



An Coimisiún Tithíochta
The Housing Commission

Report of The Housing Commission

Prepared by The Housing Commission

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Executive Overview

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Overview

Housing must be a unique national priority, supporting social cohesion and economic development. Ireland has an opportunity to change policy and improve the lives of citizens and residents right across the country.

Arising from its wide-ranging enquiry, the Housing Commission has identified that over several decades there have been a range of interventions to deal with housing. However, these interventions have not resolved failures that are fundamentally systemic.

This must be addressed.

The Commission's work has identified as core issues, ineffective decision making and reactive policy making where risk aversion dominates. These issues, together with external influences impacting housing dynamics, contribute to volatility in supply, undermining affordability in the housing system.

Should these issues persist, there will continue to be insufficient progress on the issues our society faces. These problems have arisen due to the failure to successfully treat housing as a critical social and economic priority, evident in a lack of consistency in housing policy.

Inconsistency undermines confidence.

A consequence of these policy failures is that Ireland has, by comparison with our European partners, one of the highest levels of public expenditure for housing, yet one of the poorest outcomes.

There are, however, clear solutions if there is commitment to address the issues.

Only a radical strategic reset of housing policy will work.

A major issue of concern to the Commission is Ireland's housing deficit. It is critical that this housing deficit is addressed through emergency action. Coupled with this is the need for a step change increase in the level of housing supply on an ongoing basis.

There should be a targeted increase in the proportion of social and cost-rental housing to 20% of the national stock, ensuring an appropriate tenure mix. A long-term commitment to stable levels of public financing will also be crucial, supplementing the funding coming from private sources.

Ireland as a nation is changing at pace. The Irish public is diverse, with a growing number of minority groups. A 'one-size-fits-all' approach will not work. We need to take account of housing strategy, delivery, and management. A focus on expressing our collective aspirations for society, inclusive of supporting diversity and environmental goals, is needed, embodying shared values that deliver for our people.

Our analysis shows that, while the specific details can be complex, the overall strategy to successfully achieve a sustainable housing system is not complicated.

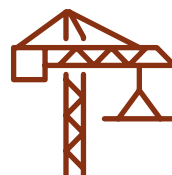
This can be driven by a process of reform as set out below:



**Understand
and Enable it**



Finance it



Build it



**Oversee and
Implement it**

Understand and Enable it:

We need to embrace a different risk and decision-making environment across the administrative system. The legacy of the current system of control and risk aversion has resulted in decades of undersupply and must be replaced by a strong focus on outcomes.

It is critical to ensure timely, integrated delivery of infrastructure as the basic foundations for housing and a fit-for-purpose, time-sensitive planning system that recognises changing realities. Realities go beyond housing output alone. For example, the continuing water supply threat from 80% reliance on one source for supply (the Liffey) in the eastern region without additional and alternative water supply being progressed with urgency. Absolute urgency must be given to delivering the Water Supply Project for the Eastern and Midlands Region.

Build it:

After a decade of pent-up demand caused by chronic undersupply, a step-change in building output is essential to address the housing deficit and to meet ongoing requirements. This can only be addressed through emergency action. In this context, the State needs to work in collaboration with the private sector to scale up housing output.

There should be a targeted increase in the proportion of social and cost-rental housing to 20% of the national stock. This is necessary to address the dearth of such housing. Nothing less is needed. This, in turn, will contribute to the stabilisation of the rental market.

Housing of all types and tenures will only be put on a firm foundation with the stabilisation provided by redressing the undersupply of social, affordable, and cost-rental housing.

Finance it:

To deliver the required level of housing, funding in the order of €16 to €20 billion per annum is required. While the need for stable public financing will remain, a diversity of funding from private sources is also needed and appropriate mechanisms for this must be put in place.

There must also be increased public investment in social and cost-rental housing. Where the State makes this investment, the housing should remain for use as social or cost-rental housing for its lifetime. In principle, any loans or advancements would be returned to the State on a revolving fund basis.

Oversee and implement it:

A Housing Delivery Oversight Executive must be established in statute as a focused entity with overall power to address functional failures and implement reforms. The Commission believes that this is essential to address the systemic reset required.

This body would be legislatively empowered to remove obstacles to housing delivery and would drive coordination across legislation, regulation, and administrative practices.

The evidence underpinning this approach, and the options available, are considered in greater detail throughout this report. We have an opportunity to change policy and improve the lives of citizens and residents right across the country. Building homes means creating new spaces, inclusive places where children play safely, and where age and ability are accommodated equally, all supporting the richness of the society we hold dear.

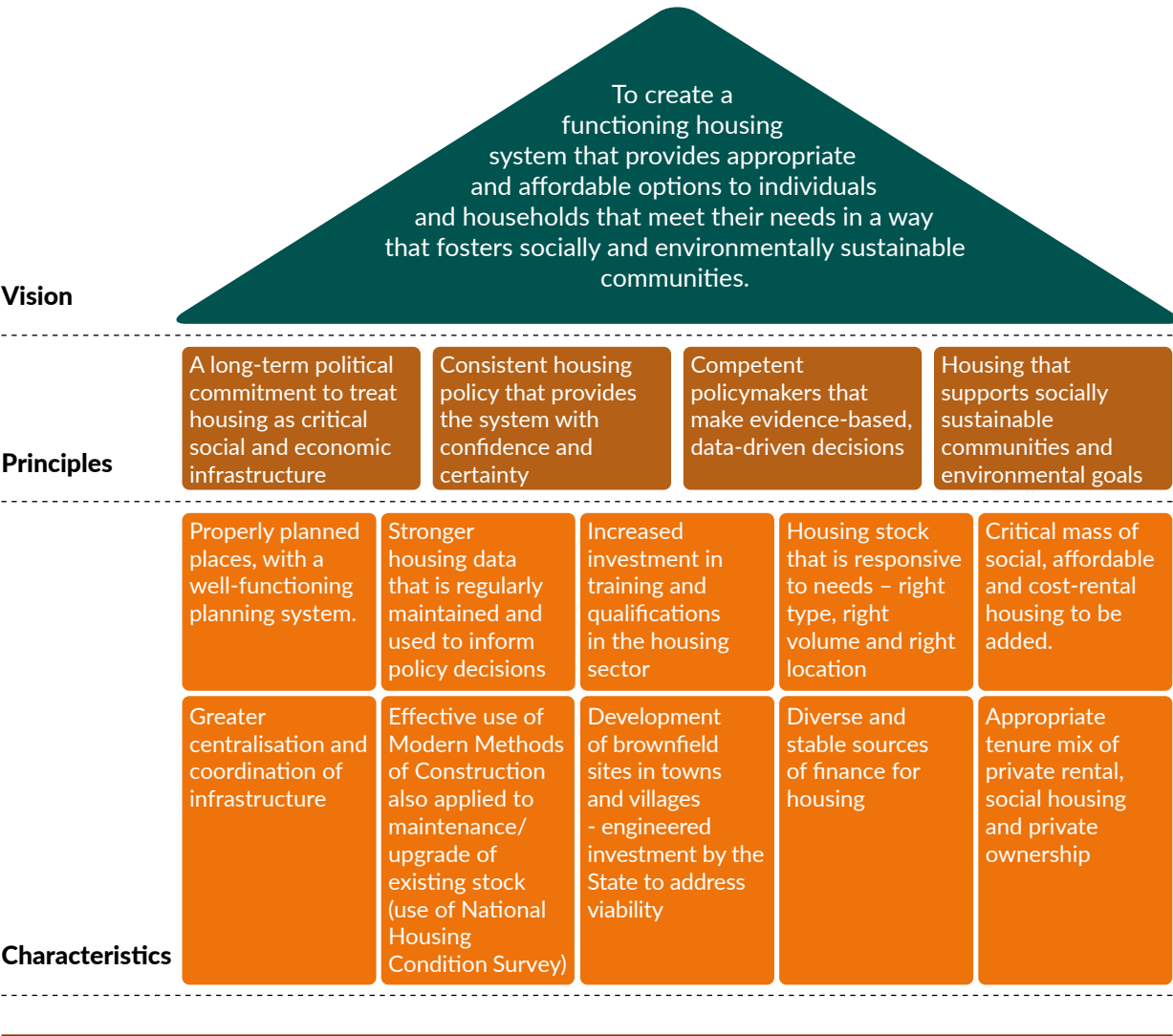
The Commission has studied the challenges in the housing system in detail. We are confident that if the recommendations provided in this report are implemented, this would create a housing system that is sustainable in the long-term. This would benefit Irish society for generations to come.

Guiding Vision and Principles

To examine and report on the issues outlined in its terms of reference, the Housing Commission sought to build consensus by developing a vision for a well-functioning housing system in Ireland post-2030 and defining the principles and characteristics that would underpin it.

- The **vision** statement represents a shared understanding of how the Commission would like the housing system to be experienced by the people of Ireland in 2030 and beyond.
- The **principles** that underpin this serve as the foundations and fundamental truths of this new proposed system.
- Finally, the **characteristics** are the outcomes that demonstrate the success of Ireland’s new housing system.

Vision, Principles and Characteristics of a well-functioning housing system





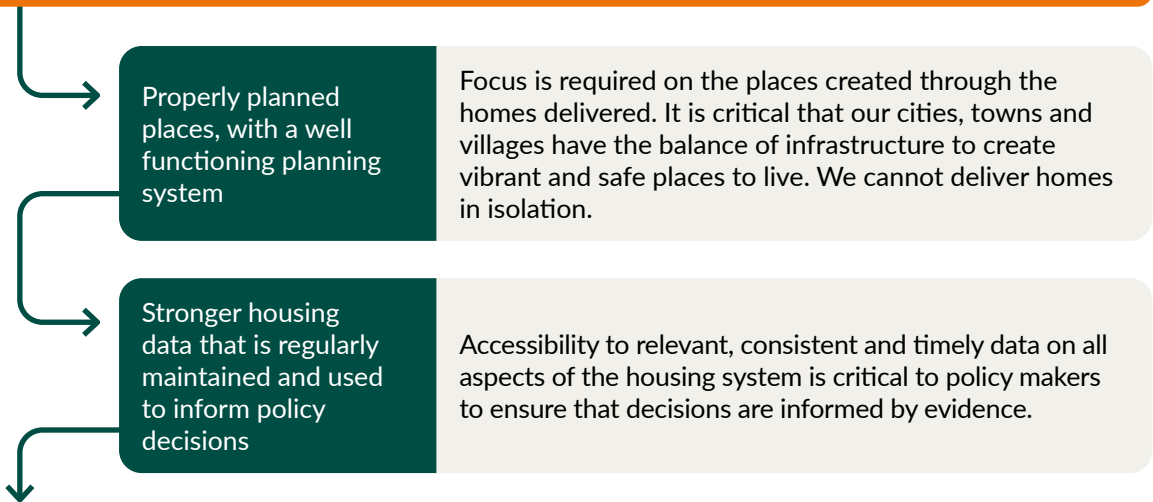
Vision

To create a functioning housing system that provides appropriate and affordable options to individuals and households that meet their needs in a way that fosters socially and environmentally sustainable communities.

Principles



Characteristics



Increased investment in training and qualifications in the housing sector	Investment is required to train personnel at all levels of the housing system, including construction workers, construction managers and policy makers. There needs to be a sufficient number of skilled personnel to support the level of housing development required.
Housing stock that's responsive to needs – right type, right volume and right location	In addition to ensuring housing targets are accurate, attention should be paid to the changing needs of Ireland's population in terms of housing typologies, tenures and location preferences and trends.
Critical mass of social, affordable and cost-rental housing to be added.	State-supported housing must be thought of in a broader context than simply catering for the acute needs of Ireland's most vulnerable people as it has the capacity to shape the market and remove distortions.
Greater centralisation and coordination of infrastructure.	A strategic and plan-led approach to housing supply and activation requires enhanced coordination that enables the provision of infrastructure in advance of housing development.
Effective use of Modern Methods of Construction for new homes and maintenance/upgrading of existing stock, based on a National Housing Condition Survey	Significant investment together with a substantial shift in the procurement process, skillsets and project management are needed to allow the use of MMC at scale.
Development of brownfield sites in rural towns and villages – engineered investment by the State to address viability	Incentives for urban brownfield/infill development are wholly inadequate, undermining policies aimed at urban consolidation supporting climate change policies as embodied in the national planning framework. These must be addressed to achieve viability in these contexts.
Diverse and stable sources of finance for housing	The State must provide a stable funding anchor that is constant in nature, but this must also be complemented by diverse international sources, to finance the increase in housing supply.
Appropriate tenure mix of private rental, social housing and private ownership	It is envisaged that at least 20% of Ireland's housing stock should be social and cost-rental housing, supported by stable, market driven, private rental and ownership sectors.

Recommendations

The Commission used three primary criteria for the development and assessment of its recommendations. These are:

1. Impact
2. Durability / Future Proof
3. Consistency and Coherence

A number of secondary assessment criteria were also used, these are:

Achievability, Cost, Value, Timelines, Risk and Policy Alignment.

