

IRELAND: Housing associations could take 10,000 homes off the market

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OPINION: With thousands of properties vacant all over the country coupled with the high demand for social housing, the Government has been provided with an opportunity, writes **DONAL McMANUS**

It is ironic when tourists drive around the country this summer and view the many vacant new estates that we still have the highest recorded demand for social housing.

Even during the boom, Ireland was continually feted as providing the highest number of new homes in the EU with some 20 new homes per 1,000 people completed at its peak in 2006. However, less than 10 per cent of these new homes were specifically targeted for social rented housing.

The new Dublin City Council social housing scheme at York Street. A huge amount of social housing projects are still stuck in a long queue due to Government cutbacks.

The outcome of this unbalanced output between private and social housing is that over 56,000 households are now in need of social housing according to the last triennial statutory assessment of housing need in 2008. This number will have risen due to the economic downturn and unemployment.

The social housing sector, comprising local authorities and housing associations, currently manages around 135,000 homes for families, older people, the homeless and people with disabilities.

The proportion of the housing sector designated for social housing is one of the lowest in the EU.

An important lesson for the future about the provision of social housing is that it should not be as dependent for supply on activity in the private market, as social housing requires its own interventions.

Previously, the all-party Oireachtas Committee on the Constitution, who held comprehensive hearings on private property in 2003, concluded it was to be expected that a boom will magnetically attract all production resources into satisfying private market demand.

This happened, with well over 90 per cent of housing output being private housing, which increased the cost of social housing and resulted in less value for money for the exchequer.

Home ownership is now being questioned by commentators in a number of countries. A recent commentary in the Economist magazine argued that the massive expansion of home ownership has increased economic volatility and created labour market immobility. Home ownership levels in the UK and US have now fallen in the past two years for the first time in 50 years. In Ireland, unfortunately, there has been no attempt to join the dots between the interlinked issues of thousands of empty homes, State intervention in the form of Nama, the growing housing needs of people on local authority waiting lists and a potential role for private financial institutions financing aspects of social housing. In addition, there have also been social housing leasing initiatives developed concurrently.

A starting point in drawing all these together should be an evaluation of vacant properties and the corresponding type of social housing needs in those locations. Although there are different estimates of vacant homes, the last 2006 CSO figures showed Ireland had about twice the EU average for vacant homes at 15 per cent, although this does include holiday homes.

However, it is important that there is a figure established for any vacant homes “fit for purpose” for social housing.

Subsequently, there is a need for Nama or some other body to undertake an inventory of the estimated 10,000 property loans that relate to vacant properties or land that would be suitable for social housing.

This could help reduce the negative social and environmental impact of vacant homes in certain locations and salvage “fit for purpose” properties where there is a corresponding demand for social housing.

In tandem with these measures, it must be remembered that there is still a huge amount of existing social housing projects planned over recent years by non-profit housing associations which are now stuck in a long queue due to Government cutbacks.

These projects underwent a long assessment process and the question is how can these projects be allowed to progress.

This could provide the opportunity for private or other financial institutions to fund such projects or suitable vacant properties at a significantly written down value.

This could be part of a new and less volatile new business in the residential market, part of a financial regime supported by Government.

Housing associations in the social housing sector in Ireland manage over 20,000 homes and develop and manage social housing for vulnerable groups and families.

There are mixed messages in Government about support for social housing provided and managed by housing associations.

With proper financing, housing associations have the capacity to take up to 10,000 homes off the balance sheets in banks or from Nama in the coming years.

It is up to the Government now to take the lead in bringing all these elements together to ensure the imbalance in our housing system is addressed and not overlooked in the current climate.

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