standards, the risk of poverty and the distribution of wealth in Ireland”. The following sections examine the impact of public housing policy across tenures on a number of additional fronts, specifically:

- ◆ Targets to reduce poverty;
- ◆ As a redistributive mechanism;
- ◆ Overall housing quality.

The section concludes with a consideration of the equity of housing policies and supports.

### 6.6.2 Housing policy and its impact on poverty

The role of social housing in alleviating poverty is acknowledged in the inclusion of a number of targets in relation to housing and accommodation in the National Anti-Poverty Strategy for the period 2003-2005 – these targets concentrate largely on ensuring continued supply of social housing. The question which arises is the extent to which current housing policy impacts on overall poverty levels. In a recent publication (2004) entitled “Housing, Poverty and Wealth in Ireland” for the Combat Poverty Agency; Fahey, Nolan and Maître consider poverty levels of households across tenures.

#### Percentage of persons experiencing relative income poverty

Table 6.21 below illustrates that levels of relative income poverty<sup>16</sup>, as expected, vary significantly according to tenure, with the highest levels recorded in the public housing sector. The impact of housing policy on incomes of those most at risk of poverty across tenures is demonstrated in the table, through the calculation of poverty rates before housing costs are taken into account, but also through a recalculation of these rates after expenditure on housing is subtracted from disposable incomes<sup>17</sup>.

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<sup>16</sup> Defined as the degree to which a person's income falls below a level deemed acceptable by society. It is often expressed as a percentage of median income.

<sup>17</sup> The authors accept that using income alone is a crude approach, as it ignores individual preferences on household expenditure, but also differences between housing quality. It does however, provide some indication of the potential scale of the overall impact of housing and how different types of household are affected.



**Table 6.21** Percentage of persons below 60 per cent of median income before and after housing by tenure, Living in Ireland Survey 2000

Tenure	Poverty rate per cent below 60 per cent of median income	
	'Before housing'	'After housing'
Owner of private housing without mortgage	24.3	19.7
Owner of private housing with mortgage	11.4	13.0
Owner of (former) public housing with no mortgage	27.8	21.4
Owner of (former) public housing with mortgage	22.5	24.6
Renter of private housing	19.2	27.5
Renter of public housing	62.2	60.8
<b>All Households</b>	<b>22.1</b>	<b>21.3</b>

Source Fahey, Maitre & Nolan, 2004

Notes  
 1. The relative poverty level before housing is calculated in the conventional manner – i.e. the percentage of households with equivalised disposable incomes below 60 per cent of median equivalised disposable income  
 2. The relative poverty level after housing is calculated by subtracting reported rent/mortgage spending from the income of each household, and then recalculating the 60 per cent of median poverty line

As to be expected, those tenures with minimal housing expenditure (outright owners or tenants paying social rents) see a significant improvement in their relative poverty levels after housing costs are subtracted and the median income recalculated. Those who fare worse after housing costs are considered are owners of private housing with mortgages, owners of (former) public housing with a mortgage, but most dramatically renters of private housing (where the rate rises from 19.2 per cent of all households to 27.5 per cent of all households). Considering the above points to the safety net provided to some of the most vulnerable households in Irish society through the provision of social housing at a rent based on the ability to pay. The group most exposed to an increased risk of poverty due to the inadequacy of current housing supports emerges as low-income private renting households as seen in the impact of housing expenditure on overall poverty rates for this group. Chapter 6 of the main report considers this dilemma further.

### 6.6.3 Housing policy as a redistributive mechanism

State intervention in housing by its nature results in a redistribution of housing wealth and resources. Support for home-ownership, particularly through the policy of tenant purchase, has resulted in a high distribution of owner-occupiers across tenures (60 per cent of those in the bottom one-fifth of the income distribution are owner occupiers – Fahey, Nolan and Maître 2004). Conversely, the traditional focus on owner-occupation has also benefited households at the higher ends of the income spectrum. While a number of changes have been made to reduce favourable treatment of ‘non-marginal’ owner-occupiers (the abolition of the first time buyer’s grant and the reduction of mortgage interest tax relief), each of the tenures in the Irish housing system have largely differing supports available, which can lead to inequities as indicated above. Low-income households in the private rental sector would appear to benefit the least from state supports – particularly in comparison to their counterparts in the social rental sector (who pay significantly lower rents, but also have opportunities to purchase their homes). Data provided in Appendix 6.18 shows that rental payments by Irish social tenants are well below the norm across the EU, with 8.6 per cent of net income expended on average in 2000 (itself a decline of almost a percentage point on 1996) compared to more than 35 per cent in Austria, Finland and the UK (38 per cent) and about 25 per cent in Germany and France. Social rentals in the US are also understood to be in excess of 30 per cent of net household income. The impact of the redistribution of housing subsidies on housing costs for local authority tenants is illustrated in Figure 6.11 below – with only 1 per cent spending more than on third of their income on housing costs in 2001-2002, compared to 9 per cent of households overall.

**Figure 6.11** Mean number of items lacking & percentage of households experiencing financial strain by selected characteristics (percentage rows), 2001-2002

	More than one-third of income on lacking housing costs (renters and purchasers)	Mean number of appliances lacking	Mean number cannot afford	Housing costs a heavy burden	Arrears on housing or utility bills	“Great difficulty” in making ends meet
Local Authority renter	1	1.3	3.5	33	24	18
Lone parent with dependent children	17	1.0	2.6	35	22	17
Household equiv. income under €171 pw.	20	0.9	3.1	27	12	14
Private renter	28	1.0	1.7	20	13	8
More than one-third of income on rent/mortgage	-	0.9	2.2	31	18	12
First time buyer <sup>1</sup>	11	0.4	0.6	11	7	3
<b>Total for all households</b>	<b>9</b>	<b>0.5</b>	<b>1.3</b>	<b>14</b>	<b>9</b>	<b>5</b>

Source: Watson and Williams, 2003

Note: Figures for per cent of household income spent on rent/mortgage exclude those who own the home outright or occupy it rent free

1. First time buyers are householders purchasing with a mortgage from a lending institution in the last five years, and age 35 or younger

The particular burdens experienced by local authority renters due to housing costs (33 per cent) points to the profile of the tenure as illustrated above. The average local authority renter when compared to other vulnerable households (lone parent with dependent children, private renter and first time buyers etc.) scores worst under a number of indicators of deprivation (e.g. household appliances). He or she also struggles most with the cost of living, finding housing costs a heavier burden, having arrears on bills, and having “greater difficulty” in making ends meet. However the fact that only 1 per cent of this tenure spends more than a third of income on housing costs shows the importance of a differential rents scheme for this group.

By contrast, 28 per cent of private tenants spend more than one third of their income on housing, pointing to the redistributive impact of current housing subsidies in the social housing sector (see below). Table 6.22 below provides a comparison of the median monthly rent paid by local authority tenants and other tenants at different household income levels in 2001/2002. The disparity between average rents paid at the lower income quintiles is particularly striking – households with an equivalised income of less than €171 a week paid over four times more rent in the private rental sector than local authority tenants. The median rent of €356 a month would indicate that over half of an average household’s income in this category went towards rent. It should be noted that the level of rent recorded in the survey was that due on the property. The actual rent paid by private tenants in receipt of SWA rent supplement would be significantly below this average (based on the sample surveyed, 15 per cent of other tenants were in receipt of Rent Supplement).

**Table 6.22** Median monthly rent by equivalised household income (weekly), 2001-2002

Income	< €171	€171 - €266	€267 - €355	€356 - €476	> €476	All
<b>LA tenants</b>	€79	€140	€191	€203	n/a	€107
<b>Other tenants</b>	€359	€508	€508	€571	€889	€609

Source *Watson and Williams, 2003*

Notes *Other tenants include tenants of voluntary and co-operative housing bodies*

The authors also noted the variations in private rents by region or age of building. The median rent in Dublin in 2001/2002 was €889, while rents in the BMW region were much lower at a median of €305. The median for houses built after 1990 was surveyed at €698, as opposed to €381 per month for those built prior to 1940.

### 6.6.4 Housing quality

A guiding objective of housing policy is to guarantee a minimum standard of accommodation for all. The extent to which standards of housing quality can be guaranteed by the state obviously depends on the nature of provision. Direct provision obviously affords the most control on housing standards, while privately rented accommodation is subject to regulations which may or may not be enforced. The level of funding available to marginal owner-occupiers also has a bearing—relevant schemes such as the Essential Repairs Grant and Disabled Persons Housing Grant are demand-led, but are also subject to eligibility. It is interesting therefore to note the high levels of satisfaction expressed across all tenures with housing conditions, as recorded in the recent national survey of the quality of Irish housing by the ESRI in conjunction with the Department of the Environment, Heritage and Local Government<sup>18</sup>. Figure 6.12 below highlights this trend.

