Housing Research

Meeting with the Housing Commission

7th March 2023

Fixing Ireland's Broken Housing System - 2018

An Chomhairle Náisiúnta Eacnamaíoch agus Shóisialta
National Economic & Social Council

NESC

Urban Development Land,
Housing and Infrastructure:
Fixing Ireland's Broken System

Executive Summary

No. 145 May 2018

An Oifig Náisiúnta um Fhorbairt Eacnamaíoch agus Shóisialta
National Economic and Social Development Office NESDO
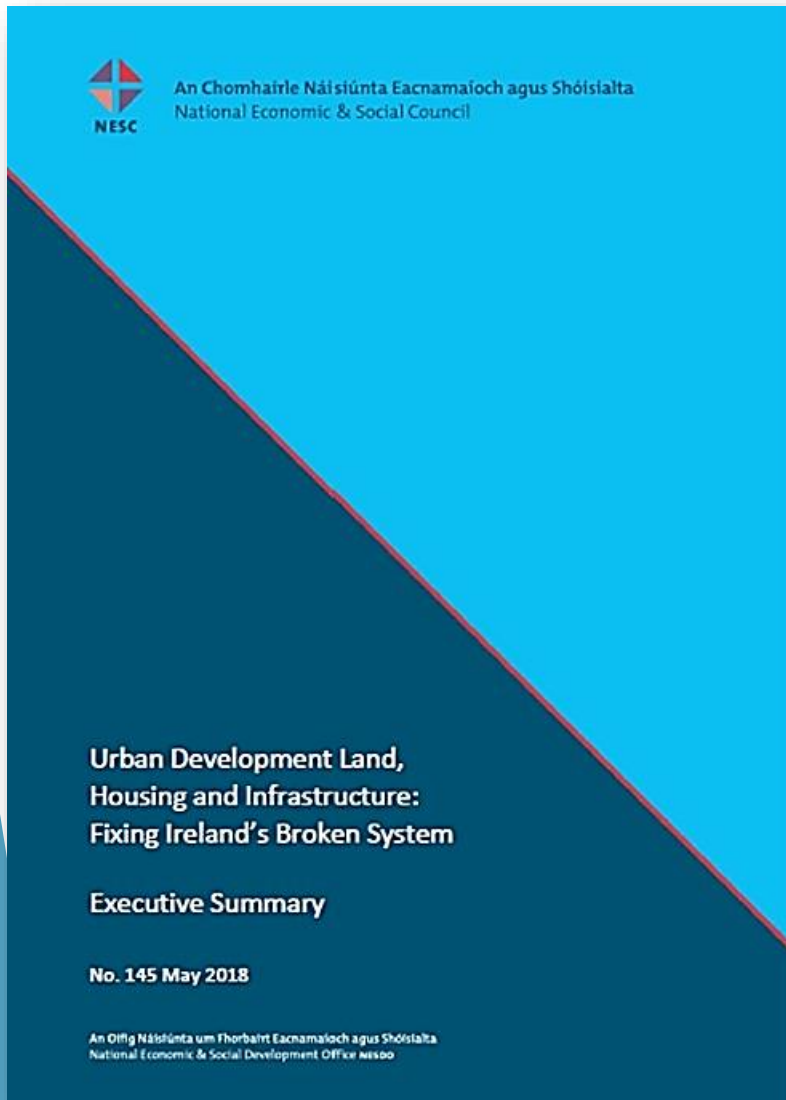
- ▶ It is a system
- ▶ The system is dysfunctional
- ▶ A suite of actions were and are required to fix it
- ▶ System change is complex and takes time
- ▶ Avoid 'pass the parcel'
- ▶ From speculative, cyclical -> permanently affordable, stable
- ▶ Making development happen
- ▶ Accept the need for direct public policy influence
- ▶ Influenced the establishment of the LDA

