

Social Housing in the Irish Housing Market

Exploring Developments in the Irish Housing and Mortgage Market

DATE

Dublin 21/06/2018

VENUE

ESRI

AUTHORS

Eoin Corrigan (DHPLG) and
Dorothy Watson (ESRI)



**An Roinn Tithíochta, Pleanála
agus Rialtais Áitiúil**

Department of Housing, Planning
and Local Government



Introduction

- Change in social housing policy
 - Traditionally: home ownership = ideal, social housing for those who could not afford it, private rental sector a residual tenure.
 - Recently: greater use of private sector to provide for low-income households, with subsidisation of rents by state
- Rapid growth in private renting (from 10% in 2006 to 18% in 2016)
- Against background of undersupply – affordability challenges with consequences for households & for the State

Goals

- Trace recent changes in social housing, broadly defined
- State provided or subsidised housing for low-income households
 - State provided – rented through local authorities or by approved housing bodies (LA/AHB)
 - Subsidies – Rent Supplement, Rental Assistance Scheme and Housing Assistance Payment
- Examine changes in housing quality by tenure in the same period
- Conclusions and implications

Recent Social Housing Policy Trajectory

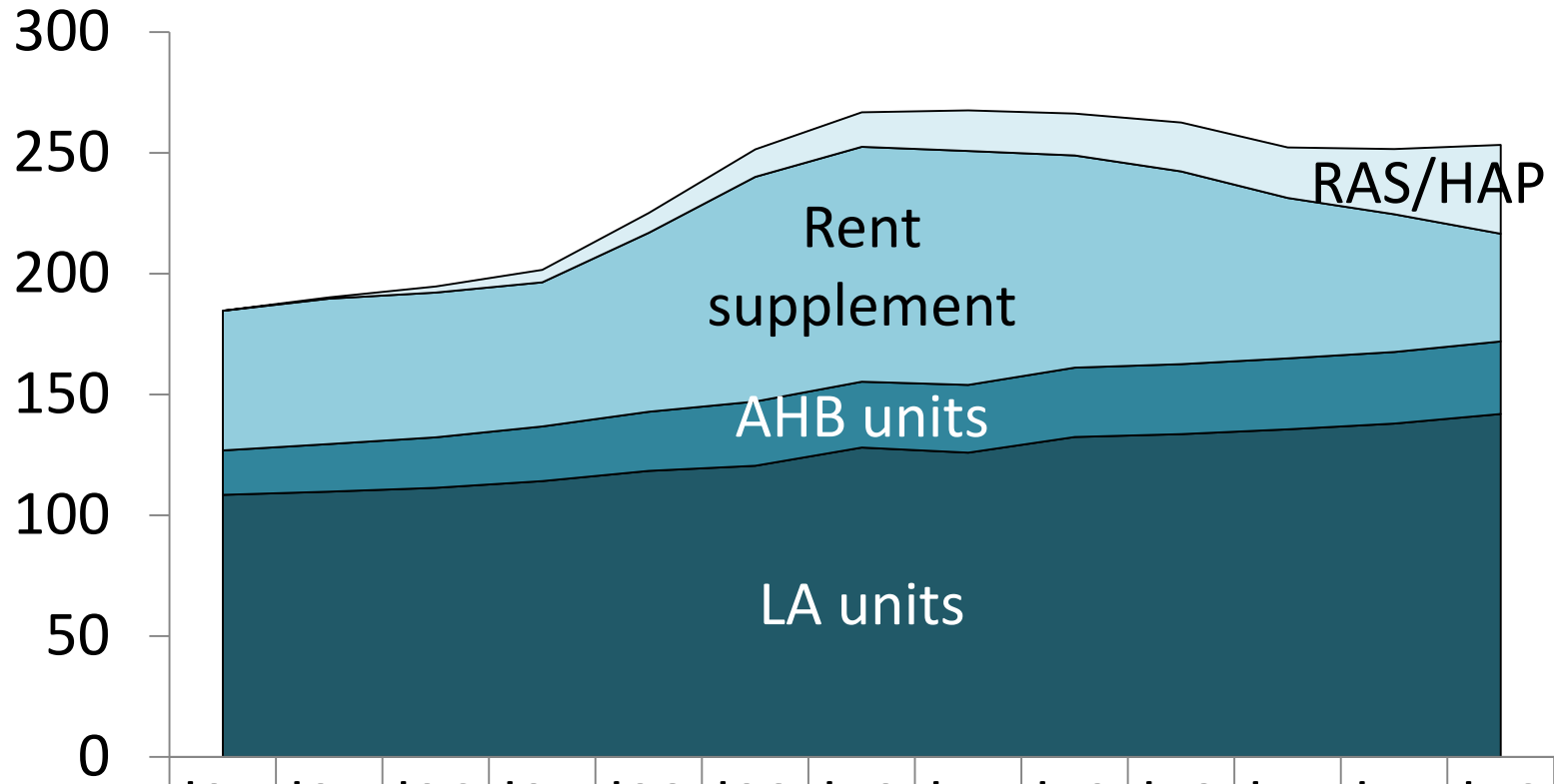
- **Absolute decline in social housing from c.20% in '50s.**
- **Shift from a model based on traditional supply of local authority owned units to a greater role for the private sector.**
- **Reflects policy changes in US and UK, motivated by economic arguments:**
 - **Subsidisation of households, not dwellings;**
 - **Judgements of success and failures of public housing;**
 - **Drew on economic criticisms of price subsidies.**

Shift in Ireland motivated by such concerns? Pragmatic response?

