5. A Review of the Government's Housing Strategy from the perspective of Young and Old

Colette Bennett

In 2016, the Government launched 'Rebuilding Ireland' a plan to "tackle our country's housing shortage" in the period 2016-2021. This plan replaced previous plans such as Construction 2020 and the Social Housing Strategy 2020 and consisted of five pillars:

- Address Homelessness
- Accelerate Social Housing
- Build More Homes
- Improve the Rental Sector
- Utilise Existing Housing

We're now over halfway through this plan's timeframe. But is it working? And what impact is it having on the accommodation needs of Ireland's children and older people?

Pillar 1 - Address Homelessness

The Key Objective of Pillar 1 was to

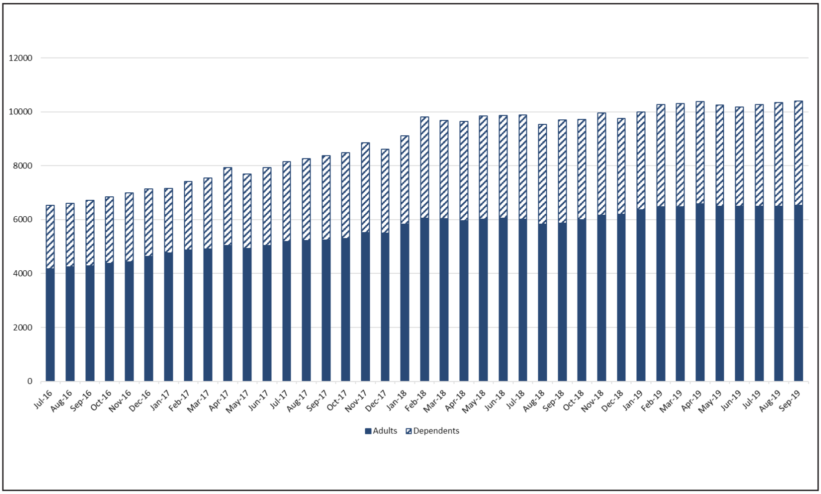
Provide early solutions to address the unacceptable level of families in emergency accommodation; deliver inter-agency supports for people who are currently homeless, with a particular emphasis on minimising the incidence of rough sleeping; and enhance State supports to keep people in their own homes.

This was an ambitious objective. Key actions toward meeting it included ensuring by mid-2017 that hotels are only used in limited circumstances for emergency accommodation for families, by meeting housing needs thorough the Housing Assistance Payment (HAP) and general housing allocations. A Rapid Build Housing programme was to deliver 1,500 units, and a Housing Agency initiative was to add a further 1,600 units through acquiring vacant houses.

Unfortunately, this was not delivered.

In July 2016, when Rebuilding Ireland was introduced, 6,525 people accessed emergency accommodation (4,177 adults and 2,348 dependents). By September 2019, that number had increased by 59.3 per cent to 10,397 people (6,524 adults and 3,873 dependents) (Chart 1).

Chart 1: Homelessness – Adults and Dependents, July 2016 to September 2019



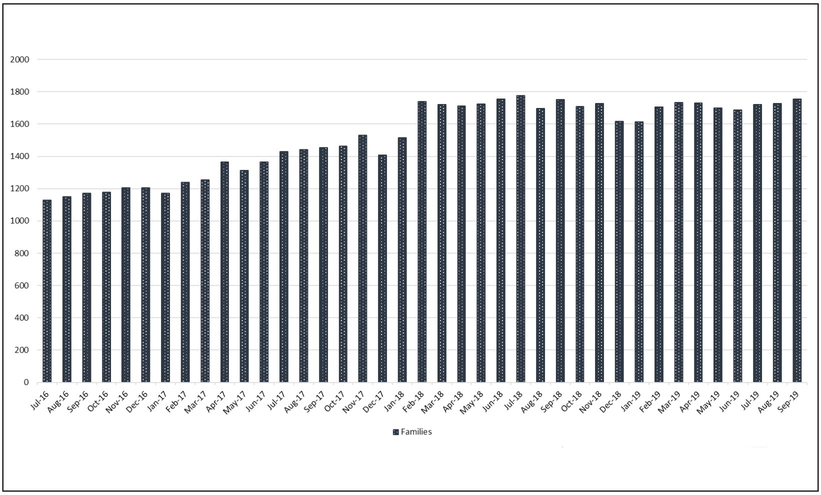
Source: Department of Housing, Planning and Local Government, Homelessness Reports, various years

These are the ‘official’ data on homelessness. They do not include those staying with family and friends, they do not include rough sleepers, they do not include homeless families temporarily accommodated in housing owned by their Local Authority, they do not include the women and children in domestic violence refuges, and they do not include asylum seekers in transitional accommodation. Earlier this year, a report commissioned by the European Commission referred to the current state of data collection on homelessness in Ireland as “statistical obfuscation if not 'corruption'."[17] However, even on the basis of obfuscated data, Rebuilding Ireland has not delivered the promised solutions.

Homelessness and Children

In the context of this publication, let's first consider family homelessness. Family homelessness has increased by 55.3 per cent (from 1,130 families in July 2016 to 1,756 in September 2019) (Chart 2).

Chart 2: Family Homelessness, July 2016 to September 2019



Source: Department of Housing, Planning and Local Government, Homelessness Reports, various years

Family Hubs were first introduced in 2017 as an alternative to hotels and B&Bs. In response, the Irish Human Rights and Equality Commission (IHREC) warned of the risks: of institutionalising families and normalising family homelessness. This warning was ignored, with Minister Eoghan Murphy TD urging Local Authorities to build more 'rapid build' Family Hubs at the Second Housing Summit in January 2018, and increased funding for Family Hubs provided in Budgets 2019 and 2020.

17 Daly, M. (2019), ESPN Thematic Report on National strategies to fight homelessness and housing exclusion – Ireland, European Social Policy Network (ESPN), Brussels: European Commission.

A report published in April 2019 by the Office of the Children's Ombudsman (OCO) shows just how prescient IHREC's warnings were, as children as young as 10 describe their living conditions as being "like a prison"[18].

To give just one example from the Report:

"Hannah (aged 8), cried and told us that the Hub was "like a children's jail". She expressed extreme worry and fear for her younger brother Niall (aged 5) who had tried to run away from the Hub on several occasions. She told us that when her mother was having a shower she would sit on a chair in front of the door so her brother could not run away. Niall had sneaked out of the Hub once already and threatened to throw himself out of a bedroom window."

No eight year old should feel the weight of responsibility to protect their five year old brother from running away or jumping out of a window. And no five year old should feel that these are their only options.

Other children interviewed for the Report spoke of not being able to have friends over to visit, not having a quiet place to read or do homework, the experience of having to sign in and out, and experiences of bullying.

While the Report does point out that Family Hubs have been found to be better than hotel rooms, in the long-term they remain an unsuitable solution.

Homelessness and Ageing

The number of people aged 65 and above who are homeless has increased by 78 per cent (from 83 in July 2016 to 148 in September 2019), although there were fluctuations during that period (Chart 3).

