



**Rialtas na hÉireann**  
Government of Ireland

## **Spending Review 2019**

### **Analysis of Social Housing Acquisitions**

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**HOUSING, PLANNING AND LOCAL GOVERNMENT VOTE AND  
IGEES UNIT**

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This paper has been prepared by IGEES staff in the Department of Public Expenditure and Reform. The views presented in this paper do not represent the official views of the Department or Minister for Public Expenditure and Reform.

# **IGEES**

Irish Government Economic and Evaluation Service

## Executive Summary

### Use of Acquisition Delivery

- The acquisition of units from the private market for the purposes of social housing is one of a variety of mechanisms in place to deliver social housing support. It has accounted for one third of additional social housing stock in the last three years, over €1 billion of expenditure, and output for this mechanism has consistently been ahead of planned targets (106% of acquisitions target to 2021 achieved as of Q1 2019).
- There is significant regional variation in the use of acquisitions for delivery. In a number of Local Authorities (LAs), acquisitions account for a significant majority of additional stock (up to 70%). These LAs are mostly rural LAs rather than those based in urban areas.

### Type and Cost of Units

- The vast majority of units (79%) acquired by LAs are houses with three or more bedrooms while Approved Housing Bodies (AHBs) have an almost even split between apartments and houses. The difference may reflect different requirements and engagement between AHBs/LAs at a local level, with AHBs targeting specific units to meet client needs. This is within the context of the majority of applicants on the Social Housing Waiting List being single or single with child/children, and acknowledging that units acquired may often be a reflection of market availability.
- The average purchase price for units acquired by LAs in 2018 was just under €190,000, a 13% increase on 2016. There is significant regional variation among LAs behind this, ranging from around €105,000 (Leitrim) to €315,000 (Dún Laoghaire Rathdown) reflecting differences in regional housing markets.

### Cost Efficiency and Market Interaction

- Assessing the cost effectiveness of the acquisitions programme is a challenging task. The analysis here looks at this question relative to acquisition cost guidelines set by DHPLG, prices within the wider housing market and unit cost ceilings set for construction delivery.
- Based on indicative analysis, a large proportion of units acquired by LAs through the Social Housing Investment Programme (SHIP) appear to have been at a cost which is below the cost guideline set by DHPLG and equate to below the median house price in the wider market for that unit type and area.
- While the majority of units acquired appear to be delivered at a reasonable cost, the available evidence also indicates a proportion of the units delivered through this mechanism by LAs were above the high cost guideline level for acquisitions (3%), in the top 25% of prices within the local housing market (7%) and/or significantly above (i.e. 20%+) the highest unit cost ceiling set for construction (13%).
- A key analytical question is whether the acquisition programme has an impact on the wider housing market. While further analysis is required, the analysis here shows that the LA acquisition programme amounts to around 4% of overall transactions within the residential market. However, there are a number of areas where LA acquisitions equate to more than 10% of transactions.

### Summary and Next Steps

- The operation of the acquisitions programme should focus on areas where it delivers a cost effective and appropriate solution. The analysis here indicates that while a large proportion of units appear to be delivered at a reasonable cost there is a proportion which appear to be relatively high cost and these findings should be considered in the future planning of social housing delivery by DHPLG and LAs. Furthermore, delivery at a local level should be monitored to limit any impacts on the wider market.
- In completing this analysis a range of data from DHPLG was examined. It is evident that there are a number of areas for improvement and DHPLG should continue to enhance and improve data collection processes, including through the development of their Housing ICT system.

## 1. Introduction and Context

The provision of housing supports to households who require it is a key element of Government policy. There are a range of delivery mechanisms in place to provide these supports utilising both capital and current expenditure. The Rebuilding Ireland Plan targets a significant increase in social housing output using a variety of delivery mechanisms including the construction and acquisition of units, long term leasing and supporting households to access the private rented market. This paper has been completed as part of the 2019 Spending Review process. It focuses on acquisition delivery mechanisms for social housing and builds upon analysis completed by the Department of Public Expenditure and Reform (DPER) in four previous papers<sup>1</sup> - summaries of which are contained in Appendix 1.

### Context for Analysis

In terms of the wider context for the analysis of social housing delivery, many of the key trends and developments in recent years are well understood. A more detailed overview of this is contained within the previous papers referenced above. In general, the housing market in Ireland has seen significant renewed price growth following the economic crash and the fall in house prices. House prices have increased by 83% since 2013 and are now 18% behind the previous peak in 2007<sup>2</sup>. Rental prices have grown at a higher rate with current average rental prices at peak levels, 18% higher than 2007<sup>3</sup> and 28% higher in Dublin. The level of price growth in recent years has been driven by a number of factors including constraints in housing supply and increases in need for housing related to population growth and pent up demand. Indicators show that housing output nationally has increased significantly with a total of 18,072 units in 2018; a 25% increase on 2017<sup>4</sup>.

In recent years there also has been a significant level of households in need of housing support. However, the number of households on social housing waiting lists has reduced from 91,600 in 2016 to 71,858 in 2018, which is 22% or 19,742 households lower than the level in 2016<sup>5</sup>. In response to this level of need there has been a significant increase in Government intervention. The Rebuilding Ireland Plan sets out Government actions across a range of housing policy areas. Total expenditure related to housing<sup>6</sup> has increased significantly to a peak level of €2.5 billion in 2019 and specifically in social housing there has been a range of delivery mechanisms used to provide additional support. Under Rebuilding Ireland, 50,000 additional social housing units are targeted for delivery by 2021 and significant funding has been allocated through the National

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<sup>1</sup> O'Callaghan, D (2017) 'Current Expenditure on Housing Supports'. Spending Review 2017; O'Callaghan, D and Kilkenny, P (2018) 'Current and Capital Expenditure on Social Housing Delivery Mechanisms'. Spending Review 2018; O'Callaghan, D, Kilkenny, P. and Farrell, C. (2018) 'Social Impact Assessment: Social Housing Supports'. Budget 2019. Kilkenny, P (2019) 'Rebuilding Ireland – Patterns of Social Housing Construction (2016-2018)'. IGEEES Paper.

<sup>2</sup> CSO (2019) Residential Property Price Index, May 2019

<sup>3</sup> RTB (2019) Rent Index 2019, Quarter 1

<sup>4</sup> CSO (2019) New Dwellings Completions Q4 2018

<sup>5</sup> Housing Agency (2018) 'Summary of Social Housing Assessments 2018'

<sup>6</sup> DHPLG expenditure, LPT funded LA expenditure and Rent Supplement expenditure by DEASP. See Section 3.

Development Plan to deliver this. As will be detailed later in the paper, the delivery of social housing through acquisitions has consistently been above planned targets which underlines the rationale for this analysis.

## Objectives of Paper

Given the outlined context, it is evident that there is a clear rationale for analysis within this area given the scale of expenditure and the importance of the stated policy objectives. The paper will seek to build on work recently completed and has the following key objectives:

- Provide an overview of the acquisition delivery mechanisms, and other related mechanisms, including an analysis of the level of expenditure and social housing output in the years 2016, 2017 and 2018.
- Assess developments in the cost of delivering social housing through acquisition mechanisms.
- Analyse issues pertaining to the cost effectiveness of this delivery mechanism at a disaggregated level.
- Provide some indicative analysis related to the relationship between the delivery mechanism and the wider housing market.

## 2. Overview of Delivery Mechanisms

Social housing support is provided through a variety of delivery mechanisms which are funded through capital and current expenditure, and delivered by Local Authorities (LAs) and Approved Housing Bodies (AHBs). The 2018 Spending Review (SR 2018) provided detail on the various delivery streams, namely; construction, acquisition, leasing, Rental Accommodation Scheme (RAS) and Housing Assistance Payment (HAP). Therefore, this Spending Review (SR 2019) will not restate the overview of delivery mechanisms which readers may refer to in the SR 2018 paper. This section will provide an overview of the delivery mechanisms related to social housing acquisitions. Figure 1 displays a simplified overview of social housing delivery within five distinct strands. These strands relate to the construction, acquisition and leasing of additional units, for social housing by both LAs and AHBs, sourced either directly from the market or through construction/acquisition, RAS and HAP.

**Figure 1: Simplified Overview of Delivery Mechanisms**

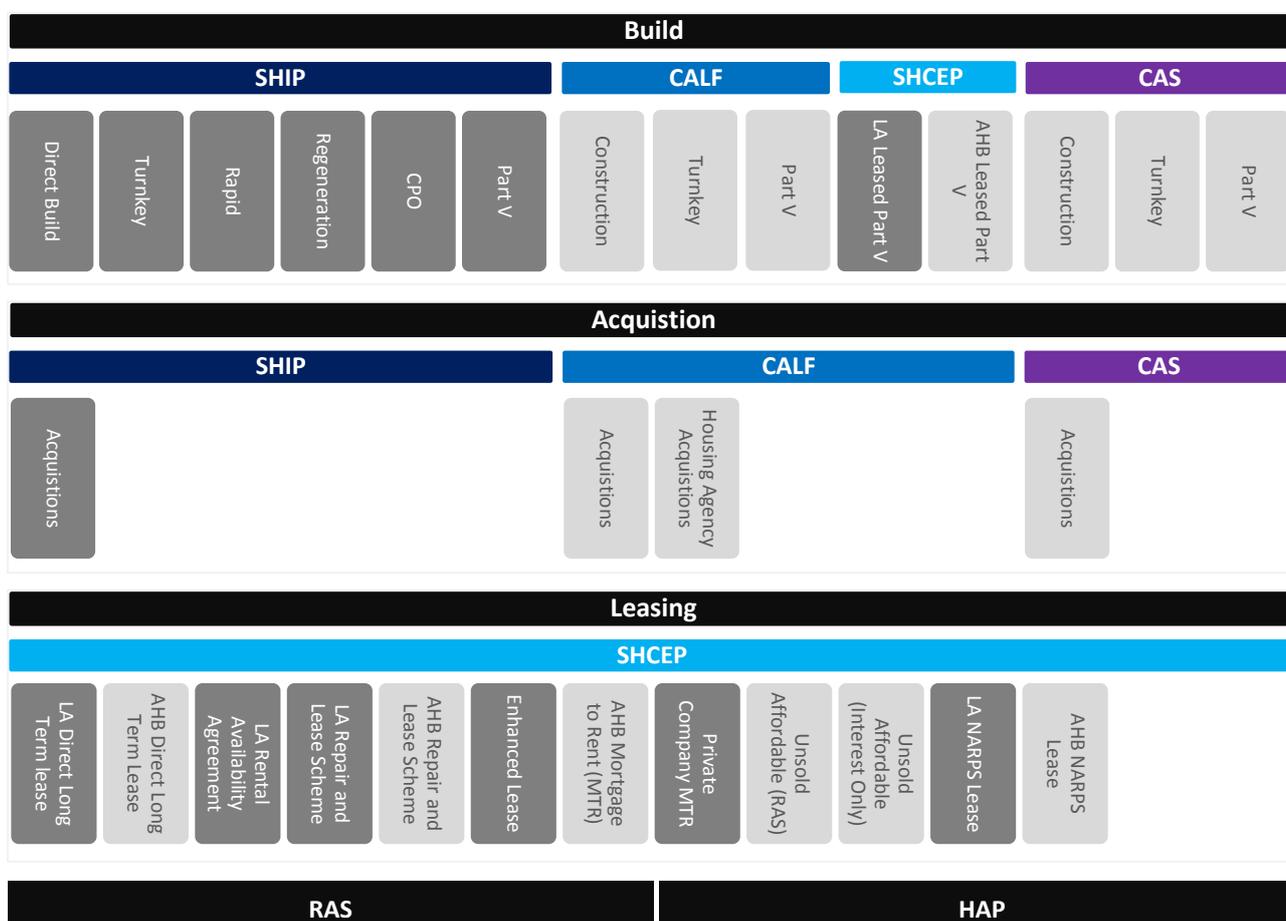


### 2.1 Overview of Acquisitions and Associated Funding Mechanisms

LAs and AHBs purchase residential dwellings in the private second-hand market for the purposes of social housing provision. This delivery stream is referred to as the Acquisitions Programme and is funded by a number of mechanisms. These are the Social Housing Investment Programme (SHIP), the Capital Assistance Scheme (CAS), the Capital Advance Leasing Facility (CALF), the Social Housing Current Expenditure Programme

(SHCEP), and the Housing Agency Acquisitions (HAA) Programme. Each of these mechanisms are described in more detail below. Figure 2 shows the detailed breakdown of social housing output reporting categories.

**Figure 2: Social Housing Output Reporting Categories (Dark Grey = LA, Light Grey = AHB)**



### Social Housing Investment Programme (SHIP)

The **Social Housing Investment Programme (SHIP)** provides funding to LAs to construct or purchase social housing stock. In acquiring suitable housing from the private market, LAs are provided with cost guidelines from the Department of Housing, Planning and Local Government (DHPLG) that relate to the cost of unit purchase and any upgrade works. A number of principles are also set out to guide LAs in acquiring property; including that they should consider the value for money of acquiring units from the market relative to other delivery options (i.e. direct build, lease, etc.), potential impact on the local market, tenure mix and sustainability of the units. The LA should also ensure that it does not compete with private purchasers in the acquisition of units in order not to distort the market. LAs have delegated sanction of up to €600,000 to acquire units under the SHIP. The SHIP funded the purchase of 4,384 units over the period 2016 to 2018.

### Capital Assistance Scheme (CAS)

The **Capital Assistance Scheme (CAS)** provides grants to AHBs to deliver housing for older people, homeless, people with a disability or victims of domestic violence. Funding of up to 100% of the overall approved capital

cost of eligible projects are available, subject to CAS scheme conditions. The CAS funding takes the form of a loan which is non-repayable provided the accommodation continues to be let to eligible categories of persons with a housing need, is adequately maintained and continues to meet scheme conditions. During the period 2016-2018 total expenditure on the CAS (build and acquisition) has more than doubled from €37 million in 2016 to almost €81 million in 2018. LAs have delegated sanction to allow AHBs acquire houses where the costs of the purchases compare favourably to DHPLG’s cost guidelines. The geographic location and specific housing market in which the AHB is seeking to deliver housing should inform the utilisation of either construction or acquisition delivery mechanisms.

