

What can we do to make Irish housing cheaper and more affordable? / Why is Irish housing so unaffordable?

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Executive Summary

This report explores the problems surrounding the current housing crisis in Ireland and provides some suggested alternatives to help address the issues. The cause of the housing crisis can be defined as too little supply (primarily in cities), which is failing to meet the growing and diverse demands from first time buyers and new arrivals who are moving, for the most part, to the nation's larger urban areas, coupled with a rapid increase in the cost of rent in private sector accommodation, which has been a factor in the rising number of people in homelessness.

The main sections investigated in this report include; the cost of housing, affordability, delays and impediments to progress, and finally some suggested changes.

The population of Ireland is expected to grow rapidly in the next 35 years. According to the Central Statistics Office, Ireland's population is expected to grow from 4.78 million in 2019 to 6.5 million by 2046.¹ The population growth is occurring due to rapid economic growth and expansion. The population of Ireland has increased by just over a million people since 1999. The rapid population growth suggests an even greater demand for housing in the future.

An additional 1.12 million people will need to be housed by 2046 as population continues to grow. At least 27,000 new homes a year would have been needed from 2011 to 2019². This is a *massive* task, considering that Ireland built just over 8,500 homes in 2012³ and 2019 estimates are 21,000 completions. This lag requires 34,000 new units a year up to 2030 to rationalise.

Demographic changes in population also present challenges in supplying more housing. Ireland's population is ageing. The 2016 National Census has confirmed that there has been a 19.1% increase in people aged over 65. By 2046, people over the age of 65 are expected to account for 1.4 million of the Irish population⁴, that's before factoring in other trends like decreasing household size.

Life expectancy rates are also expected to rise in the next 25 years. By 2046, the median life expectancy of a man will be 80 years old while life expectancy of women will rise to 88 years. The increase in life expectancy only enhances the need for consideration of accommodating the needs of all Irish citizens.

House and occupancy family size are a changing demographic throughout Ireland. Family sizes are getting smaller. According to the Greater London Area's survey of housing 150,000 fewer family sized properties are needed for the future in comparison to the last 20 years.

Dublin is also expected to follow the decreasing need for family homes. However, 65% of housing stock in Dublin is made up of family homes, yet only 37% of households are families

¹ "New Dwelling Completions Q1 2018." *Central Statistics Office*, 14 June 2018,

www.cso.ie/en/releasesandpublications/ep/p-ndc/newdwellingcompletionsq12018/overview/.

² Economic letter: population change and housing demand in Ireland <https://centralbank.ie/news-media/press-releases/press-release-economic-letter-population-change-and-housing-demand-in-ireland-10-december-2019>

³ www.cso.ie/en/releasesandpublications/ep/p-ndc/newdwellingcompletionsq12018/overview/

⁴ Ibid.

with children. In comparison, most European cities social housing comprises around 27% of family homes⁵. -*RIAI 2016 Housing Policy Report*

Population and Migration Estimates

April 2018

	Year ending	
	April 2017	April 2018
Immigration	84,600	90,300
Emigration	64,800	56,300
Net migration	19,800	34,000
<i>of which Irish nationals</i>	-3,400	100
Natural increase	33,100	30,500
Population change	52,900	64,500
Population	4,792,500	4,857,000

Population growth of 64,500 in the year to April 2018, the largest annual increase since 2008

Diagram 1.⁶

Ireland’s successful IDA and low corporate tax rate has drawn in many multinational companies, these firms attract highly skilled workers both nationally and internationally which results in inward migration.

The current housing market is failing to accommodate Ireland’s expanding population needs. Since the start of the Celtic Tiger Era, Ireland first experienced a boom, a bust, and now another boom in its economy. This has caused the pricing and supply of housing to become very inconsistent because there is no mechanism by which we address supply increase during crashes or supply restraint during booms.

During the last 4 years, supply of housing units have been increasing steadily, but the number, style and location of these new dwelling units are not keeping pace with the growing demands of all types of buyers, there are also home types that are required but not being built in sufficient numbers such as single occupant homes, which are required for reducing household sizes, or city centre apartments with storage units for occupants as are more common in continental Europe.

Ireland’s attraction as a place to live and work also continues to change, in recent years, there has been a significant influx of immigrants who come for a variety of reasons. From a housing perspective this places a growing pressure on the housing market for more supply, and at affordable prices because new arrivals typically don’t occupy or have the ability to afford the higher end of price ranges (with some exceptions such as people who come to work in ITC).

⁵ RIAI. “Housing: Architectural Solutions to Building a New Ireland .” *The Royal Institute of the Architects of Ireland*, 2016, <https://www.riai.ie/news/category/housing>.

⁶ “Population and Migration Estimates April 2018 - CSO - Central Statistics Office.” *Central Statistics Office*, 28 Aug. 2018, www.cso.ie/en/releasesandpublications/er/pme/populationandmigrationestimatesapril2018/.

Rebuilding Ireland is a government backed action plan to address issues with housing and homelessness. In addition to this, many *complementary* government programs and funds have been created, but whether or not they have been successful will be discussed later on.

At the same time, various restrictions and regulations from the government and the planning authorities have greatly hindered the delivery of new homes and any increase in the availability of affordable housing.

An Bord Pleanála takes an extended period of time to make decisions, and when they do it can still be appealed to a judicial review. Restrictions on building heights have limited the number of floors of housing available for delivery. In addition, the lack of sufficient local infrastructure has caused slowdowns in housing deliveries.

Some of the larger areas with development potential in Dublin lack significant cycling, rail, road and sewage infrastructure for the populations they could potentially support.

Introduction

What is the Problem?

Buying a house in Ireland today is a tricky and very expensive business. At a minimum you will need 10% of the price of a house for a deposit, in the capital city this is a sum close to €40,000⁷ which is greater than the pre-tax average wage in Ireland⁸. Some estimates state that the time it would take to save for a home is as high as 15 years in some counties⁹. For some they must manage this while paying some of the highest rents in the world¹⁰.

Central Bank rules, which are a useful tool on a macroeconomic front, casn, on an individual level, create some difficulties for buyers who face a situation where the rent they are paying is far higher than a mortgage payment would be¹¹.

This means people who can't get help elsewhere (from parents most commonly) are having to save for many years to qualify for a mortgage. However, with house price inflation over the last 5 years greatly outpacing the average rate of *wage increase*, it is a race most individuals cannot win.

⁷ <https://www.thejournal.ie/house-prices-increase-dublin-nationwide-4696800-Jun2019/>

⁸ <https://www.cso.ie/en/releasesandpublications/er/elca/earningsandlabourcostsannualdata2018/>

⁹ <https://www.ey.com/ie/en/newsroom/news-releases/ey-news-nearly-half-of-all-counties-in-ireland-unaffordable-for-first-time-buyers>

¹⁰ <https://www.thejournal.ie/dublin-rent-europe-4538856-Mar2019/>

¹¹ <https://www.irishexaminer.com/breakingnews/ireland/renters-paying-500-more-every-month-than-buyers-944938.html>

An element of this that is often overlooked, in particular for first time buyers is that the tendency is for people's wages to rise over time and this makes such a mechanical multiplier less fair on younger workers than it is on older ones because affordability improves over time.

The wage multiplier is also questionable because it is the repayment cost and continuity that matters, we saw this through the crisis where people on trackers may have been overleveraged but the home was affordable in repayments and they have managed just fine. It was those who lost ability to pay via total income loss who came out worst.

Nobody can determine where the 3.5 times income multiplier comes from precisely or why it is considered such a good standard, it's arbitrary. In the UK housing in London has been structurally above 4 times average wage since the 1990's and nationally above that figure since the early 2000's¹². In many countries that had conservative loan multiples you still saw housing bubbles and crashes, at the same time it has kept people in situations they may not be best served by such as long term renting.

Central Banks who are quick to applaud their own performance on these rules are rarely seen decrying their other activities such as quantitative easing interest rate policy which not only increase wealth inequality¹³, but also cause asset prices to rise.

It is no coincidence that during a time of zero interest rate policies across the world, or very low (in the case of the USA) that we also saw records in every major index as well as the reflation of housing from London and Dublin to New York and Hong Kong.

These factors create a situation where many people can't afford rents but also can't afford to buy a home even though that would cost them less, at the time of writing, nationally prices of both housing and rents are still increasing. And although the *rate of increase* seems to be slowing down (to much fanfare from the government) there is still no indication that prices, in Dublin at least, are going to actually come *down to affordable levels* any time soon.

What demonstrates the affordability versus 'lending rules' fracas the best is that Rebuilding Ireland had local authority loans which are not subject to the Central Bank rules and offer low interest rates. The €200,000,000 allocated to it for three years was written into loans in one year and it had to be re-funded. To get these loans you had to be turned down by two banks. To do that then qualify under the state scheme is evidence enough that lending rules are perhaps not as well thought out as we are lead to believe.

¹² <https://www.economicshelp.org/blog/5568/housing/uk-house-price-affordability/>

¹³

http://www.agefi.fr/sites/agefi.fr/files/migrate/etudereference/ENEWTWWLEE_QE%2520And%2520Economic%2520Inequality_The%2520U%2520K%2520%2520Experience%252010%252002%25202016.pdf

A core difficulty with affordable housing is that what it actually has to achieve is highly unpalatable to many constituents, that being that we force house prices down and to keep them down.

Per the CSO, the average take home weekly income is €734 or just over €38,000 before taxes. Therefore the highest possible mortgage an *average* individual can draw down amounts to €133,588. This figure is drastically under the average price of a home in Ireland nationally at €236,287¹⁴ and less again in the cities.

A fair question is why people who want to buy on their own might need a two or three bed home, but there are many reasons for this such as potential relationships in the future, relationship breakdown and the fact that (as already mentioned) suitable accommodation for single people is not abundant so substitution doesn't exist.

House price inflation has been caused in large part by the slow rate of increase in supply of new homes falling short of meeting increasing demands for additional affordable housing, affordable housing is most scarce in urban areas. New homes are also priced higher than existing stock in many instances and have often less desirable locations¹⁵. For new build to sell it would normally (as was the case in the past) be priced lower than existing supply because existing supply has a higher owner-occupiers premium¹⁶.

There are many reasons why developers are not building enough houses to meet demand, but chief among them is *viability*. From a profitability point of view, it simply isn't worth their while to build, when all the costs, including price of site, levies, utilities and *soft* charges are taken into account.

Sometimes when people look at developer margins it doesn't seem instantly clear as to how construction could not be viable because they might see them making margins in the low double digits, but it has to be remembered that funding, future site acquisition and other considerations mean that a developer has to make high margins or they will have no project to turn to when a current one ends.

¹⁴ O'Neill, Kevin. "House Prices Expected to Rise by an Average of 4.2% in the next 12 Months." *Irish Examiner*, 14www.irishexaminer.com/breakingnews/ireland/house-prices-expected-to-rise-by-average-of-42-in-next-12-months-897513.html.

¹⁵ Typically the best locations were built on long ago, what remains is infill.

¹⁶ The premium on a property that is explained by location rather than intrinsic value.

Culturally it is easy, and even encouraged structurally to make developers pay for all manner of non-housing costs such as new infrastructure (train stations, external roads etc). These things only get built if costs can be absorbed elsewhere - namely by the buyers of new homes.

New methods must be devised and implemented to help increase supply and reduce the costs of housing. These can be adopted from other similar European countries, for example Austria's 'Vienna model'. Aspects of this radical approach to supplying affordable abundant housing might benefit a city like Dublin . We will look more closely at that later in the piece¹⁷ .

It cannot be overlooked however, that in Vienna they do things differently, sometimes a building is commercial and made into residential for the first ten years thereafter the developer would have the ability to revert to commercial.

In one example mentioned at a DCC presentation in April 2019 it transpired that there were only 3 lifts servicing 240 apartments which would be a huge and unacceptable breach of Irish regulations. Standard sizes there are below Irish minimum sizes which would mean the oft decried 'shoeboxes' would be the norm.

The biggest difference is that in their housing association model people pay far higher rents than they do in Irish social and affordable housing. Average rents are about €500 while in Dublin average council rents are about half that amount. This is despite average monthly wages in Austria of €2,688 per month being almost 19% lower than Irish average monthly wages of €3,300.

The higher rent payable is what keeps the system there viable and due to under-pricing and bad management the same issue in Ireland keeps it unviable. There has been systemic underpricing of social housing in Ireland for decades and little appetite for that to change.

Where is the Problem Manifesting?

The housing shortage in the four Dublin Local Authorities is well documented by the Housing Agency, the Dublin Housing Supply Task Force, and the Government's Action Plan for Housing and Homelessness 'Rebuilding Ireland'.

The birth rate in Ireland now exceeds the death rate, household formation and an influx of immigrants (which in the view of this author is attractive) is creating new and increased demand for housing. That said, the rump of current buyers came from a baby-boom that happened three decades ago and this, in a demographic sense, won't last. Children tend to live in a family home,

¹⁷ Donnelly, Ellie. "Dublin Will Take 10 Years to Copy 'Vienna Model' for Housing, Says Expert." *Independent.ie*, www.independent.ie/irish-news/dublin-will-take-10-years-to-copy-vienna-model-for-housing-says-expert-38011310.html.

for that reason we do have time to address rising population when the children born in it are below age 18.

Net increase of immigrants also adds to a rapid increase in demand which is contributing to increases in the prices of housing. According to the Daft Report, nationwide prices of homes have risen by €15,000 in the last year¹⁸ although in some areas prices have finally stalled.

In a planning sense we cannot forget that large slices of migrant workers are somewhat transient, many will work here, add to our economy, but ultimately one day will return to their homeland. This occurred after the last crash (many Irish born people also left) so we cannot assume that every person here is permanently going to remain here.

These factors could mean that we see short term undersupply which could turn into longer term stable supply but we lack the ability to know for sure what we need and the only truly known figures are those such as housing lists, high rents and homelessness which all point towards under-supply only.

Another key factor is over-reliance on the private rented sector to satisfy housing needs. The Irish private rental sector is regulated differently to other countries in the EU. While people often talk of tenant rights in the EU, they often don't want EU style tenancies which lock you in for longer, require larger deposits and where houses can (for instance in Germany) be rented out not only unfurnished, but often without a kitchen.

Large industrial landlords are regular recipients of bad press, but they ultimately offer better tenancies because they are legal entities and not actual people. At the moment tenants can be legally evicted on grounds of reimbursement, health and safety, necessity for a relative and sale, in that sense, the private rental sector is creating issues of housing security¹⁹.

A company has no brother or sister that can require the property to accommodate them, equally, the value of the real estate isn't in vacant possession, it's in a fully tenanted building, so in that sense large landlords are part of an ongoing solution. They may take windfall gains in the short term, but this will regularize over time and result in a larger rental housing stock.

Who is Affected?

The cohort naturally most impacted are average and below average income earners, with the most profoundly impacted group being single parent and single income families. The Department of Housing reveals that more than 1,100 families are homeless. This figure includes 3,824 children. In total there are more than 10,000 in Ireland who are classified as *homeless*.

¹⁸ Lyons, Ronan. "Irish House Price Report Q1 2019." *Daft.ie*, 31 Mar. 2019, www.daft.ie/report/ronan-lyons-2019q1-dafthouseprice.

¹⁹ Ibid.

Local authority housing has a backlog of almost 72,000 applicants on the June 2018 social housing waiting list²⁰. More than 90,000 households have unmet housing needs. Furthermore, over 600,000 people are living in poor housing conditions with leaks, mold or rot. Where overcrowding occurs it can lead to problems in dwellings otherwise fit for fewer people.

Lastly, the number of individuals who spend more than an hour commuting to work amounts to around 500,000.²¹ This is a different type of housing impact which affects quality of life, the reason we mention it is that long commutes can be due to express choices (living near family, keeping children in a certain locality etc.) but it is often a symptom of affordability, where people move further away in order to obtain lower housing costs.

This is also about viability of construction as it is cheaper to build low density greenfield than high density infill (although the latter is better at leveraging existing services and infrastructure).

The share of income needed to pay for housing takes away from capital that could otherwise become wealth or investment. Furthermore, high costs of housing can impact economic competitiveness and the ability of a country to maintain cost advantages and attract foreign investment.²² There have been reports of firms saying that housing costs are inhibiting their ability to locate here²³.

How Can We Respond?

A comprehensive definition of housing affordability has not been explicitly stated in policy terms.

Increasing the supply of affordable homes can be done through policy changes. Policies must also attempt to increase *population density*, to facilitate the large numbers of people who want (and need) to live in larger urban centres, close to where they work, without reverting back to the policy of *urban sprawl* which categorised the building boom of the 1990's.

By increasing the height and density of our population centres we can begin to address the issues which have left so many in need of adequate housing, without ruining the fabric of our towns and cities. Effective policies should also endeavor to increase the supply of homes while seeking to reduce the cost-risk to the developers of these homes be it the state or private firms. At the moment, the risks for developers are proving a deterrent to building new homes.

²⁰ Anecdotally a very large cohort with unmet housing needs are single men.

²¹ "About Homelessness." *Focus Ireland*, May 2019, www.focusireland.ie/resource-hub/about-homelessness/.

²² Ibid.

²³ <https://www.independent.ie/business/in-the-workplace/high-housing-costs-in-dublin-could-be-limiting-ability-of-companies-to-attract-staff-37509099.html>

The policy of relying on the private sector to supply large scale social housing has not delivered, it is ultimately a charge of the state to provide this because a lack of social housing is a welfare issue.

Closer regulation of the private rental sector in some areas is necessary in improving stability of the housing market such as the promotion of long leases, a form of 'dual ownership'²⁴, once the most common form of tenancy²⁵, which would likely require incentives to make popular once more.

