

2016

NATIONAL ECONOMIC DIALOGUE

Housing, homelessness, urban regeneration and planning

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Breakout Session 7

“Housing, homelessness, urban regeneration and planning”

Chair: Minister Simon Coveney T.D.

Rapporteur: Dr Rory O’Donnell

Potential Issues/Questions for Discussion

1. Is there broad agreement that a failure of supply of new housing to emerge to meet demand arising from demographic and structural changes in the makeup of the housing sector are the main underlying problems facing the housing sector? What in delegates’ views are the main obstacles that are hindering housing supply at present?
2. What policy areas or issues should be the focus of the Government’s new Action Plan for Housing? For example these might include the structure of the housing sector, the efficient use of the housing stock, ensuring viability in the provision of new housing, strategic/active land management, and the affordability of supply?
3. Are there measures that could be adopted in the short term to address the problem of homelessness over and above current rapid delivery models?
4. How can new housing be delivered in a way that is consistent with good planning principles, such as the delivery of compact urban development, supporting modal shift towards sustainable travel modes and urban regeneration more broadly?
5. Are there examples of innovative approaches to the provision of housing meeting the sectors needs in other countries that Ireland should be looking to?

Background

The housing sector plays an important role in the economy and society generally. From an economic perspective, the housing sector is a significant one in its own right and interacts significantly with other economic sectors. The availability and quality of housing affects living standards and quality of life and is important in terms of key societal objectives including social inclusion and regional development.

Ireland is currently experiencing a significant housing shortage as housing supply has not kept pace with rising demand. While the supply of new houses is expected to increase from just under 12,700 units in 2015 to about 15,000 units this year, this level remains below the level of 21,000 to 25,000 units required to meet medium-term demographic demand. The supply shortage is particularly acute in Dublin where some 2,800 units were completed in 2015 as against the 7,000 required to meet medium-term demand.

This supply shortage is manifested in a number of ways including:

- Increases in house prices which have risen from trough values by 52 per cent in Dublin and by 25 per cent outside of Dublin. However, there has been a deceleration in the rate of price growth over the last year with national prices in the year to April increasing by just over 7 per cent.
- Significant pressures in the rental market where, according to Daft.ie, the number of properties available to rent has fallen to its lowest level in the last 10 years as of 1 May 2016. As regards rents, the RTB index shows that the growth in monthly rent levels slowed in the first quarter of 2016 to 0.5 per cent compared with 1.6 per cent in the final quarter of 2015 but were higher by 8.6 on an annual basis.
- An increase in homelessness, including of family homelessness, particularly in the Dublin Region, where there were some 888 families in emergency accommodation in April.

Recent Policy Initiatives and Other Developments

A number of policy initiatives have been rolled out by Government to address the problems in the housing market. For example, under Construction 2020, a number of reforms to the planning system were provided for in the Urban Regeneration and Housing Act 2015, including changes to Part V social and affordable housing provisions, retrospective application of reduced development levies and a new vacant site levy (operational from 2019) on housing

or regeneration lands suitable for housing but not coming forward for development. As regards development finance, a number of actions have been taken to support the emergence of more sustainable, equity-based financing models for private and social housing. A new non-bank €500 million financing platform Activate Capital has been established on a joint venture basis between the ISIF (€325 million) and the global investment group KKR (€175 million) to invest in housing development and construction.

As regards social housing, the Social Housing Strategy targets the provision of over 110,000 social housing units to 2020. More recently, the Stabilising Rents Boosting Supply package included measures to improve the operation of the private rental sector for tenants and landlords as well as the introduction of targeted development contribution rebates to encourage the supply of affordable starter homes in Dublin and Cork and the introduction of new cost-reducing apartment planning guidelines.

Separately, NAMA is targeting the delivery of 20,000 additional residential units before the end of 2020.

Programme for Government

The new Government's programme A Programme for a Partnership Government includes a number of significant commitments and actions in relation to housing under the following headings:

- Leadership on Housing;
- Improving Housing Supply;
- Preventing and Tacking Homelessness;
- Planning Reform;
- Protecting and Promoting Tenancy Rights and Home Ownership.

On foot of the Government's Programme, a new Cabinet Minister for Housing, Planning and Local Government has been appointed. Under the aegis of the new Minister and the Cabinet Committee on Housing, work is already underway on the preparation of a new Action Plan for Housing for approval no later than mid-July. A new €200 million Local Infrastructure Fund to provide off-site infrastructure to stimulate an increase in private housing in Dublin and urban areas of high demand was approved by Government on 14th June and the fund represents a doubling of the one provided for in the Programme for Government.

The Programme Government also contains a commitment for the introduction of a new model of affordable rental to provide more housing options for low income households and to relieve pressure on the social housing sector. €10 million is being made available to fund a pilot scheme in 2016. The Scheme will be an on-going annual commitment to secure a long

term increase in the supply of affordable properties to meet the needs of those households that would struggle to make rental payments under present market conditions.

Report of Dáil Committee on Housing and Homelessness

On 14 April 2016, a Special Committee on Housing and Homelessness was established to review the implications of the problems of housing and homelessness and to make recommendations in that regard. The Committee presented a final report to the Dáil on 17 June 2016. The report and its recommendations are being examined in detail, in the context of the preparation of the Action Plan for Housing.