**Figure 6.12** Percentage “satisfied” or “very satisfied” with various characteristics of accommodation by tenure

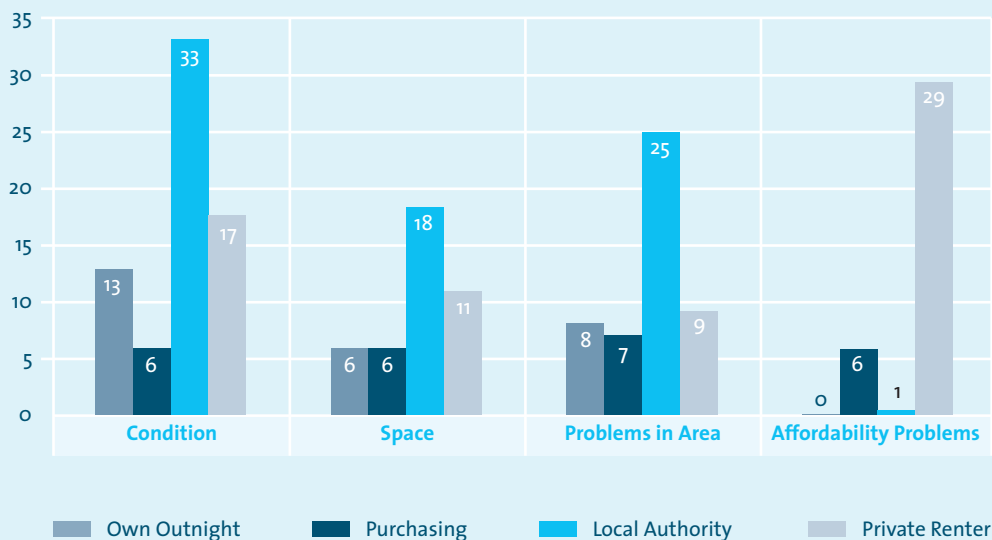
	General condition	Area/ neighbourhood	Privacy	Running Cost
Tenure				
Own outright	93	97	97	87
Purchasing	96	96	95	89
Local Authority renter	74	81	81	73
Private renter	83	90	90	74
Other tenures	89	94	94	85

Source *Watson and Williams, 2003*

However, this would not appear to be uniformly experienced across different tenures. In relation to local authority housing in particular, the survey found that households in this tenure were in a less favourable position than other tenures in relation to housing condition, excepting direct housing costs and the level of recent repairs and upgrades. Figure 6.13 below highlights the level of reported problems in relation to a household’s dwelling across tenures.

<sup>18</sup> The survey was based on a sample of 40,000 households

**Figure 6.13** Per cent with different dwelling quality problems by tenure



Source: *Watson and Williams, 2003*

Local authority tenants were twice as likely to report problems with the condition of their dwelling than private tenants, and almost three times as likely to experience problems in relation to the location of their home. Conversely, private renters expressed affordability as the most pressing concern. However owner occupiers, be they outright owners or mortgage holders, are not immune to problems of quality. It is notable however that 13 per cent of outright owners experienced problems with the dwelling's condition, while a similar percentage of outright owners and purchasers cite space (6 per cent equally) and problems (between 7-8 per cent) in the area as concerns. Finally, Table 6.23 below provides a number of other indicators of the relative position of local authority tenants in relation to other households.

**Table 6.23** Indicators of housing quality, 2003

	All households	Local authority
Dwellings with central heating (%)	90	70
Average no. of persons per room	0.5	0.7
Average no. of persons per household	3.0	3.3

Source: *Watson and Williams, 2003*

The authors of the National Housing Quality Survey note that renters may have an incentive to emphasise the seriousness of a problem in an attempt to bring about an improvement in their situation. However, low incomes among local authority tenants and the limited ability to change dwellings to improve their physical and environmental conditions are contributing factors to their relative disadvantage. Concerns have also been expressed that the particular vulnerability of SWA recipients is likely to lead to the allocation of rental accommodation at the lower level of standards to this cohort (53 per cent of private rented accommodation inspected by local authorities in 2002 did not meet minimum standards<sup>19</sup>).

The continuing disadvantage of local authority tenants in relation to housing conditions points to the importance of continued expenditure on the regeneration and refurbishment of existing stock; but also the potential dividend likely to arise from policy supports for greater tenure mix.

### 6.6.5 Equity

The economic boom of the 1990s has probably fuelled housing inequality more than any other form of inequality in Irish society. As indicated elsewhere, the large proportion of homes in Ireland that are owned outright and the significant number of outstanding mortgages which have passed the ten-year mark (given the sustained volume of mortgage lending since the 1970s) confirm that a significant number of Irish households have experienced a strongly beneficial wealth effect from the rise in house prices. Other indirect indicators also suggest that a significant number of householders have been able to use the increased value of their homes to improve their standard of living, e.g., the growing proportion of new mortgages being taken out by people who are already owner-occupiers (many of them moving to larger houses) and the growing number of households purchasing second homes.

At the other extreme, continuing levels of homelessness, the large rises in the number of people in receipt of Supplementary Welfare rent supplements (plus 20 per cent, 2001-02), the lengthening local authority waiting lists and the large proportion of disposable income being paid by some for private rented accommodation point to the most visible losers from the current housing system. Those inappropriately accommodated (or the hidden homeless) or people buying or renting homes at long commuting times from their place of work and people whose decision to emigrate was triggered by their inability to source acceptable accommodation are other less visible losers.

An important outcome for state policy in relation to housing is to reduce inequities in the system to the greatest extent possible. Blackwell (1988) identified the following dimensions of equity that might apply in relation to assessing the impact of housing policy – equality of treatment, progressive redistribution of net housing subsidies and positive discrimination in favour of particular groups. An additional category, horizontal and vertical equity, is also considered below.

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19. Inspection rate was 12.5 per cent in 2002 – a significant degree of which were based on complaints received.

### Equality of treatment

Targeted rent subsidies currently benefit local authority tenants and those welfare dependent households eligible for rent supplement under the SWA scheme. This leaves a significant portion of low-income households without any similar support in the private rental sector – most notably full-time students and those at work. The ESRI's review of housing quality in 2003 indicated that of those households spending more than one-third of their total household income on rent or a mortgage, only 18 per cent receive rent or mortgage supplement (p. 36). Other differences in the level and coverage of state support include:

- ◆ The favourable position conferred on existing local authority tenants vis-à-vis other low-income households a tenancy can transfer to the spouse or children (under certain conditions of residence) on the death of the original tenant;
- ◆ The differences in rental payments made under different programmes – similar households will pay varying rents under the local authority differential scheme, the SWA rent supplement scheme, and do not pay any rents in emergency accommodation.

In relation to access to current housing programmes, the existence of different means tests and eligibility criteria means that different levels of state support are provided to various groups. Some examples include:

- ◆ The inability of certain local authority tenants and all voluntary and co-operative tenants to purchase their own dwelling because of its exclusion from the scheme;
- ◆ The difficulties experienced by single person households in accessing local authority housing due to the lower priority awarded to them under the scheme of priorities;
- ◆ The exclusion of private tenants from eligibility for the Disabled Persons Grant.

In a 2002 study on women's accommodation experiences, O'Sullivan points to a number of vulnerable household types which find it difficult to secure accommodation – women who have experienced violence, lone parents, Travellers etc. The issues for these households are not just access and affordability, but also the location and proximity of housing to essential services and support facilities, as well as the nature of the residential and community environment (p. 2). The main findings pointed towards the experience of multiple disadvantage, including:

- ◆ The growing welfare dependency of lone parents given the lack of affordable childcare facilities, the reduced housing options and low housing welfare associated with low incomes and welfare dependency;
- ◆ The growing problem of hidden homelessness and the changing profile of homeless women;



- ◆ The negative welfare characteristics of housing for women living in the private rented sector, affordability problems, discriminatory barriers to entry and experiences of vulnerability, insecurity and lack of privacy;
- ◆ The difficulties experienced by female drug addicts in accessing and maintaining Local Authority housing and the need for households to prove themselves as 'deserving' in order to access such housing;
- ◆ Inadequate provision of alternative accommodation for Traveller households facing eviction, experiences of Traveller women in parenting and carrying out home duties in difficult circumstances e.g. temporary sites, on the roadside;
- ◆ The housing problems experienced after marriage / relationship breakdown, and lack of viable options for men in particular who have left the family home.

### Conclusions

A number of conclusions can be drawn from considering the impact of housing policy on wider social and economic objectives:

- ◆ The residualisation of the social housing stock is an important phenomenon, pointing simultaneously to a vindication of the continued expansion of the social housing stock, but also to the fact that while important, housing is only a partial solution for social disadvantage;
- ◆ While the distribution of income which occurs through housing measures is significant for many households assisted by the state, housing costs still remain burdensome for many – of particular note is the risk of poverty among private renters;
- ◆ Proportionately higher levels of dissatisfaction expressed by local authority tenants than other tenures in relation to housing conditions reflect the on-going challenges of addressing deficiencies in the existing stock, but also in ensuring wider policy issues such as social integration and mobility are tackled;
- ◆ Individual categories of need experience particular housing disadvantage still – reflecting the disproportionate impact of housing scarcity and affordability problems on the most vulnerable members of our society.

These requirements are considered further in the Council's policy recommendations for social and affordable housing contained in Chapter 6 of the main report.

## 6.7 State Expenditure on Social and Affordable Housing – A Comparative View

The following section considers the comparative cost-effectiveness of a number of social housing programmes, including:

- ◆ The construction of local authority housing versus private house build;
- ◆ The construction of local authority housing versus construction by approved housing bodies;
- ◆ The construction of social rental accommodation versus the subsidisation of private rental accommodation under the SWA scheme.

The following treatment of expenditure under separate programmes should be considered as illustrative only – it is recognised that expenditure decisions for housing cannot be based on cost comparisons alone.

### Local authority new-build versus private house build

The estimated average all-in-cost of building a three bedroom Local Authority house in 2003 was €142,000 (Public Capital Programme)<sup>20</sup>. This compared to €138,000 in 2002. Using the average market price of new houses in the relevant year, Table 6.24 demonstrates the price differential between the two – which reflects the profit margin applied by private developers. Using the crude averages below (the average market price of new houses includes all house sizes), it would appear that local authorities achieve on average value for money, as the all-in-cost of building a local authority house also includes normal building profits.

**Table 6.24** Comparison of local authority and private dwellings

	2002 (€000)	2003 (€000)
Average all-in-cost of building a 3 bedroom Local Authority house	138	142
Average market price of new house – whole country	198.1	225.4
Average market price of new house – Dublin	256.1	295.2

Source: *Housing Statistics Bulletin, Public Capital Programme*

A recent development has been the increasing provision of mainstream social housing by voluntary housing associations under the Capital Loan and Subsidy Scheme. In 2002, 661 units were provided through this programme. Table 6.25 below compares the cost to the Exchequer of funding mainstream housing via the local authority capital programme and via the CLSS.

