

State Supports for Social Housing: Balancing Need and Affordability

IGEES Conference

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State Interventions in the housing market

Current Expenditure – c. €750m

Rent Supplement
 Leasing, RAS & other Local Authority
 Voluntary Housing
 Social Inclusion and other
 Mortg. Int Supplement

Capital Expenditure – c. €265m

Regeneration
 Local Authority Housing
 Voluntary/Co-operative housing
 Private Housing Grants

**2013 State Role=
 Over €1.5 billion
 annually**

Regulation

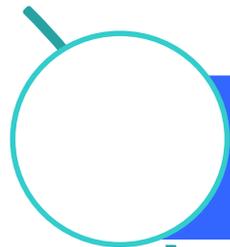
Planning
 Private Residential Tenancies Board
 Housing Agency - Voluntary Code for AHBs
 Standards - Rented Housing Accommodation

Tax Expenditures - c €500m +

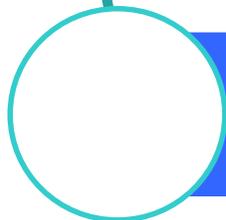
Mortgage Interest Relief
 Rental income tax deductions
 Section 23 Residential
 Home Renovation Incentive
 Rent a room relief

Note: The estimate for tax represents a lower bound. Data on the cost of some tax expenditures for housing are not routinely published by Revenue. The total for the tax expenditures included in this category could be up to €850m

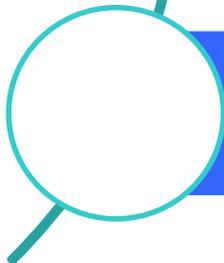
Policy Context



State spends 1.7 % of total gross voted expenditure on housing and 0.7% of GNP.



Supports the housing needs of almost one sixth of all permanent private households (1.6m) and up to 40% of all private renters.

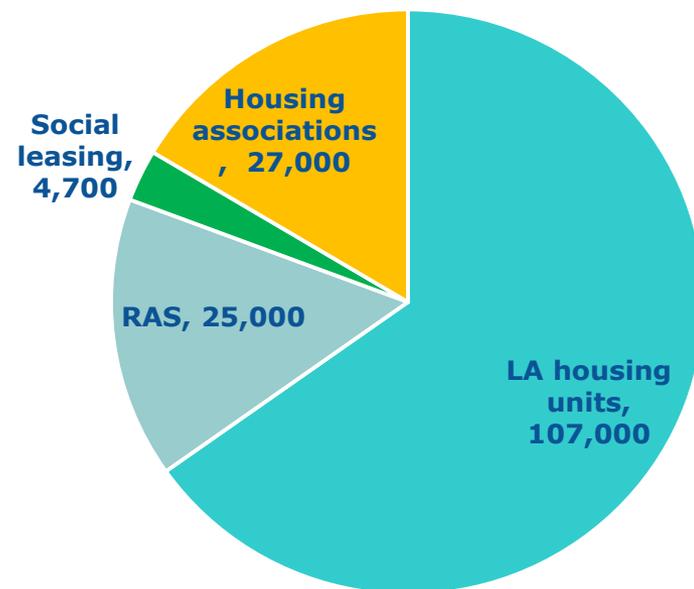
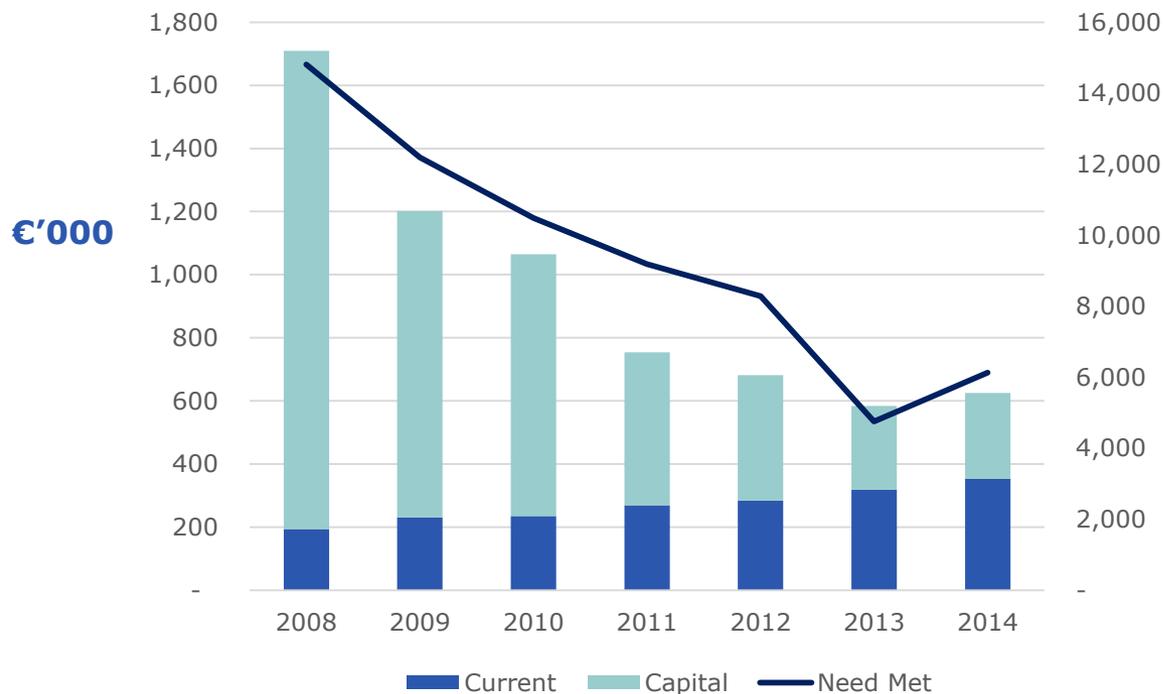


