

Housing and Homelessness

Introduction

If, as predicted, the number of new houses built during 2007 shows a decline on the 2006 figure, this will represent a notable break with the significant upward trend in housing construction that has been such a feature of the past decade. Whereas 26,500 houses and apartments were built in 1995, the number rose to 49,812 in 2000 and to 93,419 in 2006. In other words, housing output in 2006 was more than 250 per cent higher than in 1995.

Findings of the 2006 Census published in March 2007 revealed that 266,400 properties were vacant on Census night (that is, other than the 30,000 households where the usual residents were temporarily absent), giving a vacancy rate of over 15 per cent.¹ It is widely agreed that the vacancy rate for houses built in the last few years is much higher than the overall rate. Meanwhile, the waiting list for social housing stands at 43,684, that is, 70 per cent higher than in 1996.² Clearly, in modern-day Ireland, increases in the number of houses built is not to be equated with providing homes for people.

The Affordability of Housing

Recent indications of a slow-down in prices have given rise to much debate about the future of Irish house prices. Whatever the future trend, what must not be lost sight of is how astronomical has been the increase in prices over the past decade and how those on incomes which previously would have allowed them to buy a house on the open market have found this increasingly difficult.

Between 1994 and 2004, when the Consumer Price Index rose by 35 per cent, the average new house price rose by 243 per cent (seven times the Consumer Price Index) and the average second-hand house price rose by 322 per cent. Even more telling is the comparison of house prices with the average industrial wage: in 1984, the average price of a new home was 4.3 times the average industrial wage; in 1994, it had dropped slightly to 4.2 times; in 2005, it was 9.1 times (and 11.5 times in Dublin).³

It is evident that people trying to buy a first home have adapted to the rise in house prices by resorting to a variety of strategies – purchasing homes further and further away from their workplaces; relying on parental or third party assistance to gain entry to

home ownership; sharing ownership with a friend or sibling; resorting to mortgages which are of longer duration and represent a high proportion, or the total, of the cost of the house, and requiring high repayments relative to income. Many have given up on the prospect of becoming a homeowner and resigned themselves to continuing to rent in the private sector. Some assert that this sector now includes many who see renting as a desirable and flexible option; it equally includes many who are trapped into renting, and are all too aware that they have little long-term security, despite improvements in the rights of tenants, and no opportunity to acquire the capital asset that owning a home represents. It is of note that the 2006 Census shows that home ownership in Ireland dropped from a peak of 80.2 per cent in 1991 to 77.4 in 2002 and 74.7 in 2006.

The Government's response to the rise in prices has been to increase the provision of 'affordable housing', under a variety of schemes. What has not been evident in the face of the house price inflation of the past decade is an acceptance by the Government or Irish society as a whole that it might be any part of policy to try to curtail the rise in prices.

The Bacon Reports on housing recommended both the elimination of tax relief for the interest on mortgages for second homes or for housing bought by investors, and the introduction of a punitive tax to deter land speculation. The recommendation regarding mortgage interest relief was followed by the abolition of this relief in one Budget – but then its re-introduction in the next. No move was ever made to act on the recommendation for a tax on speculation.

The availability and cost of land for development are key influences on the cost of housing. More than thirty years ago, the Kenny Report recommended that local authorities should be empowered to acquire land needed for development at existing use value plus 25 per cent. Doubts about whether such a measure would be Constitutional were repeatedly invoked as reason not to proceed with legislation to give effect to this proposal. In its Report on Private Property, published in April 2004, the Oireachtas Committee on the Constitution, which included members of all the main political parties, concluded that there was no Constitutional barrier to implementing the Kenny recommendation.⁴ Despite the fact that the Commit-

tee's report was prepared in response to a specific request by the Taoiseach, little further has been heard of its key recommendation in the past three years.