<sup>20</sup> It should be noted that the cost calculated per unit is a broad average – and does not distinguish between differences in dwelling size, or location

Table 6.25 Cost of social rental dwellings by sector, 2003

	Local authority construction programme	Construction under Capital Loan and Subsidy Scheme
Average cost per unit (€)	142,000	132,000
Rental subsidy per unit (€)	571	3,932
<b>Total</b>	<b>€142,571</b>	<b>€135,932</b>

Notes 1. Difference between average expenditure on local authority dwellings minus average rent received  
2. Based on an estimate of 4,000 units supplied under the Capital Loan and Subsidy Scheme to 2002

On considering the price differential between supplying and maintaining local authority dwellings and general needs housing under the capital loan and subsidy scheme, it would appear that voluntary housing associations provide a slightly more cost-effective option using broad averages. However, the use of averages does not take into account the differences between both stock—including the functionality and design of housing provided, geographical distribution of stock, etc..

### Comparison of local authority differential rents scheme and SWA rent supplement

One of the most important questions in the determination of an efficient use of resources in housing policy is the balance between investing in bricks and mortar and subsidising private rental accommodation for provision at a social rent. This is similar to the decision that must be made by an individual investing in a property for their own habitation. The projected rental is likely to grow over time while the repayment of the capital borrowed is fixed in historic cost terms. Thus while the opportunity cost of the capital may be higher initially one must take a longer term view when seeking to identify the potential costs and benefits.

The sample calculations carried out here were based upon local authority cost ceilings for construction in 2004.<sup>21</sup> In 2004 the average ceiling for a three bedroom local authority house was set at €150k based on all-in-costs<sup>22</sup>. A required return on capital of 5 per cent would therefore imply an annual cost of €7,500. In addition, on average the cost of management and maintenance of a Local Authority house exceeded, on average, the rental income by €500. The average rent supplement paid under the SWA Rent Allowance scheme was €5,500 at the end of 2003. In order to calculate the Net Present Value (NPV) for both schemes it is necessary to make assumptions on

21. These are used for benchmarking purposes in assessing proposals from local authorities. They are reviewed annually based on the result of tenders and the Department's Quantity Surveyor's general review of tender levels. Actual out-turn costs are on average 10% higher than these unit cost ceilings.

22. All-in cost figures assume a relatively nominal site cost (€2,000-€3,000 or less per unit). Such site costs generally prevail where developments occur on sites that have been in local authority ownership for some time. Needless to say, the cost of sites acquired on the open market in the recent past are significantly higher. Site location is also a major factor.

1. The growth rate of market rents which will be reflected in SWA or similar payments;
2. The growth rate of LA rents and expenditure;
3. The appropriate rate of return on exchequer capital;
4. The appropriate discount rate.

A number of reasonable assumptions could be chosen for these parameters. A variety of scenarios are shown below which compare the NPV of a 20 year payment stream assuming different levels of rental appreciation, return on exchequer capital and discount rate. When 3 per cent return on exchequer capital is required the bricks and mortar option almost comes out as the cheaper option. When 5 per cent return on exchequer capital is required the ongoing stream of rental payments almost always delivers better value. When 4 per cent return on exchequer capital is required (almost exactly equal to the interest cost of servicing the National Debt in 2003) then the programme which is most cost effective depends upon the level of nominal rental growth expected. Each of these scenarios assumes:

- ◆ 3% growth in LA rents;
- ◆ 5% growth in LA management and maintenance;
- ◆ 2004 figures of €150,000 capital cost and 2003 figures of €5,500 per unit rented under the SWA scheme are a reasonable base;
- ◆ That in comparing the average LA new build/ acquisition and the average unit rented under the SWA that we are comparing like with like.

**Table 6. 26 Comparison of the NPV of Bricks and Mortar and Rental Policies**

		SWA Rental Growth		
		0.03	0.05	0.08
Discount Rate/ Return on Capital	0.03	-€20,223.51	-€42,420.71	-€87,299.88
	0.04	€2,380.55	-€16,988.26	-€55,966.52
	0.05	€21,295.81	€4,340.21	-€29,619.93

Source: NESC Calculations

Where the numbers in the table are negative then housing under the SWA scheme is more expensive on an NPV basis. As one would expect this occurs when the expectation of future rental growth is highest and when the required

rate of return, or opportunity cost of exchequer capital is lowest. The NPV takes into account the ongoing cost of current LA rental policy whereby rents are not sufficient to cover maintenance.

The treatment of the dwelling acquired under the bricks and mortar approach is an important question. The table does not ascribe any value to the housing asset owned by the local authority at the end of the 20 year 'life cycle' and considers only the opportunity cost of the capital employed to provide the house rather than consideration of the expenditure of the actual capital itself. Another possible approach is to examine the actual purchase of the dwelling, assuming that the asset is purchased in full in the initial period and that it grows in value along with average house prices. The value of the house can then be added in the final year of consideration and be discounted back at the discount rate to derive an NPV.

If house prices grow in line with the discount rate then the net effect of the addition of the asset will be zero. If house prices grow faster than the discount rate then including the purchase of the asset will reduce the NPV of housing someone using local authority housing. One should imagine that in equilibrium house prices would grow in line with the rate of time preference of society otherwise individuals would seek to consume more housing for its capital appreciation and push the price up until an equilibrium level of future appreciation is reached and super-normal returns are eliminated. Of course, the level of appreciation ought under equilibrium situations to be equivalent to the discount rate held by the population at large which may well be higher than that held/ faced by the government just as the cost of finance is higher for private consumers than the state.

Another question which may be legitimately asked when looking at this comparison is which of the range of parameters presented in the table are likely to be realistic. The opportunity cost of capital may be close to the level of repayment on the national debt but if there are other projects which are likely to yield a higher return than debt servicing in which the capital could be employed then these become the opportunity cost of the capital foregone. It is likely this is the case although use of the debt as a comparator may still be appropriate as a marginal reduction in the level of debt to be serviced is always one possible home for the capital. Similarly, we may question the likely growth in rents. While rental growth has been strong in the past thus making payment for non-market housing on an annual rental basis more expensive than the level of rental growth over the medium term—the expected level of rental growth into the future is likely to be more modest.

It seems not unreasonable that the rents payable to private landlords must grow at a similar rate to the discount rate experienced by private landlords as this would provide for equilibrium in the private rental market. It also seems not unreasonable that the discount rate experienced by private landlords, and partly determined by the risks that they face including vacancies etc. will be significantly higher than the discount rate experienced by the state.

Additional items not taken into account but which would need to be considered include:

1. The quality, including location, of the dwellings;
2. The size of household accommodated.
3. Whether lower rents would be available if long term lease were entered into and what would be the additional maintenance costs for the Local Authority under such an approach – consideration of which is likely to arise from the planned long-term accommodation initiative to displace payment of rent supplement to SWA tenants on a long-term basis.

### **Conclusions**

This exercise is by its nature an imprecise one. It has assumed that the costs used are a sound basis for analysis, it has assumed that all forms of accommodation are of a similar standard and meet similar needs and it has ignored any impacts beyond the 20 year timeframe. However, what is important to note is how close the costs are in NPV terms from ongoing rental versus investing in bricks and mortar over the period and parameters considered, and that the balance between the dominance of one model over the other can shift within the matrix of 'reasonable' parameters presented in the table above. Unit costs alone, therefore, do not lead us to a position where we should inherently favour one means of housing over another. Instead the costs of housing through bricks and mortar or through ongoing rental of private accommodation in the market are broadly comparable, as we might expect them to be—given rents and capital prices are determined in the same market—and a combination of these approaches may be most appropriate dependent upon the individual circumstances faced. Possible policy approaches for the provision of social and affordable housing are further discussed in Chapter 6 of the main report.

## Appendices

### Appendix 6.1 Evolution in the Stock of Local Authority Housing – The Figures

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Total additions to LA stock	6,214	5,984	5,681	5,686	6,190	7,002	6,523	5,517	3,074	1,450	768	1,003	1,180
Dwellings sold under tenant purchase	4,393	4,949	4,426	3,492	3,492	2,732	1,550	533	2,000	4,816	18,166	5,600	3,143
Change in LA Stock	1,821	1,035	1,255	2,194	2,698	4,270	4,973	4,984	1,074	-3,366	-17,398	-4,597	-1,963
Total LA Stock Let	102,922	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	116,270	98,495	94,399	93,128
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	
Total additions to LA stock	1,482	1,569	2,841	3,842	3,573	3,217	3,282	3,713	3,207	5,022	5,074	4,972	
Dwellings sold under tenant purchase	1,332	613	505	950	2,284	2,139	2,006	2,256	1,844	1,411	1,195	1,567	
Change in LA Stock	150	956	2,336	2,892	1,289	1,078	1,276	1,457	1,363	3,611	3,879	3,405	
Total LA Stock Let	93,283	93,660	95,735	97,219	98,394	n/a	99,259	99,163	99,683	102,789	104,688	n/a	

Source: *Housing Statistics Bulletin*

## Appendix 6.2 Anticipated take-up and output from Part V – 2001-2006, as at 2002

	Planned take-up of Part V (%)	Expected units from Part V	Ratio of allocation social: affordable
Carlow County Council	20	not stated	1:1
Cavan County Council	15	111 per annum	not stated
Clare County Council	20	not stated	not stated
Cork	20	550 per annum	not stated
Donegal County Council	15	not stated	not stated
Dublin Corporation	20	475 per annum	1:1
Dun Laoghaire Rathdown	20	78 per annum	At least 50% social
Fingal County Council	7-15	282 per annum	46% social
Galway Corporation	20	101 per annum	1:1
Galway County Council	20	337 per annum	3:1
Kerry County Council	20	103 per annum	not stated
Kildare County Council	20	not stated	2:3
Kilkenny County Council	20	At least 46 per annum	not stated
Laois County Council	17.5	not stated	not stated
Leitrim County Council	20	not stated	1:1
Limerick City Council	20	43 per annum	not stated
Limerick County Council	20	98 between 2001-2006	1:1 (Limerick environs) 1:3 (elsewhere)
Longford County Council	20	not stated	not stated
Louth County Council	20	not stated	not stated
Mayo County Council	20	41 per annum	1:1
Meath County Council	20	not stated	1:3
Monaghan County Council	20	80 per annum	not stated
Offaly County Council	15	not stated	1:1
Roscommon County Council	20	152 between 2001-2006	not stated
Sligo County Council	20	355 between 2001-2006	not stated



	Planned take-up of Part V (%)	Expected units from Part V	Ratio of allocation social: affordable
South Dublin County Council	Up to 20 (total build 2819)	not stated	not stated
Tipperary North Riding	20	not stated	not stated
Tipperary South Riding	20	350 between 2001-2006	not stated
Waterford Corporation	20	30-40 per annum	not stated
Waterford County Council	20	723 between 2001-2006	Weighted towards affordable
Westmeath County Council	20	515 between 2001-2006	Weighted towards affordable
Wexford County Council	20	not stated	not stated
Wicklow County Council	20	not stated	not stated
<b>Total</b>	<b>n/a</b>	<b>c. 2,608 p.a</b>	<b>n/a</b>

Source: *Assessment of Housing Strategies and Homeless Plans 2002*, Buchanan et al.