²⁴ <https://www.mortgagebrokers.ie/economics/contracts-not-silly-rules-are-the-better-form-of-rent-regulation/>

²⁵ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2871321

Part 1: Cost of Housing

There are a number of reasons houses are expensive to buy, but the main one is that they are expensive to *deliver*. And according to the Real Estate Monitor Worldwide, the cost of construction in Dublin is forecasted to increase by a further 7% in 2019. Dublin is now one of the most expensive cities for construction in the world. The international Construction Market (ICM) survey placed Dublin in third place behind London and Zurich to build in Europe. Globally, Dublin is ranked the seventh most expensive place to build.²⁶ With the looming threat of Brexit, the Construction Industry Federation (CIF) noted that construction costs will increase in both (*deal or no-deal*) Brexit scenarios.

Builders have reported rising costs which increases prime costs. Some builders the author spoke to said that because the fines payable on large projects in cities if delivery is late or delayed are so high that they are willing to pay subcontractors above the odds to get jobs done fast and that these fees then radiate outward to other projects because contractors know higher payment is available elsewhere if they aren't offered it on non-city sites. Meanwhile the housing sector is at risk of a boom bust according to the OECD²⁷.

Another issue which is obvious is the difference between prime costs (labour and materials) and all costs which we will examine later, because paradoxically, construction costs in Ireland, while rising, are within reasonable distance of European median costs of construction.

Cost Effectiveness on Social Housing Delivery Mechanisms

The state plays an important role in helping individuals in need of housing support. Rebuilding Ireland places a particular emphasis on substantially increasing housing stock of social housing.

Spending on social housing has increased immensely over the last few years. A number of mechanisms such as construction and acquisition of social housing stock and leasing of units and provision of support in the private rental market has contributed to an increase in output. Cost analysis of six local authorities describes that relative cost effectiveness of delivery mechanisms varies depending on the location²⁸.

Ultimately, studies have strongly proven the need to carry out similar tasks throughout various local authority areas to achieve an increase in the supply of social housing. Relative costs of

²⁶ "Construction costs to rise further as Dublin one of the most expensive cities to build in the world." *Real Estate Monitor Worldwide*, 11 Apr. 2019. *General OneFile*, <http://link.galegroup.com.lp.hscl.ufl.edu/apps/doc/A581986205/ITOF?u=gain40375&sid=ITOF&xid=7ef748e6>.

²⁷ <https://www.oecd.org/eco/surveys/Ireland-2018-OECD-economic-survey-overview.pdf>

²⁸ *Spending Review 2018 from the Department of Public Expenditure and Reform*

deliverance of social housing should be considered in determining the support mechanisms required, specifically in the long run.

New dwellings have shown to increase dramatically. The Central Statistics Office determined that there has been an increase of 14,446²⁹ new dwellings in 2017. It appears that social housing development is increasing, but an extensive percentage of citizens have been determined to have a need for social housing but do not have social housing support. Specifically, 85,799 households were on the list for needing social housing support as of June, 2017.³⁰ In response, many government programs have been introduced to increase the development of social housing.

There is a difference between social housing development and provision, the latter can be via leases or other methods, but those that take away from existing supply chains can be problematic as it just makes housing shortages show up elsewhere rather than making them go away.

The Social Housing Strategy 2020, created a framework for the delivery of social housing. Net household demand for social housing units in June of 2017 was 85,799. This is a 5,803 decrease in demand since September 2016.³¹

Rebuilding Ireland was implemented to increase the supply of social housing stock and attempt to meet long-term flexible support to both Local Authorities and recipients of social housing. It can also be defined as an action plan to reduce homelessness and alleviate the burdens of the housing crisis³².

Delivery mechanisms that were studied by Rebuilding Ireland are construction, acquisition, leasing, Rental Accommodation Scheme (RAS) & Housing Assistance Payment (HAP).

Each mechanism explores different costs and revenues which occur at different times. Costs for acquisition and construction are high and must be paid upfront. Leasing, RAS and HAP payments are spread across a longer period of time which has the advantage of low upfront costs but without increasing the permanent social housing stock.

One fair criticism of permanent social housing is that it tends not to be dynamic in that it isn't regularly reprofiled, tenants don't change and there is little financial incentive for them to move

²⁹“New Dwelling Completions Q1 2018.” *Central Statistics Office*, 14 June 2018, www.cso.ie/en/releasesandpublications/ep/p-ndc/newdwellingcompletionsq12018/overview/.

³⁰ O’callaghan, Daniel, and Paul Kilkenny. *Spending Review 2018*. Department of Public Expenditure and Reform, July 2018, assets.gov.ie/7306/1c928b26874e4433b3d11c1172702528.pdf

³¹ These figures can be explained by additional families presenting and being deemed eligible for social housing but may receive immediate support through the Housing Assistance Payment (HAP). (Ibid).

³² Rebuilding Ireland involves five pillars: reduce homelessness, increase housing supply, build more homes, improve rental stock and utilise existing stock more efficiently. (Ibid).

because rents are far below prices in any other form of accommodation and they are based on the individual rather than the property. Why would you move from a three bed house to a one bed if they were the same price?

In that sense if the local authority buys a house or builds one it just creates massive present costs which they then fail to recoup in the future due to undercharged rents and a lack of reprofiling which simultaneously keeps outsiders on a housing list and insiders in an under-tenanted property.

Another critique offered in researching this paper was that perhaps Local Authorities shouldn't be allowed to buy homes in rent pressure zones (RPZ's) as this was competing against regular first time buyers.

The Spending Review 2018, prepared by the Department of Public Expenditure & Reform, comparatively assessed the costs of units delivered through different mechanisms. The study showed that the construction delivery mechanism costs are estimated to amount to all costs within a range from

*€175,000 to €195,000 for a 2 bed
€190,000 to €210,000 for a 3 bed.*

*And the acquisition delivery cost for
2 bed €140,000 to €200,000 and
3 bed €130,000 to €260,000. ³³.*

In July 2019, in reply to a parliamentary question from Labour's Breandan Howlin, the Minister for Housing Eoghan Murphy provided further clarity around the exact all-in cost of building new houses. His figures were based, he said, on the analysis of returned data from tendered social housing schemes over an extended period³⁴.

“ [The following] cost is reflective of building costs (including VAT) and also includes normal site works and site development. All-in cost includes cost of construction, land cost, professional fees, utility connections, site investigations/surveys, archaeology where appropriate, VAT and contribution to public art. Abnormal costs are excluded from these figures. ” - Eoghan Murphy TD, minister for housing.

1 bed	2 bed (1 storey)	2 bed (2 storey)	3 bed	4 bed
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³³ Ibid.

³⁴ <https://www.kildarestreet.com/wrans/?id=2019-07-10a.1070#g1072.r>

Construction	€155,818	€165,132	€174,206	€184,685	€199,491
All-in	€201,359	€212,624	€222,582	€234,571	€252,047

These cost tables don't appear to reflect known costs for apartment provision, or are at the lowest known figures. This is a concern given the shortage of apartments available and the fact that the Department of Environment policy requires density and apartment provision.

Over 50,000 social housing homes are targeted for delivery over the life of the (The Rebuilding Ireland Action) Plan, and an additional 88,000 households will have their housing needs met through Housing Assistance Payment (HAP) and the Rental Accommodation Scheme. Funding of €6 billion is being provided to support the delivery of Rebuilding Ireland's social housing ambition.

The results from the Spending Review 'Current and capital expenditure on social housing delivery mechanisms' (2018) analysis revealed cost delivery implementations such as HAP, RAS and leasing exceed estimated costs through construction and acquisition in areas where general prices in the housing market are greater. The analysis also demonstrates the results are sensitive to changing scenarios in regard to the housing market developments.

In studies done in the past the results have changed over time. A review by the Centre for Housing Research (2009) and a Housing Agency (2011) paper found that leasing, RAS, and HAP were cheaper than constructing homes because current expenditure was both faster and better value for money over the long term than capital expenditure programmes.

The spending review analysis found that in areas with higher costs that building was cheaper than leasing, RAS and HAP. The review critically didn't cover Dublin City Council or any City local authority. It also found that the worst value for money was housing delivered by Approved Housing Bodies and yet these are viewed as a core supplier of social and affordable housing.

Ultimately, the report signified that the main focus must be on the cost effectiveness of delivery for social housing. It is also important to remember that cost efficiency varies across local authorities. Varying costs must be monitored and addressed across the board in the construction of social housing. Furthermore, housing must be provided where it is needed. If local authorities manage social housing stock ineffectively, particular authorities could have an excess of social housing in areas with low demand.³⁵

We have seen in the past that local authorities don't reprofile buildings and this has lead to a

³⁵ Ibid.

situation where there are tens of thousands of empty bedrooms in social housing homes and in Dublin about 5,000 state owned homes where a single person is occupying a 2, 3 and even 4 bed home, simultaneously we see families of six and more who are occupying a one bed home owned by the state³⁶.

HAP is not Readily Available for Everyone

At the end of Quarter 1, 2019, there were 45,900 active tenancies in receipt of HAP support³⁷. Focus Ireland conducted a report examining the drivers of family homelessness in Dublin. It found that many lone parents, migrants, or members of traveling communities have a higher chance of being evicted from private rental properties. This is causing homelessness in these groups.³⁸ Many have a long history in the same apartment and should not be made homeless due to the rising property prices and a shortage of availability.

One important aspect of the HAP scheme is when any household transfers from renting supplements to HAP, the household is immediately taken off the social housing wait list. In some corners this is seen as statistical manipulation because the tenancy is not permanent, but that can be balanced by the obvious reality that if a person having a non-permanent lease makes them homeless that the private rented sector, almost in its entirety is in effect homeless.

Upon receipt of HAP a persons housing need is automatically determined as being met. The HAP tenants are defined as housed by the local authorities but the local authorities have no responsibility of finding these households alternative housing if their HAP tenancy ends which is a very real problem where it occurs.

This could further contribute to a displacement of families and increased homelessness due to *mislabelling* households. Ultimately, HAP is not a long term guarantee of secured housing. The unstable nature of the HAP scheme means it is only a short term program, and may ultimately contribute to returning families back into homelessness, this risk has to be balanced against the likelihood the person will return to work and not need social supports one day.

Focus Ireland surveyed 237 families in a study, they found that 75 percent of them were looking for HAP properties. In addition, two-thirds of the families searching for HAP properties visited more than twenty properties. Of the 170 participants in the study that were actively looking for

³⁶ Research carried out by Brendand Burgess and Karl Deeter 2018.

³⁷ Minister Eoghan Murphy. Written answer to Brendan Howlin TD, 10 / 07 / 2019

<https://www.kildarestreet.com/wrans/?id=2019-07-10a.1070&s=Housing+assistance+payment>

³⁸ Rebuilding Ireland, and Department of Housing, Planning & Local Government. "Review of Delivery Costs and Viability for Affordable Residential Developments: Developed by the Department of Housing, Planning and Local Government." Apr. 2018.

HAP accommodations, only 13 (5%) are currently living in HAP accommodations.³⁹ Based on this study and the rising house prices and homelessness rates, HAP needs to be more readily available for those who need a safety net for the time being, as well as revising to allow for greater stable housing.

The following table sets out the number of active HAP tenancies by local authority area at end 2017, end 2018 and end Quarter 1 2019:

Local Authority	Active HAP Tenancies 2017	Active HAP Tenancies 2018	Active HAP Tenancies Q1 2019
Carlow County Council	581	706	707
Cavan County Council	131	275	301
Clare County Council	1193	1335	1332
Cork City Council	1625	2063	2167
Cork County Council	2647	3339	3427
Donegal County Council	1627	1729	1727
Dublin City Council	1027	2219	2594
Dun Laoghaire Rathdown County Council	165	388	437
Fingal County Council	488	1286	1436
Galway City Council	919	1351	1465
Galway County Council	728	981	1052

³⁹ Ibid.

Kerry County Council	427	898	1002
Kildare County Council	1436	1892	2042
Kilkenny County Council	836	869	866
Laois County Council	316	657	715
Leitrim County Council	95	208	223
Limerick City & County Council	1948	2175	2219
Longford County Council	128	291	297
Louth County Council	1969	2643	2786
Mayo County Council	817	1120	1158
Meath County Council	1220	1740	1804
Monaghan County Council	437	530	555
Offaly County Council	684	845	862
Roscommon County Council	171	354	370
Sligo County Council	467	648	677
South Dublin County Council	2180	2605	2657
Tipperary County Council	1633	1767	1772
Waterford City & County Council	1605	1833	1826
Westmeath County Council	366	656	716
Wexford County Council	536	1020	1131
Wicklow County Council	424	908	1036
Dublin Regional Homeless Executive	2402	4112	4556
Totals	31228	43443	45915

Input Costs

Total delivery costs:

16% - site purchases

43% - brick-and-mortar construction costs

41% - soft costs

Site purchase costs make up a considerable price in development appraisals which are amplified by taxes and levies that apply. The site cost is generally calculated by taking the residual value that is left or when all development and finance costs are subtracted from the net sales value. The cost of property is heavily stemmed from the competitive market for well located zoned and serviced land.

The cost of sites vary greatly depending upon location and planned method development. The more expensive the investment land becomes the greater issue site costs will pose to residential developments. Expected return on sales is heavily driven by location of land.

Cost of sites may decrease as overall sale price decreases due to viability and location, but brick and mortar development costs generally do not. The only costs of building that can be minimized are the internal finishes, fittings and equipment. A 5% reduction in traditional brick and mortar construction costs leads to considerable savings. However, brick and mortar cost reduction is very difficult to achieve without significant planning and or design changes, estimates that over 40% of a new build price are made up of taxes points towards where the true savings could occur, which is in fiscal policy.

There remains a shortage of skill in construction trade and this has an impact on wage inflation⁴⁰. Other factors of construction delivery that impact cost include time delays, design, planning, and methods of delivery.

Soft costs include professional fees, development contributions, VAT, taxes, and the cost of financing. Delays in the appointment of professional or technical expertise can have an impact on the viability and cost of developments. On state directed projects, costs and delays associated with public procurement are seen as particularly problematic.

Development contributions, a de facto double taxation since we now have LPT as well, are considered an essential source of infrastructure funding. The industry favors VAT reduction, but the government argues that a reduction in VAT would only increase the price of land and

⁴⁰Review of Delivery Costs and Viability for Affordable Residential Developments: developed by the Department of Housing, Planning and Local Government.

represent no saving to the end buyer⁴¹, taxes by their nature increase those same prices because they must be absorbed somewhere, often it shows up in land prices.

Identifying each cost component will allow discussions to be generated in order to decide which costs of the delivery process can be minimized in today's climate. The following costs of construction of a housing unit are defined below:

1. Land/Site Purchase - majority of overall costs
2. Construction - can be limited buy reducing design requirements
3. Margin/Risk
4. VAT on sales - Included in sales price of any new home
5. Finance - Equity, mezzanine, senior bank debt
6. Professional Fees
7. Contingency
8. Contributions
9. Selling Costs
10. Parking – would require tenants to not have parking of their own
11. Development contributions – paid by developers for local services

Comparing Construction Costs to other European Countries

A study⁴² conducted by the housing agency compared the cost of residential construction in Ireland to other countries. The base construction costs are the costs of constructing residential properties from the ground floor up to the roof. The construction costs excluded roads, drainage and substructures. The analysis measured the total costs related to physical process of constructing the building, known as *capital construction* costs.

Costs associated with site acquisition, professional design fees, local authority levies, finance costs and risk margins, sales, marketing and legal costs, VAT, demolition and site preparation are *not included* in determining the capital cost of construction. This achieves what is known as 'prime cost' in accounting, it is the sum of inputs that solely relate to the manufacture of the thing being built in terms of materials and labour.

The study used construction costs of residential areas from UK, France, Germany and the Netherlands. These countries are comparable due to the similar climate and economic conditions. Construction costs are also comparable to Ireland's construction costs. However, it is challenging to measure a true comparison of construction costs between countries.

⁴¹ Ibid.

⁴² Housing Agency. Comparison of Residential Construction Costs in Ireland to other European Countries. 03/2018

The study used the Committee of European Economic Co-operation (CEEC) office cost model to analyze each country's cost comparison data. The CEEC system for comparing construction costs is referred to as the Code of Measurement, which standardized a cost measurement system.

The results revealed that the percentage price deviation across the five nations in 2017 was relatively narrow. The highest construction costs was found in the UK, which was 9.7% higher than the least costly of the five, the Netherlands.⁴³

Irish construction costs were in the mid point, below french and UK costs but above Germany and the Netherlands. Trends revealed in the report show that the Irish tender rates have been increasing at a greater rate than any other country studied.

The study identified that Irish residential construction costs are comparable with costs from Germany, France and the UK. The residential costs of construction in the Netherlands are significantly lower than in Ireland. Furthermore, the data proved significant regional differences within countries.⁴⁴

This is the conundrum, if our prices for construction are so normal why are our house prices so ridiculously high? The answer is that it's 'everything else', mainly land and taxation.

Meeting Demands

The demographic demand for housing is rooted in population and age structure. In order to provide sustainable and accommodating housing, changing demographics must be understood.

Demand for housing will be much greater in areas where young adults are still living at home and want to leave home and form new households, intuitively this means cities, but it also includes cities to the extent that some people may leave rural areas to go live in cities where employment prospects are better.

Ageing populations could lead to an increased demand for smaller homes with improved accessibility and convenience features.

Irish planning and existing housing poses a challenge for new development. 46% of the Irish population lived in towns and cities with a population of more than 1,500. As of 2018, 63% of 4.8 million people live in urban areas.⁴⁵ Residential planning in the past was designed for a time when space was not an issue, thus the practice of building one-off houses was facilitated along

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ COMMENT A PLANNING SYSTEM RIPE FOR MODERNISATION; A revamp of rules and the way plans are processed could ease the housing crisis, says the new president of the Society of Chartered Surveyors Ireland

with spread out low density housing estates. This practice has caused Dublin to become one of the lowest population-dense cities in the world.