From 2008, policy moved from capital investment towards current expenditure supports to maximise affordability, speed of delivery and flexibility.

Spending and Delivery

Trends in expenditure and meeting need

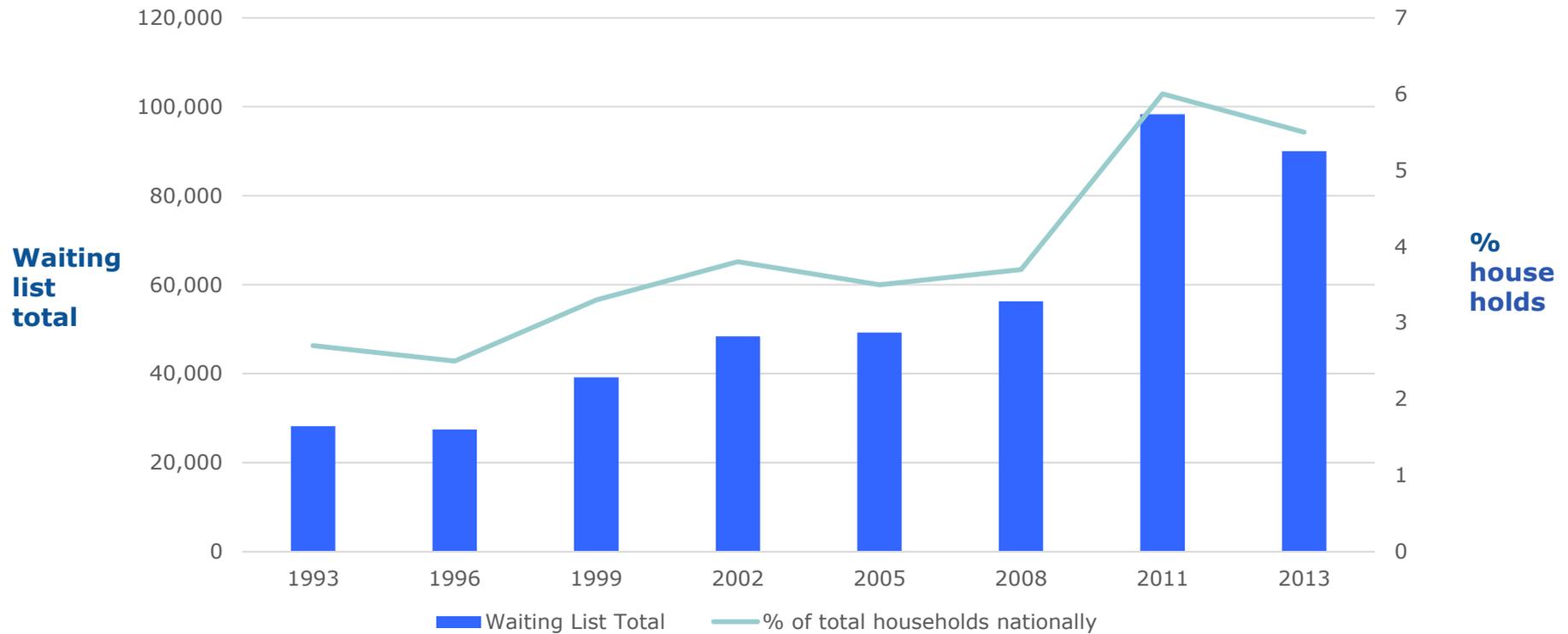
Current Housing Units - DECLG