While there is a relatively low instance of homelessness among adults aged 65+, the rate of increase since the inception of the Rebuilding Ireland plan is concerning. Frailty is often a challenge that comes with ageing and is exacerbated by poor living conditions. These are Ireland's most vulnerable citizens, and we are failing to meet their most basic needs.

In terms of providing long-term solutions, as provided for by Rebuilding Ireland, to the end of 2018, just 423 of the 1,500 units promised under the

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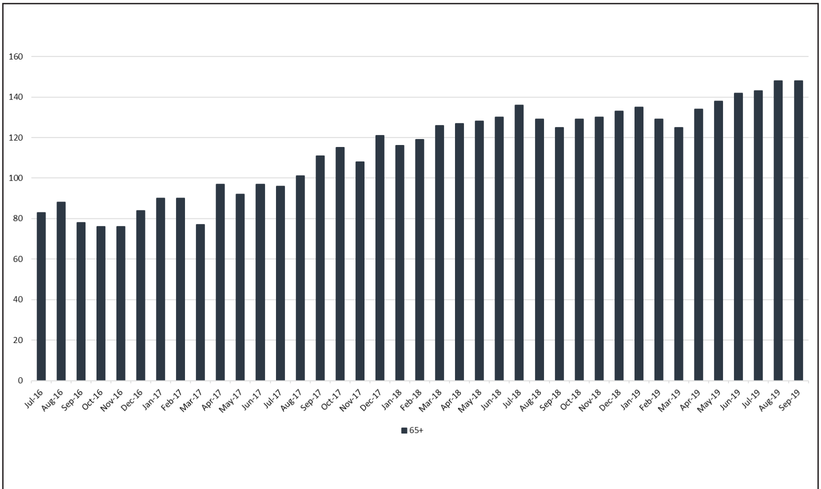
18 https://www.oco.ie/app/uploads/2019/04/No-Place-Like-Home.pdf

Rapid Build Programme were delivered, while regenerations have delivered just 507 units.

Chart 3: Homelessness, Aged 65+, July 2016 to September 2019



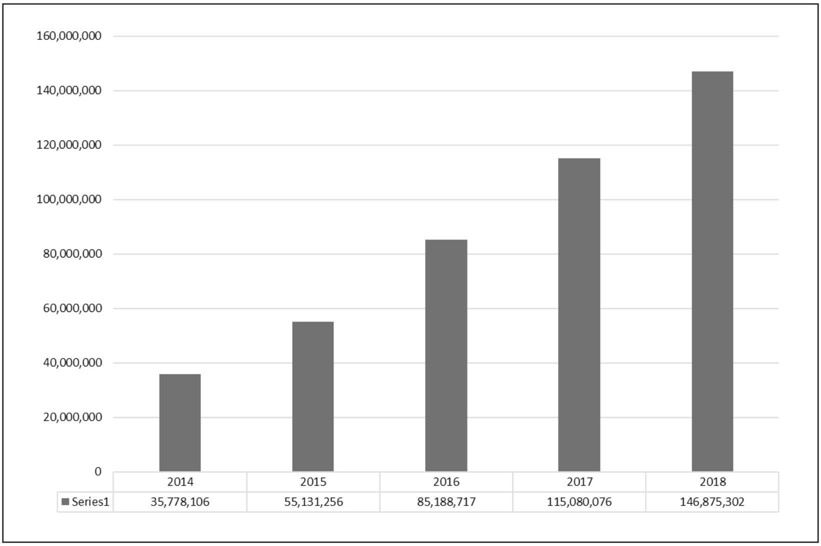
Source: Department of Housing, Planning and Local Government, Homelessness Reports, various years

Financial Costs

The societal cost of homelessness is, as yet, unknown. Children born into, or at risk of, homelessness are presenting to services unable to crawl or walk due to lack of space and unable to chew food because their parents have no option but to maintain a diet of ready-made pureed food as a source of nutrition far beyond the stage when other children their age would have been weaned. Time lost in the first five years of a child's development is not easily recovered. It requires wraparound supports, including physical and speech therapies, counselling services and dieticians.

In terms of the monetary cost of physical accommodation, since 2014 €438 million has been spent by Local Authorities on emergency accommodation. In 2018, Local Authorities reported spending almost €147 million, an increase of 311 per cent since 2014 (Chart 4).

Chart 4: Local Authority reported expenditure on Emergency Accommodation, 2014 to 2018



Source: Department of Housing, Planning and Local Government, Local Authority Regional Financial Reports, various years

Preventing Homelessness

Local Authority expenditure on homelessness prevention and tenancy sustainment was just €10 million in 2018. Budget 2020 allocated €166 million to emergency accommodation and homelessness prevention. In 2018, the total expenditure to these two budget lines was just under €157 million. In real terms, therefore, the increase amounts to less than 6 per cent, whereas the increase in the number of homeless people accessing emergency accommodation between October 2017 (when Budget 2018 was delivered) and September 2019 was almost 21 per cent.

Among the actions contained in Rebuilding Ireland to prevent homelessness was the establishment of a service to provide legal and financial supports to home-owners in late stage mortgage arrears and an increase in Mortgage to Rent supports.

The former became known as Abhaile, a project under the remit of the Citizens Information Board which increased funding to MABS (the State's

Money Advice and Budgeting Service) existing mortgage supports in place since September 2015, continued to fund the Accountants' service, put in place in October 2017, and funded a new voucher system for borrowers in late stage mortgage arrears to access a Personal Insolvency Practitioner or a Consultation Solicitor for one meeting to determine eligibility for an insolvency arrangement. According to the Second Annual Report[19], 95 per cent of borrowers who accessed a Personal Insolvency Arrangement and 86 per cent of those who accessed a voluntary arrangement through MABS stayed in their home. However, even in this context the numbers can be misleading. Data relating to Personal Insolvency Practitioners related to individual borrowers, those relating to MABS services relate to borrower households.

MABS advisers supported 1,150 borrower households; 85 per cent (978 households) will remain in their home. Personal Insolvency Arrangements (PIAs) were put in place in respect of 128 borrowers, 122 of which remained in their home. Of these, almost half (59 PIAs) were on the basis of a 'split mortgage', which effectively defers payment on a proportion of the mortgage until a future date. This future date could be after the end of the PIA, leaving borrowers with little capacity to pay a lump sum and no recourse to insolvency (as borrowers can only access one PIA in their lifetime). The sustainability of these arrangements over the remaining income generating years of the borrower is questionable at best.

Government has committed a budget of €15 million over three years to the Abhaile scheme. Of this, €5.8 million will fund vouchers to access a first appointment with a Personal Insolvency Practitioner or accountant, €3.5 million will fund a communications campaign, €900,000 will resource staffing for the Abhaile project team and additional MABS advisors, and €4.8 million is allocated to the Department of Justice and Equality to cover the cost of providing legal advice and supports.

1,150 borrowers were supported by MABS to access sustainable voluntary arrangements, a further 1,111 borrowers were in progress to an informal solution having accessed the services of a Personal Insolvency Practitioner, compared to just 122 Personal Insolvency Arrangements. Informal arrangements are proving more accessible and successful than the formal

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19 http://www.justice.ie/en/JELR/Abhaile_Second_Annual_Report.pdf/Files/Abhaile_Second_Annual_Report.pdf

processes for borrowers and far more cost effective for the Exchequer. MABS, established in 1992, provided this service before the introduction of the Abhaile scheme. Rebuilding Ireland has produced very little of substance, at significant cost, in support of borrowers in late stage mortgage arrears.