### Appendix 6.3 Public capital expenditure on housing by category of expenditure, 1993-2003

	1993 €m	1994 €m	1995 €m	1996 €m	1997 €m	1998 €m	1999 €m	2000 €m	2001 €m	2002 €m	2003 €m
<b>Local authority housing</b>	117.6	199.5	228.9	243.7	227.1	307.5	354.4	521.2	826.3	999.2	917.5
<b>Voluntary housing</b>	26.0	34.9	42.9	41.9	34.7	34.3	47.2	91.9	143.6	165.4	212.9
<b>Shared ownership</b>	44.4	56.4	63.5	63.5	54.7	63.7	141.7	149.4	204.3	200.0	220.0
<b>House purchase and improvement loans</b>	30.7	24.4	22.9	26.2	23.9	25.3	29.3	38.6	49.2	89.0	95.0
<b>Private housing grants</b>	19.4	33.6	43.0	46.6	46.5	46.9	46.3	59.4	70.3	80.4	93.2
<b>Affordable housing</b>	N/a	N/a	N/a	N/a	N/a	N/a	25.9	5.5	22.1	50.0	150.0
<b>Other housing</b>	2.5	5.1	3.8	5.1	5.2	6.3	7.6	11.6	12.6	13.1	15.9
<b>Total</b>	<b>240.6</b>	<b>353.9</b>	<b>405.0</b>	<b>427.0</b>	<b>442.1</b>	<b>484.0</b>	<b>652.4</b>	<b>877.6</b>	<b>1,328.4</b>	<b>1,597.1</b>	<b>1,704.5</b>

Source From Norris and Winston, 2004 (Department of the Environment, Heritage and Local Government (various years a)), Public Capital Programme 2003

Note N/a means not applicable. Affordable housing refers to the scheme established in 1999

## Appendix 6.4 Housing – The Government Account – 2002

	Cost €m	Number	Description
<b>Central Government Administration Costs</b>			
Departmental Salaries (A.1)	5.918	157	Staff
Associated Overhead (pro-rata basis) (A.2-A.9)	2.172	157	Staff
Grants for Housing Research (B.1.13)	2.897		
<b>Local Authority Housing</b>			
Local Authority New Build (Exchequer + Local Authority Resources) (B1.1)	792.151	5,074	Completions + Acquisitions
Local Authority Regeneration/ Remedial Works (B1.2)	158.754	104,688	Total LA Stock Let 31-12-02
Shared Ownership (Housing Statistics Bulletin – Part XI)	200	1,686	No. of Shared Ownership Transaction Completed 2002
Shared Ownership/ Affordable Housing Subsidy (Exchequer Estimates – Current Expenditure)	2.1		
Mortgage Allowance (B1.5)	1.09	188	No. of Houses surrendered under Mortgage Allowance Scheme 2002
Housing Management Initiative (B1.12)	1.159		
Total Current Expenditure on LA Stock (Housing Statistics Bulletin – Part V)	221.64	104,688	LA Houses Let -31-12-03
<b>Voluntary Housing</b>			
Capital Assistance Scheme (B1.4)	78.126	699	No. of Houses completed under CAS
Capital Loan Subsidy Scheme (current expenditure) (B1.10)	15.727	4,000	Total stock arising from Capital and Loan Subsidy Scheme
Capital Loan Subsidy Scheme (capital expenditure) (Memo provided to NESC by DoE)	87.306	661	No. of Houses completed under Capital and Loan Subsidy Scheme
Communal facilities in Voluntary Housing Schemes (B4.1)	1.152	15,000	Estimated total stock of voluntary housing units
Grant in Aid towards administrative cost of voluntary bodies (Memo provided to NESC by DoE)	1.333	15,000	Estimated total stock of voluntary housing units
<b>Special Needs Categories</b>			
Special Improvement Works for Elderly Persons (National Lottery Funded) (B3.1)	11.903		

	Cost €m	Number	Description
Disabled person's/ essential repairs/ improvement grants (B2.2)	41.064	12,973	Breakdown – Repairs for disabled – 3,523; Thatching – 52; Gaeltachta – 192; Disabled Persons Grant -5,932; Essential Repairs Grant 3,274.
Provision of Traveller's Accommodation (current exp.) (B1.6)	4.449		
Provision of Traveller's Accommodation (capital exp.) (B1.6)	26.643		
National Traveller Consultative Committee (B1.8)	0.016		
<b>Homelessness</b>			
Recoupment of expenditure on homeless (B1.9)	42.99		
<b>State Support through Health Boards</b>			
Mortgage Interest Supplement (Statistics on Social Welfare Services)	7.65	4,359	No. of Households receiving Mortgage Allowance
Rent Supplement (Statistics on Social Welfare Services)	252.2	54,213	No. of Households receiving Rent Supplement
<b>Owner Occupation</b>			
New House Grants (B2.1)	39.33		Primarily First Time buyers Grant of €3,809 – also 175 Gaeltachta grants
Affordable Housing (Housing Statistics Bulletin - Part XI)	50	882	No. of Affordable Houses provided (separate to Part V)
<b>Miscellaneous Expenditures</b>			
Provision of Serviced land (C1.3)	10.048		
Subsidies to Local Authorities towards loan charges (F3.1)	0.013		
Subsidies and Loan Guarantees (B.2.3)	0.013		
Rent Tribunal (B.3.4)	0.089		
Private Rented Sector Support (B.3.4)	0.218		
Grant to Building Regulations Advisory Body (F13.4)	0.019		
Grant for Urban Renewal works (F7.1)	19.595		
DDDA capital projects grants (F7.2)	9.764		

	Cost €m	Number	Description
<b>Total Expenditure</b>	<b>2,088</b>		
<b>Tax Expenditures</b>			
Mortgage Interest Relief (2003 estimate provided to NESC by Revenue)	205	376,288	Average relief for people availing of Mortgage Interest Relief in 1999/2000
Rental Relief (2000 estimate provided to NESC by Revenue)	31		
Principal Private Residence - CGT Exemption (2002 estimate provided to NESC by Revenue)	787		
Stamp Duty Relief for New Homes (2001 estimate provided to NESC by Revenue)	112		
Urban Renewal (1998/99) (Revenue Statistics)	67.8		
<b>Total Tax Expenditures</b>	<b>1,203</b>		
<b>Local Authority Receipts</b>			
Rental Income (Housing Statistics)	161.81	104,688	
Miscellaneous LA Receipts (Housing Statistics)	5.29	104,688	
Gross Proceeds of LA Sales (Housing Statistics)	104.1	1,195	No. of Units Sold – per unit subsidy based on a 30% discount.
<b>Total LA Receipts</b>	<b>271.2</b>		
<b>Appropriations in Aid</b>			
Inspection fees in respect of structural guarantees for new houses (G.2)	2.352		
<b>Tax Receipts</b>			
Residential Property Tax – 2000 figures (Revenue Statistics)	2.02		
Stamp Duties (Houses and lands) – 2000 figures (Revenue Statistics)	674.15		

	Cost €m	Number	Description
<b>Total Tax Receipts</b>	<b>676.17</b>		
<b>Other Lines of Expenditure (Additional)</b>			
Local Authority Housing (Housing Statistics Bulletin)	999.2		
Private Housing Grants (Housing Statistics)	80.4		
Site Subsidy (Exchequer Estimates)	20.583		
Other Housing (Housing Statistics Bulletin)	13.1		
House Purchase and Improvement Loans etc. (Housing Statistics Bulletin)	89		

### Appendix 6.5 Breakdown of public capital expenditure on housing, 2003 -2004

	2003 (€000)			2004 (€000)		
	Provision Outturn	Exch.	Non-exch.	Estimate	Exch.	Non-exch.
Local Authority and Social Housing	1,130,379	911,260	219,119	1,188,185	959,066	229,119
LA Housing Loans etc. <sup>1</sup>	465,000	-	465,000	518,000	-	518,000
Private Housing Grants and Subsidies <sup>2</sup>	93,176	93,176	-	73,022	73,022	-
Other housing <sup>3</sup>	15,932	15,932	-	15,600	15,600	-
<b>Total</b>	<b>1,704,487</b>	<b>1,020,368</b>	<b>684,119</b>	<b>1,794,807</b>	<b>1,047,688</b>	<b>747,119</b>

Source Department of Finance, 2004

Note 1. Includes provision for LA house purchase / improvement loans, disabled persons and essential repairs grants; shared ownership scheme and affordable housing