### Capital Advance Leasing Facility (CALF)

Similar to the CAS, the **Capital Advance Leasing Facility (CALF)** provides financial support from LAs to AHBs via long term loans, to help with the purchase or construction of units for use as social housing. The LA provides up to a maximum of 30% of the upfront capital cost of acquiring the unit to the AHB. The remainder of the finance is then sourced from either the private sector or the Housing Finance Agency (HFA). The CALF was preceded by the Capital Loans and Subsidy Scheme (CLSS) which provided funding to LAs for the payment of Capital Loan Charges to the HFA and funding to AHBs, towards the management and maintenance of the units provided under the scheme. **Payment & Availability (P&A)** agreements under CALF are secured by LAs with AHBs at 92%-95% of the current market rent. The **Social Housing Current Expenditure Programme (SHCEP)** (previously referred to as the Social Housing Leasing Initiative - SHLI) recoups to LAs the cost of leasing these dwellings sourced under CALF acquisitions and to be used for the purposes of providing social housing support.

### Housing Agency Acquisition Programme (HAA Programme)

The Housing Agency is operating an acquisition fund of €70 million which was established in 2017. The objective of the fund is to acquire some 1,600 vacant properties from banks and investment companies in areas with high levels of social housing demand over the period to 2020 for social housing purposes. Units acquired by the Agency are offered for sale to AHBs who can access the funding support available under the CALF and the SHCEP to match loan finance from the HFA and other private lenders, and to LAs for purchase with full capital support. The acquisitions made through the Housing Agency fund are included in the overall Rebuilding Ireland social housing targets. The **Housing Agency Acquisitions (HAA) programme** had delivered 517 units up to the end of 2018; approximately one third of its overall target to 2020. The table below shows the number of units acquired under the four acquisition streams in 2016, 2017 and 2018.

**Table 1: Social Housing Acquisitions, 2016-2018**

Year	SHIP Acquisition	CAS Acquisition	CALF Acquisition	HAA Acquisition	Total
2016	1,397	277	283		1,957
2017	1,454	357	367	36	2,214
2018	1,533	302	294	481	2,610
<b>Total</b>	<b>4,384</b>	<b>936</b>	<b>944</b>	<b>517</b>	<b>6,781</b>

Source: DHPLG, 2019

## Other Related Delivery Mechanisms

As detailed above, there are a variety of other delivery mechanisms outside of acquisition which are used to provide social housing support. These span both capital and current expenditure. Of note here are mechanisms which involve the purchase of new build units for social housing. Turnkeys are a mechanism through which LAs can deliver additional social housing. Turnkey units are newly built dwellings on private land. The rationale for utilising such units may include, *inter alia*, that the LA has limited or no land available for residential development in a particular area, or market conditions may suggest that turnkeys are appropriate given speed of delivery relative to LA own build units and cost considerations<sup>7</sup>. Similarly, Part V is a further mechanism which is of some relevance. To support sustainable communities and mixed tenure, this places an obligation for a proportion of land from a development to be provided for social housing<sup>8</sup> and this can be met in a number of ways. As such, in line with legislative requirements, the Part V mechanism can involve the acquisition of newly built units for the purposes of social housing delivery. As Turnkeys and Part Vs are 'Build' under Rebuilding Ireland, they are not included in this review of acquisitions.

## Rationale and Objectives for Acquisition Schemes

As set out above, there are four funding mechanisms for acquiring units for social housing. The following section will briefly consider the rationale for, and objectives of, this programme. SR 2018 included a detailed analysis of the rationale and objectives across the social housing delivery mechanisms and this included value for money, speed and capacity, flexibility, appropriateness of accommodation, sustainable communities, use of funding mechanisms and the development of social housing stock. AHBs have reported that acquisitions are comparatively more straightforward to deliver than new builds, due to planning issues, speed of delivery and difficulty in affording sites in the Dublin area in particular<sup>9</sup>. In general, the specific objectives and rationale for the acquisition of social housing mirror these areas and can help inform the appropriate mix of delivery schemes being targeted. As with any of the mechanisms, the overall objective is to provide additional support which can appropriately meet the needs of those who require it. Acquiring units from private market developments to add to social housing stock may be more appropriate in areas where LAs do not have land to build, where the cost of construction is greater, or, where the level of need is high, and for speed and efficiency of delivery. As noted in SR 2018, certain mechanisms of social housing provision are utilised to varying degrees by LAs and AHBs based on the speed and efficiency of the potential delivery. In certain locations, the LA may determine that particular forms of housing could be acquired for social housing purposes which may, in theory, also enable development of sustainable communities depending on where acquisitions take place.

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<sup>7</sup> Kilkenny, P. (2019), 'Rebuilding Ireland – Pattern of Social Housing Construction (2016 - 2018)'

<sup>8</sup> LAs can purchase 10% of new developments or, up to 10% of land zoned for housing development at "existing use value" rather than "development value" (if development is ten or more units or on land of greater than 0.1 hectares).

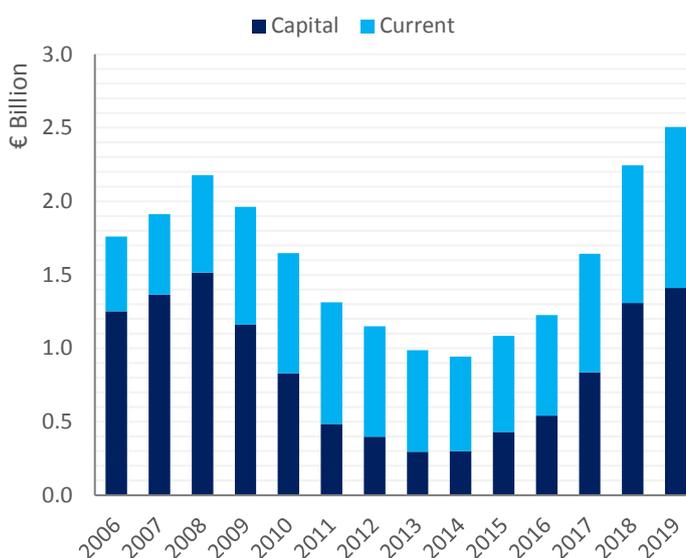
<sup>9</sup> Kilkenny, P. (2019), 'Rebuilding Ireland – Pattern of Social Housing Construction (2016 - 2018)'

### 3. Expenditure and Output

The following section presents an overview of expenditure and output related to the area of housing. It first presents the total level of expenditure and output before setting out analysis related specifically to acquisitions.

Total Exchequer expenditure related to housing stands at €2.5 billion in 2019. This is comprised of funding through the DHPLG on capital programmes (such as construction and acquisition programmes) and current programmes (such as HAP, RAS and Leasing). Funding is also provided by the Department of Employment Affairs and Social Protection for Rent Supplement. In addition, some LAs utilise additional funding through retained Local Property Tax (€92.7m in 2019) receipts to fund housing programmes. Total expenditure has more than doubled since 2014 and is 15% above the previous peak level in 2008. Of note is the

**Figure 3: Total Expenditure Related to Housing, 2006-2019**



Source: DPER Databank and DHPLG. Note: Current and capital expenditure between 2015 and 2019 include LPT own funding. Current expenditure includes Rent Supplement and Mortgage Supplement through DEASP.

underlying dynamic related to current and capital expenditure. While capital expenditure accounted for 70% of expenditure in 2008, it now accounts for 56%, with a significant increase in the level of current expenditure in the area. Budget 2019 provides over €747 million for SHIP<sup>10</sup>, €94 million for CALF, €95 million for the CAS programme, significant portions of which will fund the acquisitions programme.

Table 2 looks at the breakdown of housing programme expenditure from 2016 to 2018. As can be seen, across the three years of Rebuilding Ireland expenditure has increased. Over the three years (2016-2018), expenditure on acquisitions has amounted to €1.03 billion which is 23% of total DHPLG housing expenditure. This is lower than build (€1.26 billion or 28%) but higher than HAP (€487 million or 11%), RAS (€417 million or 9%) or Leasing (€250 million or 6%). Acquisitions as a share of total expenditure has decreased from over one-quarter to one-fifth between 2016 and 2018.

Targets and output related to Rebuilding Ireland over the six years of the plan (2016-2021) are set out in table 3. In 2018, 8,422 units were brought into the active social housing stock, a 7% increase over the 2018 target. The new homes were delivered through;

<sup>10</sup> €825m when Local Property Tax (LPT) self-funding is included.

- 4,811 Build units, 3% below target and a 19% increase on 2017 output
- 2,610 Acquisitions, 190% over target and an 18% increase on 2017 output
- 1,001 Lease units, 50% below target and a 21% increase on 2017 output

**Table 2: Breakdown of Housing Programme Expenditure (€m), 2016-2018**

Mechanism	2016	2017	2018	Total 16-18	Share 16-18
Build	172.9	337.2	744.9	1,255.0	28%
Acquisition	233.4	377.5	417.5	1,028.4	23%
Lease	55.8	87.3	106.4	249.5	6%
RAS	131.0	142.8	143.3	417.1	9%
HAP	57.7	152.7	276.6	487.0	11%
Homelessness	88.7	109.2	139.0	336.9	8%
Other Capital	133.8	118.3	140.6	392.7	9%
Other Current	69.7	83.4	92.5	245.6	6%
<b>TOTAL</b>	<b>943.0</b>	<b>1,408.5</b>	<b>2,060.9</b>	<b>4,412.4</b>	<b>100%</b>

Source: DHPLG, 2019

**Table 3: Rebuilding Ireland Delivery Targets and Output, 2016-2021**

Category	Target 2016	Output 2016	Target 2017	Output 2017	Target 2018	Output 2018	Target 2019	Target 2020	Target 2021	Overall 16-21
Build	2,260	2,965	3,200	4,054	4,969	4,811	6,545	7,736	8,907	<b>33,617</b>
Acquisition	1,755	1,957	1,250	2,214	900	2,610	1,325	800	800	<b>6,830</b>
Lease	225	792	600	827	2,000	1,001	2,130	2,631	2,450	<b>10,036</b>
<b>Subtotal</b>	<b>4,240</b>	<b>5,714</b>	<b>5,050</b>	<b>7,095</b>	<b>7,869</b>	<b>8,422</b>	<b>10,000</b>	<b>11,167</b>	<b>12,157</b>	<b>50,483</b>
RAS	1,000	1,256	1,000	890	600	755	600	600	0	<b>3,800</b>
HAP	12,000	12,075	15,000	17,916	17,000	17,926	16,760	13,000	10,000	<b>83,760</b>
<b>Subtotal</b>	<b>13,000</b>	<b>13,331</b>	<b>16,000</b>	<b>18,806</b>	<b>17,600</b>	<b>18,681</b>	<b>17,360</b>	<b>13,600</b>	<b>10,000</b>	<b>87,560</b>
<b>Total</b>	<b>17,240</b>	<b>19,045</b>	<b>21,050</b>	<b>25,901</b>	<b>25,469</b>	<b>27,103</b>	<b>27,360</b>	<b>24,767</b>	<b>22,157</b>	<b>138,043</b>

Source: DHPLG, 2019

Table 4 below highlights the targeted level of delivery and the actual output between 2016 and 2018. It highlights that 21,231 social housing units were built, acquired and leased between 2016 and 2018 (24% ahead of the target of 17,159). In addition, just over 50,000 units were provided through current supports (HAP and RAS) over the same period (9% ahead of the target of 46,600).

**Table 4: Rebuilding Ireland Delivery Targets and Output, 2016-2018**

Category	Target 2016-2018	Output 2016-2018	% Of 2016-2018 Target Achieved
Build	10,429	11,830	113%
Acquisition	3,905	6,781	174%
Lease	2,825	2,620	93%
<b>Subtotal</b>	<b>17,159</b>	<b>21,231</b>	<b>124%</b>
RAS	2,600	2,901	112%
HAP	44,000	47,917	109%
<b>Subtotal</b>	<b>46,600</b>	<b>50,818</b>	<b>109%</b>
<b>Total</b>	<b>63,759</b>	<b>72,049</b>	<b>113%</b>

Source: DHPLG, 2019

The delivery of social housing between 2004 and 2018 under the categories of build, acquisitions and voids is shown in Figure 4. Over the fifteen year period shown, the average number of build units between 2004 and 2007 was 5,646 compared to an average of 2,021 in the last four years. Delivery decreased significantly between 2009 and 2014; however, it has risen each year subsequently. The change in delivery over these years reflects the pro-cyclical

**Figure 4: Social Housing Output through Build and Acquisition Mechanisms, 2004-2018**



Source: Analysis of DHPLG data

nature of social housing capital investment which correlates with the economic performance of the State<sup>11</sup>. Over the first three years of Rebuilding Ireland, build and acquisition numbers have increased by 355% and 55% respectively, albeit from a low nominal base. As noted in SR 2018, since 2015 a large majority of the overall social housing output has been attributable to the Housing Assistance Payment (HAP) and the Rental Accommodation Scheme (RAS). Over the period 2016-2018, HAP and RAS accounted for approximately 70% of annual social housing output. This proportion is expected to decrease to 45% by 2021, as the delivery of build, acquisition and lease units are expected to increase, accounting for 55% of output.

Figure 5 below shows the number of units delivered through acquisitions nationally over the first three years of Rebuilding Ireland and the annual targets for acquisitions over the full period of the plan from 2016 to 2021. The 2016-2018 target for acquisitions under Rebuilding Ireland was 3,905. The actual delivery was 6,781. This

**Figure 5: Social Housing Acquisitions 2016-2021**



Source: DHPLG Statistics

represents a 74% or 2,876 overshoot of this delivery mechanism. The overall acquisitions target from 2016 to 2021 is 6,830 under Rebuilding Ireland. Q1 2019 social housing delivery output figures published by DHPLG show that 474 acquisitions were bought by LAs in the first three months of 2019. Therefore, 106% of the total acquisitions target to 2021 has been delivered.