United Nations has Taken Notice

The Irish government received a letter in March from a UN rapporteur, Leilani Farha, stating that housing in Ireland is becoming unaffordable. One of the allegations that the letter made was, “house prices are now approaching levels last seen at the height of the property bubble.”⁴⁶ The Irish government responded to this statement by saying that average households only spend one-fifth of their income on housing costs but acknowledged some prominent issues that need to be improved.

A couple of problems stated in this letter relate to land hoarding and equity landlords. First, land hoarding occurs when investors purposefully *sit* on a property to increase demand and lower supply in the area before they sell/rent it on. This comes at a cost to people who are struggling to keep up with the increasing prices. Another issue highlighted is that landlords, “have openly discussed policies of introducing the highest rents possible in order to increase returns for shareholders.” The letter specifically cited I-RES REIT for this issue because they are Ireland’s largest private landlord.

The Irish government spent approximately three months before sending their 16-page response to the UN. The housing market is a sensitive subject in Ireland, and they wanted to make sure that a thorough and factual response was put in place. Government initiatives included in their response were help-to-buy scheme, vacant levy tax, and rent pressure zones. However, critics were quick to point out that the government made no mention of the record homeless numbers in Ireland and suggested no solution for the 10,378 people and rising⁴⁷.

The UN addressed the rental market in Dublin by saying, “in Dublin a person with an average salary renting the average property now has to allocate 86.3% of their income on rent⁴⁸” and there is a “constant escalation of housing costs for tenants.”⁴⁹ The Irish government contributed to this problem to the growing economy which is causing a strong demographic growth and driving up the rental market prices. The Irish government indicated that they have introduced rent pressure zones, which only allow for rental properties in that area to increase price by four percent annually among other restrictions.⁵⁰

⁴⁶ Murray, Sean. “The Average Cost of Renting a Property in Dublin Is Now over €2,000.” *TheJournal.ie*, 12 May 2019, 10:41, www.thejournal.ie/daft-rent-report-4630834-May2019/.

⁴⁷ Ibid.

⁴⁸ We assume this to be after tax income.

⁴⁹ Reddan, Fiona. “Dubliners Spend 55% of Take-Home Pay on Rent.” *The Irish Times*, 24 Oct. 2017, www.irishtimes.com/business/personal-finance/dubliners-spend-55-of-take-home-pay-on-rent-1.3267093.

⁵⁰ Ibid.

That rents have risen beyond the allowed rates consistently since their introduction is evidence in part that they have failed to achieve what was promised, this is matched by regular headlines stating that landlords are leaving the market, meanwhile the numbers renting grow.

These are contradictory unless explained by the fact that the landlords leaving are the smaller landlords and that the private rented sector is instead becoming more concentrated in the hands of commercial landlords, which in turn gives rise to the complaints that these parties are seeking the highest rents available as already stated.

Rents themselves vary in reporting between the Residential Tenancies Board (RTB) and the CSO. The RTB report new rents and re-registrations, this means headline rents give the figures that arise in the index but only a small segment of the market is paying headline rates.

In the same way that a house in an area that sells creates the 'price' for a house of that type in that area doesn't imply that every person in that area has sold, will sell or has anything at all that makes their situation the same as the active seller.

Rules around new homes/revamped homes also took them out of the RPZ rules and this meant that in re-leasing these properties the rent could increase by 10% if that was the maximum market rent possible, while older properties were constrained by the 4% rule. Again, this is a headline rent issue.

A minority of properties where rules didn't apply (because until recently the RPZ rules didn't affect new builds on initial letting or re-letting) allowed a view to expand which was that 'landlords were breaking the rules', when in fact, it was most likely specific landlords who owned properties where the rules didn't apply that were pushing up prices which they were legally entitled to do.

Keeping them out of the rules was originally seen as a way to avoid discouraging new build, that this loophole was closed has started to show up in the statistics.

Part 2: Affordability

Assessing Current Affordability

Affordability can be defined as the *ability of a household to cover housing costs and non housing costs from income*. Furthermore, affordability is the ability to have some standard of housing at a specific price which does not impose extensive burdens on household incomes.⁵¹ Affordability also relates to current mortgage terms and regulations. Quantifying the affordability of housing for a whole nation poses a challenge for researchers and is subjective to criteria established for defining affordability.

Across Western Europe, the financialization of housing markets are changing inequalities in housing outcomes. Housing outcomes according to the housing society theory are defined in terms of “*access to decent and affordable housing*”. As previously mentioned, affordability corresponds to the cost of housing in terms of disposable income while housing conditions refer to quality and quantity.

According to The Economic and Social Review, in 2016 trends in housing payments across households depict that on average, households pay 20% of their income on housing costs⁵². This figure only includes payment of rent or mortgages, and it does not include costs such as insurance or utilities. Economic downturn and moral considerations urged the government to move housing provisions into public policy. This is known as *de-commodifying* housing. Recently, trends have shown that increasing economic inequality can influence housing dynamics, and affect access to housing for different income groups.

Monetary policies following the economic crisis focused on keeping the housing markets and the economy going. Homeowners with trackers (and some with variable) interest rate loans have been shielded from economic downturn to improve their income to housing cost ratio. Trends towards greater financialization of the housing market will negatively affect the position of low income private renters in comparison to owners due to these monetary policies.

Trends across Irish households determined that the median percentage of income spent on housing was 17%. There has been a slight increasing trend in the average housing payment ratio. The rent to income ratio average peaking at 22% between 2011 and 2014.⁵³

Affordability in the private rental sector can be best analyzed through a cost to income ratio. For the bottom quartile for income earners the average cost to income ratio was slightly over 40% in 2016. This percentage can qualify as unaffordable housing. The general rule when determining affordability is 30% of the cost of housing to income ratio and higher can be classified as unaffordable. However, housing markets are very localised so various areas of Ireland have

⁵¹ Corrigan, Eoin, et al. “Exploring Affordability in the Irish Housing Market.” *Economic & Social Review*, vol. 50, no. 1, Spring 2019, p. 119. *EBSCOhost*,

⁵² Ibid.

⁵³ Corrigan, Eoin, et al. “Exploring Affordability in the Irish Housing Market.” *Economic & Social Review*, vol. 50, no. 1, Spring 2019, p. 119. *EBSCOhost*,

different housing payment to income ratios. The highest ratios were in the private rental sector of the greater Dublin area.⁵⁴

The analysis indicated that private renters living in Dublin and the surrounding area that are low income households pay a much larger segment of their income on housing payments than other sectors of the population. On average, the bottom 25% of income earners spend around 40-50 % of their income on housing costs.

The review of Exploring affordability in the Irish Housing Market revealed that three council-owned sites have been offered to developers under the condition that affordable homes are built in its place. Dublin City Council who offered up the sites are attempting to tackle the rising prices in Dublin and offer reasonable priced houses, apartments, and duplexes at three different sites. Over 370 homes will be built starting at €116,000 aimed at attracting low and middle-income buyers.⁵⁵

Average house prices in Dublin have grown over 4% in the first couple of months this year outperforming the national average by over 1%. Dublin's current average home price is €383,000 and many people are having trouble affording homes in the city. Dublin City Council aims to start prices at €267,000 less than the current average which will allow for more diversity within Dublin's housing market makeup.⁵⁶

It is worth noting that average home prices are ten times the average wage (and 8.5 times the average full time wage), if affordable is defined as starting at €267,000 that's seven times the average wage, and six times the average full time wage.

The least expensive of the new homes being built are at two Ballymun sites. One Ballymun site will be located on Sillogue Road near Main Street. The other site will be listed on Balbutcher Lane. Options will include a one-bedroom apartment, two-bedroom duplex and house, three-bedroom duplex and house, and a four-bedroom house. The range of all the styles of places mentioned spans from €116,000 to €232,000. The four-bedroom homes offer a price tag less than the average home price in Dublin.

Prices will be slightly higher at the Ballyfermot site located south of Cherry Orchard Hospital. The range of homes at this location will span from €136,000 to €236,000 with the largest offering at this location being a three-bedroom house.

As housing costs continue to rise, workers are hindered from benefiting from increases in wages. Wages have increased in 2019 due to the booming economy and Ireland reaching nearly full employment. However, the rate of increase in wages is not in line with the increase in the cost of housing. In fact, the cost of housing is increasing at *twice* the rate of average earnings throughout the country. Average rent has increased by 8% in 2018 while the average wage increased by just over 3%. Thus, actions to increase living wages are occurring in Dublin.⁵⁷ Due to base effects it is

⁵⁴ Ibid.

⁵⁵ Ibid.

⁵⁶ Ibid.

⁵⁷ Ibid.

entirely possible that all of a person's 3% wage increase could be subsumed by an 8% rental cost increase. This makes real effects of what should be rising prosperity negated in situations where this occurs.

Increase in Housing Supply

According to the Goodbody “Irish Economy Report”⁵⁸, there were an estimated 18,816 additional housing units completed in 2018. The number of units supplied in 2018 was estimated to be around 30% higher than units supplied in 2017. This report also forecasts the units supplied in 2019 amounting to an additional 22,044 dwellings, which is a 17% increase in supply from the previous year. The forecast predicts an additional 25,000 housing units added in 2020. The housing sector is faced with a slowing rate of increase in supply. The percent increase of estimated units from 2019 to 2020 is expected to be 13%. These estimations depict a slowing growth of housing development.

The increase in supply of housing units has contributed to the decreased rate of price inflation. Across the estimated figures of 2015 to 2020, price inflation is supposed to reduce by 1.8%. According to the Goodbody’s economic health report for the first quarter of 2019, the percent of price inflation peaked in 2017 equating to a price inflation of 12.1%. Although the rate of price inflation is decreasing, the median price of homes remain on the increase.⁵⁹

The expected increase in the price of housing presents a growing issue of affordability. Wage inflation is anticipated to be 3.3% in 2020. The inflation of housing prices is estimated to be 5.3%. The increase of wages can not keep up with the increase in housing prices, causing most housing for the average person to become less affordable as time passes.⁶⁰

Affordability for Rental Properties

A recent Simon Communities Study has found that over 90% of homes available for rent within Ireland are not affordable for people with state housing benefits. The study indicates that the government needs to monitor and strictly enforce rent pressure zones, including the 19 recently added zones.⁶¹

The most recent publication of the Locked Out of the Market report found that approximately 8% of properties available on the market to rent were within the housing assistance payment

⁵⁸ O’Leary, Dermot, and Alexander Wilson. “Irish Economy Q1 2019 Health Check.” *Goodbody*, 4 Feb. 2019, static.rasset.ie/documents/news/2019/02/goodbody.pdf

⁵⁹ Ibid.

⁶⁰ Ibid.

⁶¹ Halpin, Hayley. “Only 8% of Rental Properties Are Available within Rent Support Limits in Ireland.” *TheJournal.ie*, 2 July 2019, www.thejournal.ie/hap-rent-simon-communities-study-4706097-Jul2019/.

limits.⁶² That percentage is drastically smaller compared to the percentage of the population that is using housing assistant payments.

Only one property was found available to rent within the Rent Supplement or HAP limits across all of the study areas for a single person. Additionally, only two units were available within Rent Supplement and HAP limits over all areas for couples over the course of the study. Spokesperson for Simon, Wayne Stanley, said, “It is alarming that in some of the country’s most populated urban centers, there is absolutely nowhere for people looking to rent on HAP to live, particularly for singles. “Single people and families looking for one and two-bedroom homes are facing a huge challenge in many parts of the country. Availability, of tenure type needs to be addressed urgently.”⁶³

It would seem obvious that an economically non-viable apartment building market feeds into the issue of housing single people in a pointed manner, this is precisely the stock that would have traditionally housed them along with flats.

In August 2019, The country's largest property website, daft.ie was ordered by the Workplace Relations Commission to block any discriminatory advertising from appearing on its website. The Commission made the ruling after finding that rental adverts on daft.ie breached the Equal Status Act on the grounds of family status, age and on the rent allowance grounds. Specifically, the ruling referred to terms directed towards prospective tenants, such as "rent allowance not accepted"; "suit family or professionals only"; "would suit young professionals" and "references required". The case was brought by the Irish Human Rights and Equality Commission.⁶⁴

Affordability Analysis by County

According to the Irish independent, homes are becoming so expensive that first time buyers cannot afford to purchase a home in half of the counties in Ireland.⁶⁵ Not only are the housing prices too high to quantify as *affordable*, mortgage rules and requirements make buying a house impossible for first time buyers. A buyer on average wage also does not quantify to high enough earnings to qualify for a mortgage, or at least, not one that will buy a house at current prices.

The lack of affordable homes in counties Dublin and Cork has always been an issue, but these trends in the housing market are causing widespread *housing unaffordability* throughout the state. Recently, a survey conducted by the EY-DKM economic advisory determined Co Roscommon, Co Clare and Co Offlay have been defined as additional counties that are now too expensive for buyers. The majority of the country is now covered by Rent Pressure Zones which is also symptomatic of affordability issues on the rental side.

The counties of Wicklow, Kildare, and Meath have been defined as the most unaffordable in terms of saving for a deposit. These counties take an average of 15+ years to obtain the 10-

⁶² Ibid.

⁶³ Ibid.

⁶⁴ <https://www.rte.ie/news/business/2019/0820/1069929-daft/>

⁶⁵ Weston, Charlie. “First-Time Buyers: Homes Now 'Unaffordable' in Half of Counties in the Country.” *Independent.ie*, 25 June 2019,

percent deposit needed by a first time buyer to qualify for a mortgage under the Central Bank mortgage regulations. Furthermore, a buyer would need a mortgage of 5 times their annual income to afford a home in the counties listed above. This far exceeds the highest amount any individual may borrow based on current Central Bank mortgage regulations.⁶⁶

Co Roscommon has recently become unaffordable, and on average it would take a first time buyer 10.4 years of saving to accumulate the 10% deposit needed to qualify for a mortgage. According to the EY-DKM analysis, Co Roscommon has been defined as unaffordable because of low levels of income in the county, combined with high rents, although housing prices are relatively low.

Analysis of first time buyers in Co Dublin determined that savings for 4.3 years are needed for a mortgage deposit. The analysis of Dublin depicts higher incomes on average, although the prices of properties are much higher than the rest of the country.

The most affordable county was defined as Co Letrim, with an average borrower having to save for just over one year. The top five most expensive locations have been defined in order as Co Wicklow, Co Kildare, Co Meath, Co Dublin and Co Galway. Affordability was analyzed on the basis of the ability of buyers to afford the mortgage and the length of time needed to save for a deposit.

Counties that are also considered unaffordable are Co Clare, Co Offlay, Co Louth, Co Cork, Co Mayo, Co Carlow and Co Westmeath. The effect of increasing numbers of counties with unaffordable housing is that potential buyers are unable to purchase a home, and thus being pushed out into rural areas where properties are more affordable.⁶⁷

Affordability of New Apartments at Current Prices

Current regulations for first time buyers must be examined in determining affordability of housing. The lower ranging average sales price of a 2 bedroom apartment in Dublin is €361,000.

Under current lending rules, where first time buyers are required to deposit 10% of the value of the property, a couple saving to buy property for the first time would need combined salaries of €87,000 - €129,000. According to the Central Statistics Office, a couple both earning the national average salary will earn €90,000 annually, combined. In this instance, the deposit required by a first time buyer amounts to around €36,100. Thus, the mortgage required for an average two bedroom is €324,900. However, the maximum mortgage available to this couple equates to around €315,000, a shortfall of approximately €9,000. Therefore, average priced housing is already out of the reach of most average earners.

⁶⁶ Ibid.

⁶⁷ Ibid.

When it comes to one bed apartments many lenders want deposits of 25% in non-urban areas, an uncontrollable factor that works against single people.

Banks are also reluctant to use up lending exceptions for small sums and this could mean that being very close to the mortgage amount required is actually worse than being further away from it when the loan to income isn't at the level required.

Land Prices and the Effects on Development

The current majority of demand for housing is in social and affordable housing. However, supply has been slow in arriving. The high cost of land is making developers unable to supply homes at a price most people can afford to pay. According to developers the O'Flynn Group, land prices *specifically* need to be reduced by 25% to 35% to meet Ireland's real demand for housing.

The O'Flynn Group is currently working on 1,600 new housing units across 11 sites in Dublin and Cork. Chief executive, Michael O'Flynn stated that Ireland's residential construction activity may be nearing a plateau. He cites mortgage lending limits and skill shortages in construction as major factors. Regulation is another limiting factor in supplying homes.

According to O'Flynn, the real demand for housing is twice the amount developers are able to deliver. He continues to advise that if artificial restrictions are not reduced or removed, and the immediate demand for affordable housing is not met, the housing crisis will only continue. Lastly, he noted that more households will be forced into the rental sector without the hope of saving if the trends previously described continue.

O'Flynn was prompted to speak out after economists suggested that Ireland's top developers may be scaling back plans, even though supply is now close to meeting demand. This viewpoint is supported through a prominent slowdown in growth in property prices, decrease in planning permissions and declining rate of hiring construction workers.⁶⁸

Nearly Zero Energy Buildings (NZEB) 2020

By the end of 2020, all newly constructed buildings will have to consume 'nearly zero' energy and the energy will have to be 'to a very large extent' from renewable sources. As for new buildings occupied and owned by public authorities, this requirement must be met from the beginning of 2019 onwards. The Member States '*shall draw up national plans for increasing the number of NZEB*'. These plans may include targets differentiated according to the category of building' and will also include information on national policies, measures and targets on NZEB.