Mortgages, Mortgage Arrears and Ageing

According to the latest Census, 5.7 per cent of people aged 65 and above have a mortgage. While this is a relatively low proportion (the vast majority of people in this age group own their homes outright), the real number of people has increased by 26 per cent since Census 2011. Within this group, some will have taken out mortgages as deposits for their children. The sustainability of these mortgages on reduced post-retirement income is questionable. However, there is also a likelihood that many of these mortgages held by borrowers aged 65 and above are in arrears, particularly as mortgage terms range from 25 to 40 years, with most lenders imposing a maximum age limit on borrowers of between 65 and 70 at the end of term. In 2018 the Central Bank reported[20] that the average age of a loan borrower in long-term arrears was 49, and 10 per cent were over 62.

The basis of the State pension system is that accommodation costs for those of pensionable age will be low (for example, paying through differential rent to the Local Authority or low-cost rent to Approved Housing Bodies) or zero (owner occupier, no mortgage). However this is unlikely to be the situation for this group of people who are likely to have experienced a reduction in income post-retirement and are therefore less likely to have the financial capacity to enter into a formal insolvency arrangement. Facing homelessness in old age, Rebuilding Ireland has done very little to support them.

Mortgage to Rent is not providing solutions either. According to the Housing Agency's Mortgage to Rent Status Update for Q3 2019, a total of 4,093 cases have been submitted to date, 3,223 of which were ineligible or terminated during the process or were in respect of households deemed to be over- or under-accommodated. Since its introduction in 2012, just 586 cases have been successfully completed. A review of the Mortgage to Rent Scheme was undertaken in February 2017[21]. While the eligibility criteria for borrowers in mortgage arrears remained largely unchanged, one of the

20 O'Malley, Terry (2018) *Long Term Mortgage Arrears in Ireland, Financial Stability Notes No. 8*

21 http://rebuildingireland.ie/news/changes-in-mortgage-to-rent-scheme/

main outcomes of this review was the introduction of a new funding model, using private equity. Private equity vehicles are, by their nature, profit driven. Tight regulations and buy-back options for the State must exist to ensure that Mortgage to Rent tenants do not fall foul of market fluctuations.

Homelessness is becoming normalised. According to the Homelessness Quarterly Progress Report (April to June 2019)[22], 44 per cent of all homeless people in Dublin accessing emergency accommodation have been doing so for more than a year, with 18 per cent accessing emergency accommodation for two years or more. For families accessing emergency accommodation, 45 per cent have being doing so for over a year, with 15 per cent in the system for two or more years. In August of this year, Focus Ireland and the INTO jointly published a resource for primary schools to aid them in supporting homeless children[23]. The need for these resources to be developed at all shows just how pervasive our homelessness crisis has become.

Pillar 2 - Accelerate Social Housing

The Key Policy Objective of Pillar 2 was to

Increase the level and speed of delivery of social housing and other State-supported housing.

This was possibly less ambitious than the Pillar 1 objective, as the level of delivery of social housing had been decimated since the late-1980s /early-1990s, and the speed of delivery was glacial.

One of the actions under Pillar 2 of Rebuilding Ireland was to meet the needs of the vulnerable. The European Commission summed up Irelands failure to do this in its 2019 Country Report on Ireland, stating

The rapidly rising number of homeless people as a result of rent increases and insufficient social housing merits urgent action. Insufficient levels of investment and construction over the last decade, including social housing, have led to a huge shortage of adequate accommodation ***for those most at risk****.*

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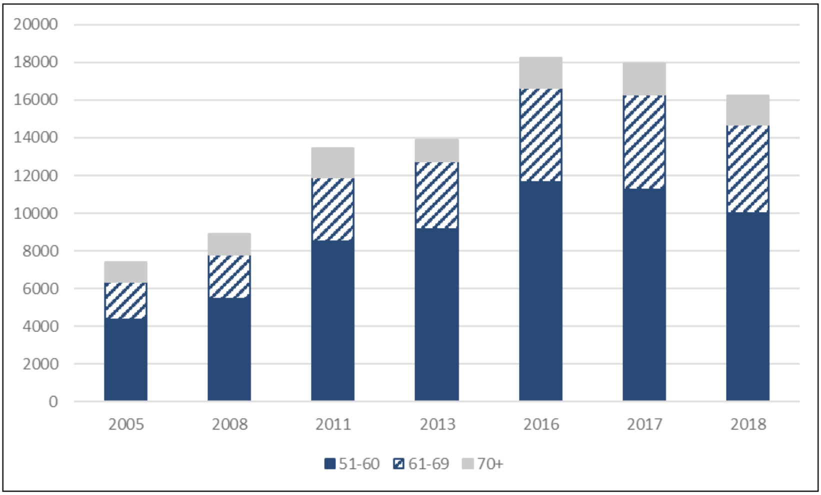
22 https://www.housing.gov.ie/sites/default/files/publications/files/homeless_quarterly_progress_report_-_april_to_june_2019.pdf

23 https://www.focusireland.ie/wp-content/uploads/2019/08/Homelessness-in-the-Classroom.pdf

Families continue to account for more than half of all households in need of social housing (over 52 per cent of households in need of social housing were families in 2018), which means children continue to be most affected by the lack of action on social housing. The number of people aged 50 and over assessed as in need of social housing was 16,245 in 2018 (22.9 per cent of the total). This number has decreased slightly since the introduction of annual assessments, having increased sharply in the 2013-16 period (Chart 5).

Chart 5: Social Housing Needs Assessment, by Age Group (50+), 2005 to 2018

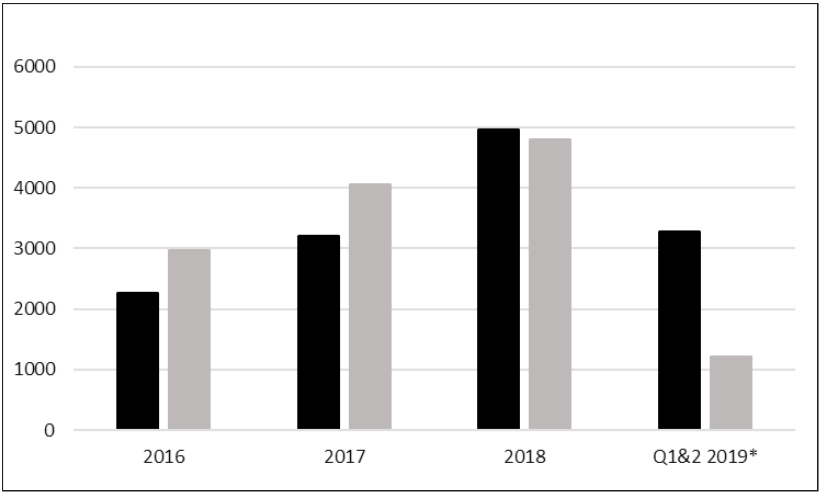


Source: Summary of Social Housing Needs Assessments, Housing Agency, various years

Two out of every five households on the social housing waiting list have been waiting for five or more years (41.8 per cent), more than one in four (26.7 per cent) have been waiting for more than seven years. The number of families and older people in need of long-term, sustainable social housing requires a concerted policy response to increase the capacity of Local Authorities and Approved Housing Bodies to build social housing on State lands. More expensive options being explored with private developers will inevitably mean the delivery of fewer homes for a higher price, while households with children and older households continue to wait.