Main Housing Supports and estimated size in 2016

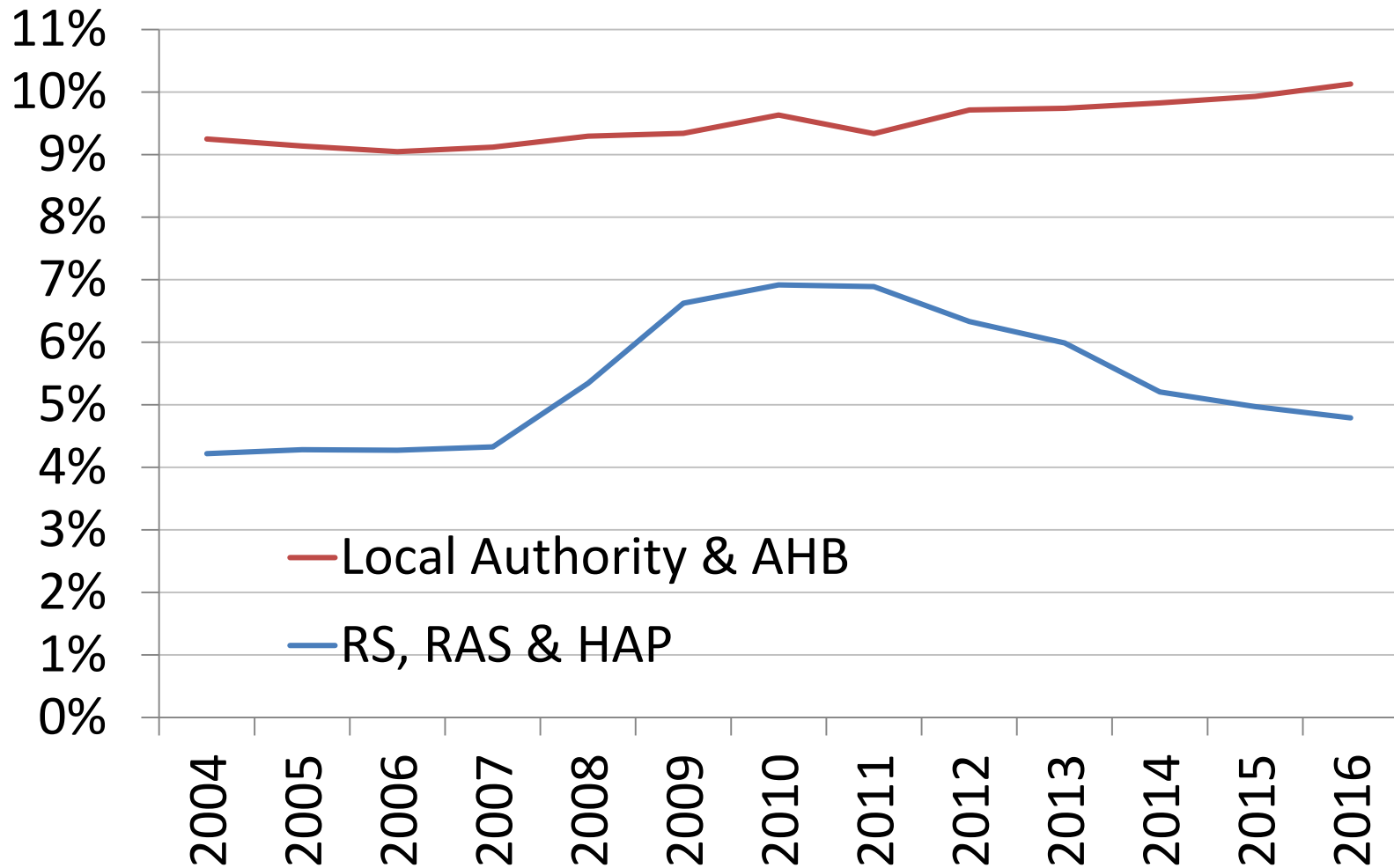
Type	Est. N units in '000s	%
Local authority (LA) completions and acquisitions and long-term leased; under DHPLG; rented; secure tenure; 'differential rent'	142	56%
Approved Housing Body (AHB) completions and acquisitions and long-term leased; differential rent. (Charity, reg. with RTB);	30	12%
Rental Accommodation Scheme (RAS) , medium/long-term financial support for renting in private sector (DHPLG)	20	8%
Housing Assistance Payment (HAP) – medium/long-term support for private sector renting; to replace RAS & RS (DHPLG)	16	6%
Rent Supplement (RS) – short-term support for private sector renting for existing tenants (DEASP)	45	18%
Total	253	100%