⁶⁸ Pogatchnik, Shawn. "High Cost of Land Keeps Developers from Meeting 'Real Demand' for Homes." *Independent.ie*, Independent.ie, 9 July 2019..

In response to the recent legislation calling for all buildings to be *nearly zero energy*, architects and contractors are going to have to become more creative. The Indian Institute of Technology created a new building material using Gypsum. It uses a glass fibre panel that is a low cost solution and made using gypsum waste from fertilizer plants. There is an abundant amount of Gypsum being mined currently in Co Monaghan.

This process uses limited amounts of concrete and steel, while the use of bricks are not necessary. Glass Fibre Reinforced Gypsum (GFRG) has been named a green material by the standards set forth by the United Nations Framework on Climate Change. There is always an adoption period and early adopter premium, so despite innovation it may take time for people to consider homes that are built using different methods. We saw this for years with timber framing, while interior timber frame inner walls are now commonplace, we have yet to see entire timber homes in significant numbers.

The key to achieving NZEB in Ireland, which has a temperate oceanic climate, is to have a high thermal and air tightness performance of the building envelope. A building design strategy that focuses on the development of a building envelope with high thermal and air tightness properties was shown in Goggins review of Energy and Buildings to be more sustainably effective than a strategy that focused on the use of renewable resources generated onsite. The use of high thermal and air tightness performance was shown to outperform the use of on site generated renewable resources across all aspects of the life cycle analysis *except* global warming potential (GWP). GWP is a measure of how much heat a greenhouse gas traps in the atmosphere - *Europe's buildings under the microscope [BPIE]*. Again, this approach to building may come with adoption resistance from different sources such as developers, buyers and architects.

Promoting Sustainable Energy

Energy efficiency of new homes has improved drastically due to the introduction of the Building Energy Rating Certificate (BER) and improving building regulations. There are many challenges in improving sustainability and energy efficiency of existing housing stock, much of which requires significant upgrade work. According to Engineer's Ireland, the housing sector represents 25% of energy use in Ireland. Furthermore, the housing sector is the second greatest contributor to Ireland's greenhouse gas emissions. Most energy is expended on space / water heating followed by cooking.

The Irish Green Building Council (IGBC) worked in cooperation with the department of communications, Climate Action and Environment to build Ireland's new national renovation strategy. The Energy performance of Buildings Directive (EPBD) made the recommendations to draft national energy renovation strategies to transform building stock into an efficient and decarbonized building stock by 2050.

To achieve greater energy efficiency, immense investment from the government and homeowners is required. Policies must also be conscious of the impact on the 400,000 households that are defined as suffering from *fuel poverty*. Ultimately, promoting sustainability

must balance the need to achieve a higher standard of energy efficiency while considering those who are *fuel impoverished*.

Building regulations should also be reinforced. The Building Control Amendment Regulations of 2015 allows an owner constructing a new one-off dwelling or extension to opt out of certification requirements of the Building Control Regulations 2014. The owner is declaring that they understand the requirements according to the building regulations, it's uncertain how they can do this.

In any case, many local authorities do not have the resources to inspect all building projects. Thus the resources available to these authorities should be increased to ensure adequate inspections, balancing that would be increased scrutiny of the local authorities themselves where some form of sanction for underperformance in these areas would apply.

Hollowed out local authorities have lead to unexpected outcomes, for instance building levies in the North can be one tenth of the cost in the Republic and in the North you typically get ten inspections included⁶⁹.

Developing sustainable housing means developing units that are adaptable to accommodate various needs of the changing population. Ireland should also be heavily involved in the development of *Smart Readiness Indicators for Buildings*. These indicators will rate how easily a building can be adapted to suit the changing needs of its occupants. Developing a smart readiness indicator will help Ireland develop and promote smart and sustainable homes.⁷⁰

Foreign Investors Driving up Property Prices:

Ireland is known throughout the world as having a very low corporate tax rate, which draws in many multinational companies. In addition, foreign property investment funds are also paying very low taxes on large profits by using perfectly legal structures. Some such as the 'double Irish' are discontinued, others such as Section 110 companies have been reshaped and defined. Many believe this is hurting the average taxpayer and are calling for an increase in taxes on foreign investors.

It is regularly noted that while the government struggles to provide affordable housing, foreign investors are buying large chunks of land and holding onto it, then with little or minimal improvement selling it on at premium rates, and paying reduced taxes in the bargain.

⁶⁹ https://www.planningni.gov.uk/index/advice/fees_forms/planning-fees-explanatory-notes-for-applicants-june2019.pdf

⁷⁰ Spillane, Caroline. "The State of Ireland: A Review of Housing and Infrastructure in Ireland." *Engineers Ireland*, June 2019, engineersireland.ie/EngineersIreland/media/docs/State-of-Ireland-2019.pdf.

Pearse Doherty, Sinn Fein finance spokesperson, concerned with these practices, began raising the issue publicly when he learned that only €13 million was collected on taxed profits out of the hundreds of millions that these companies earn from their investments. He claims that many companies take advantage of tax loopholes, including one which allows them to avoid corporation tax on rental income, and tax on gains, if they cash in on their assets after three years.

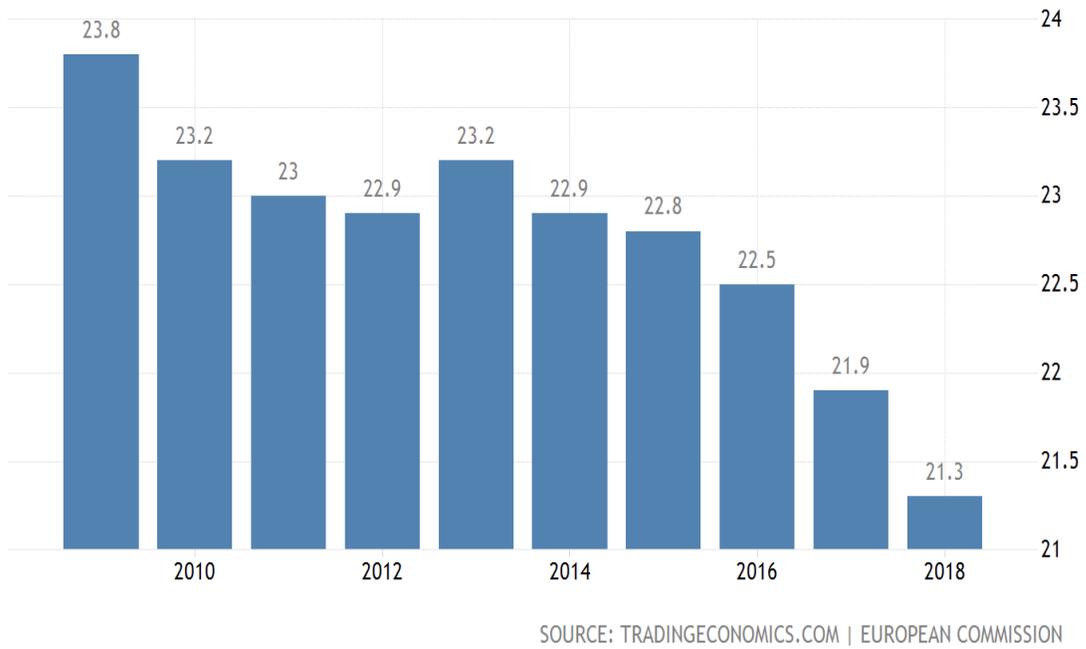
Doherty commented, *“In the midst of a severe housing shortage and at a time of historically high rents, it is simply inexcusable that the government continues to offer such lucrative tax incentives to property investors who drive up prices and squeeze families out of the rental market.”*⁷¹ Increasing the tax by a couple of percent would provide the government more money to deal with the rise of homelessness and other social factors.

The government has since agreed to review the tax policy and decide if a change to the bill is needed. The margins for the foreign investors would still be profitable and this may slow down the number of investors but would increase taxes collected by the government.

Corporate Tax Rate vs. Income Tax Rate

Average EU Corporate Tax Rate (2009 - 2018)

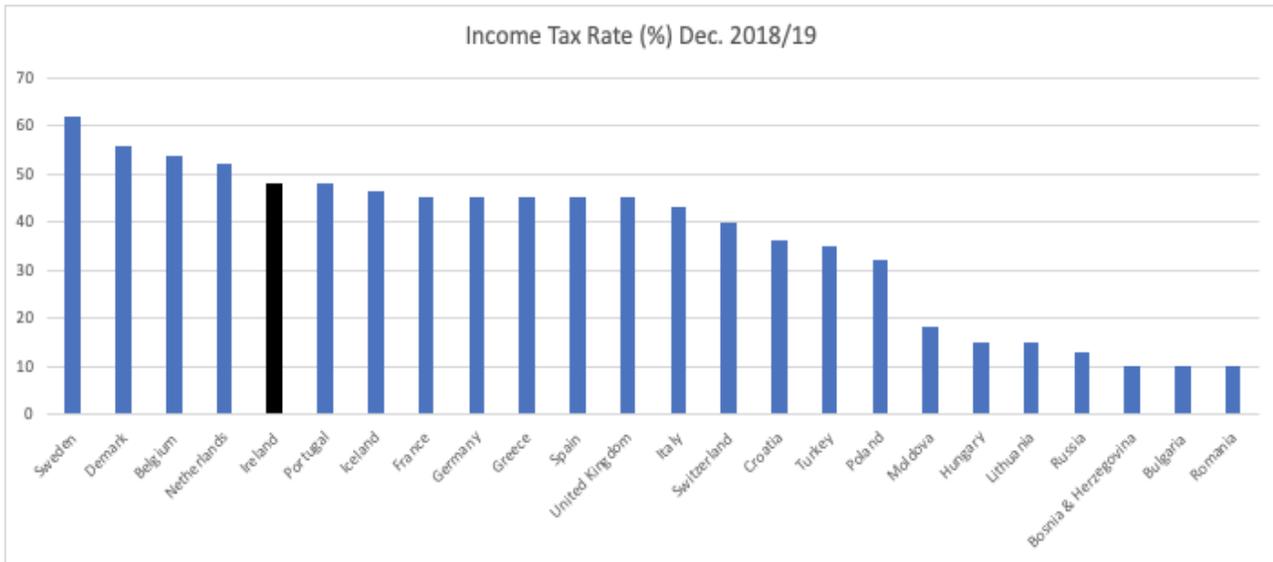
⁷¹ Blaney, Fergal. “Foreign Property Investment Funds Are Only Paying Tiny Amounts of Tax in Ireland.” *Irishmirror*, 24 June 2019, www.irishmirror.ie/news/irish-news/foreign-property-investment-funds-only-17158278.



This graph shows a decreasing trend of the corporate tax rate in the European Union.

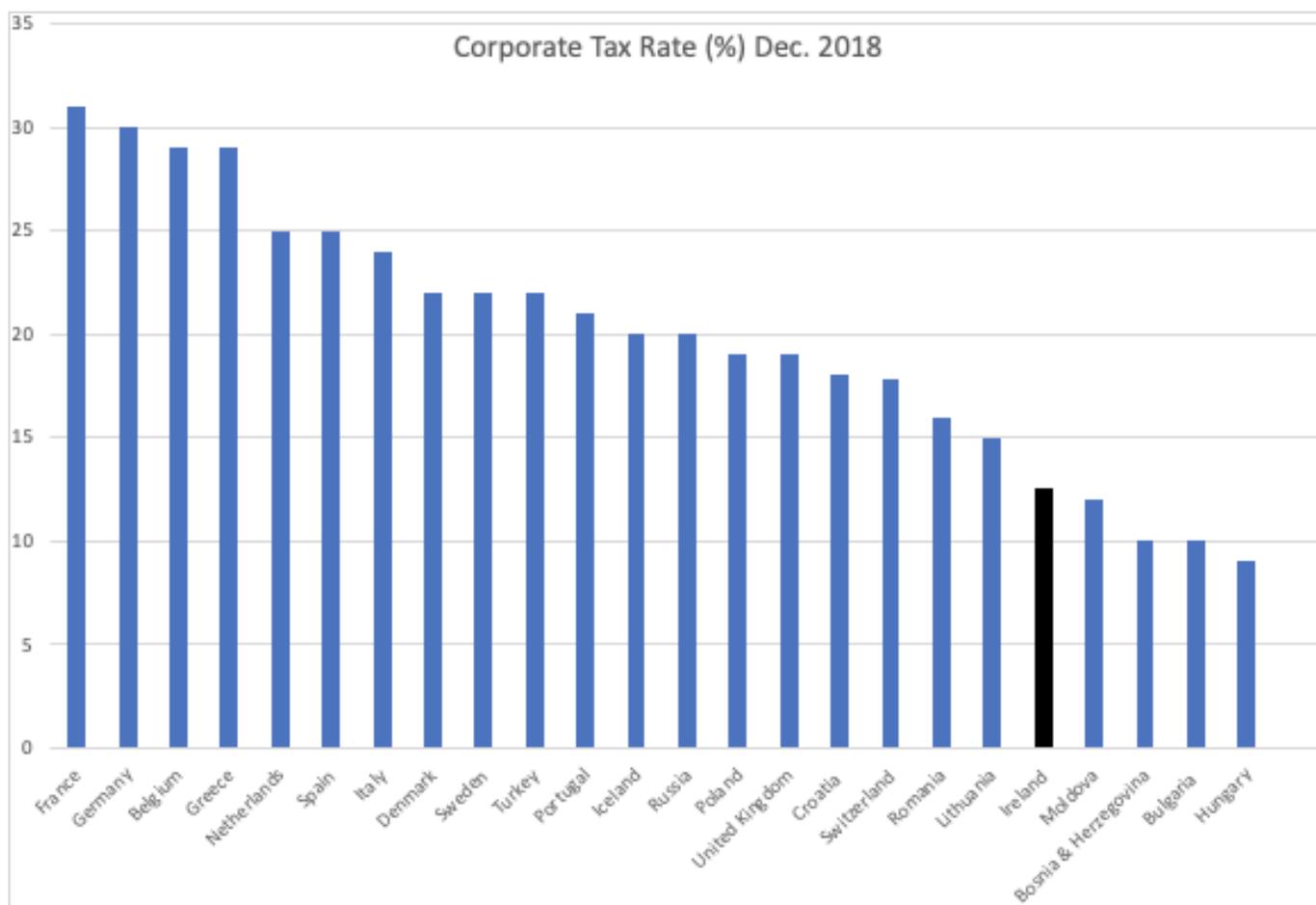
Income Tax Rate of 24 European Countries ⁷²

⁷² “European Union Corporate Tax Rate.” *European Union Corporate Tax Rate / 2019 / Data / Chart / Calendar*, tradingeconomics.com/european-union/corporate-tax-rate.



Corporate Tax Rate of 24 European Countries ⁷³

⁷³ “List of Countries by Personal Income Tax Rate: Europe.” *List of Countries by Personal Income Tax Rate / Europe*, tradingeconomics.com/country-list/personal-income-tax-rate?continent=europe.



Ireland's Corporate Tax Rate Possible Returns ⁷⁴

⁷⁴ Maguire, Adam. "Tax Take Almost €1.4bn Ahead of Target in 2018." *RTE.ie*, RTÉ, 3 Jan. 2019, www.rte.ie/news/business/2019/0103/1020184-exchequer-tax-2018/.

Corporate Tax Earned 2018 (Euros)	Corporate Tax Rate (%)
10.4 Billion	12.50%
10.92 Billion	13%
11.34 Billion	13.50%

*Increasing the Corporate Tax Rate by 1% would have yielded an additional €940 million in 2018.

*Increasing the Corporate Tax Rate by 1/2% would have yielded an additional €520 million in 2018.

Ireland has widely contrasting tax rates with regard to corporations and citizens. We have the 5th lowest corporate tax rate out of the 24 European countries listed above. However, our income tax rate is the 5th highest. Adding half a percent to the corporate tax rate could provide the government with enough funding to at least make a dent in the housing crisis as well as provide more relief for the increasing number of homeless. This 0.5% increase would yield an additional €520 million in corporate taxes from multinational companies that profit hundreds of millions of dollars each. Other countries which have low corporate tax rates like Dublin are not nearly as attractive to foreign multinationals, so the argument that they would leave us to go elsewhere on a taxation only basis does not withstand scrutiny.

Besides, solving the current housing crisis and providing more affordable options in the city will benefit these companies too, when recruiting local and foreign employees to work for them. Also, Dublin has relatively high income tax for its citizens, compared to our European neighbors. If these rates are to be eased, as many people are demanding, government income (taxation) needs to be found from other sources.

Institutional Investors Driving Up Property Prices

Another popular theme is that high value investors in the housing market are hurting first time buyers and their ability to purchase homes. Large scale investors are buying hundreds of houses

at a time, finishing incomplete projects, renovating them and re-selling them for profit or holding them as build to rent investments.

This has led to a new moniker being used to describe them of ‘cuckoo funds’.

The Department of Finance agreed to do a review on how much institutional investors pay in taxes. However, they have already begun releasing statements defending their current stance on taxes. They acknowledge that institutional investors only make up a small proportion of the housing market. A small proportion still can affect hundreds or thousands of people. According to Savills Estate Agents, approximately 3,000 properties were purchased in blocks by institutional investors last year.⁷⁵ Many homebuyers searching for homes blame large investment funds for reducing the availability of housing stock.

There is a difference between institutions building property and buying them. In the latter case they can crowd out regular home buyers, but in the first instance they are creating housing supply which might not otherwise occur at all.

An economic viewpoint which could apply is that when virtually all supply is marginal supply that whoever drives prices at the margin drives prices generally could potentially be applying, but all housing stock is housing stock irrespective of owner and renters need more accommodation of high quality too, so any issue is likely one of a short-run.