2. New house grants and exchequer cost of grants paid under disabled persons and essential repairs grants scheme

3. Task Force on Special Housing Aid for Elderly and Gaeltacht housing grants

### Appendix 6.6 Geographical Dispersion of those assessed to be in Housing Need – 2002

Area	Number	per cent of those in Need	per cent of total households in area
Dublin City Council	6,993	14.4	14.0
Rest of Dublin	7,704	15.9	15.4
Remainder GDA	4,277	8.8	10.0
<b>Total GDA</b>	<b>18,974</b>	<b>39.2</b>	<b>39.4</b>
Remainder Leinster	6,920	14.3	14.3
<b>Total Leinster</b>	<b>25,977</b>	<b>53.7</b>	<b>53.8</b>
Cork City Council	2,282	4.7	3.3
Limerick City Council	581	1.2	1.5
Waterford City Council	1,034	2.1	1.2
Remainder Munster	8,849	18.3	22.2
<b>Total Munster</b>	<b>12,746</b>	<b>26.3</b>	<b>28.2</b>
Galway City Council	1,320	2.7	1.6
Remainder Connaught	4,507	9.3	10.2
<b>Total Connaught</b>	<b>5,827</b>	<b>12.0</b>	<b>11.8</b>
Ulster (part)	3,863	8.0	6.2
<b>Total</b>	<b>48,413</b>	<b>100</b>	<b>100</b>

Source *Housing Statistics Bulletin, 2002*

## Appendix 6.7 Construction and acquisition of local authority housing, 1993 - 2003

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
New units completed	1200	2374	2960	2676	2632	2771	2909	2204	3622	4403	4516
New units acquired	369	467	882	897	585	511	804	1003	1400	671	456
<b>Total units added</b>	<b>1569</b>	<b>2841</b>	<b>3842</b>	<b>3573</b>	<b>3217</b>	<b>3282</b>	<b>3713</b>	<b>3207</b>	<b>5022</b>	<b>5074</b>	<b>4972</b>
Capital expenditure (€m)	117.6	199.5	228.9	243.7	277.1	307.5	354.4	521.2	826.3	999.2	917.5
Cost per unit added (000)	75.0	70.2	59.6	68.2	86.1	93.7	95.4	162.5	164.5	196.9	184.5
Increase of local authority costs on previous year	-	-6%	-15%	14.4%	26%	7.6%	1.8%	70%	1.2%	19.6%	-6.7%
Increase in national house building cost index	2.5%	3.4%	3.3%	1.4%	3.5%	3.7%	4.9%	7.6%	14.5%	6.4%	2.7%
Increase in CPI	-	1.9%	2.7%	1.8%	1.7%	2.6%	1.6%	5%	4.7%	5.3%	2.8%

Source: *Housing Statistics Bulletins various; own calculations*



### Appendix 6.8 Social rental housing output by county council and city council area, 1993-2003<sup>1,2</sup>

County Council	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Carlow</b>	21	64	66	56	113	40	104	79	164	30	121
<b>Cavan</b>	21	50	49	62	81	51	77	56	120	214	152
<b>Clare</b>	28	86	73	98	84	80	131	97	105	108	127
<b>Cork</b>	217	226	226	312	311	174	305	304	520	401	405
<b>Donegal</b>	100	154	226	260	123	153	249	214	290	616	277
<b>Dublin<sup>3</sup></b>	120	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Dun Laoghaire-Rathdown</b>	N/A	113	168	154	211	125	53	36	124	108	213
<b>Fingal</b>	N/A	152	77	115	115	58	98	79	137	158	275
<b>Galway</b>	70	90	76	78	80	76	135	121	132	212	142
<b>Kerry</b>	74	104	243	165	110	141	182	92	214	221	265
<b>Kildare</b>	68	134	120	156	183	112	143	86	274	199	174
<b>Kilkenny</b>	101	45	142	90	51	68	86	82	176	47	90
<b>Laois</b>	45	68	44	60	37	30	92	68	143	63	131
<b>Leitrim</b>	29	31	55	46	43	36	31	34	67	84	30
<b>Limerick</b>	42	80	109	105	83	80	87	92	164	197	192
<b>Longford</b>	32	51	107	55	74	72	77	67	162	135	171
<b>Louth</b>	40	47	236	31	104	185	104	117	163	186	279
<b>Mayo</b>	97	170	140	115	96	96	116	219	138	34	81
<b>Meath</b>	27	87	76	130	98	99	169	83	128	232	173
<b>Monaghan</b>	51	46	76	21	31	69	12	60	134	62	85
<b>North Tipperary</b>	35	77	68	114	45	82	56	23	88	101	105
<b>Offaly</b>	36	124	75	72	86	24	76	95	80	127	210
<b>Roscommon</b>	16	56	22	51	40	71	23	38	54	101	121
<b>Sligo</b>	28	59	106	64	126	172	70	101	139	102	127
<b>South Dublin</b>	N/A	91	178	152	98	181	199	294	311	128	95
<b>South Tipperary</b>	88	8	181	124	157	99	100	87	62	110	164
<b>Waterford</b>	19	136	56	67	92	54	66	57	79	152	92
<b>Westmeath</b>	49	37	67	65	100	60	31	122	79	72	106

County Council	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Wexford</b>	103	131	124	132	165	99	169	250	208	361	228
<b>Wicklow</b>	79	113	128	173	261	185	148	86	167	221	134
<b>Total</b>	<b>3,630</b>	<b>2,630</b>	<b>3,314</b>	<b>3,123</b>	<b>3,198</b>	<b>2,772</b>	<b>3,189</b>	<b>3,139</b>	<b>4,622</b>	<b>4,782</b>	<b>4765</b>
<b>City Councils</b>											
<b>Cork</b>	159	155	198	161	124	144	282	211	201	266	192
<b>Dublin</b>	533	569	1,002	941	364	478	557	545	958	1024	1009
<b>Galway</b>	27	89	138	73	124	135	142	85	82	89	378
<b>Limerick</b>	36	137	130	126	72	81	59	55	216	64	36
<b>Waterford</b>	67	162	71	66	91	157	63	123	146	209	209
<b>Total</b>	<b>822</b>	<b>1,112</b>	<b>1,539</b>	<b>1,367</b>	<b>775</b>	<b>995</b>	<b>1,103</b>	<b>1,019</b>	<b>1,603</b>	<b>1,652</b>	<b>1,824</b>
<b>Grand Total</b>	<b>2,459</b>	<b>3,742</b>	<b>4,853</b>	<b>4,490</b>	<b>3,973</b>	<b>3,767</b>	<b>4,292</b>	<b>4,458</b>	<b>6,275</b>	<b>6,434</b>	<b>6,589</b>
<b>Of which vol. &amp; co-op. units</b>	<b>890</b>	<b>901</b>	<b>1011</b>	<b>917</b>	<b>756</b>	<b>485</b>	<b>579</b>	<b>951</b>	<b>1253</b>	<b>1360</b>	<b>1617</b>

Source: Adapted from Norris and Winston, 2004; Annual Housing Statistics Bulletin, 2004

Note: 1. Data include dwellings built and acquired by local authorities and all other social housing providers.

2. Figures for output in the operational areas of borough and town councils are included within the total for the relevant county council.

3. Refers to Dublin County Council which was split into Fingal, Dun Laoghaire- Rathdown and South Dublin County Councils in 1994.

Appendix 6.9 Output under local authority capital programme;  
total voluntary and co-operative output, and as percentage  
of total social housing output, 2003

County Councils	Local Authority Housing			Vol. & Co-op Housing	Total	Percentage share
	Completions	Acquisitions	Sub Total	Completions		
Carlow	111	6	117	4	121	3.3%
Cavan	100	2	102	50	152	32.9%
Clare	84	19	103	24	127	18.9%
Cork	270	60	330	75	405	18.5%
Donegal	181	5	186	91	277	32.9%
D/L-Rathdown	180	4	184	29	213	13.6%
Fingal	248	0	248	27	275	9.8%
Galway	85	14	99	43	142	30.3%
Kerry	253	1	254	11	265	4.2%
Kildare	107	27	134	40	174	23.0%
Kilkenny	40	9	49	41	90	45.6%
Laois	54	3	57	74	131	56.5%
Leitrim	25	0	25	5	30	16.7%
Limerick	155	4	159	33	192	17.2%
Longford	64	12	76	95	171	55.6%
Louth	172	2	174	105	279	37.6%
Mayo	64	1	65	16	81	19.8%
Meath	160	5	165	8	173	4.6%
Monaghan	40	13	53	32	85	37.6%
North Tipperary	65	2	67	38	105	36.2%
Offaly	127	3	130	80	210	38.1%
Roscommon	105	4	109	12	121	9.9%
Sligo	94	15	109	18	127	14.2%
South Dublin	61	3	64	31	95	32.6%
South Tipperary	123	0	123	41	164	25.0%
Waterford	74	0	74	18	92	19.6%

County Councils	Local Authority Housing			Vol. & Co-op Housing	Total	Percentage share
	Completions	Acquisitions	Sub Total	Completions		
<b>Westmeath</b>	100	1	101	5	106	4.7%
<b>Wexford</b>	151	9	160	68	228	29.8%
<b>Wicklow</b>	130	4	134	0	134	0.0%
<b>City Councils</b>						
<b>Cork</b>	62	53	115	77	192	40.1%
<b>Dublin</b>	531	157	688	321	1009	31.8%
<b>Galway</b>	320	0	320	58	378	15.3%
<b>Limerick</b>	16	17	33	3	36	8.3%
<b>Waterford</b>	164	1	165	44	209	21.1%
<b>Totals</b>	<b>4516</b>	<b>456</b>	<b>4972</b>	<b>1617</b>	<b>6589</b>	<b>24.5%</b>