Socially Supported Housing Units, 2004-2016 ('000s units, estimated)

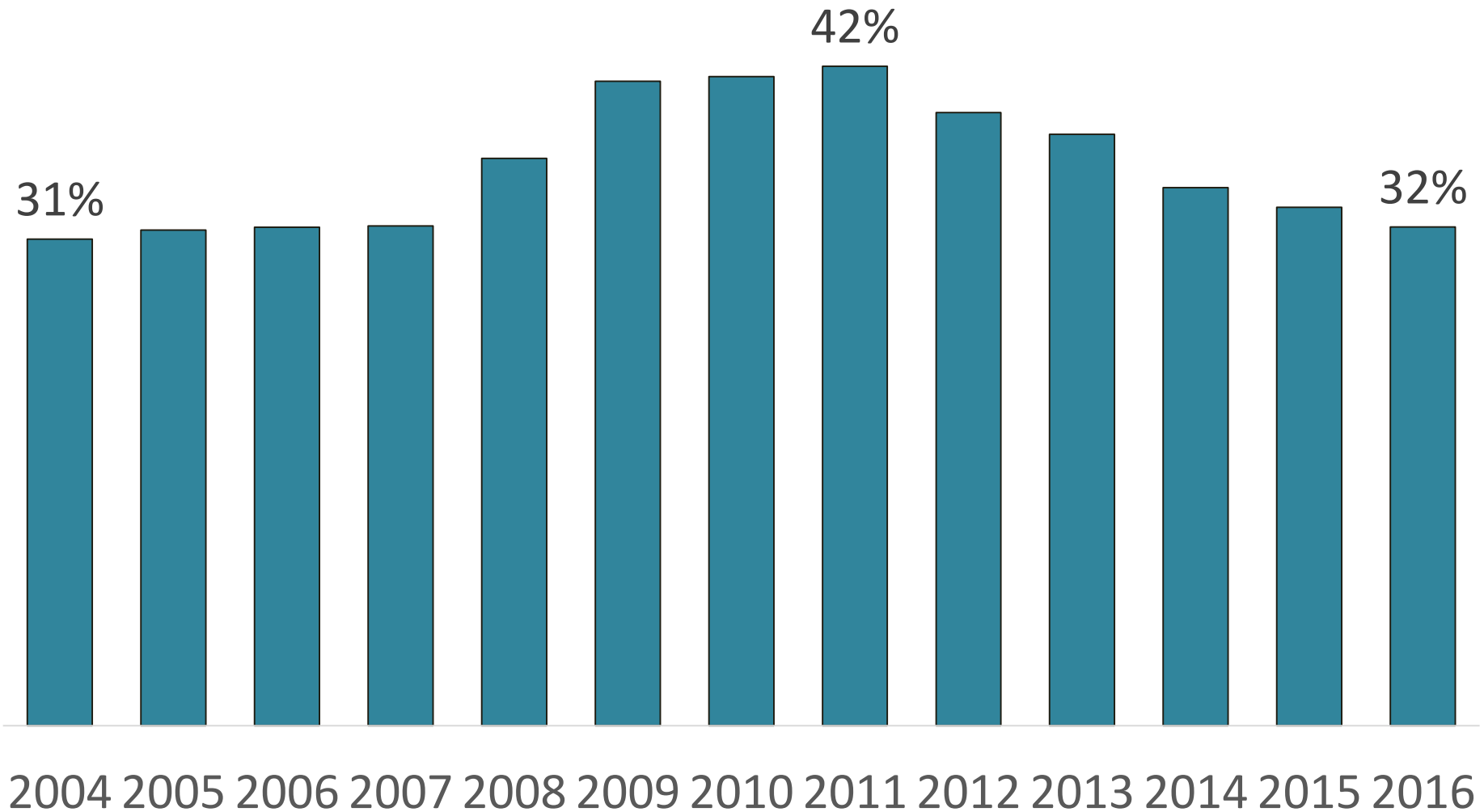


	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16
RAS/HAP	0	1	3	5	8	11	14	17	17	20	21	27	37
Rent supplement	58	60	60	60	74	93	97	97	88	80	66	57	45
AHB units	18	20	21	23	25	27	27	28	29	29	29	30	30
LA units	108	110	111	114	118	121	128	126	132	134	136	138	142