Set out below are the Commission's recommendations. The accompanying actions associated with each recommendation are set out where each recommendation is covered throughout the report.

Section 2 - Meeting Ireland's Housing Requirements

- #1. Recognise and prioritise dealing with Ireland's housing deficit and address it through emergency action.
- #2. Base housing policy on an assessment of the housing required for a well-functioning society. This should not be conflated with market demand or construction sector capacity.
- #3. Align housing provision and economic development in the *National Planning Framework* to ensure sufficient housing supply to meet the needs of the population in all parts of the country, including the Dublin region.
- #4. Account must be taken in housing policy of the full economic and social costs associated with not meeting Ireland's housing requirements.
- #5. Ensure that housing policy makes adequate provision for a range of housing and accommodation types to meet the specific needs of identifiable groups.
- #6. Develop and maintain the use of high-quality data resources covering all areas of the housing system.

Section 3 - Delivering a Sustainable Housing Supply

- #7. Establish a Housing Delivery Oversight Executive in legislation as a decision-making body responsible for coordinating the delivery of housing. This body should be time-limited. It should identify and address blockages to housing delivery and oversee and drive investment in public utilities on land zoned for housing.
- #8. Establish high-yielding Housing Delivery Zones at agreed strategic locations, where housing can be delivered in the short to medium term and at scale.
- #9. Enhance the powers and resources of local authorities so that they can support and enable the delivery of a sustainable level of private, affordable, social and cost-rental housing.
- #10. Assess all policy measures and interventions against their impact on housing supply. Regulatory Impact Assessments (RIAs) should be performed on all such interventions.

- #11. Establish a Land Price Register to increase the transparency around land transactions and improve the functioning of the market.
- #12. Promote earlier and more effective participation by the public in the plan-making process, that is, in the formulation and inception stages of planning policy, including land-use zoning, and drafting of guidance and policy documents.
- #13. Support the delivery of enabling infrastructure in advance of housing construction. In addition, the Government should ensure that the Commission for Regulation of Utilities recognises the need to reconfigure operational practices to support the delivery of advanced infrastructure for housing.
- #14. Take urgent action to ensure delivery of the Greater Dublin Drainage Project by 2030 to meet the needs of current and future housing supply.
- #15. Take urgent action to ensure delivery of the critical Water Supply Project for the Eastern and Midlands Region by 2031 to meet the needs of current and future housing supply, increase the resilience of the water supply system and avoid the risk of major water shortages.
- #16. Make economic sustainability a core tenet of policy objectives for delivering public and private sector housing, including:
 - a. economic policy development to support viability of environmentally and socially sustainable housing development, with appropriately measured Land Value Capture tools;
 - b. consideration of viability at a local level during the planning process, in particular during the land zoning process.
- #17. Develop a set of principles on which a fair and efficient system of Land Value Sharing can be established.
- #18. Ensure that diverse sources of finance, including stable public financing and a predominant international element, are available to increase housing output in the medium term. Long-term financing requirements and sources should be regularly assessed and updated.
- #19. Ensure that the State plays both a direct and an indirect role in funding housing for the purposes of scale, certainty, equity and agility, as well as a direct role in its funding of social housing, particularly in higher-density housing where financing is more difficult.
- #20. The State should explore the option of setting up a specific private savings fund that can be used to assist in the funding of housing.
- #21. Ensure that appropriately calibrated macroprudential tools remain in place to underpin stability in the housing market.

Section 4 - Cost and Quality of Housing

- #22. The State must support the collaborative development of standard house and apartment types to drive efficiency, reduce costs and support viability.
- #23. Establish standardised measurement of housing costs as the basis for all cost comparisons and analysis.
- #24. Carry out a comprehensive National Housing Condition Survey every five years for all types of housing, focusing primarily on housing conditions and standards.

Section 5 - Capacity, Collaboration and Innovation in the Construction Sector

- #25. Establish a Central Construction Supply Unit to coordinate, monitor and track all major public sector construction projects in the country.
- #26. Increase the scale and capacity of the homebuilding sector.
- #27. Introduce a National Housing Procurement Strategy that promotes collaboration between contracting parties and the supply chain to support the delivery of housing, and reform the Public Works Contracts with a new focus on collaboration and dispute resolution.
- #28. Enhance contracting authority and supplier procurement teams with appropriate resources and competencies to accelerate the delivery of housing programmes.
- #29. Develop a pipeline of appropriately skilled labour for the construction industry, and other measures to address capacity issues in the sector.
- #30. Facilitate the use of innovation, new technology and digitisation to improve productivity in the construction sector.

Section 6 - The Rental Sector

- #31. Balance the rights and responsibilities of both tenants and landlords through a programme of legislative and regulatory reforms to make the private rental sector more attractive to both parties.
- #32. Deliver cost-rental housing at scale and transition to cost-rental as the main form of supply for both affordable and social rented accommodation to:
 - a. address the challenges in maintaining the supply of rental housing;
 - b. assist in addressing affordability challenges in the private rented sector;
 - c. enable social housing providers to accommodate households with a wider mix of incomes in their housing developments.
- #33. Regulate market rents fairly and effectively by reforming the current system of rent regulation and establishing a system of 'Reference Rents'. This reform should be informed by evidence-based reviews on the impact of regulated market rents on rented housing supply, accessibility and affordability. Such reviews should be conducted on a regular basis and rent regulations amended where appropriate.*
- #34. Reform and consolidate standards for rented dwellings through a single, nationwide dwelling standards risk-based inspection process. This should include all forms of rented housing, including private, social and cost-rental.
- #35. Amend the standards for rental accommodation in private and cost-rental homes to enable the letting of accommodation without white goods appliances.
- #36. Regulate the landlord functions of local authority-owned dwellings and formalise the local authority/tenant relationship.
- #37. Amalgamate regulatory agencies involved in regulating rental accommodation under the remit of a single regulatory authority, and strengthen the enforcement powers.
- #38. Implement reforms to ensure a more effective enforcement model for the rental sector that works for both tenants and landlords.

*See footnote 141 on page 126

- #39. Reform the Housing Assistance Payment and the Rental Accommodation Scheme, resetting them as short- to medium-term support measures for households eligible for social housing. Such households must remain on the social housing list, except where their income levels increase above the eligibility criteria for social housing.
- #40. Initiate a review of the current legislation and regulations relating to Multi-Unit Developments.

Section 7 - Affordability of Home Purchase for First-time Buyers

- #41. Review and recalibrate regularly measures to assist with access to home ownership for first-time buyers, taking account of detailed evidence on income distribution, affordability, supply dynamics and regional differences.
- #42. Use appropriately targeted equity loan schemes to support first-time buyers to purchase a home, as provided for in the Affordable Housing Act 2021, and establish central revolving funds to manage capital derived from repayment of equity loans that are provided by the State or local authorities.
- #43. Maintain a central online information resource for first-time buyers covering multiple schemes that support home purchasers, along with an information resource for cost-rental.

Section 8 - The Social Housing Sector

- #44. Legally underpin the reforms set out in this section with a new Social Housing Act that would specify and protect the social purpose of the social housing sector over the long term and ensure that the sector is not privatised.
- #45. Increase the size of the social and cost-rental housing sectors to 20% of the national housing stock so that these sectors will provide a substantial source of rented housing for lower and middle-income households in future.
- #46. Provide a sustainable financing model for social housing by setting social housing rents at cost recovery rates. This will:
 - a. ensure there is sufficient income to manage and maintain dwellings;
 - b. assist in funding new social housing provision;
 - c. break the link between market rents and social housing rents.

To ensure that rents remain affordable, housing allowances should be provided to subsidise tenants who cannot afford to pay full cost rents.
- #47. Reform capital funding of social and cost-rental housing to provide more stable and counter-cyclical funding for these sectors to:
 - a. ensure long-term financial sustainability;
 - b. reduce the volatility of funding for new housing;
 - c. provide long-term reliable capital to fund these sectors.

To achieve this:

 - a. the sources of finance for social and cost-rental housing must be diversified;
 - b. reliance on government grants and loans must be reduced and new sources of private and non-profit finance introduced.

- #48. Retain and recycle all housing finance, rental income and public subsidies in the social housing system for future housing delivery, management, maintenance and upgrading.
- #49. End the system of selling local authority dwellings to tenants at substantial discounts relative to current market value.
- #50. Increase significantly the output of social and cost-rental housing in cities and the Dublin region to address the particularly high numbers of households in need of housing and those who are homeless. For those with complex needs, provide long-term social support services.
- #51. Reform the current management structure in local government to strengthen housing delivery, management and maintenance capacity. This should be done by establishing separate arrangements for governing and delivering housing services. This could be achieved by establishing Local Authority Housing Organisations (LAHOs) on a local authority or regional basis.
- #52. Review and streamline the arrangements for approving central capital grants and other public subsidies for social and affordable housing provision by the DHLGH to speed up the approval and payment processes.
- #53. Reform arrangements for acquiring land for social and cost-rental housing to ensure sufficient supply of appropriately sized social and cost-rental housing, delivered in suitable locations.
- #54. Centralise arrangements for applying for and allocating social and cost-rental housing and make more extensive use of choice-based lettings.
- #55. Formulate a strategy on the role, capacity and sustainability of the Approved Housing Body (AHB) sector. The DHLGH should formulate this strategy and set out its vision for the AHB sector, including:
 - a. the role of AHBs in providing social and cost-rental housing and the housing system more broadly;
 - b. building capacity to grow larger AHBs and encourage large new entrants into the sector;
 - c. the necessary provision of regulation and other supports.

The strategy should outline a comprehensive plan on how to achieve this vision.
- #56. Legislate to ensure that AHB social housing is provided, retained and let in perpetuity, except in exceptional circumstances.
- #57. Put measures in place to increase the capacity of the AHB sector and encourage growth of more large AHBs to address concentration risks and enable more delivery.
- #58. Develop a specific plan for smaller and unregistered AHBs.
- #59. Enable off-balance-sheet financing of AHB housing.

Section 9 - Rural Housing

- #60. Fully realise the commitment to develop sustainable rural communities by strengthening the design of towns and villages, facilitating housing in nodes and clusters, and revising planning and regulatory mechanisms for sustainable one-off housing in appropriate locations.
- #61. Incentivise the reuse and retrofitting of vacant and deteriorating dwellings in rural Ireland by:
 - a. prioritising and extending grants and soft supports for the reuse and retrofitting of vacant buildings for owner-occupiers and tenants;
 - b. providing additional grants to ensure that property owners receive support and advice;
 - c. enforcing vacant building and vacant site taxation, and further incentivising the reuse of existing buildings (e.g. above-the-shop spaces).
- #62. Monitor accurately the prevalence and use of second homes and holiday homes in rural Ireland.
- #63. Develop and implement a holistic approach to delivering infrastructure in rural Ireland to address the historic and endemic challenges around water and sewage management.
- #64. Provide dedicated supports to island and Gaeltacht communities to ensure their long-term viability through implementing the Our Living Islands policy.

Section 10 - Sustainable and Socially Inclusive Communities

- #65. Develop social infrastructure and amenities in tandem with housing.
- #66. Ensure that housing policy encourages integrated and inclusive communities.
- #67. Reform the local authority social-work service to better identify and meet the needs of vulnerable tenants and applicants for housing.
- #68. Integrate housing and homelessness plans, funding and strategies to ensure a consistent whole-of-government approach.
- #69. Implement specific measures to end child homelessness.
- #70. Implement the Lisbon Declaration in relation to addressing homelessness.
- #71. Increase the supply of social housing that better matches the size of homeless households and households in need of social housing.
- #72. Establish a new International Protection Support Service and end Direct Provision, as agreed by government.
- #73. Ensure that appropriate Traveller-specific accommodation is delivered.
- #74. Implement the *National Housing Strategy for Disabled People*.
- #75. Increase the supply of supported social housing and expand provision of care and support services for tenants living in general-needs social housing to meet the needs of disabled people and an ageing population of renters.
- #76. Address the housing needs of people as they age, recognising that we have an ageing population.

Section 11 - Environmental Sustainability in the Construction Sector

- #77. Meet emission reduction targets for the new residential construction sector.
- #78. Publish housing guidelines that address and cross-reference the *Climate Action Plan* with reference to the *National Planning Framework* and the Town Centre First policy, and link to their identified targets and actions.
- #79. Address the energy efficiency deficit in the housing stock through sufficient funding and supports.
- #80. Promote and enable through legislation the wider adoption of district heating as a lower-carbon source that can reduce the cost of residential heating and help meet climate goals in applicable areas when applied at scale.
- #81. Support and deploy more widespread use of timber in housing construction and reform the building control system accordingly.
- #82. Ensure that state policy supports compact housing growth, which is essential to achieving the transition to a low-carbon society.
- #83. Support biodiversity measures in the development of residential areas.