Social Housing

During the core years of the economic boom, when market forces were driving the price of housing out of reach of many, social housing waiting lists grew from 27,427 households in 1996 to 48,400 in 2002. (These households had an estimated 140,000 persons, including 50,000 children.) The most recent figures on waiting lists, from the 2005 Local Authority Assessments of Housing Need, show a reduction of 4,800 on the 2002 figure, down to 43,684. This rate of reduction would eliminate the current waiting lists (provided no new entrants were allowed to join) – *in 2033!* Many argue that the real number in need of social housing is, in fact, much higher. For example, over 40,000 households dependent on rent supplement under the supplementary welfare allowance scheme were not included in 2005 Local Authority Assessment of Need.

In 1975, the number of local authority houses completed was 8,794 (representing 32.7 per cent of all completions); in 1985, in the midst of the recession, the number was 6,523 (27.2 per cent of completions). From 1995 to 2004, ten years characterised by impressive economic growth and increasingly healthy Exchequer returns, an average of only 4,275 social housing units were provided each year. If the sale of local authority houses to sitting tenants is taken into account, that figure falls to 3,300 *net* new social houses per year.

The NESC report on housing recommended that 83,000 new social housing units should be provided in the eight-year period 2005–2012, a yearly average of 10,450; allowing for continued sales of local authority houses this would mean an average yearly net increase of over 9,000.⁵ In the two years since the NESC report, social housing provision has been much lower than this – with 6,477 units built or purchased in 2005, and 6,361 in 2006. However, as the sales of local authority housing was well over 1,000 in both years, the net increase was much lower than these figures suggest.

The National Development Plan, published in January 2007, includes a commitment to provide 8,600 gross new social housing units each year over the next seven years (amounting to an estimated 7,400 net new social housing units over that period). This is far lower than the NESC recommendations – but more than has been achieved over the seven years just gone by. It remains to be seen whether this target will actually be met, given how previous projections for increased provision remained unrealised.

Homelessness

Homelessness is the most serious example of failure in housing provision and related social supports. The 2005 Local Authority Assessments of Housing Need found the number of homeless *households* to be 2,399. However, voluntary organisations in the area of homelessness consider that the assessments do not include all those who are homeless and they suggest that at least 5,000 individuals are homeless.

In many respects, there have been improvements in the quality and range of services for homeless people in the period since the publication of the *Homelessness – An Integrated Strategy* in 2000. There has been a marked increase in the use of B&Bs to provide accommodation for homeless people, additional hostel places have been provided and there has been modernisation of some hostel provision.

Despite these improvements, some homeless people are told each night that they will have to sleep rough, as all the emergency accommodation is full; others are placed in totally inappropriate accommodation – in dormitories, where drug users sleep next to drug-free young people, where vulnerable homeless people sleep next to career criminals, where homeless people sleep (or do not sleep) with their runners under their pillow for fear that they will be stolen during the night. Too often, the emergency services for homeless people still infringe their dignity, fuel their frustration and anger, and make them wonder why Ireland's prosperity has passed them by.

The lack of a sufficient supply of appropriate move-on accommodation results in many homeless people finding themselves trapped in their homelessness. Traditionally, one of the routes out of homelessness has been private rented accommodation. However, as the cost of housing escalated over the past ten years, so also did the cost of renting accommodation.

Homeless people are entitled to a rent supplement from the State towards the cost of renting private accommodation. However, there is a limit to the amount which the State is willing to contribute: this stands at €130 per week in Dublin for a single person (less in other parts of the country). Today, €130 will barely cover the cost of a small bed-sit in Dublin, which may be in very poor condition. The State may not agree to pay the four weeks deposit which is always required in advance. Moreover, it can be extremely difficult to find landlords willing to accept tenants reliant on welfare payments. Private rented accommodation therefore provides a limited escape route for some homeless people who have the patience and the bus fares to persevere for weeks, or months, to acquire sub-standard accommodation.