Actions to Deliver Change - 2020
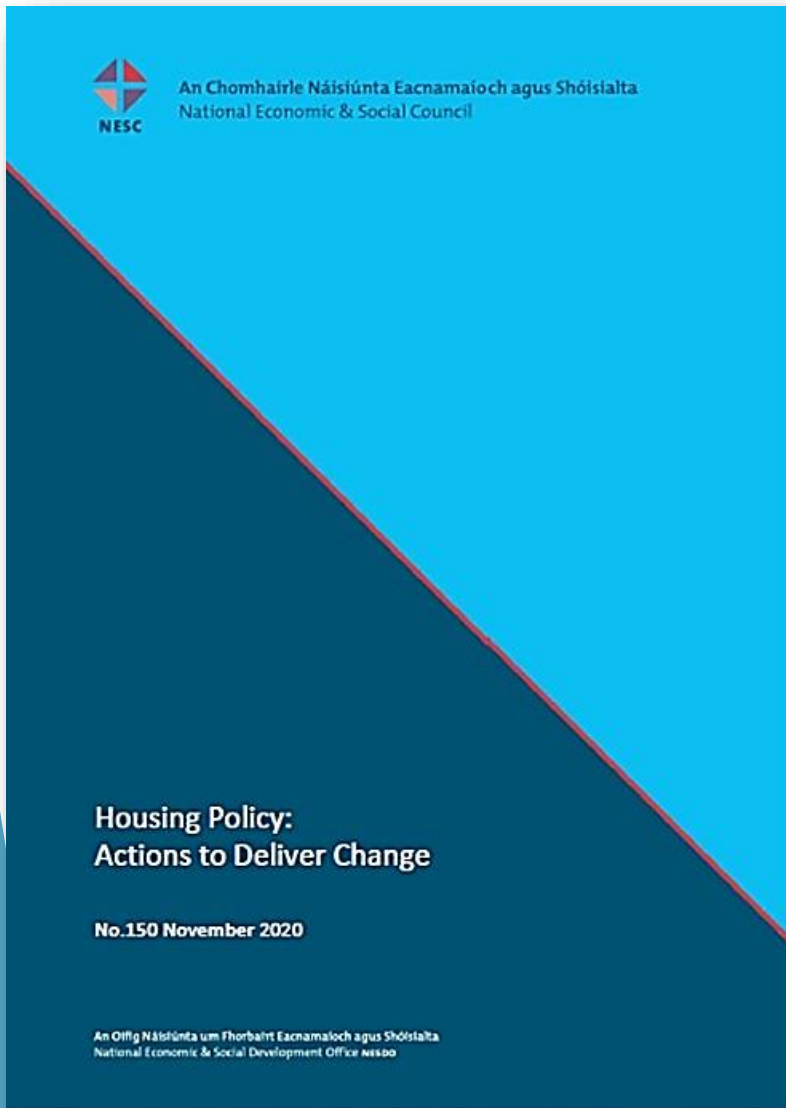
- ▶ **Zoned-in on two gaps**
  - ▶ **Supply**
  - ▶ **Affordability**
- ▶ **Outlined 19 actions**
  - ▶ **Institutional change (X2)**
  - ▶ **More effective use of existing measures (X6)**
  - ▶ **Devise new solutions (X11)**

Institutional Change

- Establish the Land Development Agency (LDA) on a statutory footing as a matter of urgency, with an enhanced mandate

- Create specialist teams to help local authorities undertake necessary, complex tasks

Use Existing Measures

- Establish a national cost rental programme at scale

- Tailor the application of Part V to make it more effective

- Introduce separate, dedicated funding streams

- Make the Vacant Site Levy more effective

- Examine differences between the CPO regime under different legislation

- Outline a national programme of flagship projects

New Solutions 1 of 2

- Tackle the persistent 'on-off balance sheet' conundrum

- Examine how the State could be supported to acquire land at existing use value plus some premium

- Consider how to increase the share of new social housing from construction

- Review and reform the Vacant Site Levy

- Consider further actions to reduce vacancy and underuse

New Solutions 2 of 2

- Examine the use of Land Value Capture instruments

- Identify and address any barriers to a Site Value Tax

- Design new financial products and instruments

- Implement the Construction Sector Group action plan

- Use public contracts to encourage good practice and ambitious standards

- Develop a new national affordable housing policy with ambition, scale and detail

'Housing for All' and NESC analysis

▶ Housing issues approached as a system

▶ Several measures that seek to improve land management

▶ New value sharing mechanism

▶ Ambition to have strategic and planned maintenance of local authority housing; a reduction in the discount for tenant purchase of LA housing; and phase out of leasing social housing

▶ Commits to an investment in a programme of cost rental

▶ Targets for affordable purchase

▶ Emphasis on reducing vacancy, tackling dereliction

▶ New programme of compulsory purchase of vacant properties

▶ Central advisory service in the Housing Agency

▶ Plan to explore Transport Orientated Development

Current NESC Work on Private Rental: Evolution of Tenures

▶ Rise in private rental from 8% of households in 1991 to 18% in 2016; offsetting fall in ownership share

▶ Particularly large fall in ownership among younger age cohorts: from 69% among 25-34 year olds in 1991 to 30% in 2016

▶ Continuation of trends imply large fall in ownership among retired cohorts in future, issue of paying rent when older