Fianna Fáil Housing spokesperson, Darragh O’Brien, credits the 2013 Finance Act brought in by the Fine Gael and labor government with the high foreign investor interest in Ireland. O’Brien is outraged with this act and stated, *“They don’t pay capital gains tax, they don’t pay tax on their profits and they don’t pay tax on their rents so why wouldn’t you invest.”*

Something overlooked is that companies don’t technically ever pay capital gains tax anyway, they pay corporation tax at a CGT equivalent rate.

There is a general view, even amongst many property professionals that there needs to be a review of institutional investors, with the addition of some restrictions and taxes, in order to level the playing field for homebuyers, especially first time ones.⁷⁶ There is also a levelling of the playing field called for in taxation between large and small investors.

⁷⁵Kenny, Aisling. “First-Time Buyers Feel 'Pushed out' by Bulk Investors.” *RTE.ie*, RTÉ, 27 June 2019, www.rte.ie/news/ireland/2019/0627/1057762-housing-ireland/.

⁷⁶ *Ibid.*

Are Institutional Investors to Blame?

Institutional investors have commonly been blamed on feeding the rise in property prices. However, Davy Stockbroker says they are not to blame. The report by Davy credits the inflation in house prices to be caused by the Central Bank of Ireland's strict mortgage-lending rules.

The pressure on the housing market has caused many people to become interested in the rental market causing pressure there too, and a 7% rise in rentals.⁷⁷

Institutional investment has been rising exponentially in Ireland. It has grown in sales to a total of €1.1 billion in 2018 up €200 million from the previous year. These figures may seem high, but only account for 30% of total property investments in 2018 and do not have a big enough impact on the market to make a tremendous impact. Additionally, most of those investments occurred in Dublin where the top 25 transactions account for 2,370 units worth 954 million Euros in 2018.⁷⁸

Davy analyst Conall Mac Coille commented, *“People have confused the chicken with the egg.... Institutional investors have been attracted here by high rents, and are now providing equity funding for the development of new apartment blocks, which is part of the natural supply response to the cooling of rents.”* Institutional investors are part of the natural economic cycle that follows a rising housing market. They come in and produce many more housing options which in return drives down demand and increases competition for sellers driving down prices.

The report also cited that Ireland is seeing bigger corporate investors versus the older, small-time ones that Ireland was accustomed to. These bigger players have better access to funding and are more qualified and in a better situation to build larger apartment blocks. The report stated, *“Because institutional investment in the PRS market is typically financed through equity rather than bank funding... this reduces the risks to financial stability and potentially dampens residential property cycles.”*⁷⁹

⁷⁷ Burke-Kennedy, Eoin. “Corporate Investors Not the Cause of High Rents, Report Claims.” *The Irish Times*, The Irish Times, 8 July 2019, www.irishtimes.com/business/commercial-property/corporate-investors-not-the-cause-of-high-rents-report-claims-1.3949468.

⁷⁸ Ibid

⁷⁹ Ibid.

Unemployment Rate is not a good way to gauge Standard of Living

Ireland's unemployment rate is at a historically low level, yet people are not reaping the benefits. The Central Statistics Office recently posted an unemployment rate at 4.5%. Rent has risen approximately 8% in the last year, while wage increases have averaged about 3% over the same period.⁸⁰ Many people are calling for wage rises to be implemented to allow people to afford rising costs in the housing markets. Rent costs contribute to more than half of minimum living costs in Dublin.

The living wage refers to the wage that people need to earn to be able to afford the minimum basket of goods and services. Few employers use this number as the starting salary for their employees and instead use the minimum wage. Living Wage Technical Group said, "If rents had remained stable in the last year, the living wage would not be increasing in 2019." Higher rental costs are causing the living wage to increase alongside it.

Sheila Nunan told the Irish Congress of Trade Unions biennial delegate conference that "*Prices nationally have increased 80% since the low point of the recession.*" She mentioned how homes in half of the counties in Ireland are unaffordable for first time buyers who earn average incomes. In addition, she says "*young workers tell us they have lost confidence in ever being able to buy a home of their own.*"

Economist Alan McQuaid is calling for a more relaxed system of rules for homeowners to attain mortgages, and a new tax for foreign fund investors.

Rebuilding Ireland is Outdated

It has been a little over 3 years since the launch of *Rebuilding Ireland*. Several factors have changed since the original plan was initiated. Some figures that were estimated at the time are now out of date. When the plan was originally drafted, it was predicted that the number of homeless people now would be 65% lower than the current numbers. The plan was not originally supposed to solve a problem of this magnitude (10,000+ people).⁸¹

⁸⁰ Ibid.

⁸¹ McVerry, Peter. "Peter McVerry: Rebuilding Ireland Is an Abject Failure." *The Irish Times*, The Irish Times, 19 July 2019, www.irishtimes.com/opinion/peter-mcverry-rebuilding-ireland-is-an-abject-failure-1.3960711.

Originally, most of the homeless were centered in Dublin, but now Ireland is becoming more urbanized and all eight regions have varying forms of homelessness. In the regions outside of Dublin, homelessness has increased by as much as 225% since July 2016.⁸²

Another outdated part of Rebuilding Ireland includes the Housing Assistance Payment (HAP) program. Families that are receiving HAP often receive poor quality, no security for length of tenure, and additional hidden fees on top of costs. Also, instead of building additional properties through, the government is subsidizing and incentivizing the private sector to deliver properties previously supplied by local authorities. If the government owned these properties controls could be put in place to prevent rent hikes and hidden fees. €2.3 million in state money is handed over to landlords to subsidise rent payments every day. This sum of money could build 10 publicly owned houses every day, or 3,650 a year.⁸³

It cannot be overlooked that in many cases the state is the largest beneficiary of the housing market, upwards of 50% of expenditure comes back as taxation in some cases. To do so while avoiding the large capital costs upfront and contingent liabilities for years afterwards is in an accounting sense, fairly sensible, however, in a social sense one can argue that it isn't, where this taxation is not obtained due to rules that give ownership preference to certain ownership cohorts is something that warrants consideration.

The Rebuilding Ireland project has spent three years and more than €2.5 billion on private rentals and attempting to keep prices down and much of this has failed. On HAP a large upside, often overlooked is that it was able to deliver rapid results, had we been forced to wait and build homes rather than lease them the homeless crisis could be three or four times its present size.

Part 3: Delays and Impediments to Progress

History of Social Housing Policy

The foundation of Irish social housing was determined under British rule in the late 19th and early 20th century. Social housing providers were charitable bodies that strived to improve the common responses to the housing for the poor, inspired by growing concerns for social order, economic efficiency and public health. As state funding has increased, local authorities became the main provider of social housing.

The full maturation of the system was defined in the 1966 housing act. As home ownership rose in the second half of the last century, social housing played a less important role. Since the

⁸² Ibid.

⁸³ Ibid.

1990s, government policy has struggled to cope with the sector's welfare role. Following cuts to social housing funds, like many Western European countries, Ireland's response has been to shift instead towards *housing allowances* for private renters. Thus, cuts in funding for social housing have led to the widespread provision of state-funded social housing in the private sector.

The government has introduced affordable housing schemes to ease the burden of buying a home. The *Shared ownership* scheme was where a household buys part of the equity in a property and a local authority pays the remainder. The government also introduced the *mortgage allowance scheme* which created a way to pay an annual allowance towards the mortgage costs of social tenants who surrender their dwellings and purchase a home. These home ownership schemes boosted home ownership across 1991 to 2002, but sustainability was questioned due to high mortgage arrears in many cases.

Ultimately, throughout history, social housing in Ireland has always been a form of *asset-based* welfare. Social housing policy has also been based on the idea of boosting home ownership, rather than simply accommodating individuals and families housing needs.

Current Policies

Between 1990 and 2016, over 40 percent of the 82,869 council houses built during the previous thirty years were sold on to tenants, often with a discount of up to 60 percent on the market value. While this has made an important contribution to increasing home ownership in general terms, it has significantly reduced the housing stock available to local authorities to rent, while anecdotal evidence appears to suggest that, bizarrely, a number of former council houses have made their way into the private rental market, at current rates⁸⁴.

It is clear that local authority rent policy needs to be reviewed. The income-related rents regime has been very beneficial to low income households, but is widely regarded among the wider community as being far too generous. It has also starved local authorities of essential revenue to invest in and maintain housing stock, or to build new houses.

In some cases, the rent charged to local authority tenants is only 20% of the average rent for a similar private-rental property down the street, and can be as little as €200 per month for a house. With a rental policy this generous, you would expect compliance to be near universal. Yet the rate of arrears in council accommodation stands at an average of 20% across all the counties. This is because a local authority has a very limited range of sanctions available to it in the event of non payment of council rent. Eviction, in the current political climate, is hardly an option.

The authors FOI's have shown that councils will bring a tenant to court, get an order for arrears and then not enforce it because in an eviction the tenant then goes into homelessness at a higher cost. It would stand to reason that perhaps some of the people already in homelessness should then be offered these homes but the sitting tenant has dominant position in the view of councils.

⁸⁴ The future of council housing - Prof. Michelle Norris & Aideen Hayden et al. UCD

Where rents are based on income it also disconnects any relationship to the property. For most people it would be rational that at three bed property would cost more to rent than a one bed, in the case of council rents it doesn't matter, it's based on your income which is why so few people under-occupying a property have any reason to leave the larger space to provide for others who need it.

Cost renting, whereby the rents charged reflect the cost of provision, could potentially put social housing on a much more sustainable long-term financial footing, with more meaningful sanctions in the event of non-payment (review and possible transfer), or even legislation allowing for the compulsory deduction of local authority rents and/or arrears from social welfare payments.

Local Property Tax is currently paid by the local authority itself, which makes little sense, this should also be financed by the inhabitants of the property as they are on 'freehold equivalent' leases (greater than twenty years) which would apply were the landlord a person or corporation.

Provision should be made for its incorporation into the overall rental regime, even if at a reduced rate. Tenancy contracts should be reviewed every five years, to evaluate changes in the family's circumstances or numbers, and allow downsizing where appropriate, to free up larger properties to families in more immediate need. Perhaps a sensible choice would be to allow people to under-occupy properties but at market rents, so that if a person didn't want to move they could contribute more to councils.

A council house should not be guaranteed for life but council housing should, this fundamental shift in perspective would alleviate thousands from homelessness.

Professional analysis also suggests an end to being able to automatically pass a tenancy to ones' offspring⁸⁵. There should always be a stock of well-maintained, properly serviced local authority properties coming back on stream, to facilitate a new generation of tenants with growing needs (and reducing needs as well). As the system stands now, once a local authority property is awarded to a family, it has effectively gone forever.

Rebuilding Ireland is committed to increasing supply by 25,000 units each year from 2016 to 2020. However, to fully address the supply deficit, this output must be increased to 30,000 and then to 35,000 units annually from 2020 to 2027.

Ireland's National Development Plan (NDP) launched in February 2018 is concerned primarily with housing. Sustainable urban development was denoted as the primary strategic investment priority. According to the current NDP, public capital expenditure dedicated to supporting the delivery of new homes amounts to €14.5 billion. Specifically, €11.6 billion will be used to support the delivery of 112,000 new social housing units. The *Urban Regeneration and Development Fund* has been allocated €2 billion to promote coordinated investment in redeveloping urban space.⁸⁶

⁸⁵ The future of council housing - Prof. Michelle Norris & Aideen Hayden et al. UCD

⁸⁶ Rebuilding Ireland, and Department of Housing, Planning & Local Government. "Review of

The NDP is also accompanied by the new *National Planning Framework* (NPF). Together the projects are known as Project Ireland 2040. The policies strive to achieve higher density urban spaces. This means current land regulations must be reduced by local authorities to provide sufficient public and private housing while increasing densities. NPF targets redevelopment of vacant sites that have fallen into disuse. Project Ireland 2040 emphasizes that the management and building of land for public and private housing and improving transport to accommodate the population is necessary to achieve compact growth.

The *Regional Spatial and Economic Strategies* (RSES) falls under the NPF. The RSES was enacted to replace the existing Regional Planning Guidelines, as well as set the structure for spatial planning, local economic development and sustainable development for the next 12 to 20 years. 38 elected members of the Regional Assembly, nominated by local authorities represent their region.

The *help-to-buy scheme* was also enacted to help first time buyers purchasing a home. This policy incentivised buying a home through tax breaks. The scheme created an option of a tax break of up to €20,000 for first time buyers of new builds.

Figures show that more than 80% of first time buyers are reliant on this scheme to buy a home. 84% of new property purchases were made by first time buyers with the support of the *help-to-buy scheme*.⁸⁷ However, the scheme is scheduled to terminate at the end of 2019. The possible end of the scheme could affect construction activity and the stability of the housing market. The help-to-buy scheme has contributed to steady increase in housing supply while helping first time buyers. Ending the scheme will create uncertainty in the stability of the market and reduce the number of completed housing units.

Furthermore, statistics have confirmed that help-to-buy has helped buyers increase the share of the mortgage market across the Republic, from Dublin to the rural areas.

The most recently enacted policy to boost housing supply is the *Land Development Agency*. This new agency enacted in late 2018 is a part of Project Ireland 2040 and has been granted €1.25 billion in capital to help create paths which will result in the building of new homes. The homes to be built include social housing, affordable housing and private housing on public and private lands.

The *All Island Research Observatory* (AIRO) has launched the *Dublin Housing Observatory* (DHO). This is Dublin's most comprehensive housing map tool that allows new insights into the breakdown of housing in Dublin. Furthermore, DHO will inform in regard to new Dublin City Council housing policies. The DHO has found that 30% of housing in Dublin is in the private rental accommodation sector. Average rent in Dublin is €1,480 per month. The DHO was created

Delivery Costs and Viability for Affordable Residential Developments: Developed by the Department of Housing, Planning and Local Government." Apr. 2018.

⁸⁷Ibid.

to keep a record of all aspects of the housing market in Dublin, and the data collected is for policy making based on authoritative facts.⁸⁸

Delays & An Bord Pleanála

An Bord Pleanála is dealing with a flood of applications for fast-track *strategic housing developments* (SHD). The planning board received 24 fast track applications in the first quarter of 2019. In 2018, a total of 39 fast track applications were received. Initiative to build is evident but the An Bord Pleanála is unable to efficiently approve applications to develop.⁸⁹ When they do it can still be derailed by judicial review.

Some believe An Bord Pleanála is a major contributor to the worsening delays in the completion rate of delivery of homes. Data received from Fianna Fail housing spokesperson, Darragh O'Brien, has revealed that the percentage of completed planning applications within the 18-week timeframe has fallen dramatically. In 2016, the completion rate was 79%. In 2017 it was 15% less. By October of 2018, only 38% of that year's applications had been completed. The SHD process does give better surety but these are often then judicially reviewed.

Some issues also mask problems, for instance, at stage 2 meetings applicants can be asked to agree to issues in relation to roads or drainage with the local authority prior to lodging, this and interactions with Irish Water can be protracted and these delays don't go into the statistics.

Delays due to the slow approval process of An Bord Pleanála cause increasing costs for builders and slow down the delivery of houses. Some firms involved in substantial construction say this is adding on average full year to the starting point of a development. Delays could be reduced by the Minister, simply by expanding the number of board members and reducing the instance of individuals making decisions on smaller developments.⁹⁰

Building Up vs. Building Out

Over the last 30 years, cities have seen a steady increase in urban dwellers. In 1990, 43% of the world's population lived in urban areas, and by 2015, this had grown to 54%. By 2030, the UN expects that 60% of the world's population will live in urban areas; and in 2050, 80% of the world's population will live in urban areas. With an expected world population in the area of 9 billion, that number is projected to be well above 7 billion people⁹¹.

⁸⁸ Ibid.

⁸⁹ <http://www.sunday-times.co.uk>

⁹⁰ Ibid.

⁹¹ *The Sustainability of Tall Building Developments: A Conceptual Framework* - mdpi.co

Dublin is a thriving city that is expecting continued growth in population for many years, in line with international trends. Rather than ruining farmlands and building outwards, many people are calling for new legislation to raise height restrictions and build upwards.

This would allow for maintaining the charm of Ireland's farmlands, while growing Dublin into a large, modern city. Continued outward development causes inner city areas to become less desirable and they can be left behind. Instead of waiting and retrospectively addressing such issues, now is the time to take action due to the relatively permanent height limit that a building is set at post construction.

Prior to the re-development of the Docklands, the area was not desirable and now it has become one of the most modernised areas in Dublin. Lyon in France is 47 sq. km in size and has a similar population size to Dublin which is 120 sq. km. Lyon is able to maintain its historic charm, while adding modern high rise structures throughout the city. Dublin could incorporate a similar city design to combat the housing shortage and growing population. In addition, having higher density populations across the entire city could entice the government to expand public transportation with the increased revenue it would bring.

According to a case study conducted by the *Council on Tall Buildings and Urban Habitat* (CTBUH) in Chicago, they compared the sustainability of high rise versus low rise living. Chicago is ranked the 26th most densely populated city in the world. In terms of creating a sustainable area, the carbon footprint per person in the urban center was much lower than suburban low rise areas. The study concluded that sustainability can be found in a “*dense vertical city*” rather than a dispersed horizontal city, provided certain obvious pitfalls are avoided, and internationally established guidelines are followed.⁹²

Ireland's Infrastructure

The current public infrastructure which includes transportation, water, wastewater, telecommunications and energy is causing slower delivery periods for new properties. Much of the land that is given over for development by the Irish government is non-serviced (it lacks sufficient roads, water sources, etc.) which delays the building process significantly. In the short term, all lands that are easily serviceable should be prioritized.

Investment projects on improving infrastructure in less developed areas where affordable housing might be located should also be prioritized. This additional infrastructure could even help bring down delivery costs because it can speed up transportation and other parts of the construction process, thus helping developers to keep house prices affordable.