<sup>11</sup> Norris, M. and Hayden, A. (2018), 'The Future of Council Housing - An Analysis of the Financial Sustainability of Local Authority Provided Social Housing'

## 4. Analysis

The following section sets out some detailed analysis related to the acquisition delivery mechanism for social housing. As detailed above, this Spending Review paper focuses on social housing acquisitions, building on SR 2018 to assess the relative efficiency, cost effectiveness and long term value for money of this delivery mechanism. The structure of the analysis is informed by key evaluation objectives which the Spending Review aims to address in line with the objectives set out earlier in the paper. The analysis is structured to look at the following analytical questions:

<b>Use of Delivery Mechanism</b>	To what extent do LAs use the acquisition delivery mechanism?
<b>Type of Units Delivered</b>	What type of units are delivered through acquisition?
<b>Location of Units</b>	What is the geographic distribution of acquisitions?
<b>Timing of Delivery</b>	When are units acquired for Social Housing?
<b>Cost of Delivery</b>	What cost is involved in delivering through this delivery mechanism?
<b>Cost Efficiency</b>	How do costs compare to guidelines, prices in the market and construction delivery?
<b>Interaction with Market</b>	How does the delivery mechanism interact with the wider market?

The data analysed in this section consists of the social housing acquisitions records of the 31 Local Authorities as reported to and compiled by the Department of Housing, Planning and Local Government (DHPLG), which includes the Housing Agency's acquisitions programme. Data records are collected through two processes within the Department. In completing the analysis it was evident that there are a number of data gaps. Further details on this are provided in Section Five. It should be noted from the outset that there can be a difference in the date of a unit being recorded as output, the date of actual purchase closing and the date of payment. This is likely due to the nature of the delivery mechanism and the timing of processes. The analysis here focuses on units which had a date of purchase closing in 2016, 2017 or 2018<sup>12</sup>. Further detail is provided in Appendix 2. In addition, the analysis here uses data from the CSO's Residential Property Price Index (RPPI) to assess dynamics in the wider market with further information available in Box 1.

### Use of Delivery Mechanism

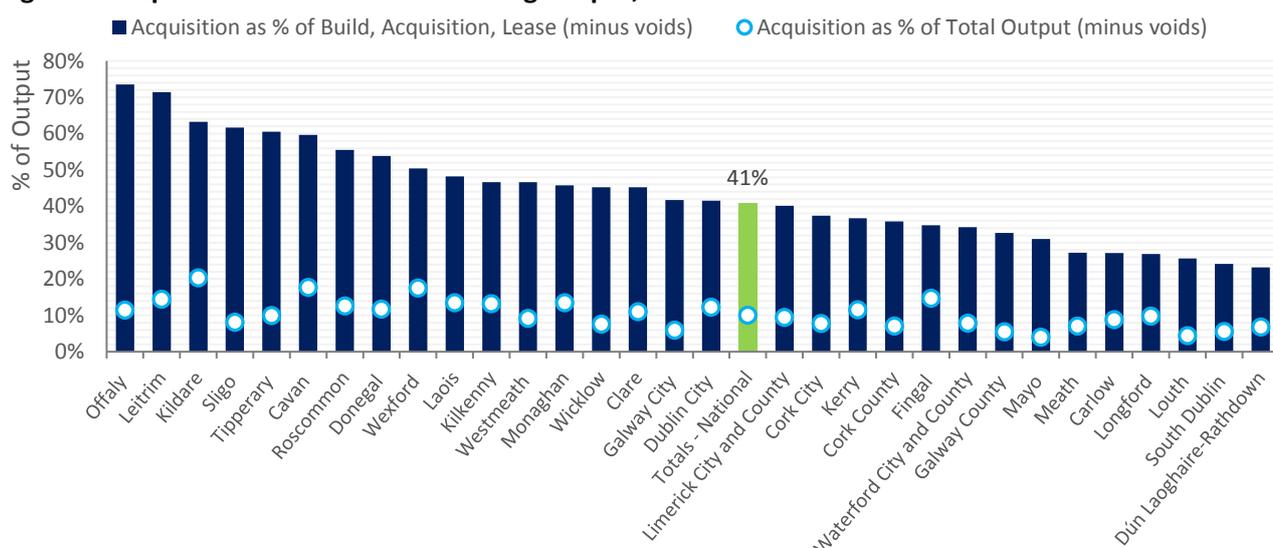
**LAs have relied on the acquisition delivery mechanism to different extents. Some LAs, such as Offaly, Leitrim and Kildare, are significantly above the national average (41%) between 2016 and 2018 while others, such as Dún Laoghaire Rathdown (DLR) and South Dublin, are significantly below.**

The following section looks at the use of the acquisition delivery programme within the context of overall social housing delivery. This analysis considers the social housing delivery output figures as reported by DHPLG

<sup>12</sup> As demonstrated in Appendix 2, of the 4,384 SHIP Acquisitions listed as output between 2016 and 2018 there are 3,895 that have a date of purchase closing in those years.

showing the proportion of units delivered by mechanism (i.e. Build, Acquisition, Lease, HAP and RAS) by LA in 2016, 2017 and 2018. Figure 6 shows acquisitions as a proportion of the total Build, Acquisition and Lease units delivered by LA for the aggregate years 2016 to 2018, minus voids. Nationally, acquisitions accounted for 41% of overall delivery through build, acquisitions and leasing. Certain LAs utilised acquisitions to a greater or lesser extent as shown in the graph; Offaly (74%), Leitrim (71%), Kildare (63%) and Sligo (62%), with lower proportions of acquisitions in Dún Laoghaire Rathdown (23%), South Dublin (24%), Louth (26%) and Longford (27%). Figure 6 also shows acquisitions as a percentage of total social housing output. It should be noted that for the purpose of this analysis, delivery of units through the voids programme are excluded as the extent of the programme will naturally differ by LA (i.e. different stocks of units eligible for void funding)<sup>13</sup>. Total output constitutes Build, Acquisition, Lease, HAP and RAS. Nationally, acquisitions accounted for ten per cent of total output. The highest percentage of acquisitions as a share of total output was in Kildare (20%), followed by Cavan (18%), Wexford (17%) and Fingal (15%). The lowest shares were found in Mayo (4%), Louth (4%), Galway County (5%) and South Dublin (6%) County Councils.

**Figure 6: Acquisitions as % of Social Housing Output, 2016-2018**



Source: Author Analysis of DHPLG data. Note: Total Output refers to total Social Housing Output including Build, Acquisition, Leasing, HAP and RAS.

## Type of Unit

**79% of the units acquired by LAs are houses with 3 or more bedrooms. AHBs have acquired a greater mix of dwelling types through the CALF programme, with an almost even split between houses and apartments.**

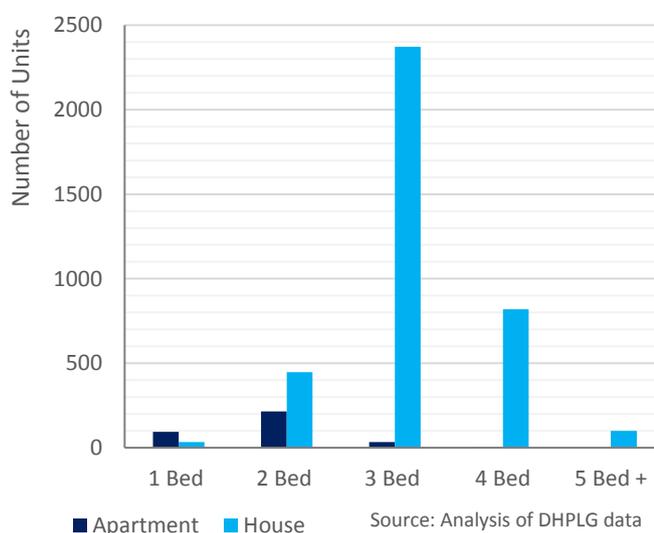
This section presents findings on the type of units which have been acquired over the years 2016, 2017 and 2018. The analysis highlights the type of units purchased by nature (i.e. apartment or house) and number of

<sup>13</sup> When Voids are included, acquisitions account for 32% of total build, acquisition and lease output nationally. The LA with the highest proportion was Kildare (61%) and the lowest proportion was in South Dublin (20%).

bedrooms. Between 2016 and 2018, the majority of SHIP units acquired were houses (91%-93%). In 2018, 79% of SHIP acquisitions were 3-bed or larger units, with just 21% accounted for by 1 and 2-bed units. Figure 7 highlights the type of units delivered through SHIP acquisitions between 2016 and 2018. The chart shows that the majority of SHIP acquisitions made over the period were 3-beds (59%), with the remaining units made up of 4-beds (20%), 2-beds (16%), 1-beds (3%), and 5-beds or more (2%). Figure 7 also shows that LAs acquired 92% of their SHIP units in the form of houses, with the remaining 8% accounted for by apartments. The composition of unit types delivered through SHIP over the course of 2016 to 2018 was relatively unchanged. For example, 3-beds or larger units accounted for 83% of SHIP acquisitions in 2016. This fell marginally to 79% in 2018. In addition, apartments accounted for 7% of SHIP acquisitions in 2016, however, this rose slightly to 9% in both 2017 and 2018. In contextualising these findings it should be noted that the acquisition of units relies on the availability of existing stock within areas and as such the type of units delivered will be impacted by this. Residential Property Price Index (RPPI) executions show that 83% of second-hand properties transacted in 2016 were houses, with only 16% apartments. In 2018, the proportions were 82% houses and 18% apartments.

The proportion of apartments to houses being acquired through the SHIP over the three years under review shows that certain LAs acquired houses only (i.e. no apartments). These LAs were Leitrim, Longford, Roscommon and Sligo and this may reflect a lack of availability in these areas. In contrast, the following LAs acquired the largest shares of apartments relative to their total SHIP acquisitions – Dún Laoghaire Rathdown (19%), Dublin City (19%), Waterford City & County (17%), Galway City (17%), Kildare (16%), and Carlow (14%). As detailed, the majority of units being acquired under the SHIP programme are houses. Looking at this figure in more detail, it is possible to further breakdown the number of houses into semi-detached (45%), terraced (35%) or house (20%).

**Figure 7: Unit Type Delivered through SHIP Acquisitions, 2016-2018**



In contrast to the analysis of units acquired by LAs through SHIP, there appears to be a greater mix of dwelling types among units purchased by AHBs through CALF funding as shown in table 5. There is almost an even split between houses and apartments with 488 houses (52%) and 456 apartments (48%), and 2 and 3 bedroom units are most prominent. For CALF HAA units, almost a third are apartments with the remainder being houses. 3 bedroom or larger houses account for two thirds of all units acquired. Just over half (57%) of CAS units

purchased over the period were houses, with just over four-in-ten being apartments. Also, more than half of CAS units purchased were 3-beds or larger. It should be noted that DHPLG has indicated that at a local level there is cooperation between LAs and AHBs in relation to stock being targeted and delivered. In addition, units delivered through CAS are delivered to meet specific needs which may impact the type of units acquired.

**Table 5: Unit Type as % of Total Delivery for CALF Acquisitions, CALF HAA and CAS, 2016-2018**

		1 Bed	2 Bed	3 Bed	4 Bed	5 Bed +	Total
<b>CALF Acquisitions</b>	Apartments	10%	36%	3%	0%	0%	100%
	Houses	0%	11%	34%	6%	0%	
<b>CALF HAA</b>	Apartments	9%	17%	3%	0%	0%	100%
	Houses	0%	6%	49%	14%	1%	
<b>CAS</b>	Apartments	12%	17%	2%	1%	11%	100%
	Houses	4%	10%	25%	12%	6%	

Source: Analysis of DHPLG data

## Location of Acquisition Units

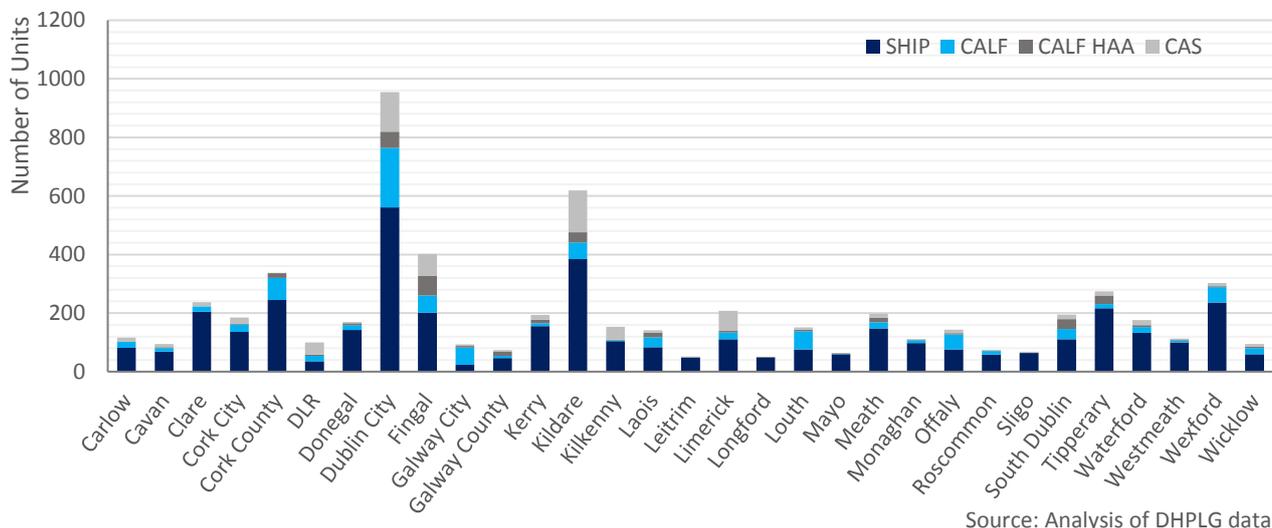
The LAs which account for the largest proportion of acquisitions are Dublin City, Kildare, Wexford, Tipperary and Cork County. Analysis of Dublin shows that in specific areas acquisitions are more concentrated.