Section 1

Introduction and Background

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1.1 Introduction and Terms of Reference

Background

In December 2021, the Minister for Housing, Local Government and Heritage established the Housing Commission, as committed to in the 2020 Programme for Government *Our Shared Future*.¹ The Commission was tasked with examining issues such as tenure, standards, sustainability and quality-of-life matters, considering long-term housing policy while building on the policy changes outlined in *Housing for All*² and related government policies.

Over the course of its work, the Housing Commission analysed issues central to the Irish housing system, sought to build consensus on issues of importance by engaging key stakeholders, and formulated recommendations aimed at delivering a well-functioning housing system.

The members of the Commission, as set out below, were appointed by Minister for Housing, Local Government and Heritage Darragh O'Brien TD. Fourteen members in all were appointed by the Minister.

Members of the Housing Commission

John O'Connor (Chair)	Former CEO of the Housing & Sustainable Communities Agency
Patricia King (Deputy Chair)	Former General Secretary of the Irish Congress of Trade Unions
Rosalind Carroll (from April 2023)	Chief Executive of the Personal Injuries Assessment Board & former Director of the Residential Tenancies Board
Pat Doyle (until Oct 2023)	Former President of the Irish Council for Social Housing
Sorcha Edwards	Secretary General of Housing Europe
Paddy Gray	Professor Emeritus in Housing at Ulster University
Ronan Lyons	Associate Professor in Economics at Trinity College Dublin and Director of Trinity Research in Social Sciences
Kathryn Meghen	CEO of the Royal Institute of the Architects of Ireland
Michelle Norris	Professor of Social Policy and Director of the Geary Institute for Public Policy at University College Dublin
David O'Connor	Architect and former Fingal County Manager
Michael O'Flynn	Chairman and CEO of the O'Flynn Group
Brian O'Gorman (until Jan 2023)	CEO of Clúid Housing
Dermot O'Leary (from Feb 2023)	Chief Economist at Goodbody Stockbrokers
Ailbhe O'Neill	Senior Counsel (specialising in constitutional and regulatory law)

¹ Government of Ireland, [Programme for Government: Our Shared Future](#), Gov.ie, p. 58, 2020.

² Department of Housing, Local Government and Heritage, ['Housing for All – a New Housing Plan for Ireland'](#), 2021.

Terms of Reference

The scope of the work of the Housing Commission was set out in December 2021 in its Terms of Reference.

Terms of Reference

Scope of the Commission on Housing

As set out in the Programme for Government, the Commission on Housing is being established to examine issues such as tenure, standards, sustainability, and quality-of-life issues in the provision of housing. This should include the efficient functioning of the markets for housing construction and provision.

As further set out in *Housing for All – A New Housing Plan for Ireland*, the Commission will also bring forward proposals on the Referendum on Housing referred to in the Programme for Government.

Policy Areas for Review

The Commission will consider long-term housing policy post-2030 and examine how to build on the policy changes outlined in *Housing for All* and related government policies. Having regard to the commitments in the Programme for Government and in *Housing for All*, the Commission will:

1	Examine and report on maintaining a sustainable housing supply and providing balance and choice of tenures, having regard to social, environmental and economic objectives
2	Examine and report on the cost and quality of housing, the drivers of cost (including, inter alia, embodied carbon compliance), and how costs may be addressed, and compliance achieved in the longer term, having regard to international comparators and benchmarks
3	Examine and report on the capacity of the construction sector to meet housing supply requirements, drawing on international experience and alternative approaches to meeting capacity requirements, including Modern Methods of Construction (MMC) and Modular/Off-Site Construction
4	Examine and report on the affordability of private rental accommodation
5	Examine and report on the affordability of house purchase for those entering the market for the first time, using comparisons with similar countries; in particular, examine measures which would complement or enhance the recently introduced suite of affordable housing measures, and examine the potential for introducing new models identified as successful in other jurisdictions in terms of enhancing affordability for people who want to purchase a home with a view to increasing and expanding homeownership to more people as part of an appropriate tenure mix
6	Examine specifically the issue of rural housing and how this can be facilitated in a way that is both environmentally and socially sustainable and allows for the development of appropriate one-off housing
7	Examine and report on the need for regulation of social housing
8	Examine and report on the optimum role of Approved Housing Bodies (AHBs) in housing provision, including their role regarding the housing needs of vulnerable groups
9	Examine and report on the referendum on housing. The Commission will establish a sub-committee with appropriate expertise to examine the complex constitutional questions arising and examine the various proposals that have been made around potential wording for an amendment to the Constitution. It will advise the Government in an independent and objective manner regarding the critical factors for consideration and will make recommendations as to the appropriate wording to be put to the people.

Terms of Reference continued

The Commission will seek to build consensus on issues of importance to stakeholders. The Commission and/or its subcommittees may consult with such external experts and stakeholders as may be appropriate.

The work of the Commission should be complementary to work already ongoing to implement *Housing for All*. In particular, pursuant to Housing Policy Objective 13.3 of *Housing for All*, a significant piece of work to review and consolidate planning legislation is being undertaken by the Attorney General's Office and the Department of Housing, Local Government and Heritage. In addition, Section 3.2 of *Housing for All* deals with the wider aspects of Planning and Urban Development, and the Commission will therefore not consider planning reform under its Terms of Reference.

Context

The Government plays a central role through the Department of Housing, Local Government and Heritage (DHLGH), in formulating and implementing housing policy. Across the country, 31 local authorities, Approved Housing Bodies (AHBs), the Land Development Agency (LDA) and The Housing Agency play a crucial role in planning and providing social, affordable purchase and cost-rental housing. Homebuilders, developers, and contractors are also vital in delivering housing, both for owner occupied and rental housing.

Financial institutions including banks, mortgage lenders and international institutional capital play a pivotal role in financing the sector. The delivery of services by transport, utility and infrastructure organisations is paramount to the development, habitability, and functionality of residential communities. Effective collaboration among these entities, and many more, is essential to ensuring sustainable housing delivery into the future.

The Housing Commission is cognisant of several pressing issues currently affecting housing in Ireland, such as high inflation in the construction industry, delays in the planning system and acute pressures on the availability of accommodation. However, as the focus of the Commission is long-term, the recommendations outlined in this report are aimed at shaping housing policy into the future.

Public bodies and semi-state companies involved in housing

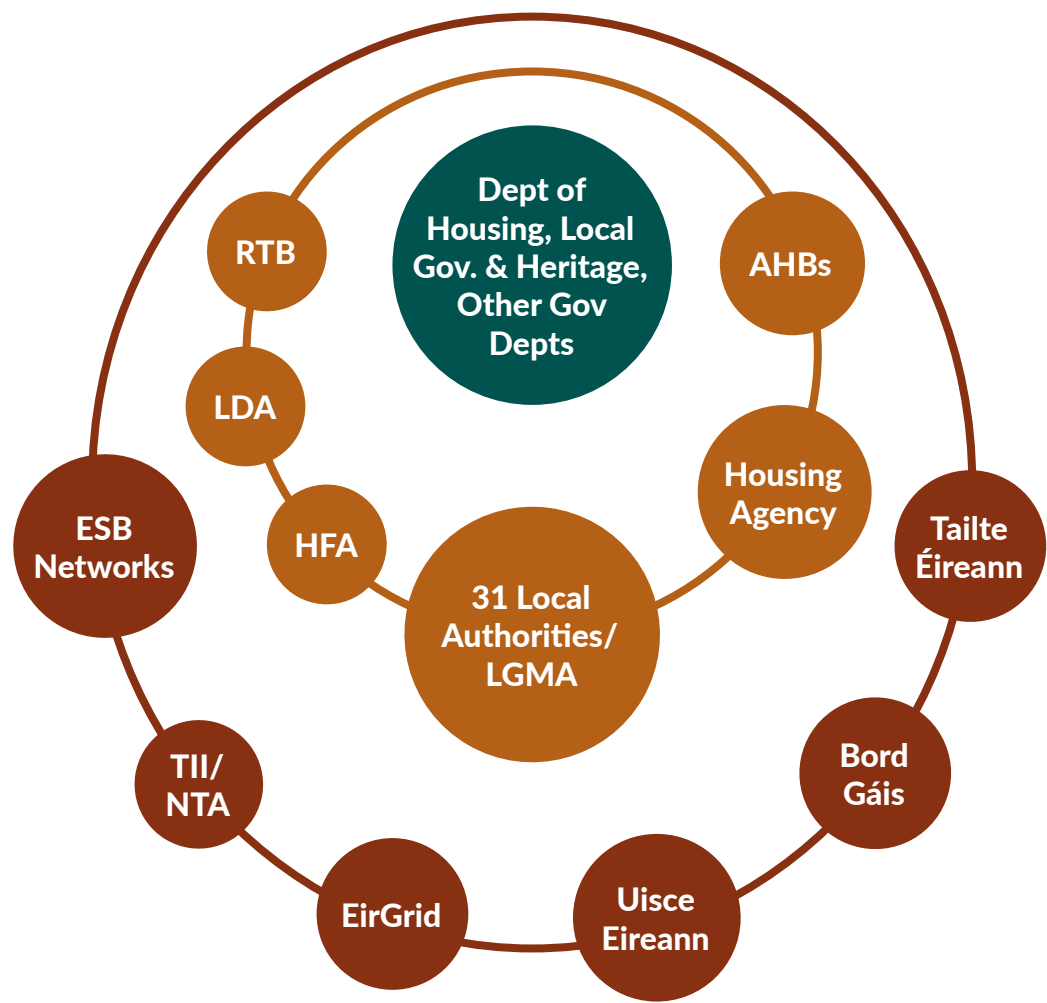
The delivery of housing in Ireland involves a complex network of organisations across both public and private sectors. While they are not exhaustive, Figures 1.1 & 1.2 illustrate the range of stakeholders involved in housing delivery in Ireland.

Experts engaged as working group members

In addition to the Commission members, the work of the Housing Commission was greatly bolstered by experts engaged on a voluntary basis as Working Group members (listed below). They provided a wealth of knowledge and expertise.

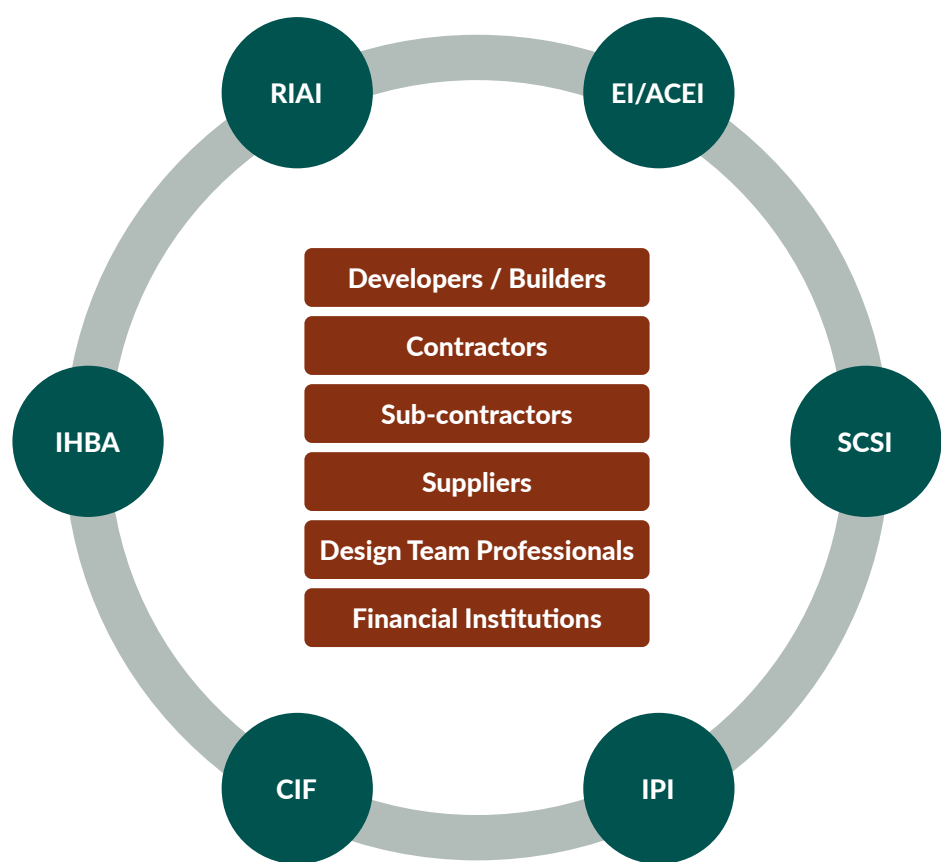
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| • Dr Sarah Cotterill | • Fergus Merriman |
| • Francis Doherty | • Paul Mitchell |
| • Dr Joe Frey | • Ruth Montgomery |
| • Margaret Geraghty | • Paul Mooney |
| • Yvonne Harris | • Mick Mulhern |
| • Dr Aideen Hayden | • Mary Mulholland |
| • Màiri Henderson | • Orla Murphy |
| • Mike Hoey | • Patricia O'Brien |
| • David Howard | • Ruth O'Herlihy |
| • Annette Hughes | • Phelim O'Neill |
| • Helen Hughes | • Gemma O'Reilly |
| • Dr Karen Keaveney | • Michael O'Reilly |
| • Dr Robert Kelly | • Dr Conor O'Toole |
| • Tomás Kelly | • Tom Phillips |
| • Rachel Kenny | • Tomas Sexton |
| • Dearbhla Lawson | • Paul Sheridan |
| • Michael Lynch | • Dr Rachel Slaymaker |
| • John-Mark McCafferty | • Aidan Sweeney |