Attitude to high-rise in Dublin city

⁹² Du, Wood. CTBUH Research Report. Downtown High-Rise vs. Suburban Low-Rise Living.

In March 2018, An Bord Pleanála rejected a plan by Ronan Group Real Estate to build Dublin's tallest building next to Tara Street station. The company intended to build a 22-storey (88m) tower comprising offices, a hotel and a rooftop restaurant.

For reference – Liberty Hall, literally a stone's throw away, reaches 59m in height, Capital Dock is 79m tall and the Spire looks down on the city from 120m above. In refusing permission for the development, Dublin city planners said the proposed tower would have a "*significant and detrimental visual impact*" on the city's skyline.

Following an appeal in April 2019, and with support from IDA Ireland and the National Transport Authority, permission was finally granted.⁹³

The style and structure of this building resembles more a City of London premises and could make Dublin attractive to London based firms following Brexit.⁹⁴

The housing market will never be able to catch up with the growing population and demand for houses if An Bord Pleanála takes two years to grant a permit for a single building in the middle of a city, delaying the entire project for two years outside of other uncontrollable delays.

A faster, more transparent and open-minded approach needs to be implemented so that more time and effort is spent on constructing buildings than discussing them. An Bord Pleanála states on their website that they are created to "*play our part as an independent national body in an impartial, efficient and open manner.*"⁹⁵ The "efficient" part of their process is not immediately evident, nor is the cost to use their service sufficiently balanced in terms of the way it disproportionately falls on only one party.

Dave Walsh, newly elected chairperson of An Bord Pleanála, admitted to TDs and Senators that 60% of cases seen by the committee are not decided within the allotted 18-week deadline, a time-frame which many already regard as too long.⁹⁶

There has been some progress in building heights since new guidelines were issued in 2018 but they have yet to travel through the system to full effect⁹⁷.

Population Density in Dublin vs Other Capital Cities

Irish cities not only lag behind international competitors in terms of building height, they also have lower population densities. Paris, a 'low-rise' city by international standards, has double the

⁹³McMahon, Conor. "Johnny Ronan's Planned Dublin Skyscraper Would 'Help in the Global War for Talent'." *Fora.ie*, 23 May 2017, fora.ie/johnny-ronan-tallest-building-3404141-May2017/.

⁹⁴ Murray, Sean. "After a Two-Year Planning Battle, Johnny Ronan's Dublin Skyscraper Has Been given the Green Light." *TheJournal.ie*, 17 Apr. 2019, www.thejournal.ie/skyscraper-dublin-ronan-4580201-Apr2019/.

⁹⁵ "Welcome to An Bord Pleanála." *Welcome to An Bord Pleanála*, www.pleanala.ie/.

⁹⁶O'Brien, Tim. "Majority of Cases before Bord Pleanála Not Decided in Time." *The Irish Times*, The Irish Times, 6 Feb. 2019, www.irishtimes.com/news/ireland/irish-news/majority-of-cases-before-bord-pleanala-not-decided-in-time-1.3784173.

⁹⁷

https://www.housing.gov.ie/sites/default/files/publications/files/urban_development_and_building_height_guidelines_for_planning_authorities_december_2018_0.pdf

population density per square kilometre than Dublin and it's five times greater in London. Why is density important? Cities concentrate productivity, innovation and creativity.

Higher density cities are more successful across all these areas. Therefore, increased density is crucial to a metropolitan region's economic future. It can enrich character, place and identity, which boosts attractiveness and overall competitiveness⁹⁸.

A common argument against taller, higher-density buildings is that Dublin is a *low-rise* city.. Dublin is, in fact, a great deal lower in height than many other European cities. Average building heights in Dublin are significantly lower than comparably sized cities such as Amsterdam, Copenhagen, and Stockholm.

In Denmark's Copenhagen, there are roughly 400,000 more people living in the equivalent of the area between Dublin's canals, and they have developed an ideal model for high-density city living. The Danish government developed an integrated plan to develop high-density areas around the city, installing the infrastructure first (transport, parks etc) before opening the land up for development. This facilitated the creation of high-density residential areas which were walkable, cyclable, with a local economy that could thrive, and a feeling of community. Given the population and development pressure we are now facing, a great deal more needs to be done on increasing population density in our urban centres.

Tanya Duffy, property researcher at Lisney, says “ We have hidden behind the myth that Irish people don't like apartments, but in our experience a very large number of Irish, new Irish and visiting office workers want to live in the city and especially in the south docklands where there is an appetite from developers to build much taller buildings than current limits allow.”

Research in New Zealand demonstrates that where higher density development promotes active transport (such walking and cycling), there are also positive health outcomes.⁹⁹

For example, research measuring the health benefits of higher density living in Perth (Australia) came to the conclusion that:

... the development of more compact and sustainable suburban neighbourhoods, reducing car dependence, encouraging walking, cycling and public transport use, and promoting a sense of community ... shows that government policies and planning initiatives play a vital role in creating cities, towns and neighbourhoods that can positively impact community health and wellbeing¹⁰⁰.

Dublin is not unique internationally in its Georgian proportions or character. However, similar Georgian cities, such as London or Boston, have higher average building heights than Dublin,

⁹⁸ Better housing - improved affordability; IBEC

⁹⁹ Campoli, 2012 Campoli, J. (2012). *Made for walking: Density and neighbourhood form*. Cambridge, MA: Lincoln Institute and Land Policy

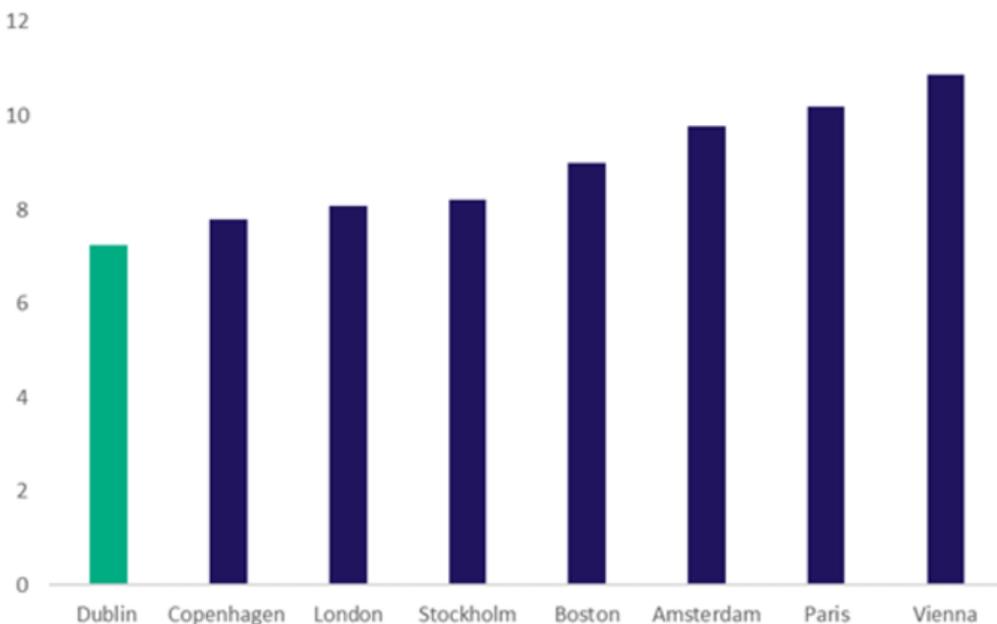
¹⁰⁰ Centre for Built Environment & Health, (2015). *Living liveable. The impact of the liveable neighbourhoods policy on the health and wellbeing of Perth residents*. Perth: The University of Western Australia

and much higher population densities. If we are to house our cities' growing populations and prevent urban sprawl, we must increase both the height and density of our cities. This has been proven possible in other cities around the world, without compromising the feel and character of the city or its heritage.

Liveability as an urban planning goal also resonates in North American examples. Portland's metropolitan plan is based on an "understanding that compact development is more sustainable, more *liveable* and more fiscally responsible than low-density sprawl" Metro Portland (2008).¹⁰¹

Vancouver's metropolitan plan directs future growth to designated "*Liveable Urban Centres ... that create a strong sense of place and community while fostering active and healthy living.*" These centres are defined as having a *high quality pedestrian environment that promotes walking, cycling and transit, and creates vibrancy.* These areas should have *ample amenities such as parks, greenways and other recreational opportunities, as well as an abundance of social and cultural activities that create a strong sense of place and community while fostering active and healthy living.*¹⁰²

There is a popular argument that high density doesn't necessarily mean high buildings, this is predicated on a certain amount of greenspace per unit. However, if communal or green space per unit is not a binding factor you simply cannot reach the same densities with low rise buildings, in this respect mid and high rise buildings have massive transformational potential.



¹⁰¹ *Our place in the world: Global challenges, regional strategies, home-grown solutions.*

¹⁰² *Vancouver metropolitan Plan 2040*

“There is a lack of ambition and an unwillingness to deal with density issues in Dublin city. Of the 14 specific areas identified for mid-rise and taller buildings, we already have examples of failed planning applications in these areas despite their designation. People must be able to live and work in a city... People should be able to choose to live close to where they work. This requires local authorities not to implement policies that, intended or not, prioritise one over the other.” - Aidan Kelly - fora.ie



High-density social housing units in Copenhagen, Denmark

Improving Density in Established Suburban Communities

“In a sense every great city is a conglomeration of small communities.” — Clarence Perry

Relationships between population density and perceived *liveability* has been examined by Walton, Murray, and Thomas (D., Murray, S. J., & Thomas, J. A. (2008). They applied the Perceived Residential Environmental Quality (PREQ) indices established by Bonaiuto, Fornara, Ariccio, Cancellieri, and Rahimi to samples of residents in Auckland living in low, medium and high densities. They found no significant difference in PREQ scores among the three densities, indicating that “people trade off elements of their environment against each other for overall

neighbourhood satisfaction” (Walton et al. 2008) Bramley et al. (2006) came to a similar conclusion that urban dwellers make a trade-off between enhanced amenities and services that intensification can provide vs. detached suburban houses.

On that basis there is perhaps some sense in the way Dublin has developed because people individually know what they want, but for that to be entirely true there has to be choices and substitutions. When you have a dearth of choice and low affordability this is not about choices in the sense that people are trading-off options, rather they may be taking the only options available.

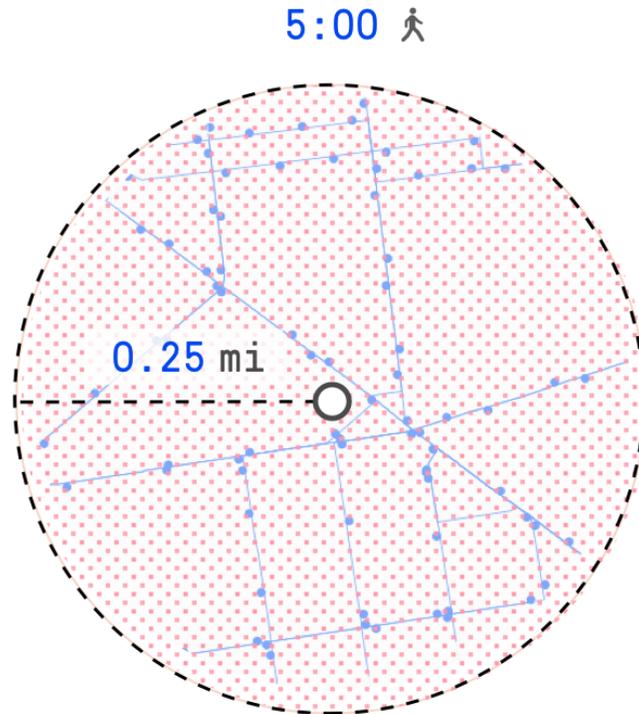
Research has repeatedly shown that there needn't be a compromise in liveability, or in the sense of community by increasing density, provided certain important factors are remembered when making the change to higher density.

Ballycragh is a suburb of Dublin 24, close to Tallaght, comprising a number of 2-storey dwelling houses spread out over several hectares. It is styled like many other housing estates around the country, with rows of semi-detached houses separated by green areas, and bounded by larger primary and secondary roads, winding inwards, terminating in cul-de-sacs. There are barriers to pedestrian movement, making the area difficult to navigate on foot, and making access to services difficult, which can create isolation in communities. There is a considerable amount of open public space in the area, and net housing density ranges from 20 to 50 units per hectare. This development is typical of the type of housing built between 1990 and 2006 which makes up 32% of the housing stock in the Dublin region. There are currently 514 houses within a 5-minute walk of the neighbourhood centre.

The 5-Minute walk

This 5-minute walk, also known as the “*pedestrian shed*” is considered to be the distance people are willing to walk before opting to drive. Based on the average walking speed, a five-minute walk is represented by a radius measuring one quarter mile or about 400 meters. This rule of thumb is used to calculate public transport catchment areas or to determine access to destinations within neighborhoods.¹⁰³

¹⁰³ <https://morphocode.com/the-5-minute-walk/>



The *ped shed* is usually placed around a community center or a common destination such as a school or a public plaza, where social and commercial activity is focused. In urban planning, the five minute walk sets a scope for collecting both quantitative and qualitative data at a human scale.

The 5-minute walk can be traced back to a concept known as the “neighborhood unit”. This is a community model conceived in the 1920’s by Clarence Perry. It gained popularity after being published in the 1929 Regional Survey of New York City.

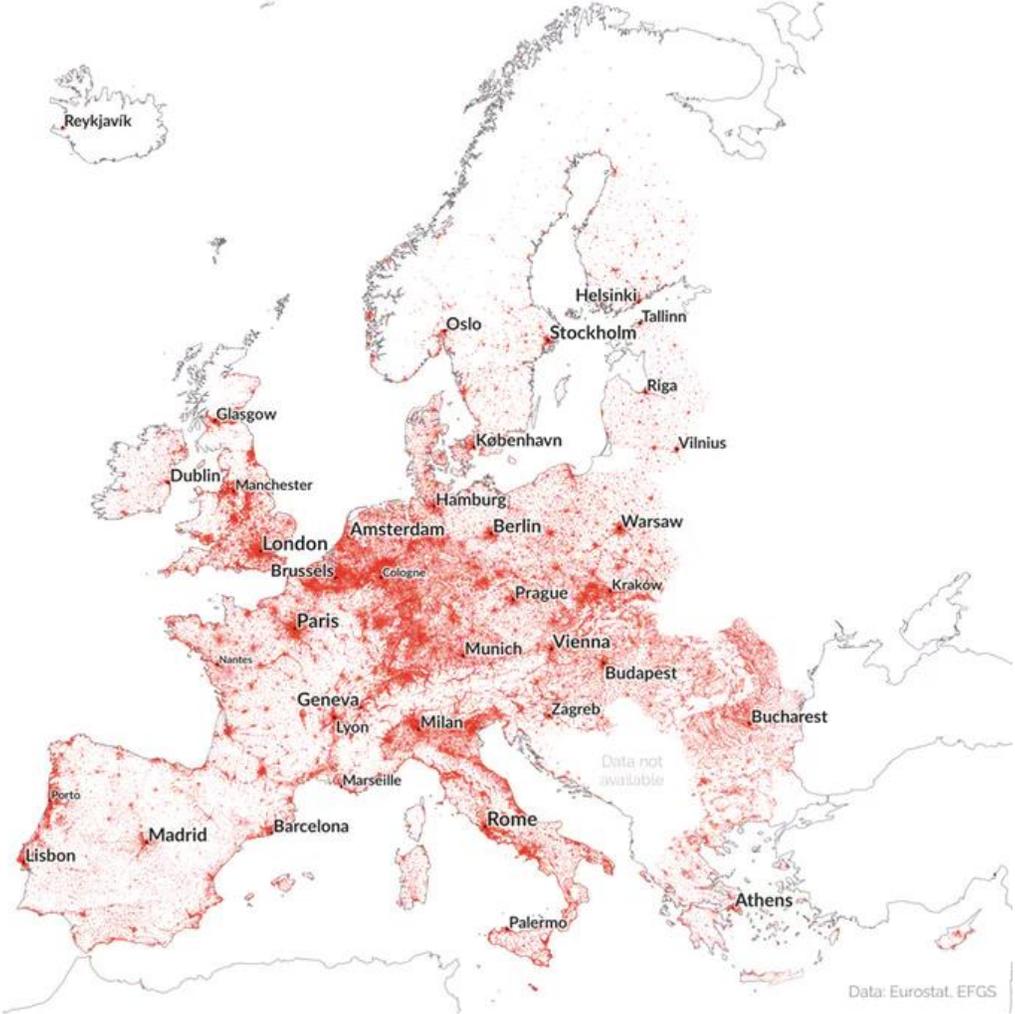
A case study on Ballycragh by David Dwyer (*Densifying Suburbia*) claims that further development and densification of the area might bring a staggering 3400 additional units of housing within this 5-minute pedestrian shed, representing an increase of almost 700% on current levels. Furthermore, in the report he states that *(increasing the density of) .. all the currently zoned residential land (to) 50 units per hectare would allow an increase of the population of Dublin by 280,000.*

With regard to Ballycragh, he proposed achieving this by the redesign of the entire area, developing pieces of open public ground, the removal of barriers and the provision of pedestrian access to amenities, the use of corner sites, and the erection of 6-storey apartment blocks around the perimeter of the entire estate. Thus, the population density of the area can be greatly increased while minimising the adverse impacts on the community.

A similar study on the nearby suburb of ballyroan demonstrated the potential for an increase in that area from a current housing level of 1544 (within the *ped shed*) up to 4132.

POPULATION DENSITY IN EUROPE

Areas with 250 people or more, per sq. km.