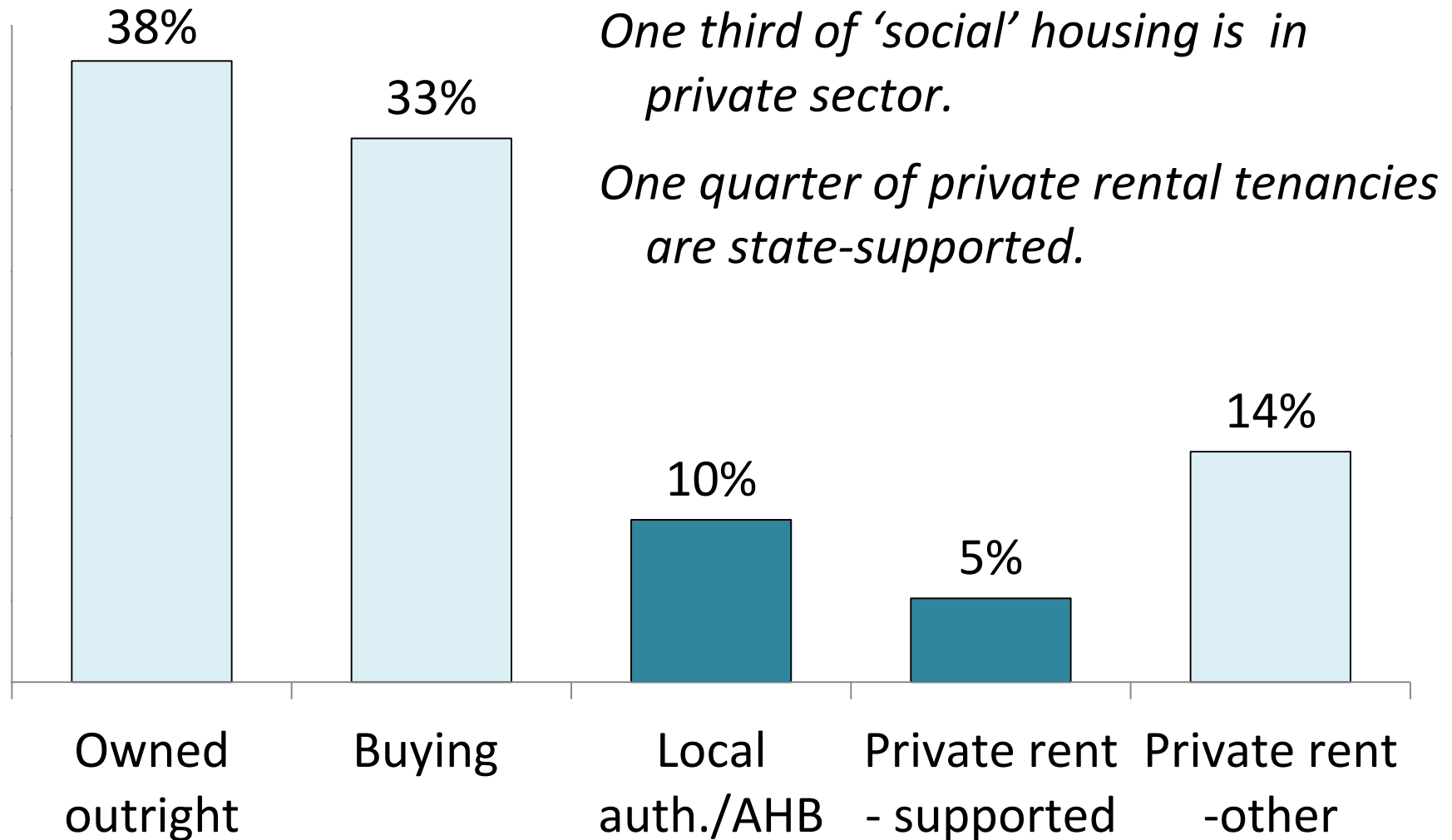
'Socially supported' Housing, as % of all housing



% of socially-supported housing provided by private sector



Social housing support (broadly defined) in context, 2016



Source: Census. DHPLG & DEASP statistics. excluding 'rent free' and 'not states' (c. 5%)