Figure 1.1: Examples of public sector entities involved in housing



AHBs	Approved Housing Bodies
HFA	Housing Finance Agency
LDA	Land Development Agency
LGMA	Local Government Management Agency
NTA	National Transportation Authority
RTB	Residential Tenancies Board
TII	Transport Infrastructure Ireland

Figure 1.2: Examples of private sector organisations involved in housing



ACEI	Association of Consulting Engineers of Ireland
CIF	Construction Industry Federation
EI	Engineers Ireland
IHBA	Irish Home Builders Association
IPI	Irish Planning Institute
RIAI	Royal Institute of Architects of Ireland
SCSI	Society of Chartered Surveyors Ireland

1.2 Formation of the Housing Commission

Membership

The Housing Commission comprised 14 members supported by the membership of five Subcommittees and six Working Groups. Ultimately, the work of the Commission involved over 70 experts and stakeholders who collectively contributed a wide range of experience and expertise from across the housing system, including:

- Social policy
- Development, supply and delivery
- Social housing
- Local government
- Architecture and engineering
- Constitutional law
- Economics
- Finance
- Planning

The Commission, Subcommittees and Working Groups convened frequently to progress the work, present research and develop recommendations. Relevant experts were appointed as members of Working Groups along with members of the Commission and contributed to specialised workstreams. These members offered their time voluntarily, attended meetings on a weekly basis, prepared research and actively participated in the development of recommendations.

The hard work and dedication of the experts was vital to the Commission. Their outputs underpin the Commission's report and its recommendations. Overall, the Commission and its associated groups held over 200 meetings and developed 83 recommendations. The Commission sent three letters with accompanying submissions to the Minister for Housing, Local Government and Heritage over the course of its work. These covered topics including:*

- Housing Needs & Demand, Housing Supply Targets and National House Condition Surveys
- Measures for Consideration to Assist in Accelerating Housing Supply
- Provisions in relation to the Office of the Planning Regulator in the Planning and Development Bill 2022



Over 200 meetings held



More than 70 housing and industry experts engaged



Three letters with accompanying submissions to the Minister

Referendum on Housing

Under Term of Reference 9, the Commission submitted a report, which was supported by a majority of the members of the Commission, to the Minister in June 2023 on proposed wording for an amendment to the Constitution in relation to housing. In addition, another report was submitted to the Minister by two members of the Commission (Michael O'Flynn and Ronan Lyons) in November 2023. Subsequently, another member (Dermot O'Leary) notified the Minister of his support for this other report.

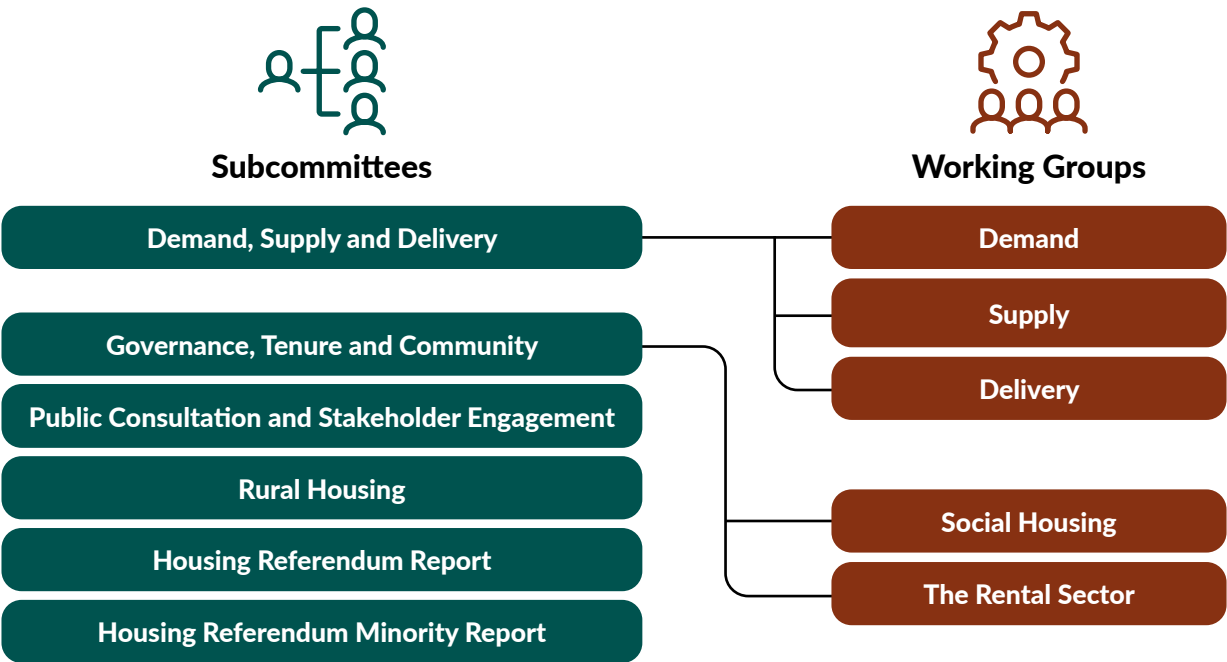
Governance

As part of its programme of work, the Commission established a series of Subcommittees to examine specific aspects of the Commission's Terms of Reference (see Figure 1.3). These were:

- Demand, Supply and Delivery
- Governance, Tenure and Community
- Referendum on Housing
- Rural Housing
- Public Consultation and Stakeholder Engagement

* Submissions can be found on The Housing Commission website. www.gov.ie/en/campaigns/2ae5e-the-housing-commission/

Figure 1.3: Organisational structure of the Housing Commission



The Subcommittees were responsible for examining specific issues, formulating research questions, conducting and managing research activity, and developing recommendations. This work has informed the deliberations of the Commission and served as the basis for the Commission’s report. Each Subcommittee was chaired by a member of the Housing Commission who was responsible for coordinating outputs from their Subcommittee. Subcommittees, where necessary, were further subdivided into Working Groups to focus on specific areas. Also, as required, specific workstreams were established under the Working Groups.

1.3 Public Consultation and Stakeholder Engagement

The Commission conducted public consultations, stakeholder engagements and surveys to understand key issues of importance in the Irish housing system and to inform its considerations on long-term housing policy. These included:

- 1. Stakeholder Engagements
- 2. Public Consultation
- 3. Younger Adults Cohort Survey
- 4. House Providers Survey

Stakeholder Engagements

The Housing Commission undertook a specific consultation process with senior officials from government departments and agencies, the chief executives of several local authorities, industry-specific groups such as utilities companies, contractors, property owners and planning associations, and other relevant public bodies/ organisations involved directly or indirectly with housing and related infrastructure. A total of 30 engagements took place.

In addition to the formal stakeholder engagement meetings, several additional stakeholders were invited to present to the Commission at Subcommittee and Working Group meetings. Key issues were identified and discussed at these meetings, as well as findings from ongoing work in areas such as infrastructure, skills and training, energy efficiency and decarbonisation, rural housing, land policy and more. Policy proposals and suggestions were made by experts and stakeholders. These insights have influenced the Commission’s report and its recommendations, ensuring a real-world perspective on many of the core areas of housing in Ireland. (For more details on the stakeholder engagement process, see Appendix 1A.1.)

Public Consultation

A public consultation seeking views on Housing in Ireland was launched by the Housing Commission on 21 March 2023. This was advertised on the Commission's website, over social media and in national newspapers. A total of 897 responses were received. Respondents were invited to give specific views on topics directly linked to the Commission's terms of reference.

The most prominent finding arising from the public consultation process was the negative impacts of the housing crisis on overall quality of life in Ireland; 74% of respondents indicated that their housing situation had negatively affected their quality of life. Survey results indicated a strong preference for home ownership. Measures and interventions prioritised by respondents are broadly in line with the recommendations proposed by the Housing Commission. (For details on the key findings of the public consultation process, see Appendix 1B.1.)

Younger Adults Cohort Survey

A key area of focus in the provision of long-term housing is meeting the needs of young people. To better understand the current housing situation of young people and to help provide direction to the Commission, a survey was undertaken with a focus on people aged 18-39. These insights are covered in Section 2 of this report and associated appendices. (Appendix 1B.2 provides additional details on this survey.)

House Providers Survey

The Commission also undertook a survey of House Providers to gain specific insights from key construction sector stakeholders. A particular focus was their experience of the current housing delivery landscape, current and expected industry capacity, and current and future challenges. These insights underpin the Commission's recommendations. (Appendix 1B.3 provides further details on the House Providers Survey.)

Tenant Union/Tenant Engagement Conference

On 17 February 2023, the Housing Commission held a Tenant Union/Tenant Engagement conference hosted by Liberty Hall Theatre. Established tenant union bodies in Sweden, Finland and the Netherlands were invited to share their experiences and knowledge of tenant unions in Europe. This was complemented by presentations and discussion from tenant and resident organisations in Ireland. The conference developed activity and discussion around promoting the voice of tenants in Ireland.

1.4 International Benchmarking

The Housing Commission analysed global good-practice initiatives in housing that could be feasible within an Irish context. For benchmarking purposes, a number of countries were identified across the key criteria of size, population, demographics, climate, urban and rural spread, home ownership rates and share of social housing stock. Countries explored in the report for benchmarking purposes include England, Wales, Denmark, Austria, the Netherlands and New Zealand. Other countries referenced for noteworthy initiatives include Scotland, Portugal, Canada, Sweden, Norway, France and the USA.

1.5 Acknowledgements

The Commission is grateful to Minister Darragh O'Brien TD and the government for establishing the Housing Commission to examine one of the most pressing issues facing our society today.

Sincere thanks to all those who gave voluntarily of their time in providing their expertise and experience to the working groups.

The Commission would like to thank the team in the Department of Housing, Local Government and Heritage for their support to the Commission.

A sincere thanks to the team and support provided by The Housing Agency in 2023 and 2024; led by Aisling Heary with Peter Caulfield. Thanks are extended to the PwC team for their programme management and executive support services throughout 2023. Special recognition is owed to Dr Ann Marie O'Brien, from the Housing Agency, and Dr David Hallinan, from NESCC, for their very capable drafting expertise in developing and completing the report.

Thanks also to all of the consultants that were engaged by the Housing Commission to assist with its work:

Carr Communications, DCU Language Services, Dr Clíodhna Bairéad, Dr Robert Sweeney, Dr Sarah Sheridan, Dr Tom Gillespie, John Spain Associates, Kevin Hannigan (KHSK), KSN Construction Consultants, MG Creative, Philip Lee Solicitors, PwC, Red C and SwiftWrite.

And finally, thanks to all those who participated in the Commission's public consultations, stakeholder engagements and surveys, from which important insights were drawn.

Section 2

Meeting Ireland's Housing Requirement

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Terms of Reference 1

Examine and report on maintaining a sustainable housing supply and providing balance and choice of tenures, having regard to social, environmental and economic objectives.

2.1 Introduction

Through its terms of reference, the Commission has been tasked with examining *'issues such as tenure, standards, sustainability and quality-of-life issues in the provision of housing. This should include the efficient functioning of the markets for housing construction and provision'*. It is in this context that the Commission has explored the issue of Ireland's housing requirements. The Commission focused on a number of issues in its analysis. These included:

- The need to address Ireland's housing deficit
- Methods and approaches to estimating housing requirements
- Housing targets, which are distinct from, and need to be considered separately to, underlying housing requirements
- The use of housing requirements as an input into the Housing Need and Demand Assessment (HNDA) framework and in local authority statutory development plans
- The need to recognise the cost of not meeting housing requirements
- The types and sizes of homes that are needed
- Developing high-quality data resources on housing

A major issue of concern to the Housing Commission is Ireland's housing deficit. This refers to housing that has not been built despite an underlying social requirement. It is reflected principally in suppressed household formation and thus artificially elevated measured household size. The housing deficit is also reflected in lower-than-healthy vacancy³ and obsolescence rates, as well as suppressed population growth and elevated emigration.

The Commission recommends that this be addressed as a matter of urgency and not simply added into longer-term housing requirements. The roots of the under-provision of housing date back to the mid-1990s, but the bulk of the housing deficit has come about primarily due to very

low housing output in the decade following the financial crisis from 2008.