This section of the analysis details the geographic distribution of social housing acquisitions. The LA which has delivered the highest number of units through SHIP between 2016 and 2018 is Dublin City Council, reflecting the size of Dublin and the extent of demand for support in the area. The next largest LAs in terms of units delivered through SHIP acquisition are Kildare, Cork County and Wexford. This is detailed in Figure 8. It is of note that there are a number of LAs in urban areas who have low levels of output through SHIP acquisition such as Galway City and Dún Laoghaire Rathdown. This may reflect the use of other social housing delivery mechanisms in these areas and availability/cost considerations.

As detailed above, a large proportion of social housing acquisitions are completed within the Dublin region, reflecting a significant demand for social housing support. Focusing on the four Dublin LAs (DCC, DLR, South Dublin and Fingal) it is possible to assess the distribution of acquisitions through SHIP across areas of the county. Examining total SHIP acquisitions in Dublin, it is clear that there are a number of areas which account for a high proportion of units. For instance, post codes Dublin 11 and 12 account for 9% and 10% of acquisitions in Dublin respectively, while significant amounts have also occurred in Dublin 5 (9%), Dublin 7 (8%), Dublin 24 (6%) and Dublin 15 (6%). Some areas of Dublin account for less than 1% of acquisitions including Dublin 2, Dublin 4, Dublin 6, Dublin 16 and Dublin 20. There is also a significant portion (18%) in County Dublin (i.e. outside postcodes D1 to D24). Another way to consider the geographic breakdown of acquisitions is to compare the number of units that have been acquired to the stock of housing in those areas. A number of LAs

have a higher level of SHIP acquisitions per 1,000 houses, as measured by the CSO Census. These include Kildare (4.8), Monaghan (3.9), Clare (3.7), Carlow (3.5), Wexford (3.5) and Tipperary (3.1) - which are above the average across the State of 2.05. Conversely, there are a number of LAs with much lower rates including Galway City (0.3), DLR (0.4), Mayo (0.9), Wicklow (1.1) and South Dublin (1.1).

**Figure 8: Social Housing Acquisitions by LA and Mechanism, 2016-2018**



Source: Analysis of DHPLG data

In looking at units acquired by AHBs through CALF acquisitions and the Housing Agency Acquisition Programme, we can observe a fifth of the units have been purchased in the area of Dublin City Council (258). Given the nature of these delivery mechanisms, the level and scale of delivery in any one LA area will be impacted by the number and type of AHBs active in that area, and the number and type of units available through the HAA programme.

### Timing of Delivery

The majority of acquisitions by LAs occur in the final quarter of the year with December being the most active month in each year. Acquisitions are more concentrated in Q4 than transactions in the wider housing market.

An important consideration in understanding the operation and management of this delivery mechanism is the timing of social housing acquisitions. This will provide an indication of the overall flow of acquisitions and how the delivery mechanism is used throughout an annual cycle. DHPLG has stated that work on acquisitions is spread over the entire year, including the identification, examination/surveying and negotiation processes. In relation to the final closing of the acquisition, figure 9 shows that approximately half of SHIP acquisitions in 2016 had a date of purchase closing in the last quarter (Q4) of 2016. The proportion of SHIP units purchased in Q4 decreased to 34% in 2017, although this increased to 39% in Q4 2018. If one divides each year in half, the data shows that the majority of SHIP acquisitions have occurred in H2 (i.e. the last six months of the year) in 2016, 2017 and 2018 with 73%, 56% and 61% respectively in each year. In total 41% of SHIP acquisitions closed in Q4. In comparing this trend of acquisitions to the wider housing market, one observes that the

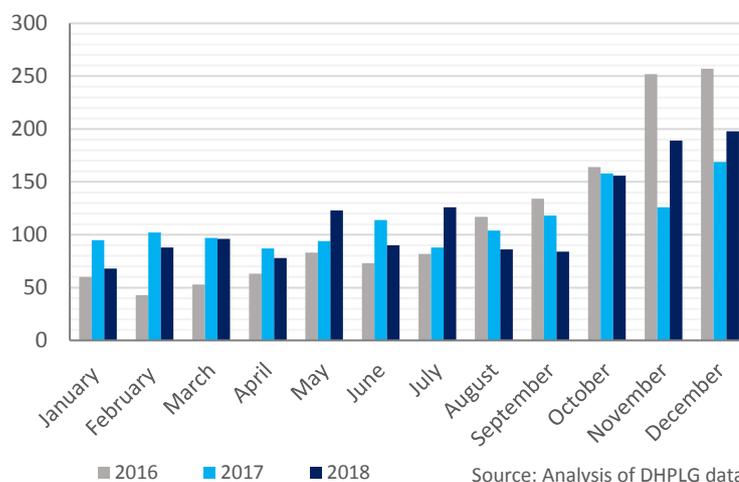
concentration of acquisitions in Q4 is above the general market, with one third of market transactions for existing units happening in Q4 in recent years.

When this is broken down by LA it is evident that there is significant regional variation. There are a number of LAs where over half of their acquisitions between 2016 and 2018 were closed in Q4 including Cork County (67%), DLR (56%), Kerry (55%), Waterford (53%), Longford (53%), Leitrim (52%), Cork City (51%) and Offaly (50%). A number of other LAs appear to be typically delivering units earlier in the year, with over a

quarter of acquisitions in Q1 for LAs including Sligo (39%), Wexford (28%), Mayo (27%), Laois (26%), Galway County (26%) and Donegal (26%). As such, it is clear that a large proportion of LA acquisitions are closing towards the end of the calendar year and this may reflect timing issues in terms of expenditure and targeted levels of delivery. Table 6 below highlights the timing of delivery for CALF, CALF Housing Agency Acquisitions and CAS units between 2016 and 2018. A broadly similar trend can be observed between AHBs and LAs with the majority of acquisitions closing in December each year. The largest share of CALF acquisitions have closed in either December or January over the last three years. For CALF HAA transactions a slightly different picture emerges with the majority of units being completed in January 2018. This relates to changes in counting practices for these types of units to better reflect their impact.

Further analysis of timing also shows that approximately two-thirds of CAS units were purchased in the second half of 2018 relative to half in 2016 and 2017. The majority of CAS units acquired between 2016 and 2018 were closed in either Q1 or Q4 each year (62% in 2016, 65% in 2017, and 56% in 2018). Considering CAS purchases at individual LA level, one observes that 91% of CAS units purchased in Fingal in 2016 closed in Q4. In 2017, 44% of CAS acquisitions occurred in Q1, with LAs with more than ten CAS units acquired and more than 50% of CAS units purchased in Q1 2017 being acquired in Meath (100%), Dún Laoghaire Rathdown (79%), Kildare (54%) and Fingal (50%).

**Figure 9: Timing of Delivery under SHIP Acquisitions, 2016-18**



**Table 6: Timing of Delivery under CALF, CALF HAA and CAS Acquisitions combined, 2016-2018**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>CALF</b>	11%	8%	13%	6%	8%	5%	4%	9%	6%	5%	5%	20%
<b>CALF HAA</b>	76%	2%	0%	0%	0%	0%	0%	2%	2%	8%	9%	1%
<b>CAS</b>	7%	7%	7%	5%	14%	5%	6%	9%	7%	8%	11%	15%

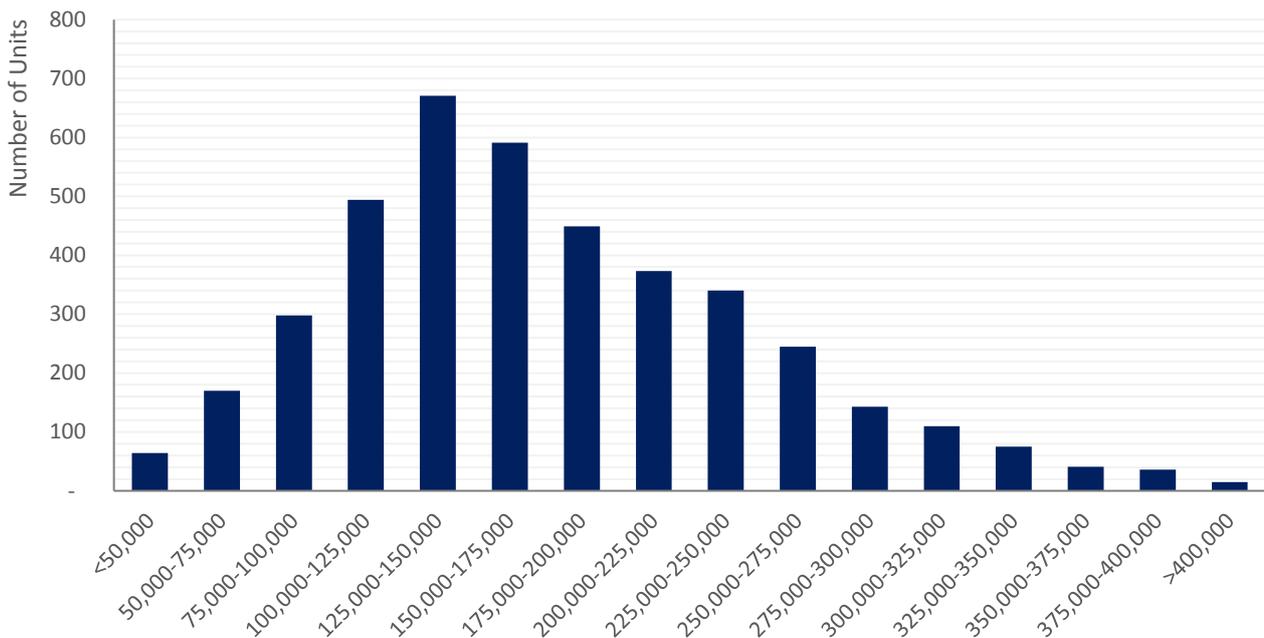
Source: Analysis of DHPLG data

## Cost of Delivery

The average purchase price for units acquired by LAs in 2018 was just under €190,000, a 13% increase on 2016. There is significant regional variation at LAs behind this ranging from around €105,000 (Leitrim) to €315,000 (DLR).

A key consideration for the delivery of social housing through all mechanisms is the cost involved in delivery. The following section will focus on the costs involved in delivering social housing through acquisition mechanisms and seek to generate some analytical findings in this area. The analysis will consider the purchase price paid for acquisitions, and examine any changes in price over time. At a high level we can observe that the average purchase price incurred under the SHIP acquisition programme for LAs is €189,294 in 2018 which is a 13% increase on the equivalent figure for 2016. The purchase price for the majority of houses acquired for social housing through the SHIP was less than €200,000 between 2016 and 2018. In total 16% or 666 units of the units had a purchase price greater than €250,000.

**Figure 10: Number of Units Acquired through SHIP by Purchase Price, 2016-2018**

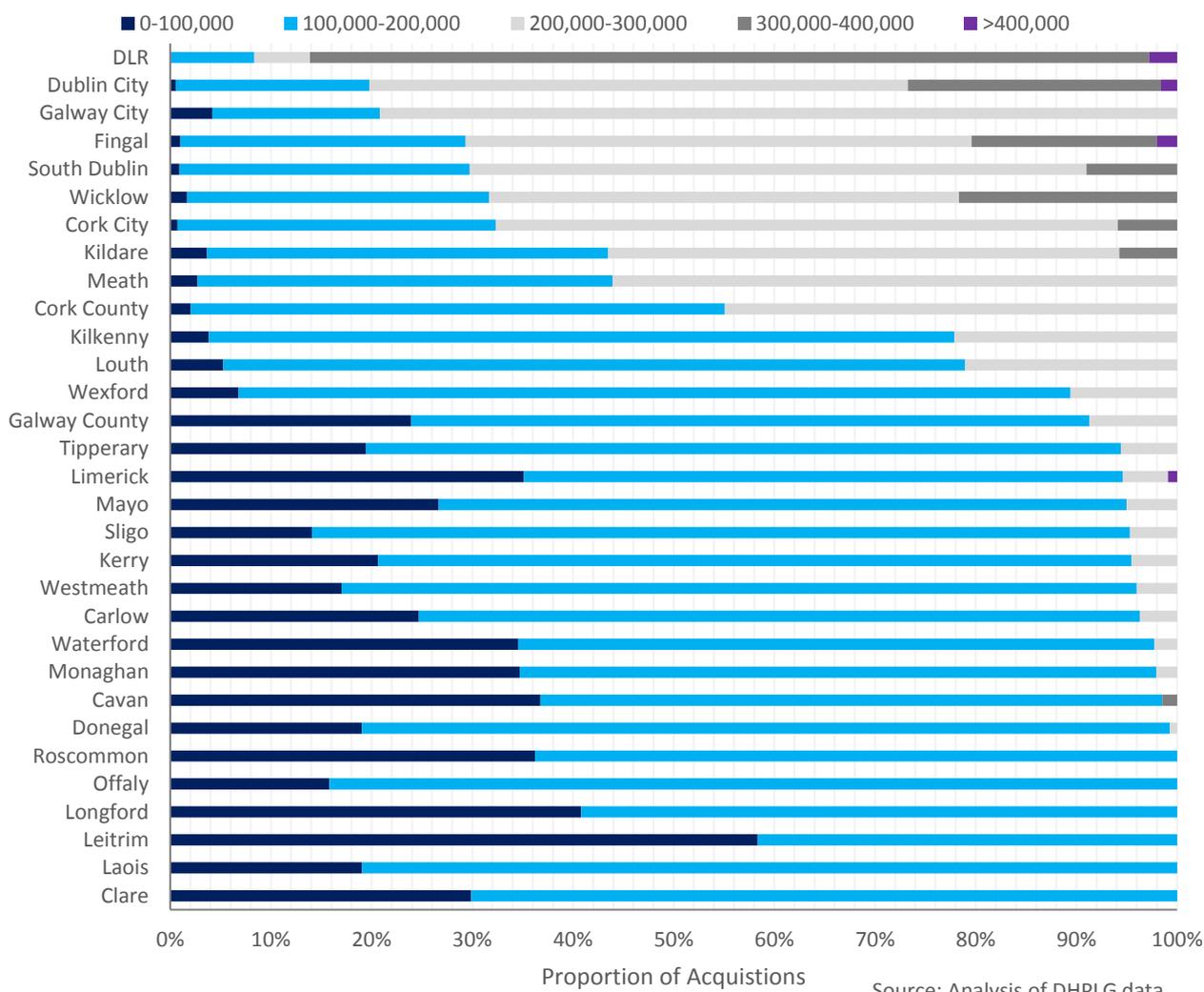


Source: Analysis of DHPLG data

While the overall price dynamic for the delivery mechanism is of interest, the distribution of prices across different areas is also of key importance. As one would expect there is significant regional variation behind this, reflecting the different dynamics of local housing markets. Figure 11 sets out the proportion of SHIP units acquired by each LA at different price bands. As we can observe, the purchase price for acquisitions is more likely to be low in rural LAs than in urban LAs. The LAs with the highest proportion of units at over €200,000 are based in Dublin (DLR, Dublin City, Fingal or South Dublin), within the wider GDA (Wicklow, Meath, Kildare)

or based around another regional city (Galway City, Cork County<sup>14</sup> or Cork City). While the distribution of purchase prices is of interest, given the large differentials in local housing markets a more pertinent issue is how purchase prices compare to general house prices in each specific area. This will be analysed in greater detail in a later section of this paper.