The other route out of homelessness is social housing. Homeless people's access to local authority provided accommodation has been affected by the growth in waiting lists. Single homeless men, who constitute 75 per cent of homeless people, are at the bottom of that housing waiting list, as priority is naturally given to families with children. The supply of both transitional and permanent social housing for homeless people provided by voluntary organisations has increased over the past decade but the scale of demand can mean that waiting lists often apply.

Conclusion

The Framework Document for the Review of the National Anti-Poverty Strategy in 2001 pointed out the importance of ensuring that developments in the housing system 'would not deepen or reinforce social inequalities or division'.⁶

However, this is precisely what has happened in Ireland over the past decade. It has happened through the lack of any serious effort to curb the rise in house prices, or to control the cost of land for development. It has happened too because the State has subsidised the huge growth in second and holiday home ownership through tax reliefs and by failing to ensure that the full cost of the public infrastructure for one-off second homes is met by the owners.

It has happened also because of the failure to implement the provisions of Section 4 of the Planning and Development Act 2000. The original Act provided that local authorities could require housing developers to set aside 20 per cent of their development area for social and affordable housing. This was potentially a radical mechanism which could have promoted some degree of integration in a highly divisive housing system, as well as increasing the supply of social and affordable housing. In the face of opposition from the construction industry, the requirement was changed by subsequent legislation to allow developers provide land elsewhere or pay a sum of money to the local authority.

At the root of the deepening division in Irish housing (and consequently in wealth) is the failure to recognise that housing is a fundamental need, which is just as essential for a dignified human existence as health, education and food, and to which each person, as a consequence, has a basic right. However, policy and provision over the past decade seem to be based largely on a contrary view, namely that housing is primarily a commodity to be made available to people through market forces. Market forces can often effectively regulate the availability and price of desirable goods, through the controlling mechanism of supply and demand. The supply adjusts to the

demand of those who are in a position to seek those goods. However, those who are too poor to even consider purchasing their own home are not part of the 'demand'. 'Need' and 'demand' are not the same thing if you are too poor to be able to pay.

The view of housing as primarily a commodity to be bought and sold was not always as dominant as it now is: between 1922 and 1966, 50 per cent of all houses built were for public housing, and were, therefore, outside market forces. By contrast, in recent years, well over 90 per cent of all houses built have been for sale through the market.

Housing in Ireland, then, has come to be viewed as a commodity, as a means of wealth creation, traded on the market like stocks and shares. Such a view of housing ensures strong opposition to any development, such as social housing or Traveller accommodation, which is seen to reduce the value of this asset. This view of housing has been promoted and reinforced by Government policy. A reduced capital gains tax, and the availability of mortgage interest tax relief to investors and those buying second homes, has encouraged many to enter the housing market as speculators, pushing up demand and putting the price of housing beyond the reach of many families and individuals.

There is a fundamental question regarding housing which must be faced by Irish society and its politicians: Is housing to be an asset, an investment, a means of speculative or capital gains for those who can afford it? Or, is housing to be concerned with the provision of affordable, secure, good-quality homes as a basic right of every citizen? Housing policy ultimately depends on which answer our society chooses.

Notes

1. Central Statistics Office (2007) *Census 2006: Principal Demographic Results*, Dublin: Stationery Office.
2. Department of the Environment, Heritage and Local Government, *Local Authority Assessments of Social Housing Needs – 31 March 2005*, Dublin, 9 December 2005.
3. P.J. Drudy and Michael Punch (2005) *Out of Reach: Inequalities in the Irish Housing System*, Dublin: tasc at New Ireland.
4. The All-Party Oireachtas Committee on the Constitution (2004) *Ninth Progress Report: Private Property*, Dublin: Stationery Office.
5. National Economic and Social Council (2004) *Housing in Ireland: Performance and Policy*, Dublin: National Economic and Social Council (Report No. 112), p. 152.
6. Goodbody Economic Consultants (2001) *Review of the National Anti-Poverty Strategy: Framework Document*, Dublin.