According to the Rebuilding Ireland Targets and Progress Report[24], the target of 47,000 units has been revised to 50,483, of which just 23,768 had been delivered through builds, acquisition and leasing up to Q2 2019. Just 39 per cent of the total build target of 33,617 has been met to date (Chart 6), with targets missed for 2018 and up to Q2 2019. It is interesting to note that the acquisition target for the whole programme has already been exceeded (the target to 2021 was for the acquisition of 6,830 units, as of Q2 2019, 7,783 units had been acquired). Speed of delivery is likely a contributing factor, however in many areas this would be a more expensive form of housing provision compared to direct builds by Local Authorities and Approved Housing Buildings, particularly if using State lands. The continuing cost to the Exchequer must also be a factor in determining the best method and it is time that a full comparative long-term cost analysis is developed.

Chart 6: Social Housing Builds v Targets, 2016 to Q2 2019



Source: Rebuilding Ireland – Targets and Progress, Department of Housing, Planning and Local Government

Note: Target for Q2 2019 is calculated by dividing the full year target by 2

[24] https://www.housing.gov.ie/housing/social-housing/social-and-affordble/overall-social-housing-provision

Earlier this year, the Department of Housing, Planning and Local Government published a breakdown of Social Housing Output for 2018 by local authority area. This showed that 45 per cent of all Local Authorities failed to meet their build targets last year, with Galway City Council only providing a quarter of its target builds and Westmeath County Council providing just over a third. The Housing Assistance Payment (HAP), a subsidy to landlords in the private rented sector, continued to outpace the provision of long-term sustainable homes, accounting for 66 per cent of all Social Housing Output in the reporting period.

The numbers acquired and leased, compared to the targets set in this area, fared better in terms of targets reached. Here, targets were exceeded in all but 8 Local Authority areas. Actual Acquisitions and Leases in most areas which exceeded targets were 100-250 per cent of target, with Offaly being over 550 per cent, albeit from a low target of 14. In terms of the actual number of units provided through this method, more social housing units were provided through Acquisitions and Leasing than actual builds (including Regeneration) in 14 of the 31 Local Authority areas.

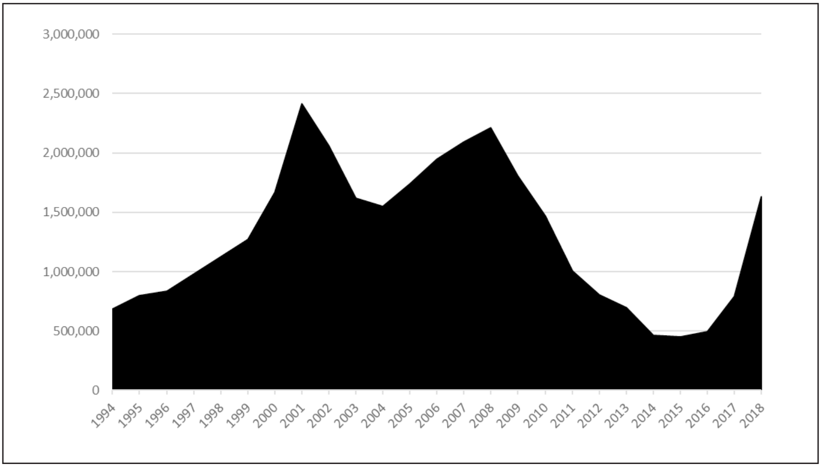
The proportion of Social Housing Output attributed to HAP can be as much as 86 per cent, with those Local Authorities at the lower end of the scale still providing almost half of their social housing through this method. It is interesting to note that Galway City Council, which met the smallest proportion of its build target (just 25 per cent), had the highest proportion of Social Housing Output attributed to HAP.

The increased level of supports to Local Authorities and Approved Housing Bodies have been lacking, particularly in terms of capital investment. As noted by Norris and Hayden[25], the last three decades have seen 'a significant reduction in the traditional role of council housing as the primary source of accommodation for low-income renters. Their report attributes this reduction to the contraction of capital funding for council housing, which fell by 94 per cent between 2008 and 2013. The expansion and contraction of capital spending on housing by central government demonstrates just how volatile this basic necessity for low-income families is, and how responsive to economic shocks. Chart 7 shows the pro-cyclical nature of central government capital expenditure allocations to the Department

[25] Norris, M. and Hayden, A. (2018): *Future of Council Housing: An Analysis of the financial sustainability of local authority provided social housing*

of Housing, Planning and Local Government since 1994. Expenditure increased steadily from 1994 to 2000, before declining sharply. A further period of increase between 2004 and 2008 was followed by another, more severe decline in the years 2009 to 2015. Since then, gross capital expenditure allocation has increased again, however the volatile nature of this expenditure pattern calls into question the sustainability of any long-term capital projects.

Chart 7: Gross Capital Expenditure on Housing, 1994 to 2018, €,000



Source: Department of Public Expenditure and Reform, Databank

The role of Local Authorities in building long-term social housing was diminishing even before the crash in 2008, however, as Government looked to Approved Housing Bodies, seen until recently as 'off-balance sheet' providers of social housing. While capital spending increased in the years to 2008, neither this, nor the subsequent increase since 2015, is reflected in the proportion of Social Housing Output attributed to local authority 'builds', which fell sharply since 2008 and stood at just over 4 per cent at the end of 2018.

Social Housing Need

The number of households on the social housing waiting list was 70,858 as at June 2018, a purported decrease of 16.2 per cent on the previous year. However, once again, questions emerge about data capture meaning that the number of households in need of social housing may be much higher. Households in receipt of HAP are deemed to have their housing need met and are therefore not counted as part of the social housing needs assessments. The move to transfer households from Rent Supplement (which is counted) to HAP (which is not), means that households whose circumstances have not in fact changed have been removed from the list. The decrease in numbers may also be partly attributable to the fact that social housing needs assessments are now conducted annually, rather than every three years. While there are methodological safeguards in place to try to ensure that sufficient returns are made, the process of completing the form can be onerous for vulnerable households or households with low levels of literacy.

The direction of social housing, supported by Rebuilding Ireland, is towards privatisation and profit and away from the provision of basic necessities for those who need it.