SILC Analysis - Three Questions

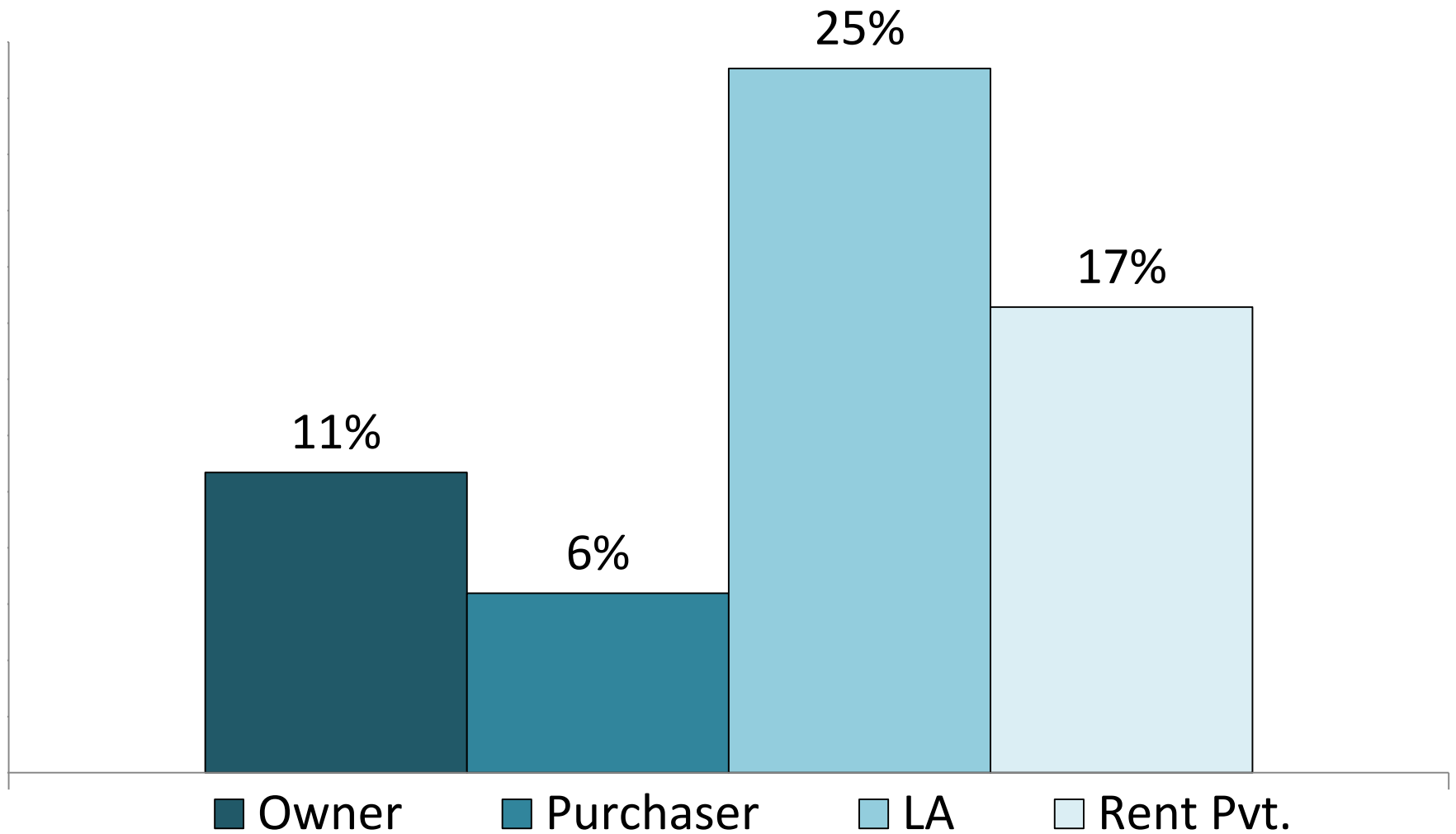
- Given the increased use of the private sector for social housing,
 - How does the quality of privately rented (PR) accommodation compare to other tenures?
 - Did quality change between 2004 and 2015 (and in which sectors)?
 - Did the improvements in quality benefit low-income renters?

Indicators of Housing Quality (SILC, Summary = 2+ of 5)

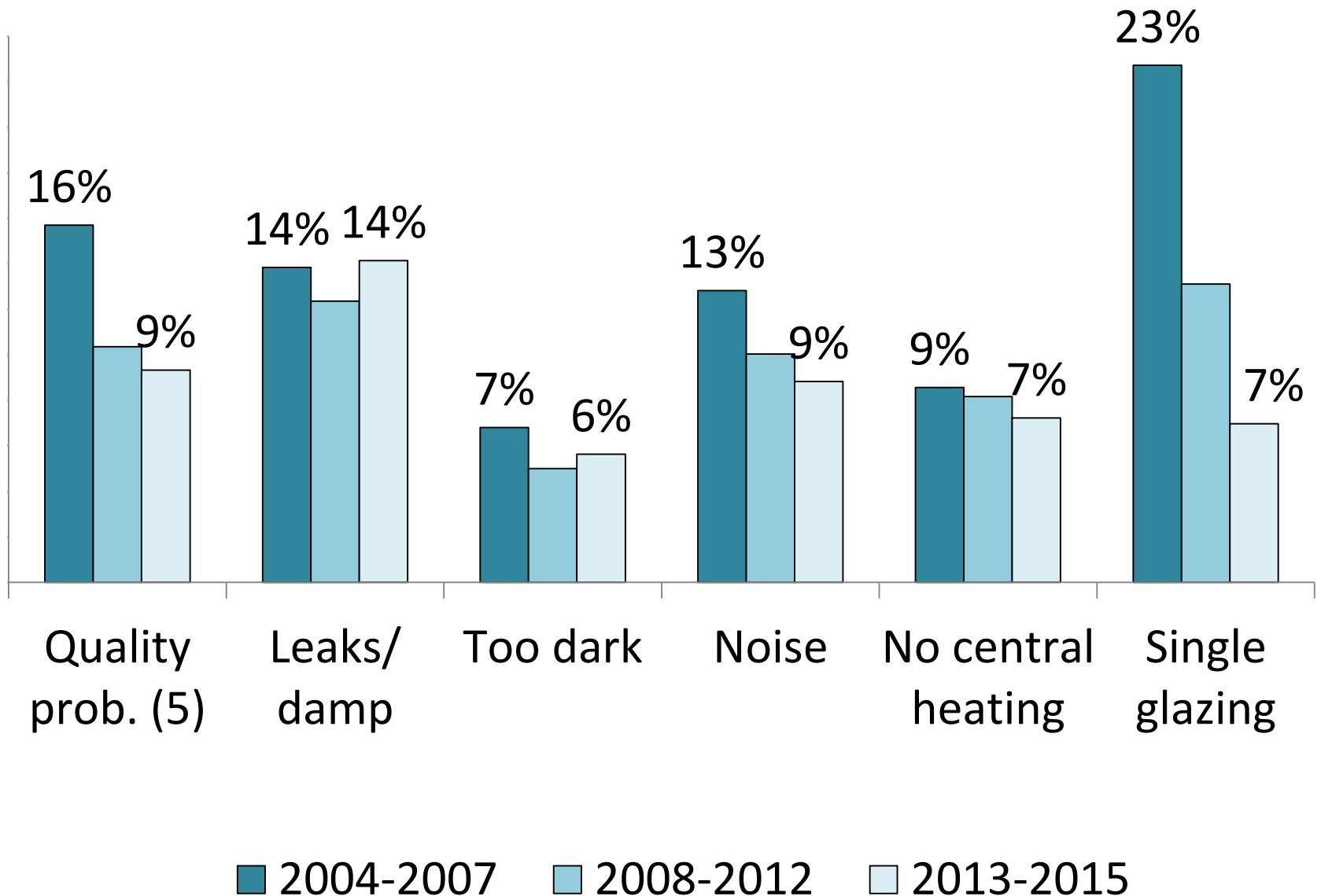
	Items
No central heating (code 2, 3 or 4)	Is your dwelling heated by ... 1. Central Heating; 2. Other fixed heating; 3. Portable heating; 4. No heating at all).
No double glazing	Does the dwelling have any or all of the following ... double/triple glazing? (1 Yes; 2 No)
Damp	Any of the following problems with your dwelling: a leaking roof, damp walls/floors/foundations, rot in window frames or floor? (1 Yes; 2 No)
Dark	Is your dwelling too dark, meaning is there not enough day-light coming through the windows? (1 Yes; 2 No).
Noise	Is noise from neighbours or noise from the street (traffic, business, factories etc.) a problem for your household? (1 Yes; 2 No).