▶ From 2016 to 2021, number of registered tenancies fell by 13.6% and from 2016 to 2020, landlords fell by 5.4%
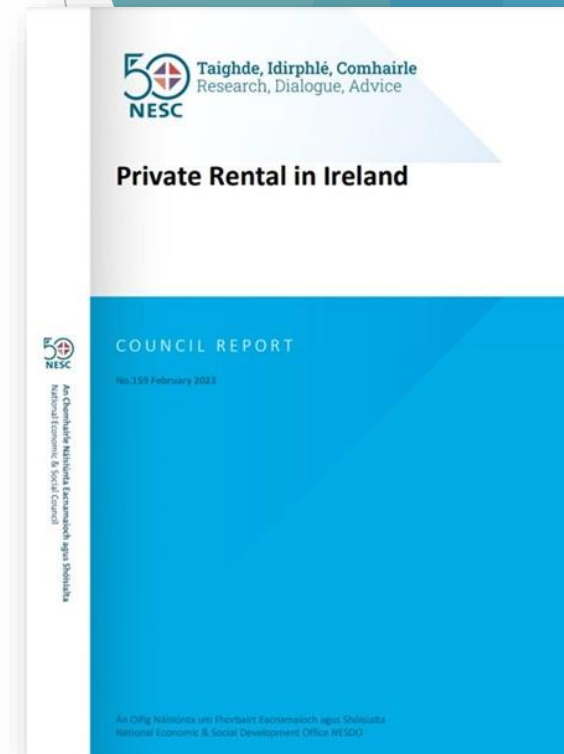
▶ Huge pressures in private rental sector

▶ Pressures reflect housing shortages of all kinds

▶ Need to increase private rental along with other tenures

▶ For private rental, NESC proposes actions in three areas: Taxation, Vacant Property and Regulation

▶ **Taxation**: The Council recommends consideration of further action to improve the tax treatment of landlords, which should be linked to improved security of tenure for tenants
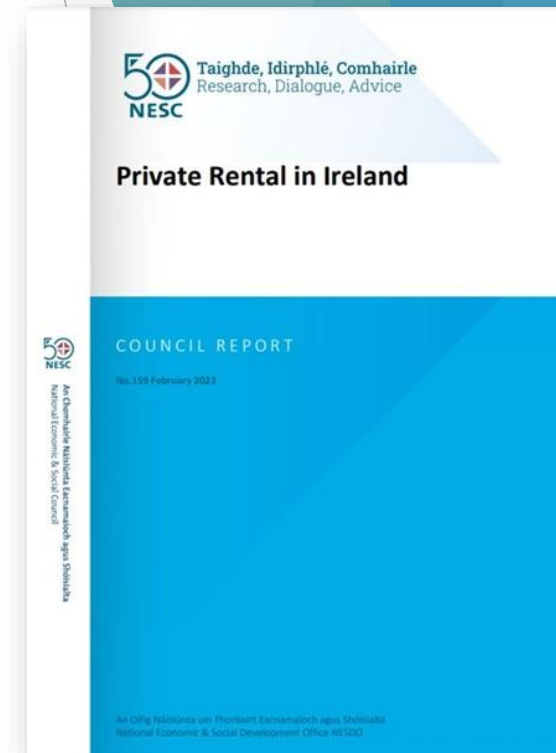
- **Vacancy:** Consider regulatory change to facilitate renovation of older properties
- Consider introducing a requirement on the owners of vacant residential properties to make them available for rent
- **Other regulatory recommendations:** Further research on the effects of Rent Pressure Zones (RPZs) in Ireland
- Effective action to address standards in rental properties, including considering the introduction of a National Car Test (NCT)-type system
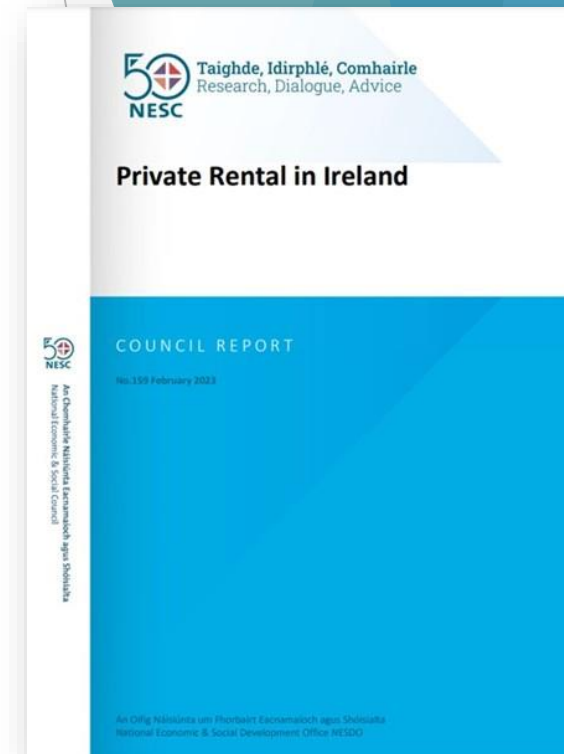
Conclusion

- Fixing the problems means system transformation

- Depends on three key characteristics:
  - A vision and clear sense of direction;
  - An openness to new ideas and projects and pilots; and
  - An ability and willingness to review progress and to make changes.

- Engagement with Commission