Pillar 3 - Build More Homes

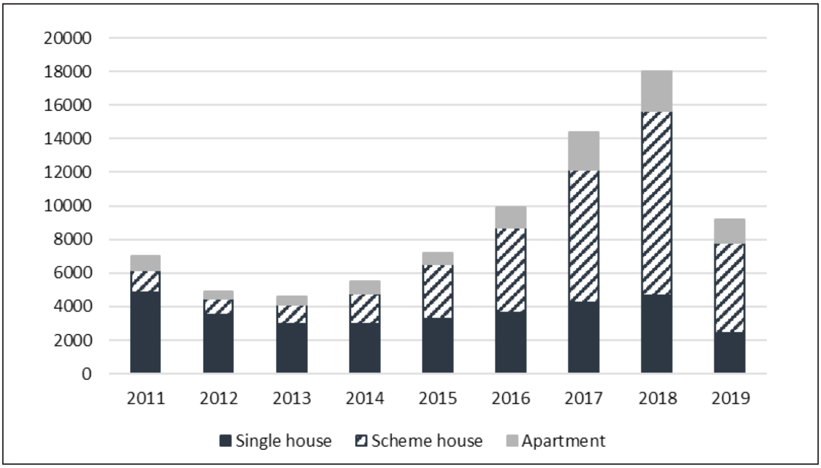
The primary objective in Pillar 3 was to

Increase the supply of private housing to meet demand at affordable prices.

The key action to deliver this objective was the doubling of output to deliver over 25,000 units **per annum on average** during the period of the plan, 2017-2021. This has since been revised to a target of 25,000 built every year in period to 2021. While new dwelling construction has increased since 2013, in 2017 and 2018, a total of just 32,389 dwellings were built (14.373 and 18,016 respectively), considerably less than the target. Construction of single houses decreased a little between 2011 and 2014, but has remained relatively static since, while the number of scheme houses doubled between 2015 and 2018 (Chart 8).

While below target, the increase in the construction of residential dwellings is welcome. However, increased construction alone will not solve the housing crisis as affordability remains an issue. In their exploration of housing affordability in the Irish housing market based on SILC data, Corrigan et al.[26] found that on average households were paying one-fifth of their income on housing costs (that is, mortgage or rent only) in 2016, but that there was substantial variation across households. Those paying a higher proportion of their income include those living in Dublin and the surrounding Mid-East region and low income household, in particular those households in the bottom income quartile were spending on average between two-fifths to more than half of their income on housing costs, depending on tenure.

Chart 8: New Dwelling Construction, 2011 to Q2 2019



Source: CSO, New Dwelling Constructions by Type of House and Quarter, Statbank [NDQ01]

According to the CSO's Residential Property Price Index, the percentage change over 12 months of residential properties in the State, Dublin and the State excluding Dublin have followed a similar trajectory since 2008, falling slightly in 2009 (with a considerable drop in Dublin of 24.5 per cent), before increasing from 2011 and levelling somewhat between 2014 and 2018 (Chart 9). The average sale price for a residential property in Ireland in 2018 was in excess of €290,000, with Dublin commanding an average of over €446,000[27].

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26 Corrigan, E.; Foley, D.; McQuinn, K.; O'Toole, C.; Slaymaker, R.(2019): *Exploring Affordability in the Irish Housing Market*

27 CSO, Residential Property Price Index 2019

Chart 9: Percentage Change over 12 Months for Residential Property Price Index, National, Dublin and National excluding Dublin, 2008 to 2018

Source: Extracted from CSO, Residential Property Price Index by Type of Residential Property, Year and Statistic

In September 2018, the Government launched the Land Development Agency, with an initial capital investment of €1.25 billion, to build 150,000 over 20 years. One of the objectives of the new Agency was to deliver at least 40 per cent of housing built on lands transferred from the State in the form of social (10 per cent) and affordable (30 per cent) housing. The remaining 60 per cent would be privately owned. Even if this were sufficient to meet the need, which it is not, it is likely that any development envisaged by the Agency will be delayed following legal advice to the Housing Committee which stated that any transfer of land from the State to the Agency with the use of National Treasury Management Agency funds would "appear to fall squarely within the definition of State aid". The Agency is currently due to be examined by the European Commission to determine if it is a beneficiary of State aid and, therefore, anti-competitive. This is a serious issue for Government. For households in unsustainable housing situations, it means further delays.

To increase housing affordability and availability, Rebuilding Ireland also introduced the Local Infrastructure Housing Activation Fund (LIHAF), a €200 million fund to develop supporting infrastructure on lands used for housing developments. According to the LIHAF Information Table available on the Rebuilding Ireland website[28], an estimated 19,979 housing units are projected to be delivered with the support of LIHAF by 2021. Of these, 3,274 will be social or Part V housing, 2,350 will be Affordable Housing units from statutory or administrative schemes, and 5,636 will be Cost Reduced Housing units (that is, where a commitment has been made to provide reductions on the market price on private units available directly to the public). To gauge affordability, the average cost of a 3-bed house in 2017 is provided by Local Authorities in respect of projects submitted for LIHAF funding. Two out of five units (8,229) will be in an area with an average price of between €200,000 and €300,000, more than one in four (26 per cent, 5,200 units) will be in an area with an average price of between €300,000 and €400,000 and 17 per cent (3,592 units) will be in an area with an average price of between €400,000 and €500,000 (Chart 10). Average price information is not provided in respect of 620 units that are "expected to be mainly build to rent apartments" in Cork City. These units will include the 10 per cent social housing allocation and an additional 40 units in receipt of an affordable rent credit to nominees of the Local Authority or any other statutory body for a period of 25 years (similar terms to the Rental Assistance Scheme). Essentially, the State is subsidising buy to lets through the LIHAF.

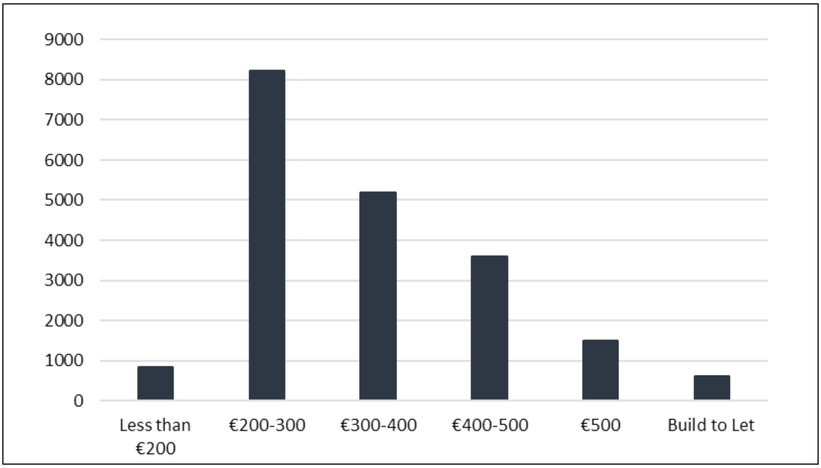
These prices are beyond what many average earners can afford, particularly with the imposition of a loan to value and loan to income limits on borrowing by the Central Bank of Ireland[29]. A first time buyer household with a 10 per cent deposit would have to have gross income of between €51,428 and €77,142 per annum to afford a home priced at between €200,000 and €300,000. While first time buyers looking to buy at the higher end of the scale (€500,000 +) would have to earn at least €128,571 per annum. This can hardly be considered affordable when average earnings in 2018 were €38,871[30].

28 https://rebuildingireland.ie/LIHAF/

29 *Social Justice Ireland* however favours these macroprudential lending criteria as a safeguard against the irresponsible lending of the pre-2008 era.