[citylab.com]

Country	Land Area (Sq Km)	Arithmetic Density	Built-up Density ('Lived Density')	Max 1km population	Population 2011	% of 1km cells populated
Monaco	2	18,067	18,067	12,564	36,133	100.0
Andorra	468	182	1,525	9,300	85,406	12.0
Malta	316	1,316	1,382	11,421	415,891	95.3
Spain	505,634	93	737	53,119	46,814,568	12.6
Netherlands	37,321	446	546	23,485	16,627,680	81.6
England	130,279	405	531	20,477	52,697,866	76.2
San Marino	61	420	493	2,034	25,629	85.2
Italy	301,289	197	453	22,113	59,369,049	43.5
Liechtenstein	160	223	447	1,947	35,775	49.8
Belgium	30,544	358	434	29,100	10,939,956	82.5
Romania	238,262	90	402	19,179	21,387,361	22.3
Switzerland	41,289	191	385	21,456	7,899,058	49.6
Greece	129,639	83	379	28,880	10,801,047	22.0
Germany	357,473	224	376	23,379	80,004,386	59.5
Hungary	93,067	107	368	10,451	9,923,425	29.0
Slovakia	49,134	110	358	15,379	5,391,770	30.7
Cyprus	9,487	88	319	5,439	839,063	27.8
Bulgaria	111,073	66	312	23,934	7,364,570	21.3
Luxembourg	2,634	192	308	7,213	505,682	62.3
Portugal	91,632	115	255	21,823	10,560,578	45.2
Czech Republic	78,970	132	236	23,249	10,420,401	55.8
Austria	83,911	100	220	16,984	8,385,332	45.5
Isle of Man	572	147	212	4,654	84,293	69.4
Wales	20,735	147	204	11,291	3,038,049	71.8
Scotland	80,077	63	200	11,069	5,044,291	31.4
Poland	312,101	123	196	32,752	38,497,929	63.0
France	551,695	114	195	52,218	62,744,459	58.4
Iceland	102,285	3	187	5,738	318,700	1.7
Denmark	43,282	128	183	22,381	5,530,902	69.7
Croatia	55,443	77	161	10,202	4,271,221	47.9
Northern Ireland	14,130	128	160	8,555	1,803,600	79.6
Slovenia	20,340	99	153	10,504	2,021,380	65.1
Latvia	64,659	32	116	10,123	2,061,100	27.5
Norway	334,778	15	89	15,673	4,906,148	16.5
Lithuania	64,915	47	85	16,166	3,022,087	54.9
Sweden	450,133	21	84	26,120	9,539,483	25.2
Ireland	70,728	65	81	12,176	4,573,374	80.0
Estonia	45,445	28	62	17,375	1,290,520	45.5
Finland	336,751	16	53	14,933	5,338,841	30.1

Population densities across 39 european territories. These figures are based on 2011 numbers, and show that Ireland is one of the least densely populated countries in Europe, whichever way you measure population density. [Alasdair Rae - There's a better way to measure Population Density, 2018]

The Docklands Strategic Development Zone (SDZ)

The Dockland SDZ planning scheme forms part of the City Development Plan. The SDZ planning scheme area is defined as the Dublin Docklands area at North Lotts and Grand Canal Dock. The area is approximately 520 hectares. The center of focused redevelopment focuses on the areas in the North Lotts. The Strategic Development Zone is meant to fall under a new fast-track planning mechanism to spur economic and social regeneration. However, this review can take up to an additional 18 months, costing developers a large amount of money and time.

The SDZ allows heights up to 22 storeys. However, different sites are permitted different maximum heights. Generally, commercial developments are permitted five to eight storeys. Residential developments are permitted from six to ten storeys with one possible setback floor.¹⁰⁴ The height guidelines must be approved by the council to ensure the established guidelines for the SDZ are reflected.

Launching new ministerial guidelines on height in December 2018, Minister Eoghan Murphy cautioned against a ‘business as usual’ approach to height in the docklands. He said it was “ironic” that the tallest inhabitable structure in Ireland would be the air traffic control tower in Dublin airport, “*and not a sustainable cluster of tall buildings in the docklands, next door to a major transportation hub*”. - Irish Times June 19, 2019

However, these guidelines are unclear and have already led to a number of disputes. Ultimately, the height restrictions alter developers ability to increase the delivery of compact growth in urban areas.

"The Minister for Housing introduced relaxed rules surrounding height restrictions last December but has not clarified how these new rules apply to the Special Development Zones (SDZ). It is counter-intuitive for the Minister to propose less restrictive height limits if it causes such confusion as to allow people to mount legal challenges to proposed developments Dublin needs." Senator Kevin Humphreys 24 April 2019¹⁰⁵

Increasing prevailing building heights has a critical role to play in addressing the delivery of more compact growth in urban areas, particularly in cities and large towns through enhancing both the scale and density of development. There is no right of appeal to An Bord Pleanála on local authority planning decisions on building height if they are in a SDZ area

Attempts at Challenging Height Restrictions

Johnny Ronan has spent many years challenging and appealing rulings on building permits and renovations. May 2019 marked a new challenge for Ronan when Dublin City Council refused to

¹⁰⁴ Kelly, Olivia. “Docklands Height Increases Likely, but Too Late for Salesforce Tower.” *The Irish Times*, The Irish Times, 31 May 2019, www.irishtimes.com/news/environment/docklands-height-increases-likely-but-too-late-for-salesforce-tower-1.3910104.

¹⁰⁵ <https://www.labour.ie/news/2019/04/24/answers-needed-on-sdz-height-restrictions/>

allow him to increase the height of office buildings in the Docklands. It was estimated that an additional 1,000 employees would be able to work in the potential building and many highly skilled jobs would be created.

In addition, Ronan's Spencer Place Development Co Ltd, was refused permission to increase an apart-hotel and residential building in the docklands. The High Court's opinion on the issue cited the buildings stood in a Special Development Zone (SDZ) where increasing the height of the buildings would surpass the height restriction. In this case, Ronan is unable to appeal to An Bord Pleanála due to the buildings being located in the SDZ.

A spokesman for Ronan's company publicly displayed the companies feelings towards the ruling. The spokesman said, "*the decision to refuse permission is particularly disappointing given the suitability of the site to accommodate greater heights in accordance with the National Development Plan, National Planning Framework, Regional Spatial Economic Strategies, the Dublin Metropolitan Plan, and the Urban Development and Building Height Guidelines.*"¹⁰⁶

In addition, Ronan and his company believe that the Docklands is the greatest area in Dublin for taller buildings and higher density living to co-exist.¹⁰⁷ Dublin City Council requires a review of the SDZ Planning Scheme before any approvals can be made in that area. This review can take up to an additional 18 months, costing developers a large amount of money and time.

SDZ planning scheme needs to be re-evaluated and used for its intended purpose. Dublin City Council has previously said that the Docklands could be a suitable option for buildings above fifty metres.¹⁰⁸

Dublin City Council has granted planning permissions to a business associated with Denis O'Brien for additional floors on an office building in the Docklands. In the beginning of 2019, *Jepview Ltd* had plans to replace the fourth floor penthouse inside the Malt House building. *Jepview* planned to build an additional four storeys to make a nine storey office building. However, the council determined that the plan may be excessive and *Jepview* reduced one of the planned floors.

The council revised plans earlier this year after the conservation officer revealed that effective development will consist of five floors of vertical extension over an existing 4 storey Victorian warehouse building. The officer also stated that the proposed addition should be reduced by at least two storeys to ensure the glass extension remained appropriated.

The office deemed that getting rid of only one floor was sufficient. The vertical expansion grant of the Malt House building uses the city council planner. Specifically, the proposal "*exhibits a*

¹⁰⁶Deegan, Gordon. "Dublin City Council Shoots down Johnny Ronan's Bid to Increase Heights of Docklands Developments." *TheJournal.ie*, 4 June 2019, www.thejournal.ie/dublin-city-council-shoot-down-johnny-ronans-bid-to-increase-heights-of-docklands-developments-4666605-Jun2019/.

¹⁰⁷ Ibid.

¹⁰⁸ Ibid.

distinctive contemporary design which will make a positive contribution to the subject site and Dublin's urban fabric".

Ultimately, the proposal is said to upgrade a prominent location in the city center, contribute to employment and allow for the construction of a modern extension to an existing building. Recent news of approval of adding storeys to an office building shows progress in reducing strict height regulations.

The council granted planning after concluding that the proposed development would not seriously injure the existing buildings in the surrounding city center. The original Malt House was built in 1886 by Guinness. The property was then redeveloped in the mid 1990s and is expected to go under further development in 2020.

Lack of Unity Between Political Parties

Difficulty in attaining mortgages coupled with rising home prices mean and a crash that changed generational narratives have helped lead towards the lowest rate of home ownership in 50 years. The main group affected is young people looking to buy their first home who do not have enough money saved up to meet the 10% deposit required to attain a mortgage.

Additionally, Micheál Martin mentioned “*a litany of failures,*” when blaming the increase of homeless children on current government policies. Mr. Martin discussed how Ireland used to be one of the highest home ownership rates in the EU to now one of the lowest at 68%.¹⁰⁹

Owning a home provides long-term equity to people in a form other than cash that can be a safety net in times of trouble. Additionally, having to pay rent during retirement years can cause stress on older people and not be plausible unless enough money is saved up to afford that lifestyle.

In the USA when examining racial disparities in wealth it was discovered by The Institute on Assets and Social Policy showed that amongst the biggest drivers of wealth inequality are years of homeownership, to the tune of 27% of the difference¹¹⁰, a bigger contributing factor than both household income or college education (5%).

It is generally accepted that families should not have to rely on long-term emergency accommodation. The shortage of social living options means that many families are remaining in accommodation that is not suitable to their needs for longer than would be deemed appropriate.

¹⁰⁹ Downing, John. “Ireland Has Lowest Rate of Home-Ownership in Almost 50 Years - Dáil Told.” *Independent.ie*, Independent.ie, 3 July 2019, www.independent.ie/irish-news/politics/ireland-has-lowest-rate-of-homeownership-in-almost-50-years-dil-told-38278560.html.

¹¹⁰ Roots of the widening racial wealth gap: explaining the black-white economic divide 2013

Fine Gael and Fianna Fáil both point the finger at each other when it comes to the current housing crisis, due to the current confidence and supply deal they are in a position to further streamline government actions around home building.

Mr. Varadkar provided some promising statistics for the future. He claimed that 22,000 houses were built in the last 12 months and an additional 25,000 were planned for the next year. Also, house prices were leveling off and in some areas like Dublin decreasing. He predicted that in the near future there will be enough houses to meet the current demand.¹¹¹

Government Red-Tape for Housing Fund

The Irish government has allocated a large portion of their budget to address the current housing shortage. However, due to red tape and many other impediments, much of the budget has not been used yet. Only an estimated 8% of the €200 million government housing fund has been spent and many people are not happy about this.¹¹²

The *Local Infrastructure Housing Activation Fund* (LIHAF) was originally allocated €195 million in 2016. Since then only 16 million has been spent and the majority of the budget has been sitting in an account. One of the major problems hindering efficient construction sites is Ireland's outdated infrastructure. This fund was created to provide investment in public off-site infrastructure including; roads and water.

This would cut down costs and time for delivering properties. This fund was created during the government's creation of the Rebuilding Ireland policy to tackle homelessness and housing issues.

30 Infrastructure projects have been approved to begin under the fund, but not many have taken off. These projects would affect the delivery of approximately 20,000 new homes by 2021. The new Department of Housing Data has shown that only 814 of the predicted homes have been built, which is far below expectations.

Darragh O'Brien, said, "*clearly the red tape surrounding the scheme is clogging up drawdowns,*" and he described the rate of spending by the LIHAF as "*shockingly low*". It seems that the government has executed funds to overcome the housing and homelessness crisis but are not following through. 814 of the 20,000 promised homes in three years is under performing.

¹¹¹ Downing, John. "Ireland Has Lowest Rate of Home-Ownership in Almost 50 Years - Dáil Told." *Independent.ie*, Independent.ie, 3 July 2019

¹¹² Person. "Shockingly Low' 8% of Government Housing Fund Spent." *BelfastTelegraph.co.uk*, BelfastTelegraph.co.uk, 7 July 2019, www.belfasttelegraph.co.uk/news/republic-of-ireland/shockingly-low-8-of-government-housing-fund-spent-38289686.html.

Many others are calling for the fund to be reviewed and corrective actions to be taken. Eoghan Murphy said that this fund is important in the Rebuilding Ireland plan and its goal is to, “*enable housing developments to be built on key sites at scale.*” Impediments to using the money in this fund need to be re-examined. Until the government is able to speed up policy and be able to implement programs that they put in place the housing crisis and homelessness numbers are not going to improve.

Part 4: Suggested Changes

Attracting More Construction Workers

One of the roadblocks that Ireland faces with improving the housing shortage is the lack of construction workers. Two thirds of the markets surveyed reported trade labor shortage. The shortage of labour is inflating the cost of wages which drives up overall construction costs. Attracting construction workers from abroad could be a short-term fix.

Additionally, an increase in construction worker numbers would stabilise pay and lower costs for construction companies. Professor Alan Ahearne, Director of Whitaker Institute and Professor of Economics at the National University of Ireland, is worried that a large influx of workers would not be able to find enough houses to live in or afford to rent. Setting up affordable apartments with short commutes to Dublin could be a solution, but to do this during a housing shortage would also be problematic.

The Celtic Tiger era had more than 220,000 workers employed in construction, compared to the 134,000 workers currently employed.¹¹³ Tom Parlon, Director of Construction Industry Federation (CIF), stated, “*Ireland is facing a growing need for talent and skills in construction and while concerning, this is a very good news story for those abroad with construction experience and trades, who may be thinking of coming home. Now is a very good time to re-enter the industry, there are lots of opportunities available.*”

Instituting a tax break and or other incentives could encourage more construction workers to seek employment opportunities in Ireland. This could help with the delivery of more houses.

Make it easier to move

¹¹³Clarke, Vivienne. “Lack of Construction Workers Means It Will Take a Long Time' to Fix Housing Crisis.” *Irish Examiner*, Irishexaminer.com, 13 May 2019, www.irishexaminer.com/breakingnews/ireland/lack-of-construction-workers-means-it-will-take-a-long-time-to-fix-housing-crisis-923873.html.

“Construction costs to rise further as Dublin one of the most expensive cities to build in the world.” *Real Estate Monitor Worldwide*, 11 Apr. 2019. *General OneFile*, <http://link.galegroup.com/apps/doc/A581986205/ITOF?u=gain40375&sid=ITOF&xid=7ef748e6>.

Both under occupancy and overcrowding exist in our public housing stock, this is a national resource that should be managed responsibly to ensure efficiency and sustainability. Leases on public housing should have release and exchange requirements to promote the equitable use of our national housing stock.

Adopting the Vienna Housing Model

Dublin must find a consistent and efficient way to deliver social housing. Rising costs and a lack of consistent policy has led to many low-income citizens fleeing the city. This is not isolated to Ireland, in New York City they are experiencing the greatest net-exodus of any city in the USA¹¹⁴, the only thing keeping NYC numbers up is that the people leaving are being replaced by people immigrating.

Dublin was the destination for internal migrants within Ireland up to the 1990s to the primary source of internal migrants over the last 20 years. A leading cause is inadequate housing supply and a chronic failure of public policy.

Vienna is regarded as having one of the best affordable housing models in the world, referred to as the 'Vienna Model.' The model is internationally recognized for its continuous achievement of sustainable development using a cost-rental approach that delivers housing to accommodate all needs.

Dublin City Council said it would be willing to adopt new ways of delivering affordable housing based on Vienna's model. Michael Bankel, Vice President of the Austrian Capital's Housing Authority, predicts adopting a similar model would take approximately ten years to initiate, but well worth the wait. Vienna builds approximately 3,000 more social apartments a year than Dublin does.¹¹⁵

Vienna is able to fund their social housing projects through an income and corporate tax as well as housing specific contributions from citizens. As previously mentioned, there would be huge criticisms within Ireland of this model given that unit sizes are smaller, regulatory standards are less (for instance, lifts to unit ratios) and rents are about double of the prices paid for social housing here.

Implementing a co-housing model

Co-housing is a type of living that was first developed in Denmark around 1960. In co-housing, families work together to build their own community housing, which cuts many costs out of the equation like having to hire and pay for a developer.

¹¹⁴ <https://www.bloomberg.com/news/articles/2019-08-29/new-york-city-metro-area-exodus-soars-to-277-people-every-day>

¹¹⁵ Donnelly, Ellie. "Dublin Will Take 10 Years to Copy 'Vienna Model' for Housing, Says Expert." *Independent.ie*, Independent.ie, 13 Apr. 2019, www.independent.ie/irish-news/dublin-will-take-10-years-to-copy-vienna-model-for-housing-says-expert-38011310.html.

Tom O'Donnell, Irish Architect, stated, *"For the Irish market, I'd really emphasize that because you're not paying profit to a developer, that's a good reason to opt for this because obviously if you're saving 20% or 30% that's probably for most people the difference between being able to get a mortgage or not."*¹¹⁶

A co-housing style development was created in Ballymun called Ó Cualann and finished construction in December 2018. The estate contains forty-nine houses and the land was previously owned by the Dublin City Council, who provided it to the non-profit organization at a discounted rate.

Some of the requirements for buyers included; a combined income of €79,000 Euros or less or a single income of €59,000 or less and the ability to provide a ten percent initial deposit and the ability to get a mortgage approval. Prices ranged from €140,000 for two-bedroom house to €190,000 for a four-bedroom. The main difference from the Denmark model is that Ó Cualann built and designed the development instead of having buyers design their own areas.

A key element of the success of this scheme was that a large subsidy was put into the site of c. €60,000. If assistance this large is granted to homes, in particular where the cost effect can be greatest with things like site acquisition, affordable housing by state, developer or otherwise is possible.