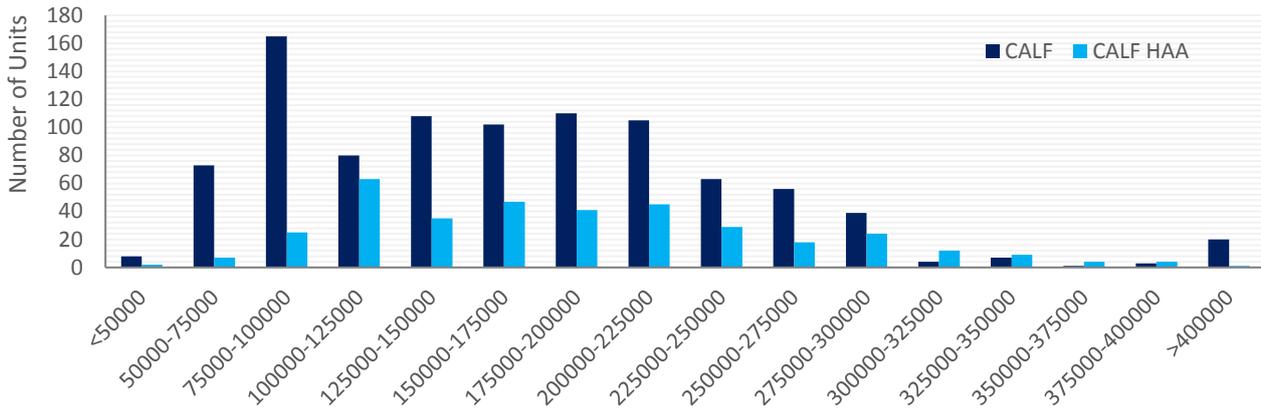
**Figure 11: Proportion of SHIP Units by Purchase Price and Local Authority, 2016-2018**



Under the CALF programme, the average purchase price of a dwelling increased from €141,298 in 2016 to €193,470 in 2018 – an increase of 37% or just over €52,000. The figures show that 68% of CALF acquisitions bought between 2016 and 2018 cost under €200,000 to purchase. A total of 130 units (14% of total) cost more than €250,000. The average purchase price of a CALF HAA unit decreased from €199,556 to €182,552 between 2017 and 2018 respectively. Similar to other CALF acquired units, the majority of CALF HAA units (60%) were purchased for under €200,000. However, one-fifth did cost more than €250,000. Figure 12 shows the distribution of purchase prices for units between 2016 and 2018 through both CALF and the CALF Housing Agency Acquisitions (HAA) programme.

<sup>14</sup> As of June 2019, elements of Cork County have transferred into Cork City.

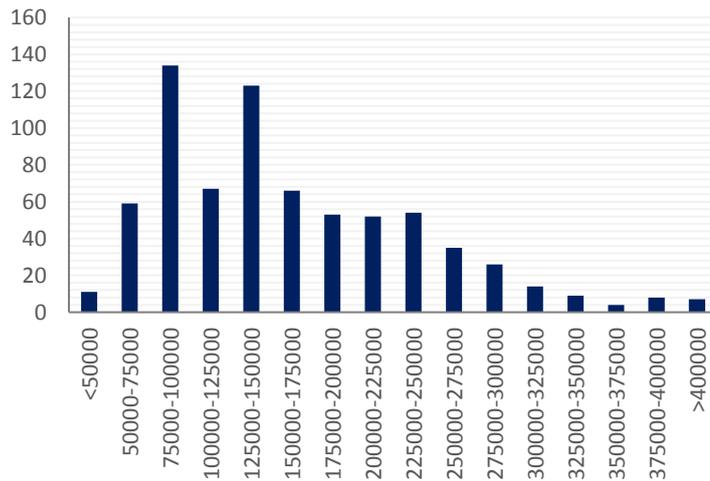
**Figure 12: Number of CALF Units by Purchase Price, 2016-2018**



Source: Analysis of DHPLG data

Finally, the cost of acquiring CAS units throughout 2016 to 2018 has been assessed. The data shows that 71% of CAS units purchased over the last three years cost less than €200,000 to purchase. Of the units with available data for this analysis, 103 (14%) cost more than €250,000 to purchase. The average purchase price of CAS units has remained largely stable over the last three years – averaging at €178,781 in 2016, €174,008 in 2017 and €176,407 in 2018. This represents a decrease of 1.3% in the average CAS purchase price between 2016 and 2018. However, analysis of purchase prices must also be considered in the context of the overall cost of units once upgrade works have been accounted for. The following section considers these costs. Figure 13 shows the distribution of purchase prices for units between 2016 and 2018 acquired through the CAS programme.

**Figure 13: Number of Units Acquired through CAS by Purchase Price, 2016-2018**



Source: Analysis of DHPLG data

In terms of comparing costs incurred in delivering units through SHIP, CAS, CALF and HAA it is evident that the average cost in 2018 for SHIP units (€189,294) was similar to that incurred for units delivered through the CALF (€193,470), HAA (€182,552) and CAS (€176,407). Costs relevant to each scheme will differ based on the types of units being delivered and the distribution of units across LA areas.

**Upgrade costs are a significant part of the overall expenditure on acquisitions. 70% of units acquired by LAs incurred upgrade expenditure between 2016 and 2018 with an average cost of just over €15,000.**

In addition to the purchase price for an acquisition, the cost of delivery can also include upgrade costs. These costs can be incurred to carry out necessary upgrades to a unit ahead of it being provided as social housing.

In addition, the cost of necessary upgrade works will naturally vary depending on the type, age and condition of the unit acquired<sup>15</sup>. The average amount spent on upgrades per unit for acquisitions in 2016, 2017 and 2018 was just over €15,000. This average cost differs by unit type with apartments and houses incurring average upgrade costs of €5,674 and €16,126 respectively. Average costs were higher at €11,585 and €22,322 for apartments and houses respectively when analysing only those units that incurred upgrade costs.

Table 7 below highlights expenditure on upgrade works as a proportion of purchase price across the four delivery mechanisms. It shows that the majority of acquisitions have incurred upgrade costs which are equivalent to less than ten per cent of purchase prices between 2016 and 2018 (between 55% and 79% of all units). However, the SHIP units did see 11% of units purchased expending more than 40% on upgrade works relative to purchase price. This may indicate that LAs acquired units with relatively higher refurbishment and repair requirements than the AHBs. Limerick and Clare had significant shares of units with greater than 40% spent on upgrade works relative to purchase price, at 55% and 39% respectively. The level of upgrade costs will vary based on the location, age and type of unit.

Considering CAS acquisitions, average upgrade costs per unit were €15,927 (among the 332 units for which full data is available). Upgrade costs per unit as a share of unit purchase cost ranges from 0.04% to 88.4%. The table below summarises average upgrade costs as a share of purchase price per unit of CAS acquisitions between 2016 and 2018. The data shows that the majority of CAS units (60%) incurred upgrade costs of less than 10% of purchase price. A further 23% incurred upgrade between 10% and 20%, followed by 17% which incurred costs of more than 20% of purchase cost. As previously noted the scale of upgrade costs will be affected by the type and nature of the unit and this should be kept in consideration in relation to CAS where units are utilised to support people with specific needs.

**Table 7: Upgrade Costs per Unit for SHIP, CALF, CALF HAA and CAS Acquisitions, 2016-2018**

	<10%	10%-20%	20%-30%	30%-40%	40%+
<b>SHIP</b>	55%	22%	8%	4%	11%
<b>CALF</b>	79%	6%	7%	4%	5%
<b>CALF HAA</b>	60%	32%	5%	2%	1%
<b>CAS</b>	60%	23%	9%	4%	4%

Source: Analysis of DHPLG data

### Cost Efficiency

A key area of interest is the cost efficiency that is being achieved within social housing delivery. It is useful to consider value for money in two respects. Firstly, if the State is providing an additional unit of social housing support, how does the cost effectiveness differ by delivery mechanism? For example, is it more cost effective to provide support through build, acquisition, leasing or other mechanisms? This question was considered in detail in SR 2018 which focused on the comparison between delivery through capital expenditure (build and

<sup>15</sup> Upgrade costs may be higher for Buy and Renew units.

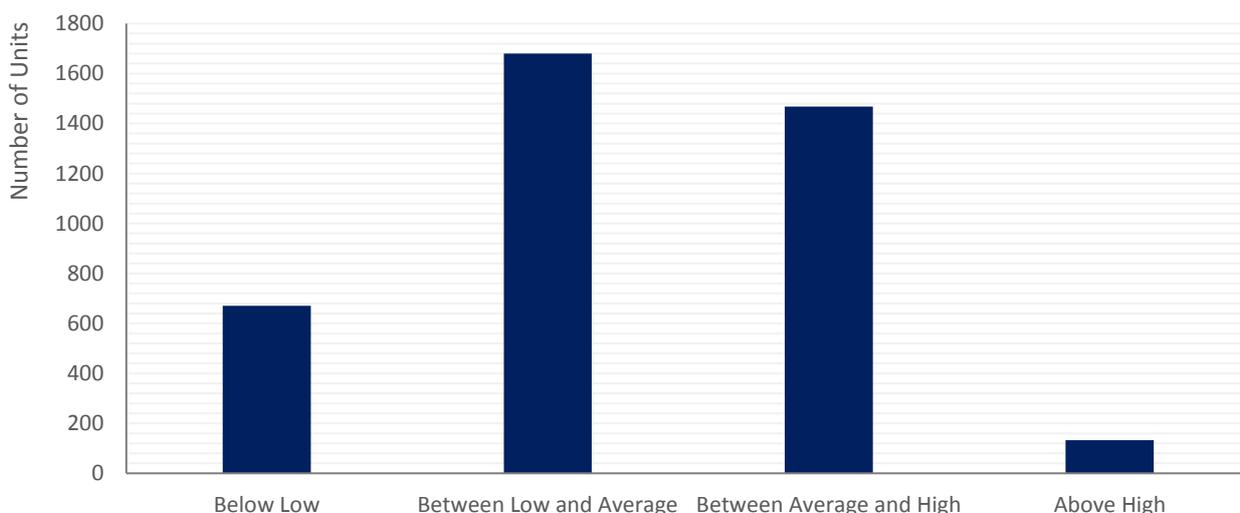
acquisition) and current expenditure delivery mechanisms (leasing, RAS and HAP). A further way of looking at cost efficiency is in comparing programme activity to programme cost guidelines. In managing the acquisitions programme, DHPLG sets out cost guidelines for LAs to use when purchasing units.

Another way of looking at cost efficiency is the extent to which costs incurred in delivering market based supports compare to prices experienced within those areas. For instance, how does the cost associated with purchasing a unit or leasing a unit compare to the cost of housing in those areas of the country. This section of the paper seeks to provide evidence on these questions. Given the level of data availability, this analysis focuses on acquisitions made by LAs through SHIP.

**While the majority of acquisitions are below average cost guidelines set by DHPLG, a significant portion (40%) are above this level. Of this, there is a smaller proportion which are also above the high cost guideline.**

The cost guidelines that are put in place by DHPLG for the acquisitions programme details a low, average and high cost for different types of housing units across each LA area<sup>16</sup>. The purpose of this section is to compare the performance of the actual acquisitions programme against these guidelines. The analysis here compares each acquisition with the cost guideline that applied within that area and for that unit type at the time of acquisition. For example, the cost guidelines for a 3 bed house has a range (low to high guidance) of €71,400-€132,600 for a LA at the lower cost end to €337,900-€610,400 for a LA at the higher cost end. As Figure 14 sets out, the majority of acquisitions fall between the low and average cost guideline (43%) or between the average and high cost guideline (37%). It is estimated that 3.3% of units have a total cost which is above the high price guideline.

**Figure 14: Number of Units Acquired through SHIP Compared to DHPLG Cost Guidelines, 2016-2018**



Source: Analysis of DHPLG data

<sup>16</sup> There are 30 Cost Guidelines for the 31 LAs as Galway City and Galway County Councils share the same cost guidelines.

Beyond this high level analysis there is variance across LAs in terms of how acquisitions compared to centrally set cost guidelines. While the overall message holds across the majority of LAs, there are a number that have a relatively high proportion of acquisitions below the low guideline cost. Most notably, Galway County is within this category, but it should be noted that there is a single guideline for both Galway City and Galway County and higher prices in Galway City may make the guidelines less stringent for Galway County. The areas with the highest proportions of units above the high cost guidelines are Cavan, Donegal, Kerry and Limerick as shown in Figure 15 below.