The elimination of the housing deficit should be the immediate and essential priority to resolve the current housing crisis and meet Ireland's housing requirements. The persistence of the deficit is manifest in elevated household size, the ongoing shortage of housing for purchase or rent that is affordable, the continuous rise in numbers of homeless individuals and families, and in our collective difficulties to honour our commitment to offer refuge to migrants needing protection and asylum.

Projections of Ireland's medium- to long-term housing requirements are ultimately driven by three high-level parameters:

- Population:** the expected size of the population, in turn driven by natural increase in the population and net migration
- Household size:** the expected average household size in a healthy and well-functioning housing system
- Obsolescence:** the rate at which dwellings become obsolete

Other factors that also need to be considered are economic, societal and political issues. One factor that is critical is household income. This is particularly relevant to the type and tenure of housing requirements. A related key issue is the level and distribution of household incomes. The Commission has undertaken detailed analysis of a range of issues related to household income, such as viability (Section 3), affordability in the rental sector (Section 6), the affordability of home purchase (Section 7) and the social housing sector (Section 8). The Commission's analysis of housing requirements is based on the three key parameters of population, household size and obsolescence. Analysis and recommendations relating to viability and affordability are dealt with in the remainder of the report.

³ Given the necessity of matching between heterogeneous households and dwellings, a vacancy rate below 5% is associated internationally with housing system scarcity.

The Commission stresses that projecting housing requirements entails a degree of uncertainty. Indeed, this uncertainty is a key factor that policy needs to incorporate, not ignore. For this reason, estimates of Ireland's housing requirements are given for a range of potential future outcomes.

2.2 Recommendations Overview

Housing Requirements – Recommendations	
#1.	Recognise and prioritise dealing with Ireland's housing deficit and address it through emergency action.
#2.	Base housing policy on an assessment of the housing required for a well-functioning society. This should not be conflated with market demand or construction sector capacity.
#3.	Align housing provision and economic development in the National Planning Framework to ensure sufficient housing supply to meet the needs of the population in all parts of the country, including the Dublin region.
#4.	Account must be taken in housing policy of the full economic and social costs associated with not meeting Ireland's housing requirements.
#5.	Ensure that housing policy makes adequate provision for a range of housing and accommodation types to meet the specific needs of identifiable groups.
#6.	Develop and maintain the use of high-quality data resources covering all areas of the housing system.

2.3 Ireland's Housing Deficit

2.3.1 Background & Context

The Housing Commission has estimated that, as of the 2022 Census, there was a housing deficit of between 212,500 and 256,000 homes. Several aspects of the housing system, evident to most observers, suggest a significant housing deficit. These include:

- The low level of housing construction in the decade after 2008
- A largely static household size over the same period
- Low levels of availability of rental and owner-occupied housing
- Rates of homelessness

Urgent consideration must be given to addressing the current housing deficit (pent-up demand) to bring down the accumulated housing supply deficit. This requires exceptional and radical measures to deliver a substantial amount of housing in the shortest time practicable.

2.3.2 Analysis

Estimating the deficit

One of the key findings of the Housing Commission's analysis is that current household size is artificially elevated due to housing scarcity.

First, observed household size (OHS) in Ireland fell between the 1950s and the 2000s, in line (but at a lag) with European peers. However, the average household size has not fallen in Ireland since the 2011 Census. Additionally, key drivers of household size such as fertility and longevity do not indicate any difference in trends that would explain Ireland's divergence. It is the view of the Housing Commission, as outlined in Appendix 2A, that the recent stasis in OHS in Ireland is determined by a lack of new homes, with the construction rate at a post-WW2 low during the 2010s.

Between 1950 and 2010, Ireland's household size fell by an average of 0.23 persons per decade. In the period 1980-2010, that speed of decline increased to -0.31 persons per decade. If these rates are applied to the period since 2010, they imply that Ireland's underlying household size would reach 2.4 between 2022 (using the 1950-2010 rate) and 2025 (using the 1980-2010 rate).

The evidence from Ireland's own past is that changes in household size, and thus Ireland's convergence with its European peers, is shaped by the rate of construction, which was at an all-time low between 2008 and 2018. Ireland's household

size fell consistently between the 1946 and 2011 censuses; the only period without a fall, the early 1960s, had very low rates of construction.

There is a clear relationship over time between number of homes built per household and change in household size. Periods with little construction, including the 1950s and 2010s, saw little change in household size. Periods with much greater construction, such as the 1990s and 2000s, saw a far greater reduction in household size. This is strong evidence in support of the view that the fall in OHS in Ireland is limited by construction and not reflective of underlying preferences and underlying household size (UHS). This is particularly relevant since 2011 in Ireland, due to unusually low levels of construction activity for a decade.

Second, the ongoing and rapid fall in fertility, coupled with continued improvements in longevity, do not present a strong case that the trend rate since 2010 is markedly different than before. Nonetheless, it is possible that the trend rate in UHS was different after 2010 to what it had been previously. However, as outlined in Appendix 2A, four further and complementary forms of analysis support the hypothesis that UHS in Ireland was, as of 2023, between 2.4 and 2.45. These include:

- a detailed analysis of Census 2016 statistics (undertaken before the Census 2022 results were published);
- a comparison of headship rates in Ireland by age group compared to England and Wales, and to trend rates in headship;
- an analysis of EU SILC data on the share of younger adults living in the parental home;
- the results of a bespoke survey of younger adults in Ireland.

In addition to the analysis of trend rates in OHS described above, an additional analysis of 2016 Census statistics on household composition also indicates that UHS and OHS have diverged. Overall, UHS may have been approximately 2.45 in 2022, rather than the OHS of 2.74.

Third, an analysis of headship by age cohort suggests significant suppressed household formation. Headship refers to the share of a cohort who head up a household. In 2016, Ireland's headship rates by age cohort were in line with those in England and Wales for older cohorts,

but substantially lower for younger cohorts. For example, 58% of Irish people aged 60 or older headed a household in 2016, compared to 59% in England and Wales. By contrast, just 30% of 25-29 year-olds were the heads of households in Ireland, compared to 38% in England and Wales. It should be noted that there may also be an issue with under supply and 'concealed' households in these jurisdictions.⁴

If Ireland in the mid-2020s matched headship rates seen in England and Wales in 2011, household size would be 2.4. Moreover, if the 1996-2011 trend in underlying desired headship by age group continued, as in Ireland's peers, headship would be expected to increase for younger cohorts. The implied average household size for 2050 would be roughly 2 people per household.

Fourth, another source of evidence for significantly lower underlying household size than that observed is evidence of suppressed household formation by younger adults. The EU Statistics on Income and Living Conditions (EU-SILC) survey indicates that younger adult cohorts have not had the opportunity to form households in recent years.⁵

Lastly, to build on these complementary forms of evidence, the Housing Commission undertook its own survey of actual and desired household composition to estimate the difference between UHS and OHS, as of 2023 (see Appendix 2F).⁶ Overall, the conclusion of the analysis was that current OHS was 12% above UHS – a direct indicator of the proportion of missing households that is in line with the other analyses above. Consistent with the four preceding analyses, it suggests an underlying household size in Ireland in 2022 of between 2.4 and 2.45.

The survey revealed a clear pattern by age: the younger the cohort, the more household size is currently artificially elevated. Consistent with the interpretation of the SILC data above, the least satisfactory current arrangements for younger adult cohorts were among those living with parents and those living with friends or others.⁷

While the 2022 Census indicates an OHS of 2.74, the five complementary analyses described above all support the view that, as of 2022, UHS in Ireland was significantly below this.

4 See: [National Housing Federation, People in Housing Need](#), 2021.

5 Between 2012 and 2022, the share of 20-34 year-olds living with their parents in Ireland rose from 38% to 59%, at a time when it was static in peer countries. In each of the three age cohorts between 20 and 34, especially 25-29 year-olds, Ireland saw the largest increase in the share living with parents from 2012-2022 of 12 peer countries.

6 The core survey had 1,012 respondents, of whom 510 were 18-39 year-olds; a further 480 responses came from responses through membership organisations.

7 For respondents aged 18-39, some arrangements are currently over-represented, particularly 'living with parents' (26% observed vs 4% preferred), while others are under-represented (especially living with partner: 20% vs 39%).

‘Taken together, the above implies that, as of April 2022, the best estimate of Ireland’s housing deficit was between 212,500 and 256,000 homes. For the remainder of this section, we take the (rounded) mid-point of this range, a deficit of 235,000 dwellings, as the baseline, in instances where a distinction between the housing deficit and future housing requirements is appropriate.’

Accelerated Delivery

Given this substantial deficit, equivalent to over 10% of households, policies and targets for future housing output must include a period of accelerated housing delivery. A process to urgently increase the supply of housing output should be pursued to eliminate Ireland’s housing deficit and proactively raise the sector’s capacity. A strong programme of measures is needed to build confidence and inject certainty, which in turn will drive capacity to build more homes.

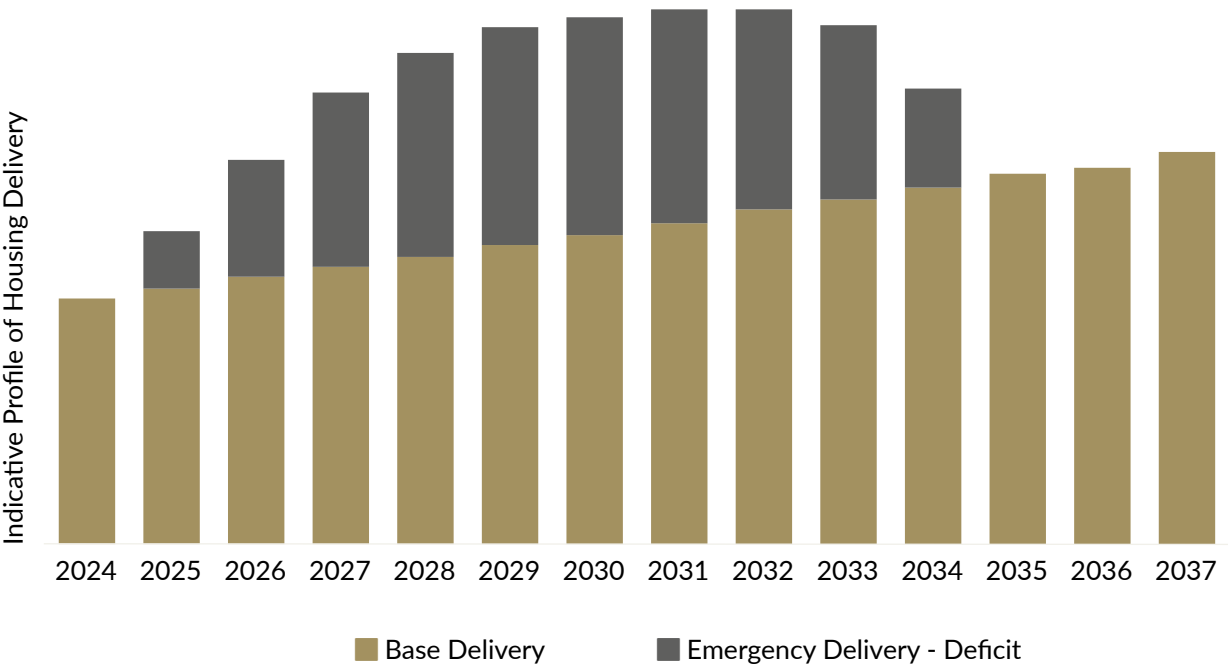
The Commission recognises that expanding sectoral capacity takes time. It sets the achievable ambition of addressing Ireland’s housing supply deficit within a decade. This should be achieved in tandem with expanding the base level of housing delivery to meet Ireland’s housing requirements. The level of housing delivery required from 2024 to 2034, that includes incremental increases to remove the 235,000 deficit, adds an average 50% to the increasing annual output for the period, is shown in Figure 2.1

Substantially increasing the supply of housing is necessary for Ireland’s younger adult cohorts to be able to form their own households and start their independent lives. Similarly, facilitating a decline in household size by meeting Ireland’s housing requirements will allow Ireland’s growing cohort of older adults to choose housing that is appropriate for their housing and care needs (see Section 10).

In this regard, as discussed later in this report, the bulk of housing required to address the deficit is housing for one- and two-person households. This represents a change in the typical output of the construction sector and poses challenges for Ireland’s zoning and planning framework.

Dramatically increased housing supply will also enhance its affordability and mitigate housing-related socio-economic deprivation among vulnerable individuals and families. These aims can only be achieved through a programme of measures to enable a systemic change in the housing system. Commission Recommendation #7, which is detailed in the next section of this report, proposes the creation of a specialist entity with executive powers to drive, direct, oversee and coordinate a programme to accelerate housing output. This body should have authority to resolve deadlocks in the housing system, and to align processes and procedures to drive increased housing output.

Figure 2.1: Representational graph to address housing deficit within a decade



2.3.3 Recommendation & Actions

Recommendation #1:

Recognise and prioritise dealing with Ireland's housing deficit and address it through emergency action.