Eoghan Murphy told the Dail that "Dublin City Council provided fully serviced sites at €1,000 per unit, as well as waiving development contributions and planning fees. Taking the foregoing into account, the total per unit investment by Dublin City Council was in the region of €58,000 per house, thereby facilitating the affordable delivery and ultimate lower sale prices of the homes."¹¹⁷

Implementing a Co-Living Scheme

Eoghan Murphy's amendment to allow for co-living has drawn a lot of attention from international developers. It has opened the door for cheaper complexes to be built in and around Dublin.

Germany's Medici Living Group, known as one of the biggest co-living providers internationally, proposed a plan to bring more than 5,000 new beds to Dublin. Luxembourg-based, Corestate Capital, is backing Medici Living Group approximately €1 billion for building co-living accommodations throughout Europe.

A statement regarding why Medici Living Group wants to expand to Ireland, states, *"As Ireland is a growing, forward-looking country with a tech hub, we can see our members and future members would be interested in living there."* In addition, they are targeting easy-to-access, high standard affordable accommodation in the city center, which is currently hard to get.

¹¹⁶Hennessy, Michelle. "How the Danish Co-Housing Model Could Help Solve Ireland's Crisis." *TheJournal.ie*, 21 Jan. 2018, www.thejournal.ie/co-housing-3798698-Jan2018/.

¹¹⁷ <https://www.oireachtas.ie/en/debates/question/2018-07-03/554/>

The company is aiming to use the co-living model to offer affordable housing options to people who want to remain in the city center without spending all of their disposable income. They are predicting a 20% cheaper listing price than standard studio apartments in the area.

Co-living can alleviate the housing shortage and provide affordable housing for people who are okay with sharing common living spaces such as kitchens and living rooms. Young working singles are also inclined for co-living because there are additional benefits besides the price. Co-living provides a sense of community for singles and is a great way to meet others and not feel isolated. Sharing common spaces encourages conversation and meeting new people.

Difficulties Getting Approved

Bartra Capital Property is another large developer that is attempting to add hundreds of co-living homes throughout Ireland. Their first attempt included 105 units in Rathmines, which was rejected by Dublin City Council and has since been appealed. Dublin City Council stated, “*poor standard of residential accommodation,*” as their reason for denying the development.

Many large scale developers are beginning to submit plans for new projects. Bartra’s recent submission which was the first proposed large scale co-living development in Ireland is currently being reviewed by An Bord Pleanála. This project consists of more than 750 units spread across multiple sites in Dublin. James Cormican, head of development co-living at Bartra, commented, “*It is a modern form of accommodation for today’s young workers. Dublin is a very international city and this type of accommodation has proved very successful internationally.*”¹¹⁸

Additionally, Bartra believes that the young adult workforce who are new to Dublin would prefer a co-living model over a house sharing option.

A successful implementation of co-housing on a smaller scale was opened in 2018. Located in Dublin City Center, more than 50 tenants currently occupy the Node building in Fitzwilliam Square. Node Community Curator stated, “*In Dublin we have attracted a real mix of tenants. We have a 19 year old working in Indeed and a guy who is 42 years old working in finance. There is a major mix.*”¹¹⁹

Members of the co-living space have all the amenities they need and more available to them. Many co-living models include gyms, theatres, work spaces, areas for socializing, etc. Co-living provides a great lifestyle for much of the demographic that makes up Dublin at affordable prices.

¹¹⁸ Byrne, Louise. “200 Co-Living Homes Proposed for Dún Laoghaire.” *RTE.ie*, RTÉ, 1 May 2019, www.rte.ie/news/ireland/2019/0501/1046753-co-living-housing-application/.

¹¹⁹ Ibid.

The contradiction of co-living criticism generally is that many of the commentators who wanted bedsits banned later came out and accepted that taking most of the 14,000 bedsits in cities out of circulation was a bad idea, and now that a high quality bedsit (which is what co-living amounts to) is proposed they are against the idea.

Successful Co-Living Models in New York and San Francisco:

Dublin, New York, and San Francisco are all major cities that struggle with increasing property prices and housing shortages for the younger aged workforce. The Atlantic conducted a study on the rise of adults living with roommates aged 18 to 34 years old from 2005 to 2015 in America and found that the percentage of people living with roommates increased by 23%.¹²⁰

Two of the reasons that contribute to this trend is the rise in housing costs and delays in marriage. Both of those trends are also seen here. However, Dublin is very late in adapting this new housing style and has just recently created an amendment allowing co-living at all. Americans also receive additional benefits from co-living besides the obvious price discount. Tech CEO, Arram Sabeti, told Business Insider that living in a communal space has helped cure his loneliness. He says, “*Our whole house is a very, very ambitious group of people. We think of ourselves as both friends and allies over the long term and hopefully, for the rest of our lives.*”¹²¹

Potential for Development

There has been a recent increase in potential for property development. According to the Housing Land Initiative, three new development opportunities in Dublin will be brought to Dublin City Council. The first site located in Dublin 7 is 5.66 hectares brown-field site. This site has the minimum potential of 585 new homes. The second site spans 17 hectares and is defined as a greenfield site. The site is located in Dublin 9 and the minimum number of new units has been defined as 640. The last new site is a 4.89 hectare brown field site located in Dublin 8. The minimum capacity of the site is 420 new homes.¹²² Another site recently proposed for development by Rebuilding Ireland is located in Dublin 22. The site is 29.46 hectares and has potential for housing development.

Available Land Owned by State

¹²⁰ Volpe, Allie. “The Strange, Unique Intimacy of the Roommate Relationship.” *The Atlantic*, Atlantic Media Company, 15 Aug. 2018, www.theatlantic.com/family/archive/2018/08/the-strange-unique-intimacy-of-the-roommate-relationship/567296/.

¹²¹ Hoffer, Hillary. “The Trendy Co-Living Spaces Attracting Millennials in New York and San Francisco Are Just the Latest Version of a Concept That’s Been around for 200 Years.” *Business Insider*, Business Insider, 9 Sept. 2018, www.businessinsider.com/co-living-increasing-expensive-cities-old-concept-2018-9?r=US&IR=T.

¹²² http://rebuildingireland.ie/install/wp-content/uploads/2017/04/DCC_Housing-Land-Initiative_Map_Launch.pdf

The Department of Housing published the ‘*Rebuilding Ireland Land Availability Survey*’ which reported that the local authorities owned residential land with the capacity for 37,950 dwellings. However, figures from seven local authorities depict even higher capacity for dwellings on zoned land owned by local authorities. According to local authorities, capacity exists for 48,724 more dwellings.¹²³ The *National Asset Management Agency* (NAMA) revealed that it controls loans on development lands with a potential for 43,075 additional homes in County Dublin.¹²⁴ The State controls development land with capacity of a total of 114,123 additional dwellings nationwide. The State possesses more than 25% of the potential housing capacity in Ireland.

Land Development Agency (LDA)

September 13, 2018 marked the launch of the Land Development Agency. The government granted €1.25 billion in capital to this agency in hope to build 150,000 new homes in the next twenty years, in an initiative known as *Project Ireland 2040*. The first focus of the agency will be to utilize state owned land to be developed into housing. The two functions of this agency include, “*coordinating appropriate State lands for regeneration and development, opening up key sites which are not being used effectively for housing delivery*” and “*driving strategic land assembly, working with both public and private sector landowners to smooth out peaks and troughs of land supply, stabilizing land values and delivering increased affordability.*”¹²⁵

The functions of the LDA include developing and regenerating land and property for the purpose of delivering housing. The LDA was enacted to support the consolidation of publicly owned land to achieve a more efficient use of land and increase densities through master planning and development services. Establishing a more efficient and collaborative framework between public and private firms is also a responsibility of the *Land Development Agency*.

The agency is combating expensive development land costs and increasing house prices. In addition, a portion of the properties built will have to fit under the titles of affordable (30%) and social (10%) housing.¹²⁶ However, the LDA can lower development land costs, through assembling land packages ahead of the planning and infrastructure stages.

Land Development Agency Chairman, John Moran, is openly advocating for plebiscites for directly elected mayors. Moran believes this change would shorten the process for getting site approvals for properties.

¹²³ Reynolds, Mel. “State Land Could Provide 114,000 Dwellings.” *Village Magazine*, 26 Feb. 2019, <https://villagemagazine.ie/index.php/2019/02/state-land-could-provide-114000-dwellings/>.

¹²⁴ <https://www.nama.ie/development-funding/nama-residential-delivery-updates/>

¹²⁵ Whelan, John. “Government Launches €1.25bn Land Development Agency to Build 150,000 New Homes.” *Department of Housing, Planning and Local Government*, 13 Sept. 2018, www.housing.gov.ie/housing/government-launches-eu125bn-land-development-agency-build-150000-new-homes.

¹²⁶ “The Land Development Agency Explained.” *Whitney Moore*, 6 Nov. 2018, <https://whitney Moore.ie/2018/10/31/the-land-development-agency-explained/>.

Compulsory Purchase Orders (CPOs)

Minister Eoghan Murphy is attempting to increase the power of *Compulsory Purchase Orders* (CPOs). Currently, CPOs allow statutory bodies to acquire private land for fair compensation. CPOs do not require consent of the owner. The government can take land or property if the property can be used for the common good. CPOs were enacted in the Act of Parliament of 1757. Minister Murphy wants to enact a provision to strengthen the powers of this order to allow the government to encourage owners of vacant properties or land to sell quickly. The use of a compulsory purchase order can be used to reduce the burdens of the housing crisis.

Individuals served with a CPO are generally compensated based on the market value of their property. CPOs could be used on vacant homes. The more orders granted, leads to more encouraged property owners to sell quickly. The purpose of increasing the use of orders is to speed up the buying process of vacant housing.

Build-to-Rent Scheme

Build to rent can increase the housing supply, inflation, less impacted by residential price changes, consistent demand, long term certainty, and provide better management.

Lifelong renting is becoming increasingly popular within Ireland's largest cities. Influential Cork developer, Michael O'Flynn, talked about instances when he heard of people suggesting that up to 50% of houses should be rented. O'Flynn heavily disagrees with this statement and suggests that ideas revolving around economic and pension policies should be reviewed.¹²⁷

O'Flynn recently addressed this issue during his discussion at the Institute of Professional Auctioneers and Valuers (IPAV). He set out to prove that retirees could not sustain a long period of renting properties and instead should have a house paid off to retire with. He asked the audience, *"There are currently five workers for every pensioner, but the projection is for this to drop to two workers for every retiree by 2050. Have we considered how that will impact on pension income?"*¹²⁸

The renting model is not affordable for many classes of people and can cause severe economic troubles down the road when savings begin to dry up. Renting can be a great alternative for people moving to new areas or students and young adults in the workforce that are living temporarily in an area but is not a long-term plan.

The age to receive pension funds in Ireland is going to increase in the near future and by 2028 it will have risen from 66 to 68 years old. This is why planning for your future is not certain

¹²⁷ McGuinness, Gráinne. "Top Developer Warns of a Generation Being 'Herded' into Lifelong Renting." *Echo Live*,

18 June 2019, www.echolive.ie/corknews/Top-developer-warns-of-a-generation-being-herded-into-lifelong-renting-197867a6-6dad-47f8-acc8-bf7d37b1009b-ds.

¹²⁸ Ibid.

because many factors can affect how much money you will have. Having a house on top of the additional equity you gain from ownership can provide a much more comfortable lifestyle.

Minister Eoghan Murphy has given his support to increasing the build-to-rent sector but fails to observe the similarities it has to the Celtic Tiger Era. O’Flynn stated, “*The herd ran towards unsustainable numbers of new housing units then and is starting to run towards a model of home rental now without properly examining how this sits in our overall economic model.*”¹²⁹

A thorough study and examination of the long-term effects of rentals in the Irish economy should be conducted. O’Flynn questioned people who were encouraging long term renting, while they themselves had ownership of their homes.

Build To Rent (BTR) has not been prominent within the Irish market. The beginning of 2019 has shown that the potential for growth is there and developers have already begun acquiring lands. BTR is the building or acquiring of property to be turned into rental properties.

- XVI Portfolio (815 homes) for €285 million
- HSQ Portfolio (266 apartments, office building, commercial space) €222 million
- Project Trine Portfolio for €42 million
- 102 New Houses Dublin 20 for €34 million
- Units in Dublin, Meath, Kildare, Galway for €29.9 million¹³⁰

Affordable Housing Scheme

Dublin City Councillors have drafted the *Affordable Housing Scheme*. This scheme is meant to prioritize individuals for housing availability in Dublin for those who have lived there and have children in nearby schools or work nearby. The scheme defined specific distances of how far work or school can be from the city to define as close to the city.

Dublin City Council is seeking developers for 400 new homes on three different sites. These homes will be offered for sale to qualifying low and middle income workers. Prices will begin at €116,000 for a one bedroom. A two bedroom apartment will cost between €148,000 - €168,000. Three bed apartment will range from €176,000 to €200,000. Lastly, a four bed will cost about €232,000. The most expensive home will be three bedroom homes in Ballyfermont for €236,000 each. These prices are based on present market values and are subject to change after the completion of the project.¹³¹

New apartments and homes amounting to 370 new units in Ballyum and Ballyfermont will be the first of several thousand affordable homes in all of Dublin, Fingal and Dun Laoghaire. The

¹²⁹ Ibid.

¹³⁰ <https://researchgateway.cbre.com/Layouts/GKCSearch/DownloadPublicUrl.ashx>

¹³¹ Lavery, Callum. “New Affordable Housing Scheme in Dublin to Offer Homes at Prices Starting from €116k.” *Independent.ie*, Independent.ie, 5 June 2019, www.independent.ie/irish-news/new-affordable-housing-scheme-in-dublin-to-offer-homes-at-prices-starting-from-116k-38179643.html.

scheme of priority has been approved by councillors in the four local authorities. The scheme determines how prospective buyers will be chosen.

Priority applicants have been defined as those living in the council area for at least 12 months and will be the first to choose the newly available homes. The remaining homes will be offered to applicants with children in education within a set distance of the property. Any remaining homes will then be available to those who have a household member with a job within a set distance from the house.

The specific school and job distances that define availability had been determined as 30km for school and 100km for work. These distances were determined because Dublin city councillors wanted to open the scheme to as many applicants as possible, with particular emphasis on Dublin people who had previously been forced to live a great distance outside the city.

However, the Minister for Housing, Eoghan Murphy refused to approve the council's scheme as it stood. Eoghan Murphy said the 30-100 km limit appeared to be an attempt to include everyone with an interest in applying. The councillors have recently agreed to reduce the distances to 30km from schools and 50km from workplaces. This change in distance is also likely to require further legislative alterations. Homes will be aimed at workers who cannot secure mortgages to buy on the open market but do not qualify for social housing. Specifically single applicants must earn less than €50,000 and couples can only earn up to €75,000. The affordable home scheme is scheduled to be completed by the end of 2019.¹³²

Infill

Infill sites of all sorts have huge potential in the areas most in need of housing. This is often viewed as too risky (due to planning issues and neighbours objecting) or too small (by larger professional development firms).

Financing can also be an issue with smaller sites, in London this was solved with a scheme that incentivised development with a plan to reduce dereliction. In Ireland we have land, dereliction and infill sites which often fall outside of the vacant site minimum size and therefore remain under utilized.

Incentives, taxes, and methods for achieving delivery on infill sites is perhaps one of the greatest underutilized solutions available.

In Dublin alone, local authorities and Nama control half the zoned housing land in the city, enough to deliver 70,000 houses and apartments¹³³. Between the canals there is sufficient vacancy for 10,000 homes¹³⁴.

¹³²Ibid.

¹³³ <https://www.independent.ie/irish-news/state-hoarding-enough-land-to-build-thousands-of-homes-37484446.html>

¹³⁴ <https://www.engineersireland.ie/Engineers-Journal/Civil/rebuilding-ireland-and-the-plan-to-address-the-countrys-housing-crisis>

Future Planning of Housing Stock

Ireland has an ageing and increasingly diverse population. The newly expanding population has the potential to create another housing crisis in the near future if long term planning is not adequate. The forecasted population of the Republic of Ireland will be between 5.6 million and 6.7 million people in 2051. Thus, an additional 1.48 million people must be housed in the next 32 years.

The current household size is an average of 2.7 people per household. This means that an additional 548,148 housing units will be needed to keep up with demand. This means that in excess of 17,000 additional houses will need to be built in *each of the next 32 years*, simply to match the projected demand. As discussed at the outset, we are already playing catch up in this respect leading to higher medium term requirements of completions.

Conclusion

The increasingly growing and diversifying population presents a growing pressure on the housing crisis. Affordable housing is in high demand, while there is little supply. This paper presents a review of the costs associated with developing social housing units while also presenting costs for current housing conditions.

The affordability of social housing currently is reviewed. Furthermore, the profitability and affordability to develop and build affordable housing is also reviewed. Commercial development and the current costs associated with commercial units is also assessed.

The housing crisis of Ireland is complex and can not be solved with one swift action. An extensive review of all the initiatives, funds, and legislation will provide the best opportunity to attack the current crisis. This report is broken down into four main sections including; cost of housing, affordability, delays & impediments, and lastly suggested changes. In each of these sections we tried to consider different subsections to address a wide range of information.

The government has had success in the past implementing programs, however, seeing these programs through to the finish line is currently lacking. Increasing the supply of social housing and combating homelessness are the two large issues in Ireland. There is significant overlap between the two issues: fixing the housing supply and stabilizing the price control will in effect lower the homeless rates, it would be difficult to have one without the other.

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Cost rental only gives you 10-25% below full market cost “I expect that the cost rental schemes should be able to deliver rents of between of 10% to 25% below the market rate.”
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