**Figure 15: Distribution of SHIP Units by Cost Guidelines and LA, 2016-18** Dark Blue = High Light Blue = Low

	Below Low	Low - Average	Average - High	Above High
Carlow	Light Blue	Dark Blue	Dark Blue	Light Blue
Cavan	Light Blue	Light Blue	Dark Blue	Light Blue
Clare	Light Blue	Light Blue	Dark Blue	Light Blue
Cork City	Light Blue	Light Blue	Dark Blue	Light Blue
Cork County	Light Blue	Dark Blue	Light Blue	Light Blue
DLR	Light Blue	Dark Blue	Light Blue	Light Blue
Donegal	Light Blue	Light Blue	Dark Blue	Light Blue
Dublin City	Dark Blue	Dark Blue	Light Blue	Light Blue
Fingal	Dark Blue	Dark Blue	Light Blue	Light Blue
Galway City	Light Blue	Light Blue	Dark Blue	Light Blue
Galway County	Dark Blue	Dark Blue	Light Blue	Light Blue
Kerry	Light Blue	Light Blue	Dark Blue	Light Blue
Kildare	Light Blue	Light Blue	Dark Blue	Light Blue
Kilkenny	Light Blue	Dark Blue	Light Blue	Light Blue
Laois	Light Blue	Dark Blue	Light Blue	Light Blue
Leitrim	Light Blue	Dark Blue	Light Blue	Light Blue
Limerick	Light Blue	Light Blue	Dark Blue	Light Blue
Longford	Light Blue	Light Blue	Dark Blue	Light Blue
Louth	Dark Blue	Dark Blue	Light Blue	Light Blue
Mayo	Light Blue	Dark Blue	Dark Blue	Light Blue
Meath	Light Blue	Dark Blue	Light Blue	Light Blue
Monaghan	Light Blue	Light Blue	Dark Blue	Light Blue
Offaly	Light Blue	Dark Blue	Dark Blue	Light Blue
Roscommon	Light Blue	Light Blue	Dark Blue	Light Blue
Sligo	Light Blue	Light Blue	Dark Blue	Light Blue
South Dublin	Dark Blue	Dark Blue	Light Blue	Light Blue
Tipperary	Light Blue	Light Blue	Dark Blue	Light Blue
Waterford	Light Blue	Dark Blue	Dark Blue	Light Blue
Westmeath	Light Blue	Dark Blue	Dark Blue	Light Blue
Wexford	Light Blue	Dark Blue	Dark Blue	Light Blue
Wicklow	Light Blue	Dark Blue	Light Blue	Light Blue

Source: Analysis of DHPLG data and Guidelines. Note: This analysis covers only those property types contained in the Cost Guidelines set out by DHPLG (2, 3 and 4-bed houses, and 1 and 2-bed apartments).

**Indicative analysis shows that the majority of acquisitions are below the median prices (i.e. bottom 50% of house prices) in the wider market. However, a significant portion (38%) are above the median price and even in the top 25% of prices.**

Accurately estimating the extent to which a LA or an AHB is achieving value when acquiring units is a methodologically difficult task. The determinants which impact upon the price of any one housing unit are many. Factors such as the size and quality of the unit, the number of bedrooms and the precise location of the unit play an important role, in addition to a variety of other factors, in determining market price. Furthermore, wider dynamics in the market such as the supply of available housing, the level of demand within an area and general price dynamics within the economy and housing market play critical roles. As such, to assess the absolute value achieved within each acquisition made would require econometric modelling to take account of these factors. Given data and time constraints it has not been possible to complete this type of analysis within this Spending Review paper.

Using the data available it has been possible to complete indicative analysis comparing the price paid for each unit acquired for social housing through the Social Housing Investment Programme (SHIP) to the distribution of house price transactions within the wider market as measured by the Residential Property Price Index<sup>17</sup>. This has been disaggregated over time and regions to provide as detailed an analysis as possible. Further details are set out in Box 1.

#### **Box 1: Analysis of Acquisition Prices**

In comparing the price paid by LAs for housing units to prices within the wider market, the following approach has been taken. The CSO has provided disaggregated price data from the Residential Property Price Index (RPPI). This contains the distribution of house prices by Eircode Routing Key and Quarter for market based transactions by household buyers of existing dwellings. There are 139 Eircode Routing Keys in Ireland. This allows for a more disaggregated regional analysis than comparing prices based on Local Authority areas. The data is available for each quarter between 2016 and 2018 and the distribution of prices allows us to assess how each transaction equates to the quartile distribution of prices in each Eircode Routing key area for each quarter. In simple terms, we can identify whether a specific price equates to the bottom 25% of prices in an area, between 25% and 50%, between 50% and 75%, or the top 25%.

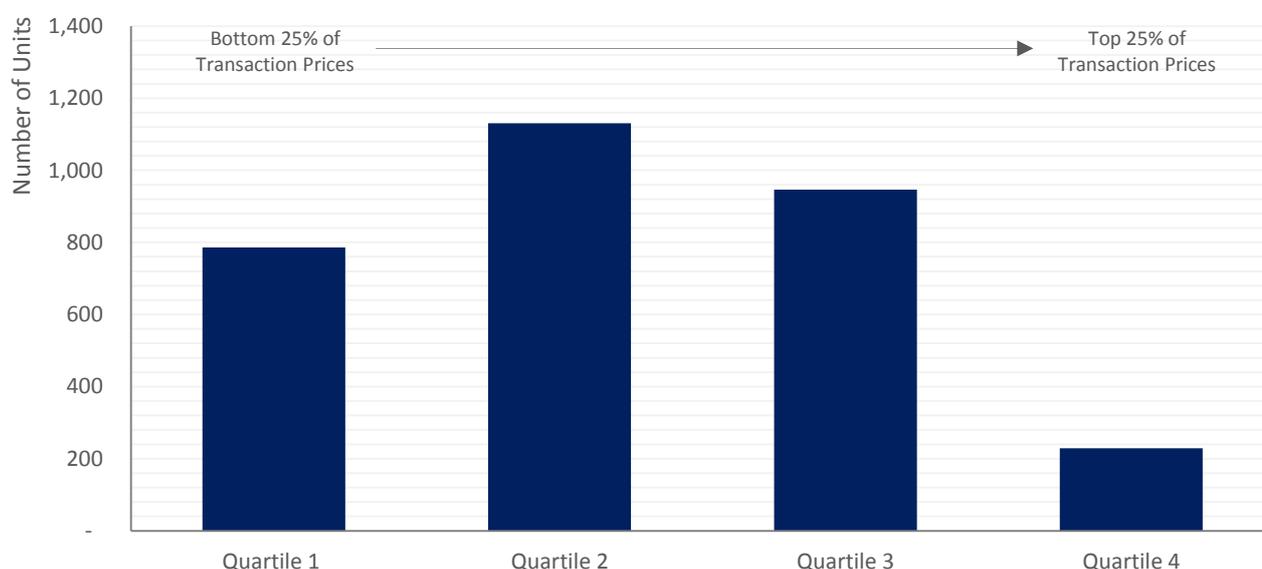
The analysis takes the acquisition price for each unit with a date of purchase closing in 2016, 2017 or 2018 and compares it to the distribution of prices within that area and at that time. For instance, if a unit is acquired in Dublin 7 in Q3 2017 the analysis compares the acquisition cost to prices generally in Dublin 7 in Q3 2017. To improve the robustness of the comparison, the analysis only includes areas with more than 50 market transactions in that quarter.

This analysis provides a useful insight into the types of costs being incurred and how this compares to prices in the wider market. However, it should be seen as indicative in nature. As previously outlined above, to make specific and clear findings in relation to the cost comparison of each unit to the market an econometric analysis should be carried out. This is an area which should be targeted for further research.

<sup>17</sup> The Residential Property Price Index (RPPI) has been developed by the Central Statistics Office (CSO) to measure changes in property prices. The RPPI uses stamp duty, Building Energy Rating (BER), GeoDirectory and the Deprivation Index as its sources of data. The index is mix-adjusted to allow for the fact that different types of property are sold in different months. CSO, (2016) 'RPPI Technical Paper'

The indicative cost analysis shows that the majority of acquisitions purchased through the SHIP are at or below the median house price in the area and at the time they were purchased. In total, 62% of units acquired equated to a level below the median price and as such are in line with the bottom 50% of transactions in that area. However, the indicative analysis also suggests that around 38% of transactions equate to prices within the top 50% of transaction prices and 7% equate to the top 25%. As such, while acquisitions by LAs appear to be targeting units which have lower prices compared to the general market, there are a number of units which are being acquired at prices which appear to equate to the upper end of the price distribution. This indicative finding requires further research to analyse the drivers and factors behind it.

**Figure 16: Number of Units by House Price Quartile, 2016-2018**



Source: Analysis of DHPLG Data and CSO RPPI Data

In terms of understanding this trend in greater detail it is useful to consider the same comparison over time and regionally. For developments over time, there are not large differences in terms of how the purchase price for social housing acquisitions compares to the wider housing market. The proportion of houses which are within the first quartile (i.e. bottom 25%) of house prices has increased from 20% in 2016 to 29% in 2018 while the proportion in the top quartile (i.e. top 75%) has decreased from 10% to 6%. These comparisons over time are also impacted by the composition of acquisitions in terms of areas.

In comparing the distribution of prices across LAs it is evident that there are some significant regional variations. The Dublin LAs (DLR, Dublin City, South Dublin and Fingal) have a higher proportion of acquired units below the median price within their areas (ranging from 92% to 66% respectively). Conversely, some LAs have a relatively higher proportion of units in the top 25% of house prices including Longford, Sligo, Mayo, Cork County and Louth (ranging from 33% to 21% respectively) as shown in Figure 17.

Figure 17: Distribution of SHIP Units by Price Quartile and LA, 2016-2018 **Dark Blue** = High **Light Blue** = Low

	Quartile 1 Bottom 25%	Quartile 2 25-50%	Quartile 3 50-75%	Quartile 4 Top 25%
Carlow	Dark Blue	Dark Blue	Light Blue	Light Blue
Cavan	Light Blue	Dark Blue	Light Blue	Light Blue
Clare	Dark Blue	Dark Blue	Light Blue	Light Blue
Cork City	Light Blue	Dark Blue	Dark Blue	Light Blue
Cork County	Light Blue	Light Blue	Dark Blue	Light Blue
DLR	Dark Blue	Light Blue	Light Blue	Light Blue
Donegal	Light Blue	Light Blue	Dark Blue	Light Blue
Dublin City	Dark Blue	Dark Blue	Light Blue	Light Blue
Fingal	Dark Blue	Dark Blue	Light Blue	Light Blue
Galway City	Light Blue	Dark Blue	Light Blue	Light Blue
Galway County	Dark Blue	Light Blue	Light Blue	Light Blue
Kerry	Light Blue	Dark Blue	Dark Blue	Light Blue
Kildare	Dark Blue	Dark Blue	Light Blue	Light Blue
Kilkenny	Light Blue	Dark Blue	Light Blue	Light Blue
Laois	Light Blue	Dark Blue	Light Blue	Light Blue
Leitrim	Light Blue	Dark Blue	Dark Blue	Light Blue
Limerick	Dark Blue	Light Blue	Light Blue	Light Blue
Longford	Light Blue	Light Blue	Dark Blue	Dark Blue
Louth	Light Blue	Dark Blue	Light Blue	Light Blue
Mayo	Light Blue	Light Blue	Dark Blue	Light Blue
Meath	Light Blue	Dark Blue	Dark Blue	Light Blue
Monaghan	Light Blue	Dark Blue	Light Blue	Light Blue
Offaly	Light Blue	Dark Blue	Dark Blue	Light Blue
Roscommon	Light Blue	Light Blue	Dark Blue	Light Blue
Sligo	Light Blue	Light Blue	Dark Blue	Light Blue
South Dublin	Dark Blue	Dark Blue	Light Blue	Light Blue
Tipperary	Light Blue	Dark Blue	Dark Blue	Light Blue
Waterford	Dark Blue	Light Blue	Dark Blue	Light Blue
Westmeath	Light Blue	Dark Blue	Light Blue	Light Blue
Wexford	Light Blue	Dark Blue	Dark Blue	Light Blue
Wicklow	Light Blue	Dark Blue	Dark Blue	Light Blue

Source: Analysis of DHPLG data and CSO RPPI data

In comparing LA acquisitions to cost ceilings set for social housing construction by DHPLG, analysis for 2018 indicates that the majority are below the highest cost ceiling. However, a third appear to be at a cost above these levels.

A third way of looking at the cost efficiency of social housing acquisitions is to consider relative costs against other delivery mechanisms. As set out earlier, this was assessed in some detail in the 2018 Spending Review paper. The focus of the analysis here will be in considering the costs of acquisitions relative to the costs of construction. Ideally this would involve a detailed study of cost data from acquisition and build delivery mechanisms at a local level given regional divergences in cost. Given data constraints, the analysis here

provides some indicative findings in comparing acquisition costs to the Unit Cost Ceilings (UCCs) set by DHPLG. DHPLG set UCCs of construction costs for each LA, and these are set for both house and apartment types and at rural and urban levels. In order to broadly look at cost effectiveness, units purchased by LAs through SHIP funding in 2018 are compared to the outlined UCC for delivering construction units at a LA level. This comparison is completed only where both urban and rural cost ceilings were available.

It is necessary to be cognisant of a number of limitations and caveats here. Firstly, the UCCs are provided by DHPLG to guide the build programme and are not actual build cost data for delivered units. As such, actual construction costs could be higher or lower to a degree. Secondly, it is also the case that the nature of constructed units and acquired units may vary. For instance, it may be the case that units have a different energy rating or type depending on the delivery mechanism. Finally, this analysis was only carried out for units which had a relevant UCC set<sup>18</sup>.

The analysis completed on these units shows that the majority of units acquired (two-thirds) were below the highest all-in cost of construction. This can be split into 41% of the units which are below rural UCCs and 25% are between rural and urban UCCs. However, one third were above the highest UCC. Overall, 13% of units acquired in 2018 were 20% or more above the cost of construction as set by DHPLG. Of all units that were more than 20% above the UCCs, the LAs with the highest shares were Kildare (28%), Fingal (26%) and Meath (15%). The LAs with the lowest proportion of units above the urban UCC levels are Mayo, Donegal, Leitrim, Sligo and Cavan. While this analysis of the UCCs should be considered as indicative - as it does not account for several other factors which may contribute to the decision of individual LAs to acquire instead of constructing units, e.g. land availability (even within certain LA areas), location of need, and speed of delivery – it does highlight three LAs in particular wherein acquisitions did occur which were more than 20% above the DHPLG's estimated cost of building units.