Actions

1. Develop a dedicated strategy and policy response, building on the Housing for All Plan, to address this housing supply deficit. All policy options should be explored to tackle the housing deficit as rapidly and sustainably as possible. This should include:
 - a. Establishing a Housing Delivery Oversight Executive as a decision-making body responsible for coordinating the delivery of housing as set out in Recommendation #6 of Section 3.
 - b. Measures to facilitate the completion of non-activated planning permissions.
 - c. Establishing high-yielding Housing Delivery Zones at agreed strategic locations, where housing can be delivered in the short to medium term, and at scale as set out in Recommendation #8 of Section 3.
 - d. The conversion of vacant commercial buildings into housing.
 - e. The use of idle or underutilised business parks as locations for housing development.
2. Provide robust state-supported measures accelerating provision of affordable homes in urban areas for one and two-person households.
3. Ensure that the *National Planning Framework* (NPF) and subsequent programmes drive greater scale and ambition for housing delivery and supporting infrastructure.
4. Deliver essential enabling infrastructure on a scale and level of ambition which will drive up housing delivery to reduce Ireland's housing deficit (see Sections 3 & 4).
5. Pursue policy measures that will deliver increased supply in the near term, including expanding the capacity of the construction sector and the use of Modern Methods of Construction (MMC) (see Section 5).

6. Match the NPF and subsequent programmes to regional housing requirements.

2.4 A Requirements-based Approach to Housing Policy

2.4.1 Background & Context

As part of the implementation of the *National Planning Framework* (NPF), the Department of Housing, Local Government and Heritage (DHLGH) engaged the Economic and Social Research Institute (ESRI) to undertake an analysis to estimate structural housing demand at county level. The report, 'Regional Demographics and Structural Housing Demand at a County Level', published by the ESRI in early 2020, is the primary input in the Housing Need and Demand Assessment (HNDA) framework. The related Housing Supply Target (HST) methodology sets out how to determine the overall housing delivery target for planning authorities.

The assessments were designed to give broad, long-run estimates of what future housing need might be, rather than precise estimates. The report notes that 'housing demand is expected to be larger than new household formation in the short term to deal with the deficit that has built up since 2010'. However, housing supply deficit estimates were not provided in the report, and a deficit figure is not factored into the annualised housing demand estimates. The Commission is of the view that this approach has resulted in an understatement of the true level of housing required. Most importantly, for this to be addressed as set out previously, there is a need to fully account for the housing supply deficit.

The Commission recognises the value in the use of a Housing Need and Demand Assessment (HNDA) tool, as was originally developed by the Scottish government's Centre for Housing Market Analysis (CHMA). This was with the intention of assembling national housing datasets 'in a way which supports consistency in approach to estimating housing need and demand' under the Scottish Housing Act of 2001. Using the HNDA tool, the Commission undertook a detailed analysis of the experience, titled 'Housing Need and Demand Assessment – The Experience of Scotland and Northern Ireland' (see Appendix 2B).

The introduction of the system in use in Scotland began in 2014; principal features included promoting the location of new homes where economic investment is planned so that a five-year supply of 'effective land for housing should be maintained'. Noting that functional housing market areas 'rarely coincide with local authority boundaries', the document stressed the need

for cooperation between housing and planning officials across local authority boundaries. The Commission's analysis of the use of the HNDA in Scotland and Northern Ireland is evidence of the value of using a holistic approach when applying the tool, which facilitates broad-based multidisciplinary involvement in its evolution.

The Housing Commission is of the view that the HNDA methodology is in principle the correct one, but that its application in the Irish context has been problematic due to the key parameter inputs used. The application of the HNDA framework has also not been sufficiently sensitive to regional economic and social contexts. The Commission therefore cautions against applying a one-size-fits-all approach when determining the overall housing delivery targets for planning authorities.

A particularly noteworthy aspect of the application of HNDA in an Irish context has been the inappropriate referencing of HNDA results to argue for a cap on housing development in particular localities. By contrast, in Scotland HNDA results are widely understood as being the minimum level of housing supply that is needed.

The Housing Supply Target (HST) methodology for development planning is based on several criteria, including:

- The *National Planning Framework* 50:50 City scenario, the aim being to have population growth more evenly distributed throughout Ireland and less focused on Dublin and its surrounding area.
- The potential of cities to accommodate more compact growth and to drive regional development.
- Development plans must provide housing to the extent identified in the established NPF Roadmap population projections for their local authority.
- Ensuring that there is sufficient provision for the delivery of housing to meet identified demand, having regard to the availability of services, the rate of take-up of development land (brownfield/infill and greenfield) and the pattern of housing completion, including rural housing.
- Planning authorities must provide for housing in their development plan that is consistent with national and regional planning objectives, including the achievement of compact growth and the consolidation of towns and cities, to move away from a development pattern characterised by dispersed sprawl and unsustainable levels of long-distance commuting.

In September 2021, the DHLGH launched the 10-year *Housing for All* strategy. In the context of a growing housing deficit in Ireland, the plan represents the Government's approach to improving housing delivery. In achieving this, and in line with HSTs developed using the HNDA framework, the *Housing for All* strategy sets the goal of reaching an average target of 33,000 new dwellings per year until 2030. These targets contribute to the overall ambition by Government to supply 300,000 new homes by 2030.

2.4.2 Analysis

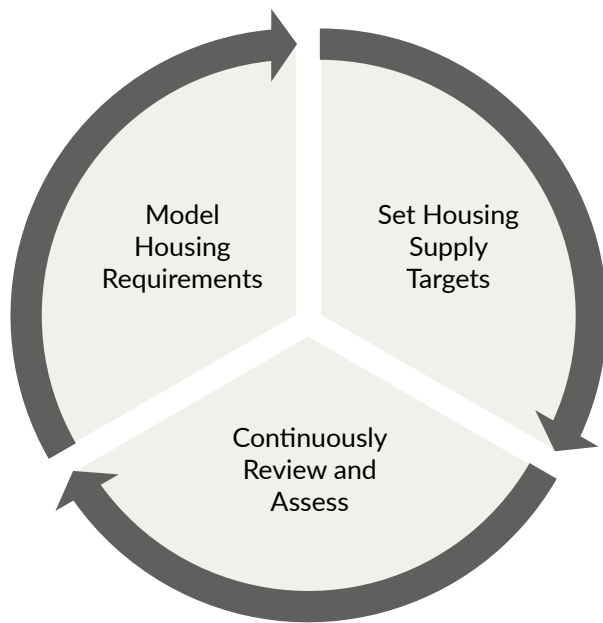
Projecting housing requirements entails a degree of uncertainty. It is important to recognise this uncertainty and to acknowledge that any projections with respect to future outcomes will inevitably be based on a set of assumptions. For this reason, it is critical that housing requirement projections be regularly reviewed to take account of ongoing developments and trends in key indicators. The housing system must incorporate such uncertainty.

Housing policy should take housing requirement ranges as the principal quantitative guide to future outcomes, especially over longer horizons. Importantly, it is necessary to clearly distinguish between housing requirements and housing supply targets.

Too often analysis and projections of housing requirements are carried out based on making housing requirements equate to housing supply targets.

To take account of the fact of uncertainty about future events, projections for the level of housing required should be expressed as ranges rather than exact values. This uncertainty has policy implications, in that greater costs are associated with underestimating the level of housing required rather than for overestimating it. An approach based on single values for the key parameters would suggest a degree of precision in projections of future developments and trends that is not an accurate reflection of reality.

It is imperative that the housing system reflects the fundamental fact of uncertainty, fostering flexibility to respond to future events which cannot be anticipated in advance. Estimating housing requirements, setting housing supply targets, and continually reviewing and assessing these based on up-to-date information should be viewed as one continuous and ongoing process, as shown below.



Having established Ireland's housing supply deficit, it is necessary to estimate underlying and ongoing housing requirements, i.e. ongoing housing requirements without including the current housing deficit. It is currently the role of DHLGH, working with the ESRI, to undertake this analysis and estimate housing requirements. The Commission has undertaken its analysis of housing requirements to inform its recommendations on maintaining a sustainable housing supply and providing balance and choice of tenure.

Projections of Ireland's medium- to long-term housing requirements are ultimately driven by three key high-level parameters. These are:

- Population:** the expected size of the population
- Household size:** the expected average household size in a healthy and well-functioning housing system
- Obsolescence:** the rate at which dwellings become obsolete

A more detailed summary of the Commission's analysis of housing requirements and how this is informed by each of these key parameters is provided in Appendix 2C. Table 2.1 summarises the results based on the displayed range of input values for the key parameters of population, household size and obsolescence. The range of values presented includes the pre-2024 housing deficit and assumes a healthy vacancy rate of 5%. The number of additional dwellings required across core combinations of the three key input parameters over the 2024-2050 period is shown in Table 2.1.⁸

These include scenarios where Ireland's population reaches between 6.25 and 7.25 million people by mid-century, arranged into households of between 1.9 and 2.4 persons, with 1 in 200 of the existing (pre-2024) housing stock going obsolete per year. These figures include the existing housing deficit.

The figures in Table 2.2 provide the annual average housing requirement over the 2024-2050 period based on the same five potential outcomes for population in 2050, six potential outcomes for average household size, and 0.5% of the pre-2024 housing stock going obsolete per year. The rationale for these parameter choices, and values for a wider range of alternatives, are given in Appendix 2C.

Table 2.1: Additional dwellings needed in aggregate 2024–2050, by scenario, assuming 0.5% obsolescence, including any housing deficit

Household size 2050	Population in 2050				
	6.25 million	6.50 million	6.75 million	7.00 million	7.25 million
2.4 persons	869,000	977,000	1,084,000	1,191,000	1,298,000
2.3 persons	986,000	1,098,000	1,210,000	1,322,000	1,433,000
2.2 persons	1,113,000	1,230,000	1,347,000	1,464,000	1,581,000
2.1 persons	1,252,000	1,375,000	1,497,000	1,620,000	1,742,000
2.0 persons	1,405,000	1,534,000	1,663,000	1,791,000	1,920,000
1.9 persons	1,575,000	1,710,000	1,846,000	1,981,000	2,116,000

Source: Housing Commission.

⁸ Michael O'Flynn expressed the view that it was both possible and essential for the Commission to select the most likely range in respect of the annual housing delivery requirement. This was rejected by a majority of Commission members.

Table 2.2: Average annual housing requirements 2024–2050 under alternative scenarios, assuming 0.5% obsolescence, including any housing deficit

Household size 2050	Population in 2050				
	6.25 million	6.50 million	6.75 million	7.00 million	7.25 million
2.4 persons	33,400	37,600	41,700	45,800	49,900
2.3 persons	37,900	42,200	46,500	50,800	55,100
2.2 persons	42,800	47,300	51,800	56,300	60,800
2.1 persons	48,200	52,900	57,600	62,300	67,000
2.0 persons	54,100	59,000	64,000	68,900	73,800
1.9 persons	60,600	65,800	71,000	76,200	81,400

Source: Housing Commission

These annual averages are not meant to imply constant housing requirements over the period from 2024 to 2050.

As noted above, housing requirements are driven by change in the population, change in the underlying household size, and obsolescence of housing. The rates of these key parameters may vary over time.

The estimates set out in Table 2.1 and Table 2.2 use the following assumptions:

- Population Range for 2050 is 6.25m to 7.25m
- Household Size Range for 2050 is 1.9 to 2.4 persons per household.
- Obsolescence of 0.5% on pre 2024 housing stock only.⁹
- Vacancy Rate of 5%
- Population in Private Households is based on the CSO methodology; and ratio as in 2022 census is applied (i.e. ratio of 5.046/5.149) to project population figures. This does not preclude the possibility that this ratio is affected itself by the housing deficit.

Housing policy in Ireland should be based on an assessment of the housing required for a well-functioning society, which should not be conflated with market demand or construction sector capacity.

Housing requirements are driven by population levels, underlying household size and the obsolescence rate of dwellings. Ensuring that Housing Supply Targets (HSTs) reflect the fundamental drivers of housing requirements would smooth short-term cycles based on market

factors and the economic cycle. Adopting a housing requirements-based approach will enable the housing system to stabilise over the long term by providing a credible target in relation to what level of housing is required in Ireland over the coming decades.

The experience of younger adults in Ireland

As noted above, a cohort of the population that is particularly affected by a lack of affordable housing options is younger adults. Between 2003 and 2012, the share of 20-34 year-olds in Ireland living with their parents fell from 39% to 38%.¹⁰ This was in line with the 18-country Euro area average, which fell by 1% from 44% to 43%. However, between 2012 and 2022, the share of young adults living with their parents in Ireland rose by 21% to reach 59%. The average for the Euro area was static over this same period, with France and Spain seeing smaller increases, while the share of young adults living in their parental homes fell in Germany and Sweden.