30 Central Statistics Office, Earnings and Labour Costs Annual 2018, June 2019

Chart 10: LIHAF Projects, Average Price of a 3-bed house in 2017 (€,000)



Source: Rebuilding Ireland, LIHAF Information Table

Affordability, Credit and Demographics

Almost three quarters of all housing purchases are supported by way of a mortgage[31]. According to the Banking and Payments Federation of Ireland (BPFI), national average first-time buyer borrower incomes rose by almost a third between Q1 2014 and Q1 2019 - from €53,490 to €70,842. In Dublin, the increase during this period was 42 per cent, from €58,446 to €82,765. As most people will see a rise in earnings as they age, it is therefore not surprising that the demographic profile of first time buyers is changing, and getting older.

The Central Bank of Ireland's Household Credit Market Report 2018[32] reports that, for first time buyer mortgages taken out between 2014 and 2016, half of all borrowers will have reached the age of 65 or above on maturity of their mortgage. There has been an increase in the share of first time buyers in 2017 who will have reached the age of between 65 and 70 on maturity, with a slight decrease in the proportion of those who will be aged over 70. This trend appears to be continuing, with the 2019 Household

31 Banking and Payments Federation of Ireland, BPFI Housing Market Monitor, Q2 2019

32 Central Bank of Ireland (2018): Household Credit Market Report

Credit Market Report indicating that the average age of a first time buyer in Q1 2019 was 34, with average loan terms of between 31 and 35 years.

In light of the low level of private pension ownership in Ireland, the sustainability of these mortgages post-retirement must be considered. In her 2014 paper, Nivarkoski assessed the income levels, income sources, supplementary pension coverage and retirement income replacement rates of the TILDA (The Irish Longitudinal Study on Ageing) cohort of retirees and found that those in the highest pre-retirement-earnings quartiles in both public and private sector employment had the lowest income replacement rates, with less than 40 per cent replacement for those formerly employed in the private sector and 60 per cent for those formerly employed in the public sector. Nivakoski also sets out the mean values of retirement income replacement rates across a range of factors. For the purpose of this paper, the mean values of retirement income total replacement rates by quartile are set out in Table 1.

Table 1: Mean Values of Retirement Income Total Replacement Rates by Quartile

1st	2nd	3rd	4th
99.4	64.2	53.3	39.3

Source: Extracted from Nivakoski, S., Determinants of Pension Coverage and Retirement Income, p.317, Table 8

Rebuilding Ireland is not meeting its construction targets, nor could the housing units being constructed be considered affordable. This means that, for many, home ownership will be out reach. For young families starting out, particularly single parent families, housing affordability is likely to be prohibitive. For those on the social housing waiting list, they will continue to live in private rented accommodation they can ill-afford, live with family or friends or join the 1,756 families accessing emergency accommodation.

For others, the older first time buyers using above-average incomes to finance high purchase prices, the impact of these mortgages on their ability to retire, and the sustainability of mortgage payments on a reduced post-retirement income, presents a significant policy challenge.

Pillar 4 - Improve the Rental Sector

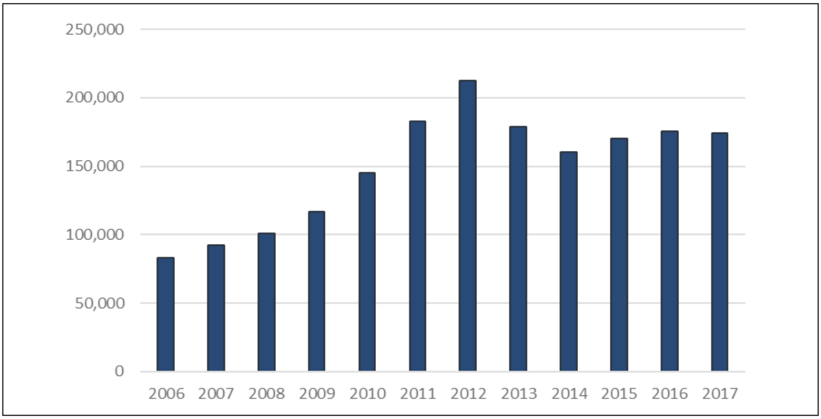
The primary objective in Pillar 4 was

Addressing the obstacles to greater private rented sector delivery, to improve the supply of units of affordable rents.

In order to achieve this objective, Government was to develop a strategy for a viable and sustainable rental sector, introduce legislation on "balanced arrangements for tenancy terminations", introduce an Affordable Rental Scheme and support greater provision of student accommodation.

According to the Residential Tenancies Board (RTB), one in seven of us live in the private rented sector (714,364 tenants across 339,447 tenancies)[33]. As of 2017, there were 174,001 landlords registered with the RTB. This number rose steadily from 2006, when there were 83,102 landlords and peaked in 2012 with 212,306 landlords. A sharp decrease to 160,160 landlords in 2014 was followed by some slight fluctuations in the following years (Chart 11), although we are seeing an increase in the number of landlords owning multiple properties, with the introduction of Real Estate Investment Funds.

Chart 11: Number of Landlords registered with the Residential Tenancies Board, 2006 to 2017



Source: Residential Tenancies Board, Annual Reports 2015 and 2017

33 RTB Annual Report 2017

The latest Daft.ie Rental Report[34] indicates that, as of November 2019, there were 3,500 rental properties available on the market, an increase of 10 per cent on November 2018 and the first November in a decade that rental stock has increased. In contrast, in May 2019 Aisling Hassell, Airbnb Vice President Dublin Site Lead & Global VP Community Support wrote in the Irish Times[35] that "An analysis of entire homes listed on Airbnb shows that they account for less than 1 per cent of total housing in Ireland". In the midst of a housing crisis, short-term, higher profit rentals are taking long-term homes out of circulation.

Since July 2019 private homes used for short-term lettings, such as on Airbnb, were required to apply for planning permission. In November 2019, the Irish Examiner reported that just 3 per cent of eligible Airbnb properties have registered under these new rules[36] and just 3 staff have been hired by Local Authorities to enforce the new legislation.

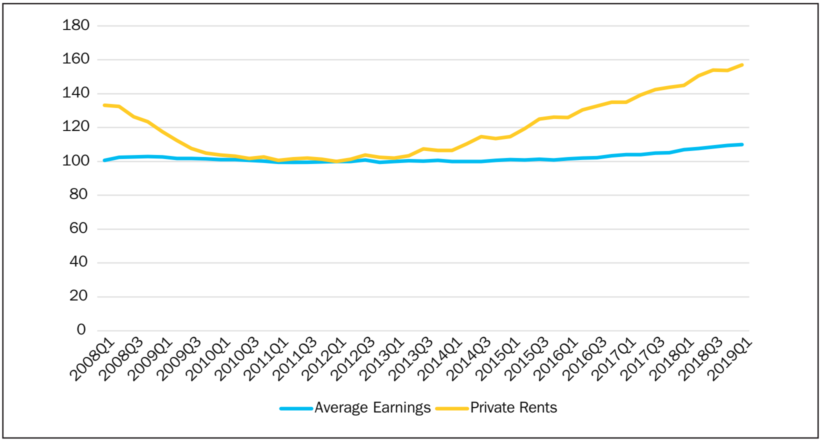
In addition to a lack of supply, we also have an affordability issue.