### Interaction with Wider Market

**Indicative analysis indicates that social housing acquisitions equate to approximately 4% of total transactions of existing residential dwellings. However, there is significant regional variations with a number of areas at above 10%.**

In considering the effect of utilising the acquisition delivery mechanism, the potential impact on the wider housing market is intuitively of interest. While the use of build mechanisms for social housing can increase the overall stock of housing in the country, the acquisition mechanism in a similar fashion to leasing, RAS and HAP, utilises the existing housing stock for support.

The ideal analysis that would be carried out to assess this would be a detailed modelled approach that sought to estimate the price impact of social housing acquisition on the market. Given data and time constraints it is

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<sup>18</sup> 1, 2, 3 and 4 bed houses and 1, 2 and 3 bed apartments.

not possible to follow such an approach in this paper. However, a useful analysis which helps to understand the extent to which acquisitions may have an effect on the market is in analysing what proportion of total transactions relate to social housing. Where the proportion of total sales is high one would anticipate that there would be greater potential for market impacts while the opposite would be true for areas where there are low levels of social housing acquisitions relative to acquisitions overall. The analysis here broadly compares the total number of acquisitions by LAs through SHIP with the overall number of transactions for existing dwellings (i.e. excluding new dwellings) in the market by Eircode Routing Key and year (2016-2018).

Over the course of the three years between 2016 and 2018, there were 105,967 transactions of existing dwellings within the residential property market. In terms of social housing acquisitions through SHIP there were 4,115 with a date of purchase closing in that time period. As such, at a total level social housing acquisitions equate to around 4% of total transactions of existing dwellings. While at an overall level, social housing acquisitions equate to a relatively low amount of wider transactions, there are significant regional differences. In particular there are a number of areas where social housing acquisitions are estimated to equate to over 10% of existing dwelling transactions during the period. These areas are set out below.

**Table 8: Eircode Routing Keys with % of Social Housing SHIP Transactions > 10%, 2016-2018**

Eircode Routing Key	Proportion 16-18	Eircode Routing Key	Proportion 16-18
<b>A75:</b> Castleblaney	13%	<b>R21:</b> Mhuine Bheag, Carlow	14%
<b>D10:</b> Dublin 10	12%	<b>R51:</b> Kildare	12%
<b>D17:</b> Dublin 17	16%	<b>V14:</b> Shannon	13%
<b>E53:</b> Roscrea	12%	<b>V31:</b> Listowel	10%
<b>H18:</b> Monaghan	13%	<b>W12:</b> Newbridge	11%
<b>K45:</b> Lusk	10%	<b>Y34:</b> New Ross	11%
<b>K56:</b> Rush	10%		

Source: Analysis of DHPLG and CSO RPPI data. Note: CSO data refers to market based transactions of household buyers for existing dwellings only.

## 5. Wider Policy Issues

### Overall Cost Efficiency and Appropriateness of Targets

As detailed throughout this paper, cost efficiency is an important element of assessing the appropriateness of delivery mechanisms and targets. While there are a number of other objectives and issues involved in the consideration of the most effective way to deliver required support, including sustainable communities, timing of delivery and appropriateness of accommodation, LAs must continue to examine housing delivery mechanisms through the prism of cost effectiveness, value for money and lifecycle costs.

This Spending Review has assessed available data and evidence with a view to understanding the acquisition delivery mechanisms in terms of type of units delivered, the location and timing of delivery and the cost effectiveness of the scheme. In assessing the cost of delivery, as set out, there are a number of limitations and challenges. Within this context, the paper has found that the majority of units delivered through the

programme appear to be at a cost which could be seen to be relatively cost effective by reference to acquisition cost guidelines, the wider housing market and the cost of construction (as proxied by unit cost ceilings for construction).

However, the analysis has also found that there are a certain proportion of units which were above the high cost guideline set by the DHPLG for acquisitions, within the top 25% of market prices, and/or above the highest cost ceiling for construction. The analysis shows that there is significant regional variation to this finding. While acknowledging the limitations of the analysis, consideration should be given to these findings in the setting of social housing delivery targets and in implementation. In setting targets for future delivery through build, acquisition and lease, consideration should be given to the relative cost effectiveness of delivery across areas in addition to other considerations reflecting the objectives of the supports. This is important to ensure that appropriate support can be provided from available resources.

### **Assessment of Social Housing Demands and Type of Unit Delivered**

An important element of assessing the level and nature of social housing delivery is within the context of existing and emerging need for support. This applies to social housing acquisitions and all delivery mechanisms. It is important to have a clear evidence base around the level of social housing requirement at a disaggregated level. The Summary of Social Housing Assessments provides a high level indication of the current existing level of demand by household type. The National Planning Framework, as part of the Ireland 2040 policy, sets out under national policy objective 37 that a 'Housing Need Demand Assessment' (HNDA)<sup>19</sup> is to be undertaken for each Local Authority area in order to correlate and accurately align future housing requirements. One of the purposes of the HNDA is to inform policies about the proportion of social and affordable housing required, including the need for different types and sizes of provision. The production of information of this nature is of critical importance in assisting with the appropriate planning and assessment of social housing delivery and should be focused on to ensure an appropriate evidence base is available for planning.

As detailed throughout the analysis above, the majority of units being acquired by LAs are houses with three or more bedrooms, while AHBs appear to be acquiring a greater mix of unit types. As previously noted, this reflects the type of stock available within the market with the vast majority of units being houses. While this consideration affects the acquisitions programme, it is important that the type of units being delivered across all delivery mechanisms is assessed at regular intervals and is compared to the demand for social housing. The data for 2018 shows that 47% of the social housing waiting list is single person households, a further 31% are single person with a child/children and 22% are couples with or without child/children. As such, in determining

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<sup>19</sup> There are a number of key evidence inputs which inform and drive the Housing Need Demand Assessment including: demographic trends, affordability trends and wider economic trends; housing stock profile pressures (and existing need) and management issues; and estimating future housing need and demand.

the appropriate type of units to be delivered it is important to be cognisant of the nature of family types that currently require housing support. Without a full picture of the type of units being delivered across all delivery streams it is not possible to assess whether the current mix of delivery in terms of unit types is appropriate. However, identifying housing need and developing delivery strategies to match that need, is a core function of the local authorities and it is important that they continue to focus on understanding demand and supply such that effective and appropriate support is provided in terms of unit types and sizes. LAs should advance other delivery mechanisms, such as direct build, where it cannot cost effectively supply the appropriate mix of units required from the market.

### **Retrofitting of Units**

A further consideration in the delivery of additional social housing stock is energy efficiency. The Government's Climate Action Plan 2019<sup>20</sup> includes an action to introduce minimum BER standards in the Local Authority social housing stock as part of retrofit works being carried out on older stock or refurbishment of vacant dwellings. Furthermore, the plan states that LAs will upgrade their housing stock under Phase 2 of the social housing retrofit programme to bring dwellings more than 40 years old (30% of the social housing stock) to a B2 equivalent BER. As such, in delivering social housing through acquisition mechanisms it is necessary to be cognisant of the energy efficiency of additional stock and to consider the other knock on future costs that may be involved in upgrading acquired units. It is important that the potential cost of future upgrades is considered and that appropriate data systems are maintained such that data is generated on the energy ratings of social housing stock. Further analysis covering an assessment of the cost of upgrading the social housing stock to a B2 equivalent Building Energy Rating (BER) in line with the Government's Climate Action Plan 2019 should be considered. Such analysis cannot occur until DHPLG collate BER ratings on its housing stock across all LAs<sup>21</sup>.

### **Existing Data System**

In collating data in relation to the acquisitions programme from LAs, DHPLG operate two methods. Firstly, the LAs submit quarterly returns to DHPLG which records the number of units delivered through acquisitions on a quarterly basis. Secondly, the LAs and AHBs claim for funding of acquisitions by completing a Form HCA 3 (Acquisition of Private Dwellings) and Form HCA 4 (Capital Grant Claim Form)<sup>22</sup> which is then compiled from paper files by DHPLG. In completing final output figures, DHPLG undertake a manual validation exercise to compare these two data sources.

The existing data reporting and funding claims system is cumbersome and involves multiple responses from LAs. In addition, large elements of the process are manual in nature which can increase the potential for errors

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<sup>20</sup> Government of Ireland (2019), 'Climate Action Plan 2019'

<sup>21</sup> DHPLG could not provide a BER for the purposes of this Spending Review on any of the SHIP units acquired over the last three years.

<sup>22</sup> The LAs and AHBs can submit claims for funding related to the following for social housing acquisitions; purchase price, upgrade costs, legal/professional fees, and other costs.

within the data. The data shared by DHPLG for the purposes of this Spending Review included multiple incomplete variables, whether it be purchase date, date of purchase closing or Eircodes. In analysing the data it was also evident that a number of acquisitions were listed as an output in a different year compared with the year in which the date of purchase closing occurred. DHPLG has stated that this might arise from a property being acquired and paid for in one period, but delivered into stock in a later period/year due to upgrade works, for example. This highlights the need for consistency in data collection to mitigate against risks, such as duplication or inaccuracy.

It is imperative that accurate and timely data is available for the management of the programme. The DHPLG established a new group with the specific responsibility to improve the data collection and reporting practices of the LAs with regards to social housing build, acquisition and leased units at the end of 2018. The focus of this group is on improving administrative processes and ensuring that appropriate data is collected to manage and evaluate the programme and all delivery mechanisms. The new Housing ICT system, which is being advanced, should be prioritised by the Department, to further enhance the Department's data arrangements and to address the data deficiencies which arise due to current administrative practices. The Department should also consider other steps which could be taken in the interim to improve data collection<sup>23</sup>.

## 6. Conclusions and Discussion

The analysis completed here for the 2019 Spending Review builds upon recent work in this area by looking specifically at the acquisition of housing units for social housing. In delivering appropriate housing support it is necessary to consistently be cognisant of value for money considerations to ensure that effective support can be provided from available resources. As detailed, the rationale for delivering through acquisition relates to the speed of delivery, integration within wider communities and the potential value for money that can be achieved in certain areas of the country. The analysis in this paper has considered a number of key analytical questions based on the level of data available and the overall rationale for the scheme. It makes the following key findings:

- The acquisition programme is a significant part of overall social housing delivery and some LAs have relied on it to a greater extent than others.
- LAs have predominantly acquired houses with three or more bedrooms while AHBs appear to be delivering a greater mix of housing types with almost half houses and half apartments.
- While in general, costs of delivery appear to be within reasonable bounds compared to acquisition cost guidelines and the wider housing market for a large proportion of the programme, there is an element of

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<sup>23</sup> e.g. Consider delaying claim processing until all data is provided, ensuring that claims are submitted in a timely manner (e.g. no later than 2 months after acquisition) and enhanced reconciliation of data sets to ensure consistency, completeness and to avoid any potential duplication.

the programme where costs have been incurred beyond the guidelines and at the higher end of the wider market which highlight potential efficiency concerns. Further analysis in this area would be beneficial.

- The cost of SHIP acquisitions relative to construction Unit Cost Ceilings (UCCs) in 2018 shows that the majority of acquired units were bought and upgraded below the highest all-in cost ceiling for construction. Nevertheless, one-third of acquired units were above the highest UCC, with 13% of units 20% or more above the unit cost ceilings for construction as set by DHPLG. The LAs with the highest shares were Kildare, Fingal and Meath.
- In acquiring units it appears to be the case that there are particular parts of the country where the concentration of activity is relatively high. For instance, there are a number of areas where LA acquisitions account for over 10% of transactions in the wider market (see Appendix Three for maps).

In summary, it appears that a large proportion of the units delivered through the acquisition programme appear to be relatively cost efficient given that they are within lower to average cost guidelines set by the Department, towards the lower end of prices within local housing markets and below UCCs set for construction. However, the analysis also shows that the acquisition programme has been relied on to an extent in recent years given that it has consistently been ahead of planned targets. In total over €1 billion has been spent on acquiring second hand units within the market between 2016 and 2018 and the target level of delivery to 2021 has already been delivered. While it is challenging to fully assess the cost effectiveness of the programme, the analysis does suggest that for a certain proportion of the programme, costs are above the price guidelines set by DHPLG, within the higher price category in the market and above the unit cost ceilings set for construction delivery. The concentration of acquisitions in certain areas has the potential to lead to greater impacts on the wider market, although this requires further analysis, and should be kept under review.

Further research is necessary in a number of areas including; an assessment of the energy ratings of the social housing stock and the estimated cost of retrofit works, the impact of social housing acquisitions within areas with relatively high concentrations vis-à-vis the wider private market, and an econometric analysis of such purchases in areas with a high concentration of social housing acquisitions relative to other social housing delivery options.

The delivery of social housing through acquisitions should focus on units where it is cost effective and appropriate to do so. In planning and implementing the acquisition programme in each area of the country, including in setting targets, it is necessary to be cognisant of the level and type of delivery through other mechanisms, the level and type of demand in each area and the lifecycle costs involved. Furthermore, the level of acquisitions in any one area should be kept under review to mitigate the potential for the programme to have price impacts on the wider market.

## Appendix One: Overview of Recent Analysis and Findings

### Spending Review 2017: Current Expenditure on Housing Supports



The focus of the 2017 Spending Review paper was the current expenditure delivery mechanisms for social housing support. This included the Housing Assistance Payment, Rental Accommodation Scheme, social housing leasing schemes and Rent Supplement. The analysis looked at the rationale, objectives and costs associated with the schemes. In particular, it used a case study analysis to compare the costs of delivery with prices in the wider market. The main findings from the paper were:

- The cost of the schemes was generally in line with the market rate and the extent of discount targeted.
- There is a variability across locations in terms of cost levels as a proportion of both market and asking rental prices. This should be kept under review.
- There are a number of issues which merit further consideration including the appropriate balance between capital and current expenditure, the general effectiveness of the schemes, the appropriate level of tenant contribution and the general data infrastructure around the programmes.