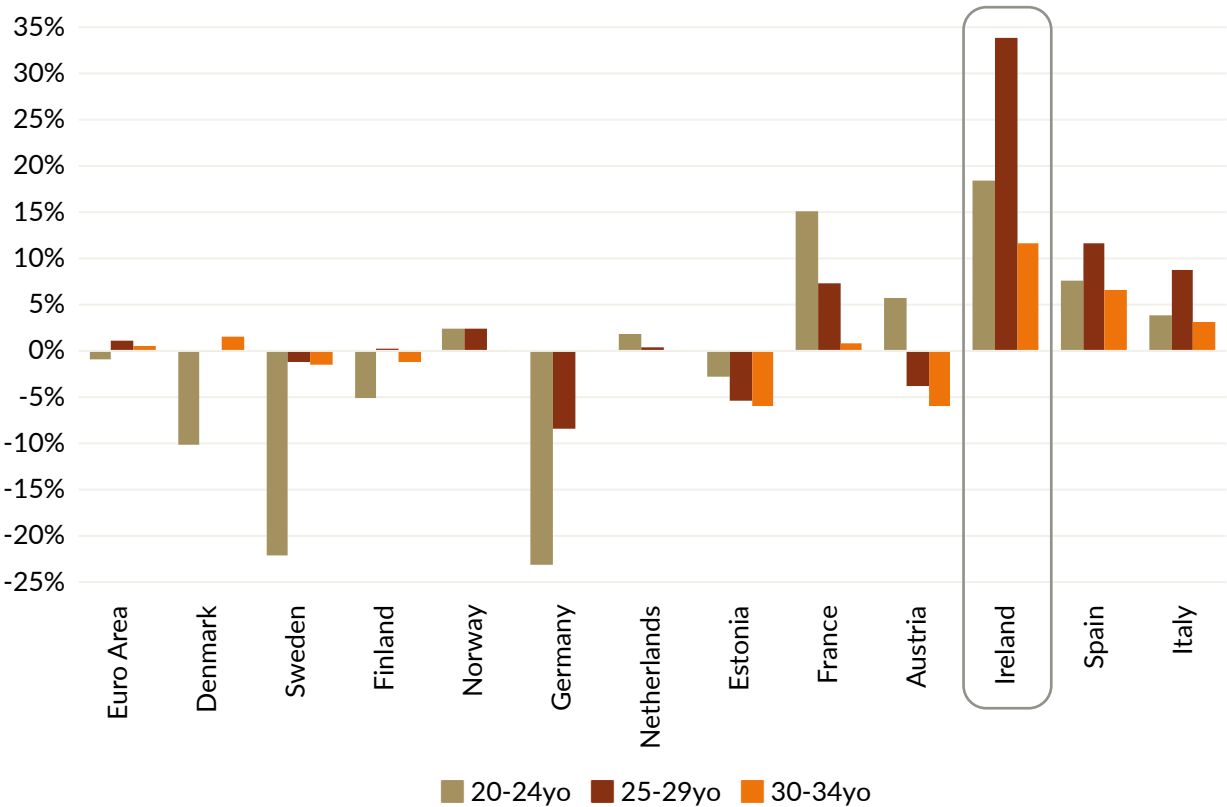
In each of the three age cohorts between 20 and 34,¹¹ especially those aged 25-29, Ireland saw the largest increase in the share of young adults living with parents over the 2012-2022 period among 12 peer European countries (see Figure 2.2). It was particularly pronounced for 25-29 year-olds, where the share living with their parents roughly doubled, going from approx. one third to two thirds. (For further details on the experience of younger adults in Ireland see Appendix 1B.2 and Appendix 2F.)

⁹ Typically, obsolescence rates are given for the entire housing stock. In this instance, the Commission decided to limit obsolescence to existing housing stock (as of 2023) only, reflecting an assumption that newer housing stock is unlikely to go obsolete by 2050. It is worth noting, however, that the greater the rate of construction, the higher the obsolescence rate of existing stock. Appendix 2G outlines average annual housing requirements for other obsolescence rates.

¹⁰ See: Eurostat, 'Share of children living with their parents by type of household – EU-SILC survey'.

¹¹ 20-24yo, 25-29yo & 30-34yo.

Figure 2.2: Change (%) in share of young adults living in parental home by age group, 2012-2022



Source: EU-SILC,¹²

Housing requirements and the human life cycle

In addition to city and regional population distributions, a range of demographic, economic, cultural and social dynamics are creating demand for smaller homes, in urban areas in particular. The percentage of the population in pre-family formation age groups will continue to grow in importance, but the social progression of this cohort is currently being constrained by a lack of suitable housing. The increasing importance of net migration also requires much greater provision of rental apartments, while there is ongoing and growing demand for student accommodation that is not being met. Additionally, as Ireland's population continues to age, the number of older people in the population with specific housing needs and requirements will increase. (For a detailed discussion of these issues and the specific housing requirements associated with the various stages of life, see Appendix 2D.)

2.4.3 Recommendation and Actions

Recommendation #2:
Base housing policy on an assessment of the housing required for a well-functioning society. This should not be conflated with market demand or construction sector capacity.

Actions

1. Estimates of housing requirements must be regularly assessed. This should be at a minimum every five years, or more frequently if required. This must be separate and distinct from estimating housing supply targets. Targets should not be conflated with housing requirements. Housing requirements must be assessed based on population projections, appropriate household size and

12 Data for 2003 where available (2004 or 2005 otherwise), 2012 and 2020 where available (2020 otherwise).

the obsolescence of existing dwellings, rather than market demand or sector capacity.

2. Ensure Housing Supply Targets (HSTs) reflect the fundamental drivers of housing requirements.
3. Use ranges rather than exact values when estimating long-term housing requirements. This acknowledges the uncertainty associated with reliance on forecasting key parameters, while making housing policy more easily adaptable to unforeseeable developments.
4. Reform the Housing Supply Targets) and Housing Need and Demand Assessment (HNDA) frameworks so that these fully account for key parameters underpinning housing requirements, including the likely levels of net inward migration, appropriate household size and dwelling obsolescence.
5. Conduct ongoing reviews of the HNDA framework, ensuring the outputs are appropriately interpreted and implemented while preventing them from being interpreted as ceilings or upper limits on housing supply in particular areas.
6. Compact urban growth is a key tenet of the *National Planning Framework* (NPF) and is therefore essential to achieving the aims of viability and environmental sustainability. commendations and Actions

2.5 Economic Development and Housing Provision

2.5.1 Background & Context

There is no single set of identifiable metrics that drive housing markets in different parts of the country. This means that different types of housing are required in different regions relative to what is currently being provided, not just more output in general. Local estimates of housing requirements must factor in uncertainty around population, household size and obsolescence, as well as uncertainty around the regional spread of the population. For this reason, housing requirement is best thought of in terms of functional economic areas, rather than at local authority level.

Important considerations in this context include internal migration and the role of Dublin. Dublin's share of the total population has been static since the 1960s, while remaining in line with peer cities in other countries in Europe with a population under ten million. The Government, in the *National*

Development Plan (NDP) 2000-2006, adopted the aspiration of 'more balanced regional development in order to reduce the disparities between and within the [then] two Regions (Border, Midlands & West and South & East)'.

This aspiration was then incorporated into the *National Spatial Strategy* (NSS) 2002-2020 as the foundation on which the hierarchy of planning policy is based. Conceived on this basis, and thereafter referred to as '50:50 balanced growth', the concept was to develop the potential of the regions while contributing 'to the greatest possible extent to the continuing prosperity of the country'.

Adopted in 2018, the *National Planning Framework* (NPF) is the successor to the NSS and includes the aim of achieving 50:50 balanced growth. The NPF sets out how the State will organise resources, designate development areas and respond to the ongoing needs of its citizens, and includes the means of dealing with competing demands and the needs of the (now) three regions. The NPF also sets out how to best achieve a range of strategic policy aims, most notably in dealing with the issue of climate change.

The NPF sets out that, 'as the largest centres of population, employment, and services outside of the capital, the four cities other than Dublin provide a focus for their regions ... (this) will require the combined potential of all four cities to be realised at an unprecedented rate to create viable alternatives to Dublin, which itself must also continue to accommodate growth'.¹³ The NPF also states a somewhat contradictory assertion that it 'does not seek to cap or limit the potential of places' before interpreting this for its purposes as meaning 'that an element of future growth must be identified to take place in Ireland's key regional centres and towns, to lead the development of their regions'. While the NPF has a goal that people should live close to their place of work, it also aims to restrict the growth of Dublin.

In the NPF, the overall population is forecast to grow under a 50:50 balanced population growth scenario, which envisages growth being equally split between the Mid-east region, which incorporates Dublin, and the rest of the country. Under this scenario, Dublin City is set to grow by between 20% and 25% by 2040, amounting to a rate of growth just ahead of the national average. By contrast, the cities of Cork, Limerick, Galway and Waterford are intended to grow by over 50% over the same period – more than double the rate of Dublin. Placing caps on the number of new homes delivered at local authority level is unlikely to be appropriate, leading instead to continuing unintended consequences.

¹³ See: Government of Ireland, *National Planning Framework*, 2018, pg.20.

2.5.2 Analysis

The location of housing

While policymakers can determine where housing is developed, they cannot determine where jobs will be created. Economies of scale and resulting agglomeration effects in sectors such as tech have led to greater consolidation of employment opportunities in Dublin, rather than greater regional distribution of such opportunities. Patterns of foreign direct investment (FDI) are not based on the guidance and aims of the NPF but are instead guided by commercial considerations and goals other than balanced regional development.

Most FDI will continue to be driven by broader commercial considerations such as the availability of skilled labour and supporting infrastructure. As a result, the capital will continue to be a strong engine of economic growth and job creation into the future.

The contradictions in the regional development policy aims of the NPF must be addressed if Ireland is to meet its housing requirements. The NPF recognises the value of the critical economic mass of the capital but, as a means of supporting economic growth and environmental sustainability, excludes Dublin from the ambition of providing homes near employment.

By placing constraints on Dublin's growth potential, the NPF has driven patterns of development and internal migration that have resulted in urban sprawl,¹⁴ traffic congestion and long commute times for workers. At the same time, there is little evidence to suggest there has been a rebalancing towards regional cities due to the NPF '50:50 balanced growth' policy.

The policy goal of bringing about more balanced regional development by redistributing economic activity to Ireland's regional cities at the expense of Dublin requires review. Constraining Dublin's growth potential risks distorting patterns of development in the capital's surrounding counties.

The Housing Commission has undertaken an analysis of projected regional population distributions in 2050 and associated housing requirements. This work is based on estimates of the number of new dwellings required between 2024 and 2050. Two indicative scenarios with a broad range are taken:

- Scenario A refers to a national population of 6.5 million in 2050 and average household size of 2.3, with 0.5% obsolescence and a 'low urbanisation' scenario for population by region.
- Scenario B refers to a population of 7.0 million and household size of 2.0, again with 0.5% obsolescence but a 'high urbanisation' scenario for population by region.

Both scenarios include the estimated pre-2024 housing deficit. Figures are totals by local authority based on each local authority's share in four regions: Dublin City, the rest of Leinster, the four other major cities, and the rest of the country.¹⁵ These results are summarised in Table 2.3 and rounded to the nearest thousand.

These results highlight the mismatch between the regional development aims of the NPF and Ireland's regional housing requirements. For example where household size falls to 2.0 and national population reaches 7.0 million by 2050 (Scenario B), modest urbanisation could mean an additional housing requirement from 2024 - 2050 in the Dublin City Council area of 253,000 homes. This compares to an existing number of dwellings in the local authority (as of Census 2022) of 226,000. This number of new homes per year is greater than the annual average allowed in the 2023-2028 Development Plan. The proportionate growth in most other urban local authorities would be even greater. (A further summary of the Commission's analysis of city and regional housing requirements is provided in Appendix 2E.)

¹⁴ A summary of the Housing Commission's analysis of the cost of urban sprawl is included in Appendix 4E.

¹⁵ Thus, for example, the total for Cork County includes those parts of Cork County Council that are in urban Cork (the contiguous Cork city area) as well as those in non-urban Cork.

Table 2.3: New Dwellings Required by Local Authority and Scenario

	Households in 2022	Additional Dwellings required 2024-2050	
		Scenario A	Scenario B
Ireland	1,841,000	1,098,000	1,791,000
Carlow	22,000	8,000	14,000
Dublin City	226,000	140,000	253,000
DL-Rathdown	85,000	84,000	153,000
Fingal	108,000	81,000	146,000
South Dublin	100,000	85,000	153,000
Kildare	83,000	23,000	41,000
Kilkenny	37,000	19,000	36,000
Laois	31,000	14,000	25,000
Longford	16,000	8,000	14,000
Louth	49,000	13,000	22,000
Meath	73,000	25,000	44,000
Offaly	29,000	15,000	26,000
Westmeath	34,000	15,000	26,000
Wexford	59,000	22,000	38,000
Wicklow	54,000	20,000	34,000
Clare	47,000	29,000	32,000
Cork City	83,000	31,000	89,000
Cork County	128,000	113,000	193,000
Kerry	58,000	33,000	27,000
Limerick	76,000	55,000	116,000
Tipperary	62,000	32,000	27,000
Waterford	48,000	31,000	60,000
Galway City	31,000	25,000	71,000
Galway Co	68,000	44,000	43,000
Leitrim	14,000	9,000	8,000
Mayo	52,000	34,000	28,000
Roscommon	26,000	16,000	13,000
Sligo	27,000	14,000	11,000
Cavan	29,000	15,000	12,000
Donegal	62,000	34,000	28,000
Monaghan	23,000	11,000	9,000

Source: Housing Commission.