Housing quality problems by tenure(SILC, 2004-2015)

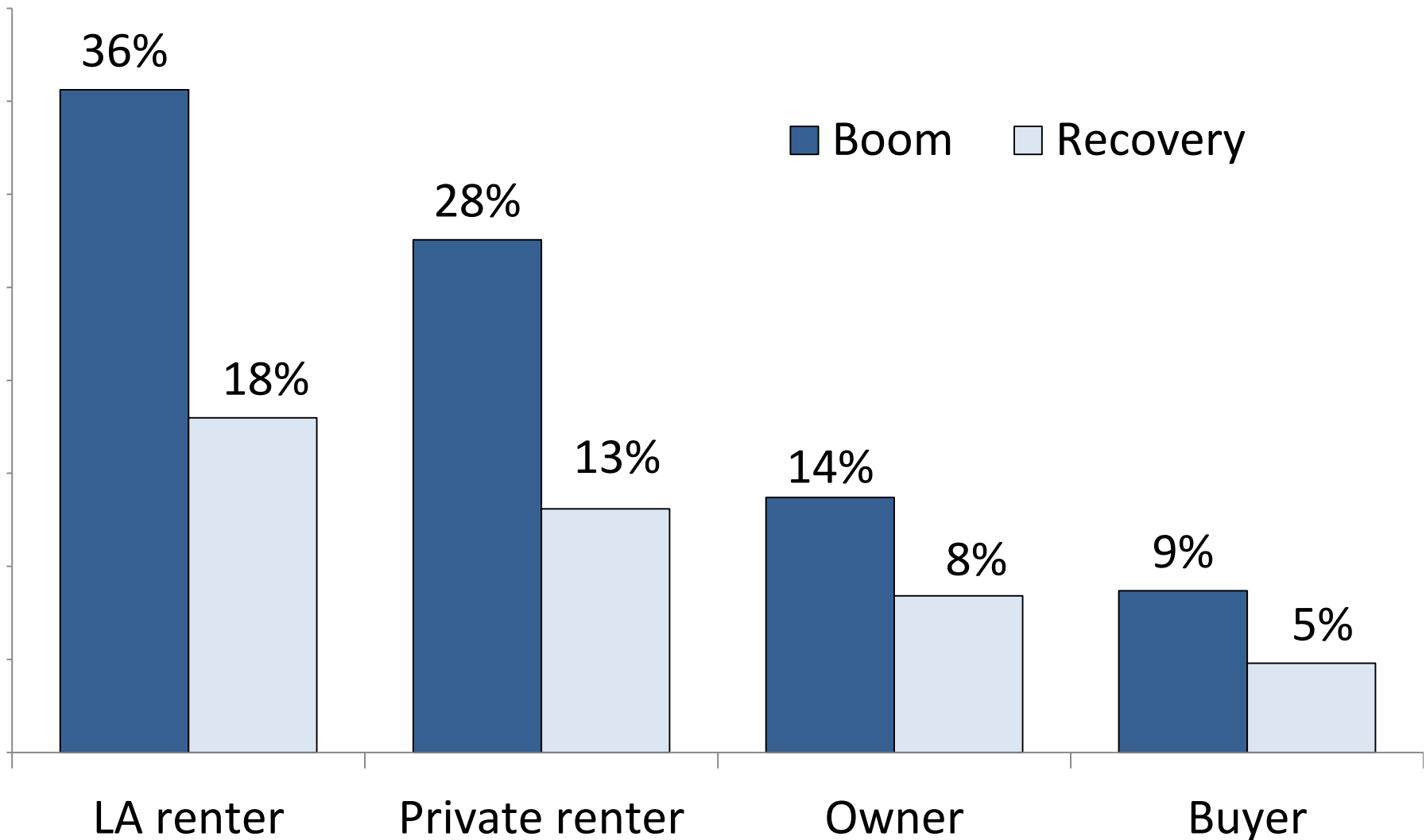
2+ of 5 problems



Housing quality problems by year (SILC, 2004-2015)

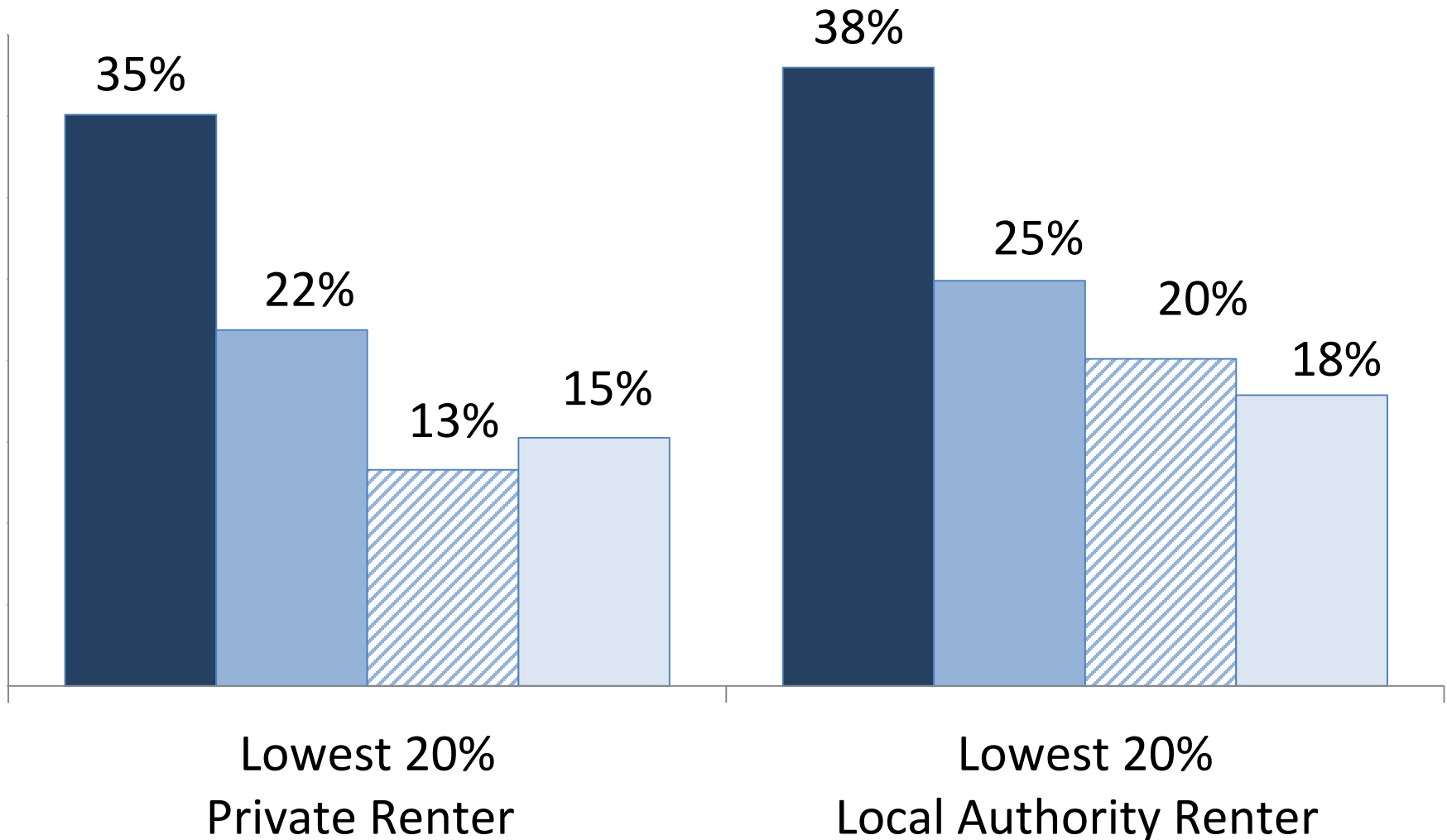


2. Housing quality problems (2+) by tenure – change over time? (assuming all tenures had similar income distribution)



Housing quality problems (2+) by tenure and time by income (estimated from model, lowest income and highest income)