### Spending Review 2018: Current and Capital Expenditure on Social Housing Delivery Mechanisms



In light of the findings in the SR2017 paper, the focus of the paper for the 2018 Spending Review was on the relative cost effectiveness of current and capital expenditure delivery mechanisms. There are a variety of objectives behind the mix of delivery mechanisms including; the appropriateness of support, flexibility and speed of delivery, use of funding mechanisms and value for money. The paper found that:

- Based on indicative cost analysis across six Local Authorities, the relative cost effectiveness of each of the delivery mechanisms differs across areas over the long term.
- The net present cost of delivering units through current expenditure mechanisms appears to be higher than build/acquisition in areas where prices in the general housing market are higher.
- The relative cost of delivering social housing should be an important consideration in determining the mix of support mechanisms used.

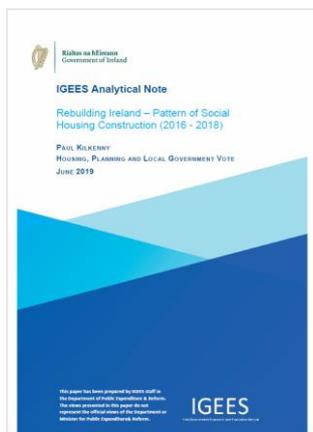
### Social Impact Assessment Series: Social Housing Supports



A Social Impact Assessment (SIA) of Social Housing Supports was published alongside Budget 2019. This paper formed part of the overall SIA series and framework implemented by DPER. The objective of SIAs is to improve the level of understanding about recipients of programmes and schemes. Some of the main findings of the paper included:

- According to SILC data for 2016, two-thirds of households renting from a LA are within the bottom three income deciles for disposable equivalised income. However, 14% of households are within the top 5 income deciles.
- The majority of applicants for social housing are unemployed (54%). Single persons account for almost half (47%) of those on the waiting list, and single persons with a child or children account for around 31%.
- Active Housing Assistance Payment (HAP) tenancies at end 2018 of 43,443 (net of exits) accounts for 60% of social housing solutions (72,049) delivered under Rebuilding Ireland from 2016 to 2018. At end 2018, 42% of HAP households were lone parents with children. Single households accounted for one quarter (24%) of HAP households.

## Analytical Note: Rebuilding Ireland – Pattern of Social Housing Construction



The objective of the note, published in June 2019, is to present a geographical overview of recent social housing construction, how it meets demand, and the funding mechanisms that support the Build programme of Rebuilding Ireland. The key finding is that new build (newly constructed social housing), is beginning to help address a significant demand for social housing, but at varying levels depending on location.

- Build Expenditure has more than quadrupled from €173m in 2016 to €742m in 2018. Build output of 11,830 units accounted for 16.4% of overall delivery of 72,049 units under Rebuilding Ireland (2016 - 2018) which also includes Acquisitions, Lease, Rental Accommodation Scheme (RAS) and Housing Assistance Payment (HAP).
- The 11,830 new social houses delivered by both LAs and AHBs under the Build programme, accounts for 35% of the total Build target from 2016 to 2021 of 33,617 units.
- There is a strong reliance on turnkey construction projects in some areas where demand for both social and private residential housing remains high.

### Appendix Two: Analysis of Social Housing Acquisition Data

The purpose of this section is to provide a detailed overview of the data utilised in this paper. For data received on units acquired through SHIP, Table 9 sets out the date of purchase closing and the year recorded as output. As can be seen there are a significant number of units where the date of purchase closing and the year of output do not match and there can be a significant lag between these two. To ensure consistency, this paper analyses only units where the date of purchase closing is in 2016, 2017 or 2018. Of the 4,388 units for which data was provided, the number of units included in analysis is 4,115.

**Table 9: SHIP Units by Year of Output and Date of Purchase Closing, 2016-2018**

Date of Purchase Closing	Output in 2016	Output in 2017	Output in 2018	Grand Total
2013		7		7
2014	6	20	4	30
2015	78	20	2	100
2016	1,263	105	13	1,381
2017	35	1,267	50	1,352
2018	3	14	1,365	1,382
2019			15	15
(blank)	20	21	80	121
<b>Total</b>	<b>1,405</b>	<b>1,454</b>	<b>1,529</b>	<b>4,388</b>
<b>RBI Output Total</b>	<b>1,397</b>	<b>1,454</b>	<b>1,533</b>	<b>4,384</b>

Source: Analysis of DHPLG data

For CAS units, data in relation to costs and delivery was received for 722 units over the period between 2016 and 2018. As such, there were 22% of the units reported under Rebuilding Ireland for which data was not available or could not be matched to output data. The analysis within section four focuses on these 722 units. For houses delivered through CALF funding, DHPLG provided a dataset with details for 944 units through standard CALF acquisitions and 366 units through the Housing Agency Acquisition Programme, as set out in Table 11. This leaves a gap of 151 units in 2018 between the data received and the Rebuilding Ireland output figures. DHPLG has stated that these units are those assigned at the time as caretaker leases. Further detail on this is provided in Section 2.

**Table 10: CAS Units by Year of Purchase and RBI Output, 2016-2018**

Date of Purchase Closing	Output in 2016	Output in 2017	Output in 2018	Grand Total
<b>2016</b>	135	104	9	248
<b>2017</b>	10	178	72	260
<b>2018</b>	6	10	198	214
<b>Total</b>	151	292	279	722
<b>RBI Output Total</b>	<b>277</b>	<b>357</b>	<b>302</b>	<b>936</b>

Source: Analysis of DHPLG data

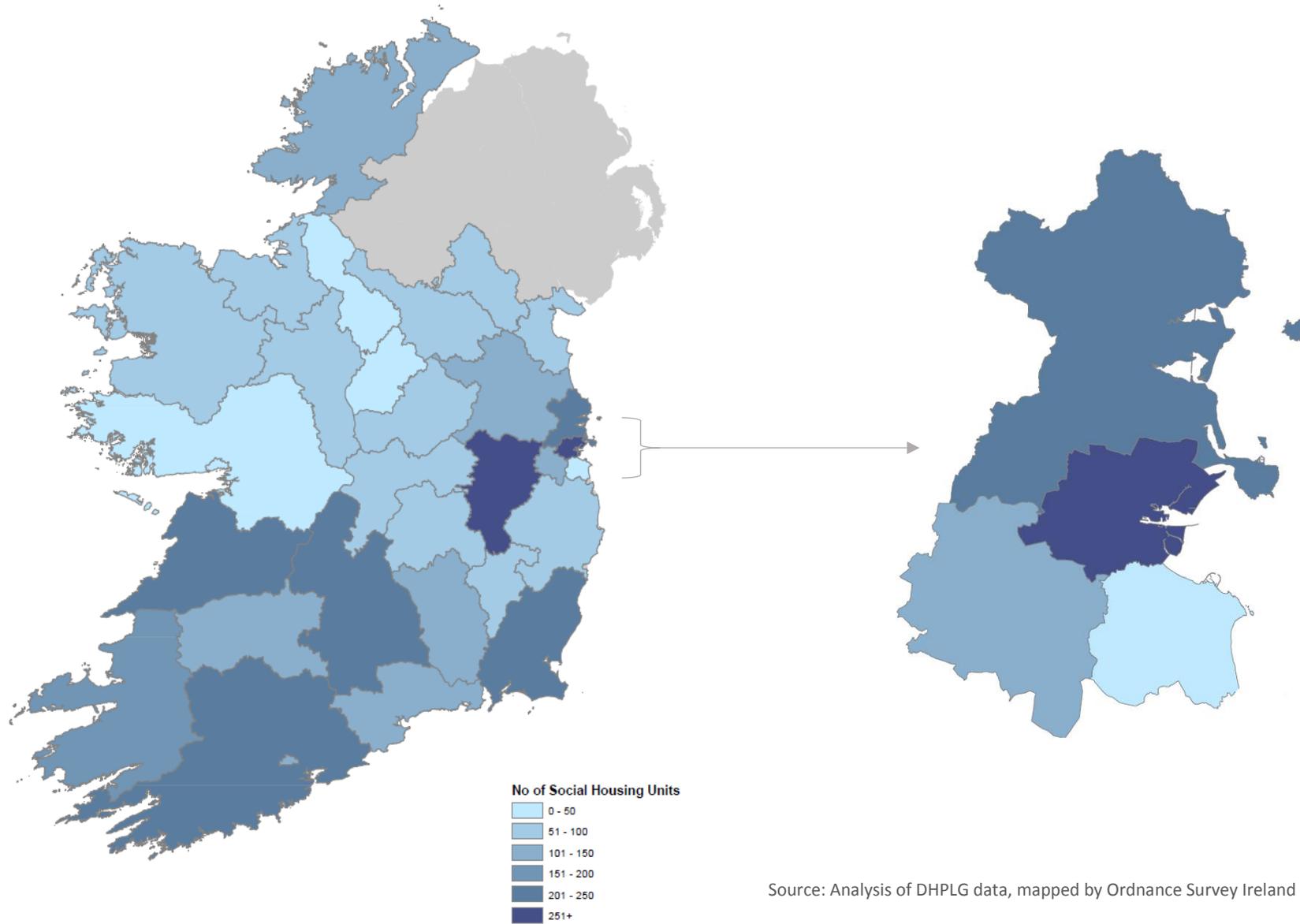
**Table 11: CALF Units by Year of Purchase and RBI Output, 2016-2018**

Date of Purchase Closing	2016	2017	2018	Grand Total
<b>CALF Acquisitions</b>	283	367	294	944
<b>HAA Acquisitions</b>	0	36	330	366
<b>Total</b>	283	403	624	1,310
<b>RBI Output Total</b>	<b>283</b>	<b>403</b>	<b>775</b>	<b>1,461</b>

Source: Analysis of DHPLG data

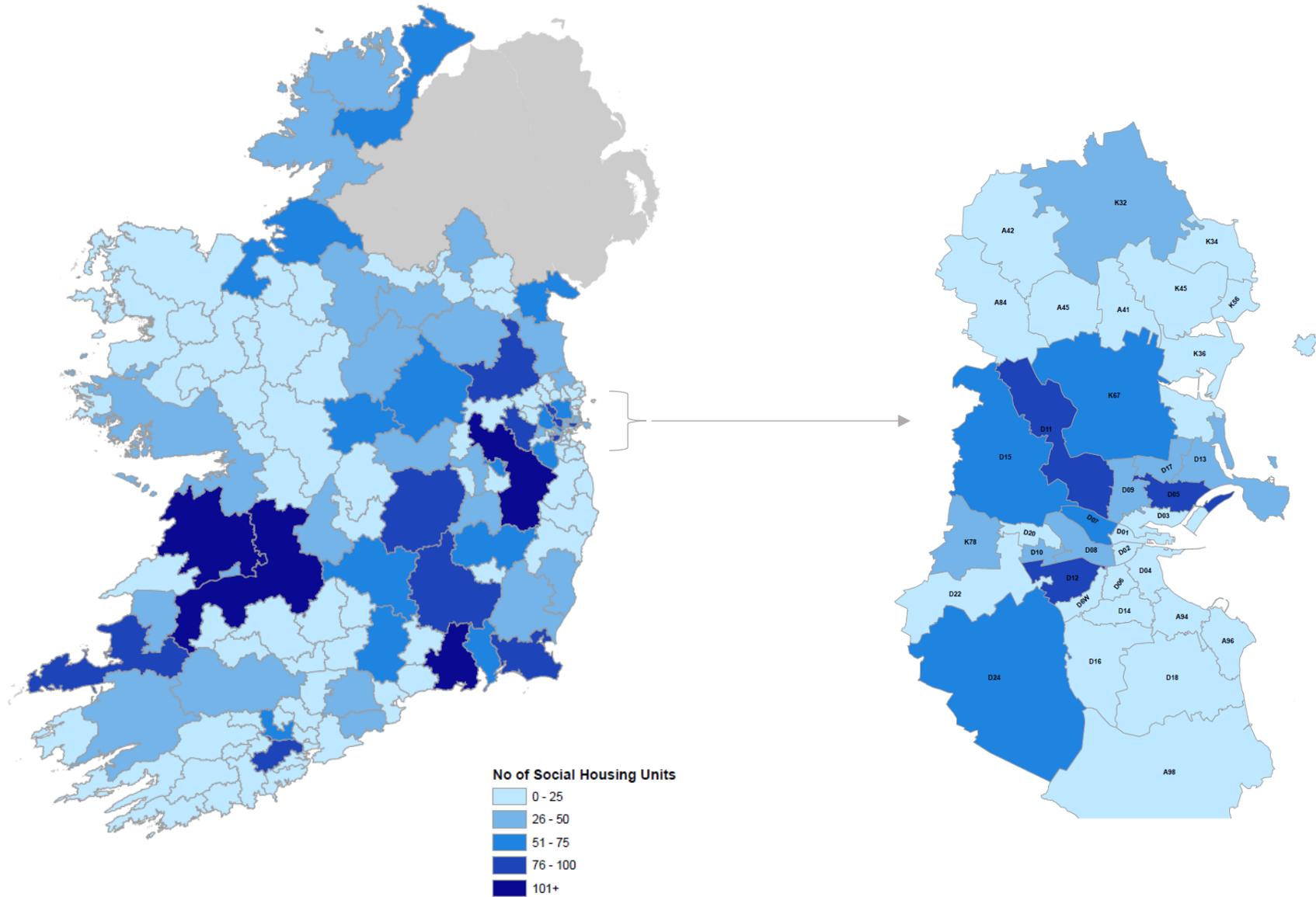
### Appendix Three: Mapping Local Authority Social Housing Acquisitions

Figure 18: SHIP Acquisition Units by Local Authority (National and Dublin), 2016-2018



Source: Analysis of DHPLG data, mapped by Ordnance Survey Ireland (OSi)

Figure 19: SHIP Acquisition Units by Eircode Routing Key (National and Dublin), 2016-2018



Source: Analysis of DHPLG data, mapped by Ordnance Survey Ireland (OSi)

### **Quality Assurance Process**

To ensure accuracy and methodological rigour, the authors engaged in the following quality assurance process.

- Internal/Departmental
  - Line management
  - Spending Review Sub-group and Steering group
  - Peer review (IGEES network, seminars, conferences etc.)
- External
  - Other Government Department