Notes:

- (a) The figures for housing need met do not include Department of Social Protection schemes such as Rent Supplement
- (b) Excludes Part (V) units

Pressures on demand – Social Housing Waiting List



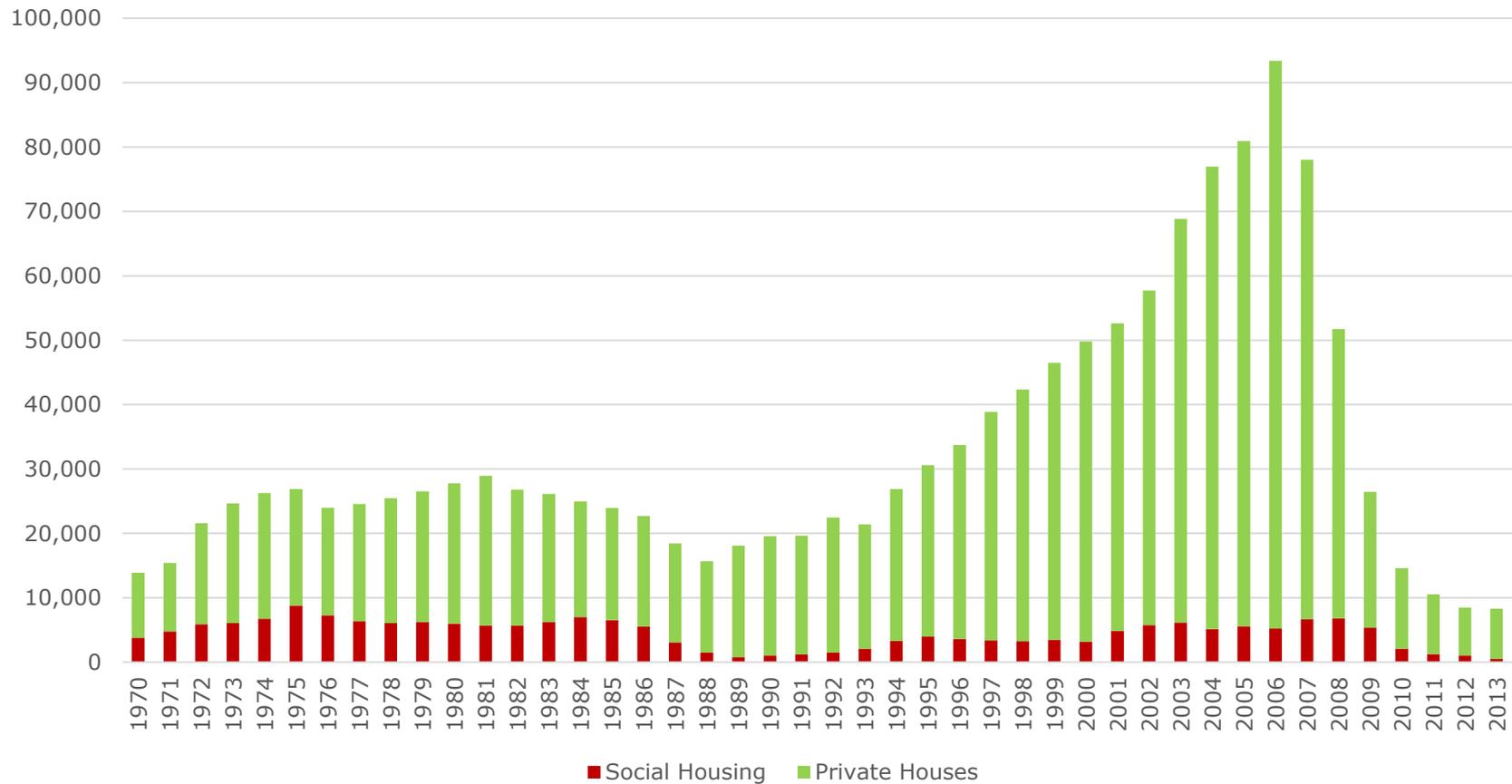
And future demand is rising...