The same Daft.ie Rental Report referred to earlier indicates that the average asking rent nationwide in November 2019 was €1,403, the 29th consecutive quarterly increase. In Dublin, average asking rents range from €1,728 in North County Dublin to €2,224 in South County Dublin. These are the rents sought in respect of new tenancies and, as such, may differ from average rents being paid in existing tenancies. Legislation in relation to Rent Pressure Zones, which places a cap of 4 per cent on increases to private rents in 44 areas throughout the country, has not had the desired impact on asking rents.

For existing tenancies, we look to the RTB. According to the RTB Rent Index, private rents increased by almost 57 per cent between Q1 2012 and Q1 2019[37], from €744.72 to €1,169.21. During the same period, average weekly earnings increased by just under 10 per cent (Chart 12).

34 https://www.daft.ie/report/2019-Q3-rental-daftreport.pdf
35 https://www.irishtimes.com/opinion/airbnb-in-ireland-rental-rules-welcome-but-red-tape-must-not-restrict-homeowners-1.3883884?mode=amp
36 https://www.irishexaminer.com/breakingnews/ireland/airbnb-laws-are-being-ignored-says-td-963020.html
37 RTB Rent Price Index

Chart 12: Private Rents and Average Weekly Earnings, 2008 to 2019 (Base = Q1 2012)



Source: Calculated from CSO, Quarterly Earnings and Labour Costs and RTB Rent Index 2019 Q1

Private Rent and Housing Cost Overburden

With rent inflation outstripping increases in average earnings, it is perhaps unsurprising that tenants in private rented accommodation are most likely to experience housing cost overburden, that is, are spending more than 40 per cent of their disposable income on housing costs.

According to Eurostat, more than one in five tenants spent more than 40 per cent of their disposable income on housing costs in 2017[38], almost one in ten tenants spent more than 60 per cent, and one in 20 spending over 75 per cent. With an average of 2.1 occupants per tenancy (according to the RTB Annual Report), this equates to 141,320 people with a housing cost burden of more than 40 per cent, of which 60,472 people have a housing cost burden of more than 60 per cent and 34,430 have a housing cost burden of more than 75 per cent. This level of unsustainable housing cost overburden is a result of policies which prioritised the profits of landlords over the quality of life of tenants, or as the UN Rapporteur on adequate housing, Leilani Farha, put it in March of this year:

38 Eurostat, [ilc_lvho28]

"Our chief concern lies with those laws and policies which have allowed unprecedented amounts of global capital to be invested in housing as security for financial instruments that are traded on global markets, and as a means of accumulating wealth. This expanding role and unprecedented dominance of unregulated financial markets and corporations in the housing sector is now generally referred to as the "financialization of housing" and it is having devastating consequences for ***tenants.****"*[39]

Rent Inspections

When you're paying 40 to 75 per cent of your disposable income on housing costs in the private rented sector, you might assume a basic standard of accommodation. Unfortunately, you might be wrong. In 2018, just 7.39 per cent of registered properties were inspected by Local Authorities (although this represents an increase from just 4.96 per cent in the previous year)[40]. Of these 23,824 properties inspected in 2018, 83 per cent (19,770) were found to be non-compliant with regulations of which just 5,466 (27.5 per cent) became compliant during 2018.

Co-living

Earlier this year, the Minister for Housing introduced the concept of co-living. An "exciting" opportunity to licence an en suite bedroom with shared kitchen and communal living spaces at a reported cost of up to €1,300 per month. While roundly rejected by advocates for a sustainable housing model, CBRE's Real Estate Market Outlook Mid-Year Review 2019 expects to see an increase in planning permissions for "co-living concepts" over the next 12 months. Among the many issues with this model are the lack of security of tenure (co-living units operate under licence) and the risk of a return to tenement-style living should the shared services contract end in the event of an economic downturn. This type of accommodation is not meant to be long-term. It is by its nature transient. Investment in longer-term supply is what is needed.

Private Rents and Demographics

When it comes to student accommodation, the Government introduced its National Student Accommodation Strategy in 2018, which proposed outsourcing developments to private operators. As at Q2 2019, 6,691 purpose built student accommodation spaces had been completed since

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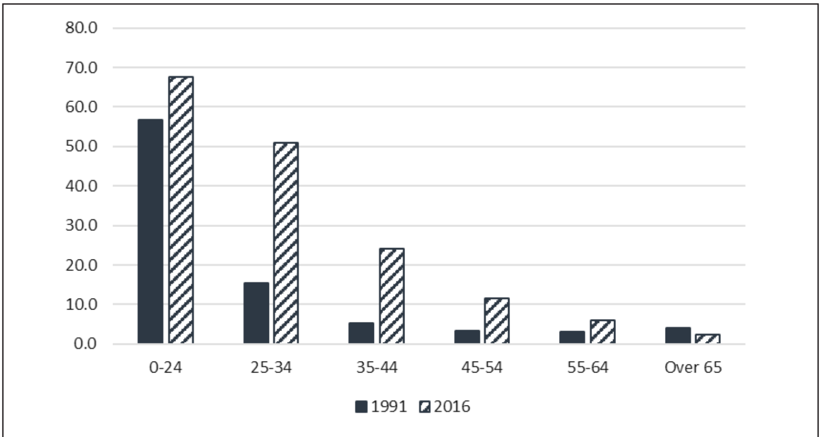
[39] https://spcommreports.ohchr.org/TMResultsBase/DownLoadPublicCommunicationFile?gId=24499

[40] http://noac.ie/wp-content/uploads/2019/10/NOAC-Performance-Indicator-Report-2018-1.pdf

the launch of Rebuilding Ireland in 2016, with a further 14,766 at various stages of development[41]. Of the 6,691 spaces completed, 1,079 are public while the remaining 5,612 are privately owned. Purpose built student accommodation is now subject to the same 4 per cent rent cap as other properties in the Rent Pressure Zone areas in which they are situated, however a survey conducted by the Irish Independent earlier this year indicates that on-campus rents have risen by up to 11.5 per cent compared to last year[42], while private off-campus accommodation can command in excess of €1,000 per month in some areas.

The private rented sector is the dominant tenure for younger age groups, accounting for 67.5 per cent of those aged 0-24, 50.8 per cent of those aged 25-34 and 24.2 per cent of those aged 35-44. The increase since 1991, when home ownership was at its highest level, in the latter two age groups is particularly stark (Chart 13).

Chart 13: Proportion living in the private rented sector by Age Group, 1991 and 2016



Source: Data extracted from NESC (2014) Home Ownership and Rental: What Road is Ireland On?; Malone (2019) Housing in Ireland: changing trends in headship rates and tenure by age group

41 https://www.education.ie/en/Publications/Policy-Reports/national-student-accommodation-strategy-progress-report-q2-2019.pdf

42 https://www.independent.ie/irish-news/education/revealed-how-much-your-college-charges-for-student-accommodation-as-rents-are-hiked-38381820.html

These are also the age groups of peak family formation. Increased costs associated with raising a family, high rents and a lack of affordable alternatives means it is likely that these families will be trapped in an unsustainable situation, or face homelessness, into the future.