Source: Annual Housing Statistics Bulletin, 2003

## Appendix 6.10 Number of households assisted 1993-2002

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Direct provision</b>											
New units completed – LA	1200	2374	2960	2676	2632	2771	2909	2204	3622	4403	4516
New units acquired – LA	369	467	882	897	585	511	804	1003	1400	671	456
New units added – vol & co-op	890	901	1011	917	756	485	579	951	1253	1360	1617
Casual vacancies	3312	3295	3609	3930	3795	3378	3121	2854	2728	3120	3795
<b>Total</b>	<b>5771</b>	<b>7037</b>	<b>8462</b>	<b>8420</b>	<b>7768</b>	<b>7145</b>	<b>7413</b>	<b>7012</b>	<b>9003</b>	<b>9554</b>	<b>10384</b>
<b>Assistance for owner-occupiers</b>											
Shared ownership	1019	1271	1278	1166	1042	805	1314	1190	1611	1686	998
Mortgage Allowance	161	159	205	268	210	153	122	93	132	188	229
1999 Affordable housing scheme	0	0	0	0	0	0	40	86	272	882	1524
Part V Affordable housing	0	0	0	0	0	0	0	0	0	46	88
<i>Sustaining Progress</i> AH1	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1180</b>	<b>1430</b>	<b>1483</b>	<b>1434</b>	<b>1252</b>	<b>958</b>	<b>1476</b>	<b>1369</b>	<b>2015</b>	<b>2802</b>	<b>2839</b>
<b>Measures in lieu of social housing</b>											
Improvement works in lieu of rehousing	138	124	123	143	164	152	196	123	108	164	151
Extensions to LA houses			21	89	112	205	122	153	187	199	203
<b>Total</b>	<b>138</b>	<b>124</b>	<b>144</b>	<b>232</b>	<b>276</b>	<b>357</b>	<b>318</b>	<b>276</b>	<b>295</b>	<b>363</b>	<b>354</b>
<b>Total households assisted</b>	<b>7089</b>	<b>8591</b>	<b>10089</b>	<b>10086</b>	<b>9296</b>	<b>8460</b>	<b>9207</b>	<b>8657</b>	<b>11313</b>	<b>12719</b>	<b>13577</b>

Notes: Some overlap in above count – for example 12 per cent of those households acquiring a house under the Shared Ownership Scheme in 2002 were provided a subsidised site by the relevant local authority

## Appendix 6.11 Housing Stock and Completions in Ireland, 1995-2002

Year	Housing Stock			Housing Completions		
	Social housing <sup>1</sup> (per 1,000 population)	Private (per 1,000 population)	Ratio of Social to Private	Social housing <sup>2</sup> (per 1,000 population)	Private (per 1,000 population)	Ratio of LA to Private
1995	105,434 (30.1)	1.019m (283)	1:9.6	4,853 (1.38)	26,604 (7.4)	1:6.9
1996	107,835 (29.7)	1.026 (283)	1:9.5	4,490 (1.23)	30,132 (8.3)	1:8.4
1997	109,766 (30.0)	1.078 (295)	1:9.8	3,973 (1.09)	35,454 (9.7)	1:11.0
1998	110,719 (30.0)	1.113 (300)	1:10.1	3,767 (1.02)	39,093 (10.6)	1:11.9
1999	111,695 (29.8)	1.151 (308)	1:10.3	4,292 (1.14)	43,024 (11.5)	1:11.6
2000	112,550 (29.7)	1.193 (315)	1:10.6	4,158 (1.1)	46,657 (12.3)	1:14.6
2001	117,429 (n/a)	1.241 (n/a)	1:10.6	6,275 (n/a)	47,727 (n/a)	1:7.6
2002	120,688 (30.8)	1.292 (329)	1:10.7	6,434 (1.6)	51,932 (13.2)	1:8.0

Source: Adapted from NESI 2002, Housing Statistics Bulletins various, own calculations

Notes: 1. Includes local authority and voluntary and co-operative output  
2. Includes LA acquisitions as well as construction of new units

## Appendix 6.12 – Overview of local authority programmes in lieu of social housing

### Improvement Works in lieu of social housing

This scheme enables local authorities to improve or extend privately owned houses occupied or intended to be occupied by an approved applicant for local authority housing (as an alternative to the provision of local authority housing.) 1,624 households have been assisted through the scheme between 1990 and 2003. Those eligible under the scheme include:

- ◆ Households registered on a local authority waiting list;
- ◆ A local authority tenant or tenant purchaser who wishes to buy or move into a private home and return present house to local authority;
- ◆ Tenants for more than one year under the Capital Loan and Subsidy Scheme who wish to buy a private home and return their present house.

A charge (for a maximum of 15 years or when the cost of works is recouped by the local authority) is calculated based on ability to pay. If the house is sold during the 15 year period of charges or before the full cost of works is recouped, a repayment will be required.

### **Local Authority Housing Extensions Scheme**

This scheme enables local authorities to extend rented local authority houses to cater for households who would otherwise qualify for inclusion in a housing assessment. The scheme applies to rented local authority houses, which can be economically extended to cater for persons accepted as in need of local authority housing. It includes cases where the need is due to overcrowding, where an approved applicant not living in the house can be adequately accommodated in the house after it has been extended, and where a tenant or tenant purchaser surrenders a dwelling on being accommodated in the extended house.

### **Disabled Persons Repairs Grant Scheme**

Under this scheme, a local authority may make a grant for the provision of additional accommodation or necessary works of adaptation to your house to meet the needs of a member of the household who is disabled. The grant may be up to 90% of the approved cost of the works in the case of private houses and up to the full cost of the works in the case of houses let by the local authority. Maximum payment (2004 levels) was €20,000.

### **Essential Repairs Grant Scheme**

The Essential Repairs Grant scheme enables people in accommodation which cannot be made fit in all respects at a reasonable cost to have basic repairs carried out to their houses so that they can continue to provide an acceptable standard of accommodation for the occupants. The scheme is primarily intended to secure essential repairs to dwellings occupied by older people.

The housing authority must be satisfied that the house cannot be made fit for human habitation in all respects at a reasonable cost and that the repairs are necessary in order to prolong the life of the house. The house, for which the essential repairs are necessary, must be built for a period of not less than one year before such repairs as are necessary, are commenced. The house must also be occupied by a person who has been included, or would be entitled to be included in the local authority's latest assessment of need. The maximum grant to eligible applicants is €9,530 under this scheme.

### **Appendix 6.13 Capital Assistance Scheme and Capital Loan and Subsidy Scheme**

Two schemes are currently funded by the Department of the Environment, Heritage and Local Government from which grants are allocated by individual local authorities to approved housing bodies: The Capital Assistance Scheme (CAS) and the Capital Loan and Subsidy Scheme (LSS).

#### **Capital Assistance Scheme**

This scheme funds accommodation provided by voluntary housing bodies for special needs categories such as the elderly, homeless, elderly returning emigrants and disabled persons. It also funds the provision of rental housing by co-operative housing bodies. Capital assistance is available for up to 95 per cent of costs under the Scheme (which can cover acquisition of sites, houses or buildings, construction, renovation, conversion and refurbishment costs; legal

and other professional fees; public utility connection charges and other project development costs; and bridging loan charges and charges on instalments of loans advanced during the construction phase) up to the following maximums (2004):

**One and two person units**

Ordinary level of assistance	€88,900
Higher level of assistance	€120,700
Islands	€114,300

**Family type housing & Traveller bays**

Ordinary level of assistance	€108,000
Higher level of assistance	€139,700
Islands	€120,700

Loans are made in the form of a 30 year annuity mortgage loan. Repayments and interest charges due from the approved housing body may be fully waived, provided that the body continues to comply with the terms and conditions of the Scheme and the mortgage deed contract signed with the Local Authority.

**Capital Loan and Subsidy Scheme**

The Capital Loan and Subsidy Scheme (formerly known as the Rental Subsidy Scheme) is for the most part used to fund family type social housing which is broadly similar to accommodation provided under the local authority capital housing programme (up to 100 per cent of the approved cost) up to the following limits (2004):

General Limit	€108,000
Higher Limit	€139,700
Islands	€120,700

Funding under this voluntary housing scheme is provided by way of the Department's approval to local authorities to raise a loan from the Housing Finance Agency which is then passed onto the relevant voluntary housing body. Loan charges are met by a subsidy payable to the local authority by the Department provided the accommodation is allocated to persons on the local authority housing waiting list.

Under the Scheme, up to 100 per cent of costs relating to the provision of rental dwellings can be met from funds advanced by the Housing Finance Agency. Payment of a management and maintenance allowance (between €422 and €560 per dwelling in 2001-2002) and payment of rents related to household incomes by qualified tenants are also covered under this Scheme.



## Appendix 6.14 – Supports to low or modest income home owners

### 1999 Local Authority Affordable Housing Scheme

The Affordable Housing Scheme provides for the building of new houses in areas where house prices have created an affordability gap for lower income house purchasers. The houses are offered to eligible first time purchasers which satisfy the income eligibility test at a significant discount from the market value of comparable houses in the area.

The house is purchased outright (mortgages can be provided by the local authority<sup>1</sup> of up to 95% of the sale price of the house. Loans are advanced over 25 years and the amount of the loan to be provided by the local authority is determined on an individual basis). Normally monthly outgoings on the loan should not exceed one third of the net household income. A graded subsidy towards the mortgage is available to purchasers whose household income in the preceding tax year is €25,500 or less. A household which does not qualify for the mortgage subsidy may be eligible for the longer standing mortgage allowance to reduce their repayments in each of the first five years of the mortgage (eligibility is outlined under the Mortgage Allowance Scheme below).

If a house purchased under this scheme is resold within 10 years, the percentage of the sale price discounted by the local authority would be payable to the local authority by the purchaser on the proceeds of the re-sale of the house. The amount payable shall be reduced by 10% in respect of each complete year after the 10th year during which the person who purchased the property has been in occupation as his or her normal place of residence.

### Affordable Housing – Part V

Under the provisions of Part V of the 2000 Planning and Development Act, local authorities may negotiate the transfer of housing units for sale as affordable housing as one of the conditions deemed to meet obligations under the Act. Housing arising under this scheme therefore is more likely to be located within a larger private residential development, whereas units arising from the previous scheme are more likely to be in a mixed tenure development.

Local authorities are charged with developing a scheme of priorities for the allocation of Affordable Housing arising from Part V in the situation where demand exceeds supply. Section 98 of the Act sets out the following considerations for the development of a scheme of priorities:

- ◆ The accommodation needs of first time buyers;
- ◆ The current housing situation of eligible persons;
- ◆ The income or other financial circumstances of eligible persons – for instance, local authorities can accord priority to lower income households provided these households have the means to make the mortgage repayments;

1. Local authority loans are currently available to a maximum of €130,000. Eligibility for a local authority loan is based on the same income criteria as applies for Affordable Housing

- ◆ The period for which the eligible persons have resided in the local area;
- ◆ Whether they own land or houses locally or elsewhere;
- ◆ Distance of the affordable housing from the places of employment of the eligible persons.