- ESRI estimates:
 - Demographics: 18,000 new households forming each year
 - Housing supply issues around Dublin region

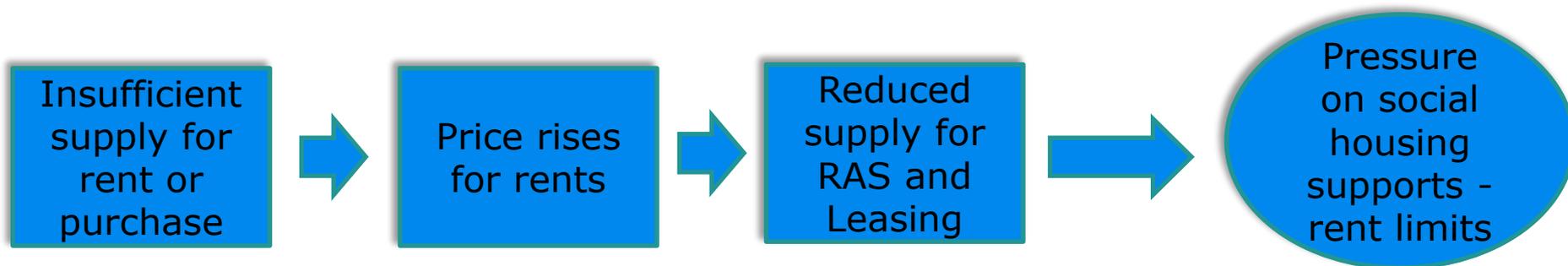
- Housing Agency
 - 80,000 units in urban areas over next five years.

- DECLG:
 - Social housing could be in the range 15% - 20% of future need

Supply: New house completions 1970 to 2013



Impact of supply side issues



- Credit issues in construction combined with rising demand have changed the housing market
- Negative impacts on effectiveness of social housing supports
- More choice available to landlords

Challenges to increasing social housing supply

1. Credit and the construction industry

- (a) Accessing development loans & equity
- (b) Funding working capital

2. Other housing market constraints

- (a) Planning
- (b) Unused /undeveloped sites
- (c) Cost of construction

Policy responses to date

Existing €1.5bn support for housing

NAMA:
Build current sites

2k social housing units accepted

CIF estimate 2014 completions at 10k to double by 2016

DECLG Social Housing Strategy

Budget

Exchequer investment

PPP

Off Balance Sheet Vehicle

Future Policy Challenges

- Measuring and prioritising need?
- Consistency with other housing objectives: sustainable communities?
- Cost effectiveness comparisons and VFM?
- Wider impacts of new spending initiatives?
- Impact of future developments in the Irish economy?