The proportion of older households living in private rented accommodation is relatively small, however for the older households currently living in the private rented sector, the sustainability of this accommodation is uncertain.

Pillar 5: Utilise Existing Housing

The key objective in this pillar was to:

Ensure that existing housing stock is used to the maximum degree possible – focusing on measures to use vacant stock to renew urban and rural areas.

Key actions within this pillar include a Vacant Housing Repair and Leasing Initiative, removing regulatory barriers to re-using vacant properties, resolving unfinished estates and better management of social housing through rapid re-letting of vacant units (voids) and introduction of choice-based letting.

According to the most recent figures there were 183,312 (excluding holiday homes) vacant properties on Census night 2016. Of these, 140,120 were houses and 43,192 were apartments. While this figure represents a decrease in vacancy rates per population size in all counties when compared to Census 2011, when the preliminary figures for each county are compared to the county breakdown of the Social Housing Needs Assessment 2018, there remains more vacant properties than households in every county, assuming the figures produced in the Summary of Housing Needs Assessment 2018 are correct (which we have discussed earlier in this paper).

In early 2017, the Government introduced the Repair and Leasing Scheme for owners of vacant properties to access funding of up to €40,000 to repair their properties which would then be leased to the local authority for use as social housing for a term of between five and 20 years. According to a

Parliamentary Question answered by Minister Murphy in July of this year[43], provisional data for the Repair and Leasing Scheme indicate that up to end Q1 2019, a total of 1,335 applications for the scheme had been received; 102 homes had been brought back into use and tenanted and 138 agreements to lease had been signed. Just 7.6 per cent of applications resulted in homes being brought back into use.

In July 2018, the Government launched its Vacant Housing Reuse Strategy 2018-2021, aimed at bringing existing vacant properties back into use. The Department of Housing, Planning and Local Government is establishing an Empty Homes unit to coordinate across central and local government, and each local government was requested to develop a Vacant Homes Action Plan to identify vacant homes within their areas. While *Social Justice Ireland* welcomed its publication at the time, and its intention to review bringing many of the 183,000 houses under the control of the local authority or Approved Housing Bodies to provide social homes, we were disappointed to note the timeframes involved, which looked to bring the first homes into use in late 2019 or 2020. According to a report in the Irish Examiner[44], 3,236 "tip offs" have been received by officials overseeing the implementation of the Strategy, with 293 being brought, or in the process of being brought, back into use.

A report into vacant properties in rural areas, based on a pilot of 6 rural towns, is expected to be published by the Department of Rural and Community Development towards the end of the year. Issues identified in the interim report[45] include high costs of refurbishment, expectations of a higher future sale price, lack of amenities in rural towns, a negative perception of rural towns and traffic. Apart from the desire to bring as many of the 183,000 vacant properties back into use as possible, these issues must be addressed for the existing inhabitants of rural towns and villages. These tend to be older people who increasingly experience social isolation and a lack of services due to a lack of investment. If this investment was increased, and services improved, migration towards rural areas would be a likely outcome.

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43 https://www.oireachtas.ie/en/debates/question/2019-07-09/865/

44 https://www.irishexaminer.com/breakingnews/ireland/almost-300-vacant-homes-brought-back-to-use-following-anonymous-tip-offs-960687.html

45 https://www.irishexaminer.com/breakingnews/ireland/rural-towns-dying-as-owners-cling-to-properties-in-hopes-of-better-prices–report-960457.html

But it is not just vacant private properties that are an issue. Local authority vacant properties, or "voids", must also be part of the solution. But again, the data is not so clear. Between 2014 and 2017 9,227 voids were returned to use, at a cost of €119 million[46]. Since 2018, however, properties brought back into use under the voids programme are only reported in official statistics up to the level of the Rebuilding Ireland targets, if reached[47]. So, while the Rebuilding Ireland reports indicate just 560 voids were brought into use in 2018, the total number was in fact 1,765 – a figure only contained in the response to a Parliamentary Question. The Performance Indicator Reports from the National Audit and Oversight Commission for 2018 now also only reports voids up to the Rebuilding Ireland target. This being the case, the question must be asked of what incentive there is for Local Authorities to go beyond their Rebuilding Targets to bring currently untenantable social housing back into use?

How can we Rebuild Ireland for Everyone?

Ireland is in the midst of a housing and homelessness crisis. This crisis impacts everyone, but it hits the vulnerable the most. We are becoming desensitized to homelessness. Our social housing system is increasingly moving away from building homes and towards subsidies to private landlords. Construction activity is not at the level required and the majority of what is being built is not affordable for those on an average wage. Private rents are exorbitant and short-term lettings are replacing long-term homes.

Rebuilding Ireland is defined by privatization and financialisation – private operators of emergency accommodation, private landlords receiving increasing amounts of rent subsidies for "social housing solutions", private developers building on State lands, short-term, high-cost lettings, and private property owners hoping to maximise a profit.

For children, families and our older population, precarious housing costs so much more than money. In fact, preliminary results from an attitudinal study of older home owners, conducted by the Department of Housing, Planning and Local Government and the ESRI and presented at the Irish Housing and Mortgage Market conference two weeks ago, suggests that the

46 https://www.oireachtas.ie/en/debates/question/2018-01-24/191/
47 https://www.oireachtas.ie/en/debates/question/2019-04-09/98/

vast majority of older home owners would not be incentivised by money to move from their homes. That attachment to the home and family and friends were more important.

That same week, the President held a seminar on the need to Rethink Economics. To move away from the status quo and to deliver a new model of co-existence, development and collaboration. At that same seminar, Professor Mariana Mazzucato from University College London, asked us to attribute more to the term “value” than just profit[48]. This is something we need to do across so many policy areas, but particularly in terms of the home.

In considering how to Rebuild Ireland for everyone, we should look also to reimagine Ireland. To focus on what we value and to design policies, and housing, that align with that. If we take “home” as the core of the strategy, then how can we ensure that everyone has that place – that place where we can close the door and feel safe. Where we nourish our children and cherish our older people. Where we foster a community that no amount of money would part us from.

A more equitable is reqired. To achieve such a system, Government should

- Invest in homelessness prevention and limit the amount of time a family should spend in emergency accommodation.
- Extend the principles of the Housing First programme to families to ensure that the wraparound services needed by both parents and children are provided.
- Ensure that our laws prevent evictions unless the State could provide alternative, sustainable, accommodation.
- Increase the construction of social housing and set limits on the amount of time someone should have to wait on a list.
- Build more affordable (really affordable) housing through innovation in technology and building materials to reduce costs.
- Develop a cost-rental, or affordable rental, model at scale. We would ensure that rent caps are enforced, that rent inspections are adequate, and that deposits were protected.
- Oblige owners of vacant properties to put them to use.

[48] For a detailed outline of her position cf. Mariana Mazzucato, (2019) The Value of Everything: Making and Taking in the Global Economy, Penguin Books.

If we want to Rebuild Ireland for everyone, we need to reimagine Ireland. Not as the best little country in the world to do business, but the best little country in the world in which to live.