#### **Affordable Housing Initiative – *Sustaining Progress***

The most recent Partnership Agreement – *Sustaining Progress* - provided for the provision of 10,000 affordable houses, designed to meet the needs of persons currently priced out of the housing market, under a special initiative on housing and accommodation, through the development of state land and the provisions of Part V of the Planning and Development Act 2000, as amended.

A number of projects under the initiative in Cork, Dublin, Kildare, Meath and Waterford were announced in 2003. The release of further lands in Clare, Cork City and Cork County, Dun Laoghaire Rathdown, Fingal, Galway City, Kerry, Sligo and Wexford was announced in 2004. Together with affordable housing coming through Part V arrangements, the sites so far identified have the potential to deliver 8,891 housing units. The housing will be delivered through arrangements between local authorities and the private sector and the eligibility criteria of purchasers has been agreed in principle, with further discussions to be held on the detail.

The timescale for delivery and the precise number of units to be delivered on each of the sites is being determined in planning the projects, which vary in terms of key site characteristics such as zoning status and servicing. Allowance must also be factored in for the procurement of specific developers to deliver the projects through competitive tendering and for obtaining planning permission.

#### **Shared Ownership Scheme**

Over 11,000 households have been assisted in purchasing their own home under the Shared Ownership Scheme since its inception in 1991. The Shared Ownership Scheme enables people who cannot afford to purchase a house outright (while satisfying an income eligibility test) to buy a share in a house now and the remainder at later stages. Table 6.24 below highlights the steady rate of transactions since 1997.

Table 6.24

	No. of transactions completed	No. of approvals in principle	No. of applications received
1997	1042	907	2690
1998	805	992	2962
1999	1314	1502	3551
2000	1190	1520	4049
2001	1611	1910	5079
2002	1686	3597	5866
2003	998	1576	3064
<b>Total</b>	<b>8,646</b>	<b>12,004</b>	<b>27,261</b>

Source: *Housing Statistics Bulletins, various*

Under the scheme, the household can purchase a dwelling directly from the local authority or from the private market. A site may also be provided by the local authority. The applicant must buy at least 40% of the value of the house initially and rent the remaining share from the local authority (annual rents currently set at 4.3% of the value of the rented portion increased annually by 4.5%—a maximum rent subsidy of €2,550 is available for households under a certain income limit). The share of the house being rented can be bought out in part or full at any time. However, the applicant is required to purchase the full ownership after 25 years.

#### **Mortgage Allowance Scheme**

An allowance is payable over a 5 year period to tenants or tenant purchasers of local authority housing or tenants of houses provided under the voluntary housing Capital Loan and Subsidy Scheme to assist them to purchase or have a private house built with a mortgage

#### **Low Cost Housing Sites Scheme**

Under this scheme, a local authority may make housing sites available at low cost which may be as little as €127 per site. To be eligible for one of these sites, you must be a person whose application for local authority housing has been approved by the local authority, or a local authority tenant or tenant purchaser who wishes to buy a private house and to return your present house to the local authority, or a tenant for more than one year of a house provided by a voluntary body under the Rental Subsidy Scheme who wishes to buy a private house and return your present house to the voluntary body.

Voluntary housing bodies providing houses under the Capital Assistance or Rental Subsidy Schemes may also avail of the sites scheme, as may persons taking shared ownership through a group housing project sponsored by a housing co-operative or local authority. The sites scheme can be used in conjunction with the Mortgage Allowance Scheme. The scheme has been particularly important for the co-operative sector (some 3,500 home-ownership co-operative dwellings have been built on sites arising from the scheme).

Where a site was originally provided under the low cost sites scheme by the local authority at a discount from market, the local authority must be refunded a percentage of the proceeds from the sale of the property, in line with the original percentage discount on the sale price

### **House Purchase and Improvement Loans Scheme**

A person wishing to purchase a house (new or second hand) or build a house, or improve an existing house but who cannot get a loan from a building society or bank etc., may be eligible for a local authority loan (mortgage). In order to qualify, the applicant must meet an income eligibility test. The maximum loans payable and eligibility criteria are set by the Dept. of the Environment and altered from time to time by Regulation.

Following a review by his Department, the maximum loan that can be advanced for a local authority house purchase has been increased from €130,000 to €165,000. The eligibility limits for applying for the Affordable Housing and Shared Ownership Schemes have also been reviewed and are now €36,800 for a single income household and €92,000 for a two income household, using the formula of two and a half times the main income and once the second income. The Minister has extended the period for which local authorities may advance loans from 25 years to 30 years and also gave an understanding to review the limits annually.

## Appendix 6.15 Supply of housing by local authority area

County Council	Affordable and Shared Ownership Schemes				Private		Social housing output		
	Shared ownership transactions	LA Affordable Housing output	Part V Affordable Housing	Total	Total private house completions <sup>1</sup>	Affordable as % of total private	2003	2002	2003 as % of 2002 levels
Dublin City	358	369	4	731	2518	29.0%	852	844	100.9%
Fingal	2	335	66	403	6744	6.0%	275	153	179.7%
Cork County	75	55	3	133	5980	2.2%	345	314	109.9%
Galway City	1	121	0	122	1927	6.3%	378	89	424.7%
Laois	27	74	0	101	903	11.2%	128	54	237.0%
Wexford	11	77	0	88	2524	3.5%	219	340	64.4%
Mayo	4	81	0	85	1942	4.4%	80	34	235.3%
Kildare	73	0	7	80	2824	2.8%	147	192	76.6%
Meath	41	35	4	80	3519	2.3%	168	228	73.7%
Kilkenny	52	19	0	71	1102	6.4%	81	31	261.3%
Cork City	27	42	0	69	914	7.5%	139	242	57.4%
Wicklow	2	65	0	67	1670	4.0%	130	196	66.3%
Waterford City	56	0	0	56	788	7.1%	208	206	101.0%
Westmeath	28	24	0	52	1480	3.5%	105	62	169.4%
Louth	8	42	1	51	2011	2.5%	277	180	153.9%
Limerick City	5	43	0	48	1131	4.2%	19	48	39.6%
South Dublin	41	0	3	44	2042	2.2%	92	113	81.4%
Donegal	14	25	0	39	2848	1.4%	272	605	45.0%
Offaly	18	20	0	38	1101	3.5%	207	116	178.4%
Galway County	10	22	0	32	3042	1.1%	128	190	67.4%
Clare	30	0	0	30	1571	1.9%	108	53	203.8%
Waterford County	0	30	0	30	1079	2.8%	92	152	60.5%
D/Laoghaire Rathdown	16	8	0	24	1662	1.4%	209	82	254.9%
Sligo	18	6	0	24	953	2.5%	112	80	140.0%

County Council	Affordable and Shared Ownership Schemes				Private		Social housing output		
	Shared ownership transactions	LA Affordable Housing output	Part V Affordable Housing	Total	Total private house completions <sup>1</sup>	Affordable as % of total private	2003	2002	2003 as % of 2002 levels
Limerick County	21	0	0	21	1647	1.3%	188	183	102.7%
Cavan	5	15	0	20	1004	2.0%	150	210	71.4%
Kerry	12	8	0	20	2403	0.8%	264	215	122.8%
Longford	12	8	0	20	500	4.0%	159	115	138.3%
North Tipperary	13	0	0	13	1154	1.1%	103	97	106.2%
South Tipperary	13	0	0	13	482	2.7%	164	105	156.2%
Carlow	3	0	0	3	782	0.4%	115	12	958.3%
Monaghan	1	0	0	1	588	0.2%	72	53	135.8%
Roscommon	1	0	0	1	773	0.1%	117	90	130.0%
Leitrim	0	0	0	0	678	0.0%	30	79	38.0%
<b>Total</b>	<b>998</b>	<b>1524</b>	<b>88</b>	<b>2610</b>	<b>62286</b>	<b>4.2%</b>	<b>6133</b>	<b>5763</b>	<b>106.4%</b>

Source Annual Housing Statistics Bulletin, 2003

Notes 1. Total house completions are based on the number of new dwellings connected by the ESB to the electricity supply and may not accord precisely with local authority boundaries

## Appendix 6.16 Comparison of subsidised home ownership options

	<b>Tenant purchase</b>	<b>1999 LA Affordable</b>	<b>Part V Affordable</b>	<b><i>Sustaining Progress</i></b> <sup>1</sup>	<b>Shared Ownership</b>
<b>Eligibility restrictions</b>	LA tenant (excluding certain dwellings – e.g. flats, purpose built accommodation)	Must meet income criteria/subject to scheme of priorities	Must meet income criteria/subject to scheme of priorities	In principle it has been agreed with the social partners that the eligibility criteria applying to the Initiative will be broadly similar to the arrangements which apply under Part V of the Planning and Development Act, 2000 as amended	Must meet income criteria/subject to scheme of priorities
<b>Cost to the Exchequer</b>					
<b>Site subsidy</b>	Opportunity cost of site foregone	Main cost to local authority (basis of discount)	Main cost to local authority (basis of discount)	Opportunity cost of state lands provided	Low-cost site can be made available for self-build
<b>Cost of construction</b>	Replacement cost of on average €71,000	Generally recouped in purchase price	Generally recouped in purchase price	To be recouped in purchase price (cost-recovery basis)	Purchase price based on market costs
<b>Income received</b>	n/a	n/a	n/a	n/a	Rent payments on portion of equity held by LA (4.5 of cost of rented share)
<b>Conditions of re-sale</b>	LA must approve resale	Clawback provision allows for payment of a proportion of the proceeds to the local authority, in line with the original percentage discount on the sale price if re-sold within 20 years	Clawback provision allows for payment of a proportion of the proceeds to the local authority, in line with the original percentage discount on the sale price if re-sold within 20 years	To be agreed	Clawback provision allows for the payment of a proportion of the proceeds to the local authority, in line with original percentage discount on the sale price if re-sold within 20 years