■ Boom ■ Early recession ▨ Late recession ■ Recovery



Summary

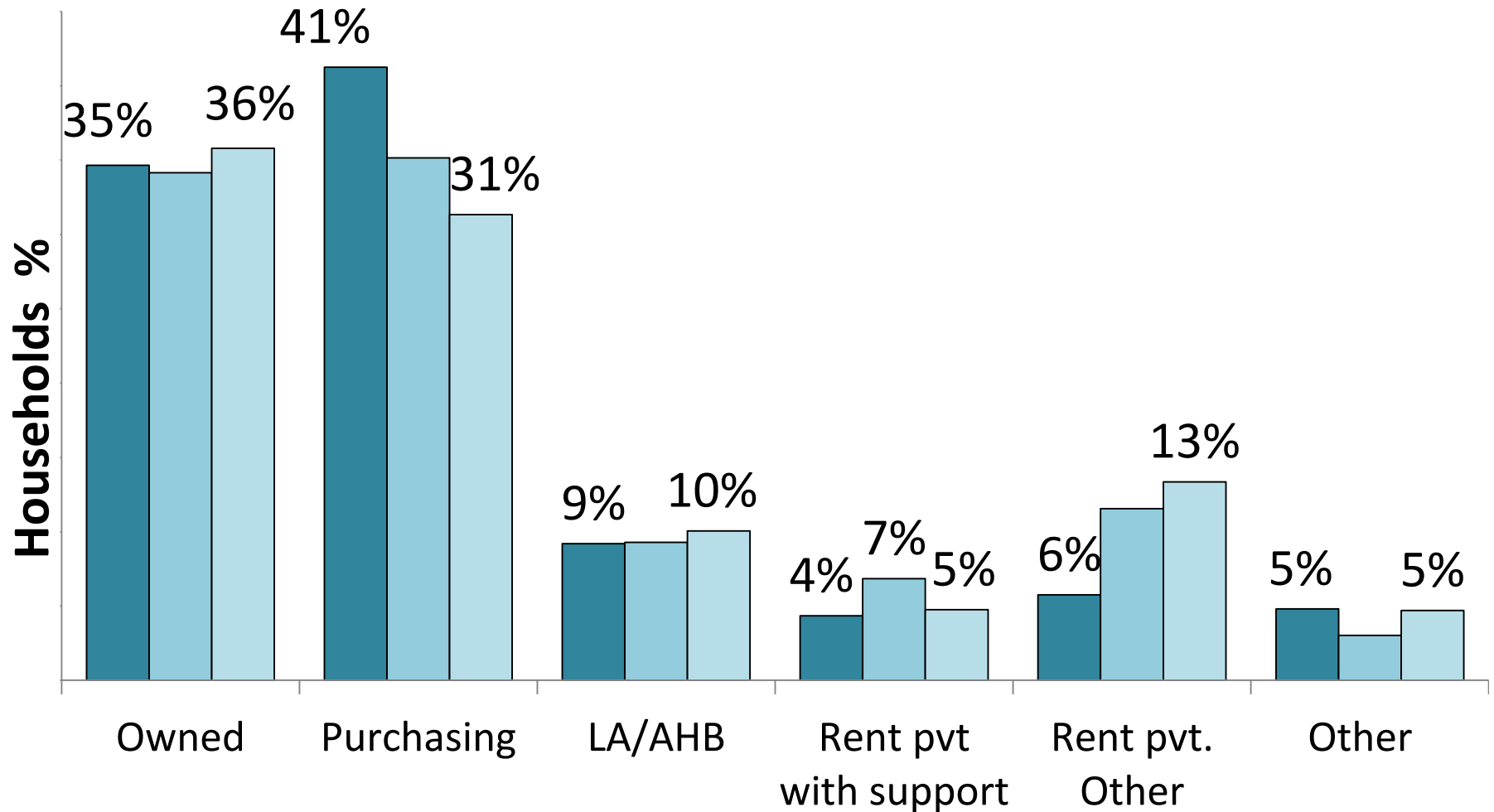
- Increasing role of private sector in supplying socially-supported housing: from 28% to 42% to 33%
- Overall, quality has improved since 2004
 - In private rented and social housing, especially
- Private sector provision essentially the same level of quality problems as Local authority/AHB for low income households

Discussion

- Drawing on private sector offers flexibility and possible rapid response (e.g. during recession).
- But only if overall supply can adjust.
- In context of undersupply, increased State subsidies in the private rental sector could contribute to housing cost inflation.
- Raises important policy questions:
 - (i) What is optimal level of social housing?
 - (ii) What is the optimal balance between state supported building of social housing and state supported renting from existing stock?

Thank you!

Social housing support (broadly defined) in context, 2016



■ 2006
 ■ 2011
 ■ 2016
 (Source: *Census data, DHPLG, DEASP.*)