## Appendix 6.16 Comparison of subsidised home ownership options

	Tenant purchase	1999 LA Affordable	Part V Affordable	Sustaining Progress	Shared Ownership
<b>Cost</b>					
<b>Average house price</b>	Purchase of house at substantial discount from market price (on average 44% of market price in 2002 – ESRI)	Discount on market price – reflective of construction cost	Discount on market price – reflective of construction cost	Discount on market price – reflective of construction cost	Market price; or if purchased from local authority, at discount as for affordable housing
<b>Less subsidies</b>	If former local authority tenant or tenant under Capital Loan and Subsidy Scheme, mortgage allowance of up to €11,450 paid on a reducing basis over 5 years paid directly to mortgage lender	If former local authority tenant or tenant under Capital Loan and Subsidy Scheme, mortgage allowance of up to €11,450 paid on a reducing basis over 5 years paid directly to mortgage lender	Mortgage allowance as for affordable housing		A graded subsidy towards the rent is available to shared owners whose household income in the preceding tax year is €25,500 or less

Notes 1. No units available to date, therefore information based on available details of scheme  
2. Applicable only if original dwelling was purchased from local authority at a discount

## Appendix 6.17 – Overview of Rent Supplements under SWA scheme<sup>2</sup>

### Rent Supplement – Qualification

In order to qualify for a rent supplement a person must:

- ◆ At the time of application have been in rented accommodation for a period of 6 months (note certain exceptions apply)
- ◆ normally be in receipt of a social welfare or health board payment and satisfy the general conditions of the SWA scheme;
- ◆ satisfy the health board s/he has a housing need that cannot be met from his/her own resources;
- ◆ satisfy the health board that a bona fide tenancy exists; and
- ◆ apply for local authority housing, if requested to do so by the health board.

2. Taken from DSFA website



The Health Board must be satisfied that the rented accommodation meets the needs of the applicant and that the rent is reasonable. In addition, anyone who has been excluded from the local authority housing list as a result of refusing an offer of accommodation or has left local authority accommodation is not eligible for a rent supplement unless he or she satisfies the health board that there was good reason for refusing the accommodation.

Those not eligible for rent supplement include:

- ◆ a person living in accommodation provided by a local authority;
- ◆ a person living in accommodation provided by a health board;
- ◆ a person living in accommodation provided by a body or organisation which provides services on behalf of, or similar to, or ancillary to a health board, where that body uses residential care staff in providing such services and also receives a subvention payment from the Minister for Health in respect of that person;
- ◆ a person living in accommodation provided by a voluntary body receiving a subsidy under the Rental Subsidy scheme;
- ◆ a tenant in de-controlled rented accommodation receiving rent allowance from the DSCFA; and a person admitted to an institution for any period in excess of 13 weeks.

### **Back to Work, Training and Education Programmes**

While full-time workers are generally not allowed to retain supplements, there is a range of criteria and conditions which apply to people participating in training/education programmes. People participating in the following programmes and working over 30 hours are allowed a tapered retention of rent and mortgage interest supplement, provided that certain criteria are met:

- ◆ Back to Work Allowance (BTWA)
- ◆ BTWE (Enterprise)
- ◆ Social Economy Programme
- ◆ Revenue Job Assist
- ◆ Jobs Initiative
- ◆ Workplace
- ◆ Back to Education Allowance
- ◆ Vocational Training Opportunities Scheme (VTOS)
- ◆ Full-time employment after having being unemployed for 12 months or more.

The following conditions apply to retention of supplements:

- ◆ A €317.43 gross weekly limit is applied in all calculations;

- ◆ The Back to Work payment and Family Income Support payments, where applicable, are disregarded in calculating the weekly income;
- ◆ The rent supplement paid to those listed above and participants entering CE schemes since 6 April 2000, is tapered over four years:
  - year 1 = 75% of supplement
  - year 2 = 50% of supplement
  - year 3 and 4 = 25% of supplement.

The tapering of the retention of rent and mortgage interest supplement payments operates over a four-year cycle. Therefore, a person on a CE scheme for one year, who then enters employment under the BTWA, will be on the second year of the taper system, i.e. in receipt of rent supplement at the level of 50%. In the case where 12 months has elapsed between participation on any of the programmes that allow for the retention of rent and mortgage interest supplement, claimants are regarded as starting a new cycle.

#### **Part-time workers – less than 30 hours**

For part-time and casual workers, income earned in the workplace is offset against UA payments using methods that depend upon the nature of the household, e.g., whether or not there are child dependants. After the new UA payment is set allowing for these earnings, those in receipt of rent or mortgage interest supplement have their supplement level re-calculated. Prior to Budget 2000, the remaining earned income was clawed back £1 for £1 through reductions in the level of rent and mortgage interest supplement. In order to reduce the impact of this £1 for £1 clawback a new £25 disregard for part-time workers in receipt of rent and mortgage interest supplement was introduced as recommended by the Consultative Group established under Partnership 2000. Since January 2002 the disregard of income for someone in part-time employment is €50.

#### **Calculation of Basic Rent Supplement**

The starting point is the rate of Supplementary Welfare Allowance (SWA) payable in the claimant's situation, e.g. for a single person it is currently €134.80 per week (January 2004). This rate is considered to include a 'housing element' of €13 per individual or family unit. Deduct this from the appropriate rate of SWA to find the amount of income which the claimant must be left with to provide for basic needs. Any income above this baseline is counted as means available to pay rent. However, there are certain exceptions—see Disregards below. Therefore, to find the amount of Rent Supplement payable, the amount of the claimant's contribution should be deducted from the weekly rent or the maximum amount level of rent considered reasonable by the Health Boards—see below.

Example: Single person on Invalidity Pension—Rate of payment €140.30. The amount for basic needs for a single person would be €121.80 (i.e. SWA rate of €134.80 less €13). This person would have to pay the first €18.50 of rent themselves, leaving them with €121.80 for 'basic needs'.

## **Disregards**

There are some payments and situations where a certain amount of income is disregarded for this means test:

### *Pensioners*

In Budget 2001 a disregard was introduced for pensioners to ensure that their budget pension increases were not clawed back in a resultant reduction in their rent supplement payment. This disregard was increased to €29 in Budget 2004.

### *Part-time employment*

Since January 2002 the disregard of income for someone in part-time employment is €50 per week (increased from €31.74). Community Employment is regarded as part-time employment in this context.

### *Rehabilitative earnings*

People who are on Disability Allowance can earn up to €120 per week without it affecting their payment, as long as it is approved by the DSCFA. The same amount will be disregarded for the means test for Rent and Mortgage Interest Supplement.

### *Training Schemes*

The first €31.74/£25 of additional income arising from participation in approved training courses, e.g. FÁS skills training courses, will be disregarded in the assessment of means for Rent or Mortgage Interest Supplement, i.e. the Training Allowance.

### *One-Parent Family Payment*

People receiving One Parent Family Payment (OPFP) can retain a certain amount of maintenance payments without affecting their OPFP. Firstly, they can receive up to €95.23, deemed to be in respect of mortgage/rental costs without any reduction in their OPFP. Secondly, only 50% of the amount above €95.23 is taken into account. For example, if the maintenance paid was €125.23, their OPFP would only be reduced by €15.

In order that this is not clawed back by a reduction in Rent and Mortgage Interest Supplement there is a disregard from January 2002 of up to €50 (was €31.74) of the extra amount of OPFP that the claimant gets because of this retention. The €95.23 will be taken into account in calculating the amount of supplement payable.

## **Maximum Rent Levels**

There are restrictions in place in relation to the maximum level of rent payable. The maximum rent level depends on a number of factors such as household composition and the location of the property. A rent supplement is generally not payable where the rent payable exceeds the appropriate maximum rent limits.

Example: If, in the case of Example 1 above, the maximum rent regarded as reasonable in the claimant's area is €95 a week, the Community Welfare Officer may give the claimant €76.50 a week as Rent Supplement (€95 less €18.50).

### Community Employment

Community Welfare Officers will assess individuals on CE schemes with regards to rent supplement, either by means of the g50 disregard or by tapering the supplement (75% in Year 1, 50% in Year 2, 25% in Year 3 and 25% in Year 4), to establish which is the more favourable to the individual.

## Appendix 6.18 Average housing expenditure (rent and mortgage) as percentage of net monthly income – EU countries 1996 and Ireland 2000

Country	Excluding All households	Owners those with no mortgage/rent	with mortgage	All renters	Private renters	Social renters
Germany	18.5	25.1	22.3	26.0	26.4	24.9
Denmark	25.8	28.4	23.2	33.2	29.7	35.7
Netherlands	22.5	24.6	22.2	26.5	25.7	26.6
Belgium	12.5	22.3	21.1	23.8	25.5	20.0
Luxembourg	13.8	22.3	21.8	23.0	23.9	15.1
France	17.3	26.5	23.0	28.6	29.1	27.7
UK	17.8	26.2	17.8	37.3	34.2	38.4
<b>Ireland 1996</b>	<b>9.2</b>	<b>16.7</b>	<b>17.5</b>	<b>14.9</b>	<b>24.3</b>	<b>9.5</b>
<b>Ireland 2000</b>	<b>8</b>	<b>15.3</b>	<b>14.3</b>	<b>16.7</b>	<b>24.3</b>	<b>8.6</b>
Italy	6.9	22.8	24.4	22.0	24.1	16.2
Greece	6.7	24.2	11.3	28.3	28.4	18.6
Spain	6.6	21.2	23.8	17.3	18.0	7.6
Portugal	6.2	16.4	23.8	11.9	13.7	2.7
Austria	11.5	18.5	15.1	20.0	21.1	18.8
Finland	18.9	31.7	26.2	36.0	35.5	36.6
<b>EU</b>	<b>13.5</b>	<b>22.8</b>	<b>20.5</b>	<b>24.4</b>	<b>25.6</b>	<b>20.5</b>

Source: Fahey, Maitre & Nolan 2004 (from European Community Household Panel 1996, Living in Ireland Survey 2000)