In preparing and adopting statutory development plans it is critical that local authorities provide for a range of housing requirements. In particular, the zoning of land in development plans should take account of and provide for a range of outcomes.

Table 2.4: Distribution of additional households by size, with population of 7.0m

Average household size	1 person	2 persons	3 persons	4 persons	5+ persons
2.3	23%	33%	19%	16%	9%
2.1	25%	35%	19%	15%	7%
1.9	32%	30%	15%	16%	8%

Source: Housing Commission.

The mix of housing

In addition to supplying housing in the right locations, it is critically important to ensure that housing delivery reflects a more appropriate distribution of household size. Falling household size and the composition of Ireland’s housing stock mean that most net additions to Ireland’s housing over the coming decades need to be housing for 1- to 2-person households and predominantly in or near the major cities and towns.

Table 2.4 summarises the likely distribution of new households by size for each of three scenarios, using a projected population of 7 million and average household size ranging from 2.3 persons to 1.9. Across the scenarios, 1- to 2-person households make up typically two-thirds of net household growth, with much of the remainder in 3-person households.

2.5.3 Recommendation & Actions

Recommendation #3:
Align housing provision and economic development in the *National Planning Framework* to ensure sufficient housing supply to meet the needs of the population in all parts of the country, including the Dublin region.

Actions

1. Review urgently the *National Planning Framework* (NPF) policy, which is constraining growth in the capital city, i.e. the NPF ‘50:50 balanced growth’ scenario for the Dublin region. This must be reviewed considering the increased prevalence of urban sprawl around Dublin and resulting increases in commuting times and other negative impacts on hinterland counties.

2. Explore alternative scenarios for promoting regional growth and developing regional towns and urban centres. Examples such as Amsterdam are instructive, where a move towards a more decentralised and network-oriented pattern of development proved to be a success.
3. Provide a range of appropriate types of housing to facilitate the growth of Dublin City and the broader metropolitan area.
4. Facilitate Dublin’s growth through transport-oriented development and the greater densification of Dublin City.

2.6 Cost of Not Meeting Housing Requirements

2.6.1 Background & Context

As the estimation of future housing requirements always entails a degree of uncertainty, it is necessary to evaluate the relative risks and costs associated with delivering too few houses, as well as too many. Irish housing policy has been oriented towards avoiding the over-delivery of homes. Ireland’s housing bubble, due to unsustainable levels of credit and the subsequent economic crash, provides a vivid and relatively recent reminder of the risks associated with imbalances in the housing system. At the same time, the current experience in Ireland is one of chronic undersupply. Current housing delivery is far below ongoing housing requirements. The Housing Commission estimates that the supply deficit, as of 2022, was in the order of 235,000 homes.

Given the recent housing bubble and economic crash, it is hardly surprising that Irish housing policy and the Irish financial system is largely oriented towards avoiding credit oversupply. However, the primary lesson to be learned from the recent past is not one of housing oversupply; it is the risks associated with unsustainable levels of credit. While the Commission acknowledges the need for policy to prevent a repeat of the conditions which led to the Irish housing bubble, it is also important to recognise the economic and societal costs associated with housing undersupply. Taking a long-term view,

underestimating Ireland's housing requirements may incur greater costs than overestimating it.

2.6.2 Analysis

Housing policy should be based on an understanding of the full economic and social costs of not meeting housing requirements. These costs have been particularly acute for younger adults and lower-income cohorts, as well as those looking to live near Ireland's main cities. As Ireland ages, it is likely that the cost of not meeting Ireland's housing requirements will increasingly be felt by older people. In addition, there has been a loss of inward investment and thus employment creation due to housing shortages, which makes Ireland a less attractive place to invest and do business. Moreover, the lack of affordable housing makes it increasingly difficult to recruit teachers, nurses and other key workers.

Importantly, several decades of regional planning policy, as well as civil society and political influences, have limited Dublin's growth. Dublin's share of the national population is currently smaller than it was in the 1960s. This has come about even though Dublin continues to be the locus of growth in employment and housing demand. While the supply of new housing has remained below what is required, much housing development has taken place in Dublin's commuter belt.

The social and environmental costs associated with this have been considerable, including lengthy commuting times, urban sprawl, public transport capacity constraints, traffic congestion and associated environmental costs. At the same time, housing available in the capital is generally not affordable for many individuals and households, forcing them to seek accommodation that may be far from their preferred location. Such outcomes lead to a loss of social infrastructure and act as a constraint on Dublin's attractiveness and competitiveness.

Rather than allowing policy decision-making to be guided in the main by concerns about the risks of housing oversupply, housing policy should recognise the social and economic costs of not meeting housing requirements.

2.6.3 Recommendation and Actions

Recommendation #4:

Account must be taken in housing policy of the full economic and social costs associated with not meeting Ireland's housing requirements.

Actions

1. Ensure that the opportunity costs of not meeting housing requirements are formally considered in policy decision-making.
2. Include social and environmental costs as evaluation criteria in formal evaluations of policy proposals.
3. Reorient relevant policy, including housing and planning, so that the risks of housing oversupply are not overestimated in policy decision-making and that risks of undersupply are adequately considered.
4. Ensure that housing policy addresses the needs of specific cohorts that are most affected by the failure of the housing system, including younger adults and older people. This should be done by considering the effect of housing policies on different cohorts.

2.7 Adequate Provision of All Forms of Accommodation

2.7.1 Background & Context

The analysis above refers to long-term residential housing. However, several types of accommodation interact with this regular residential housing segment and must be considered in the context of housing requirements. As distinct from standard residential housing, communal establishments provide forms of accommodation where a group of persons reside. For the purposes of the census of the population, communal establishments include boarding houses, hotels, guest houses, hostels, barracks, hospitals, nursing homes, boarding schools, religious institutions, welfare institutions, prisons and ships. These forms of accommodation can include usual residents or visitors.¹⁶

16 See: CSO, 'Census of Population 2022 Profile 2 - Housing in Ireland'.



According to the 2022 Census, 130,009 people were staying in 3,893 communal establishments in Ireland on census night. The largest share of residents was in hotels (35.6%), nursing homes (18.9%), hospitals (11.7%) and student accommodation (8.8%).¹⁷ A total of 6.8% of all people in communal establishments on census night were staying in a shelter or refuge (including homeless accommodation).

Since many individuals reside in communal establishments at any given time, the total number of people living in standard residential housing will always be less than the total population. Each of these types of communal establishments meets particular societal needs for accommodation for specific cohorts of the population. Factors such as demographic trends, levels of tourism activity and economic conditions can lead to increased demand for such accommodation.

It is also important to note that holiday homes (and other second homes) are not included in the Commission's estimates of housing requirements. These are a distinct type of dwelling that is used as short-term accommodation by visitors, with the owner ordinarily resident elsewhere. As incomes rise, the prevalence of second homes is likely to grow. (The issue of second homes is discussed in greater detail in the context of rural housing policy, in Section 9.5 of this report.)

An additional point to consider is Ireland's demographic structure. As the country's population continues to age, demand for housing for older people and nursing home services will continue to increase. The figures presented in the analysis in Section 2.4 above include own-door housing, whether apartment or house, where these are targeted at older cohorts. This includes 'independent living' or 'assisted living' developments. However, the analysis does not include nursing homes or healthcare capacity. With large growth in the population over 65 in the coming years, housing construction will need to be realigned. Substantial investment will be required to ensure adequate supply of age-appropriate housing and nursing home service capacity.

External events such as military conflicts and natural disasters can lead to sudden increases in demand for temporary forms of accommodation such as those for international protection applicants (IPAs) and other refugees. Most people fleeing the war in Ukraine have entered Ireland under the EU's 2001 Temporary Protection Directive (2001/55 EC). The most recently published data¹⁸ shows that over 100,000

Ukrainians had arrived in Ireland as of October 2023.

Another important form of communal setting is student accommodation. This requires smaller, affordable rental homes or larger dwellings with particular layouts, in urban centres. The already high rate of participation in third-level education in Ireland means that much of the growth in demand for this accommodation has already occurred, but there is likely to be ongoing growth for several reasons. These include a further increase in education participation levels, a longer period spent in the education system as postgraduate participation levels continue to grow, rising living standards that promote an increased desire to live away from home, and increasing specialisation in courses, which often means that the most desirable course for a student is not close to their family home.

2.7.2 Analysis

The number of new homes outlined in the Housing Commission's analysis of housing requirements only refers to long-term standard residential housing and does not include the additional set of other categories of accommodation discussed above. Nor does it include housing required for second homes and holiday homes. Lack of adequate capacity for these other forms of accommodation can result in spillover effects as these accommodation needs are met in standard residential housing. Housing policy must recognise that its success depends in large part on the system's ability to react to and provide for other forms of accommodation that interact with long-term housing, as well as other external factors, and must regularly review these interactions.

All the forms of communal accommodation discussed above will have additional requirements over the next 26 years. This is particularly true for student and nursing home accommodation, but also holiday or second homes and other forms of short-term accommodation. If these requirements are not met, this will affect the ability of the 'core' housing system to function properly.

17 CSO, 'FY009 Persons in Communal Establishments', 2023.

18 CSO, 'Arrivals from Ukraine', 2024.

2.7.3 Recommendation and Actions

Recommendation #5:
Ensure that housing policy makes adequate provision for a range of housing and accommodation types to meet the specific needs of identifiable groups.

Actions

1. Ensure that the provision, or lack of provision, of other types of accommodation does not compromise access to long-term rental housing and homeowner-occupied housing.
2. Facilitate independent and assisted living in the community by providing appropriate accommodation and services for people with additional needs, including older people and those with disabilities.
3. Address the accommodation needs of students, and others with similar housing needs, by delivering smaller and affordable homes for rent, in both regular and shared accommodation segments.

2.8 High-quality Data Resources on Housing

2.8.1 Background and Context

The Commission’s analysis of housing requirements has been data-led. It used a wide range of data inputs to examine issues such as natural population growth, migration, household formation, fertility, preferences among specific cohorts of the population such as young adults, trends in household size and the obsolescence of dwellings. In the absence of high-quality reliable data, such an exercise to estimate Ireland’s housing requirements would not be possible. Moreover, estimates of Ireland’s housing requirements will need to be continually updated and revised in response to unforeseen events and to reflect insights from newly published data. While much data relating to housing requirements is available from reliable institutions and is generally of good quality, there are many areas of the housing system where data gaps and data quality are major issues of concern.

The Housing Commission regards it as essential that all housing policy measures be evaluated and assessed on an ongoing basis, using high-quality data and evidence. The availability of good-quality data and statistics is vital for evidence-informed policymaking. Organisations such as the Central Statistics Office (CSO), Eurostat, the OECD, the DHLGH, the Housing Agency, the RTB, local authorities, the LGMA, AHBRA, the LDA, OSI, the ESRI the CBI and various academic research institutes collect and manage data on the Irish housing system. While several resources on many aspects of the Irish housing system are available, many data gaps remain, including on frontline services, availability of serviced land, and the condition of the housing stock.

In some instances, data may be collected and used by organisations for legitimate purposes but may not be published, shared or otherwise made available for researchers and policymakers. On some housing policy issues, there is a general lack of available data and a real need to undertake new primary data collection. Section 4.5 discusses the lack of information about Ireland’s housing stock. The Commission encountered a similar problem in relation to household arrangements. Its survey of actual and preferred household arrangements was designed both to inform its analysis and to act as a template for future efforts to understand housing requirements and any existing housing deficit.

Data quality issues are also often a concern, particularly in relation to administrative data in the context of frontline services. Administrative data often lacks adequate standardisation and may be inconsistent with data collected in other areas of the housing system. Data standards can vary across local authorities and AHBs in areas such as the extent of data collection efforts and data management capacity. In many instances, administrative data may not be collected at all, or may only be collected in paper form without ever being compiled electronically.

While several organisations publish high-quality data on many important aspects of the Irish housing system, data standards need to be improved in many key areas. For policymaking to be evidence-informed and guided by reliable information, it is essential that high-quality data resources be developed and published. This will require proactive steps to achieve greater coordination and data standardisation across all areas of the Irish housing system.

2.8.2 Analysis

The achievement of higher data collection and data management standards has been a persistent challenge in the Irish housing system. Multiple



bodies collect and publish data that are often of poor quality, not adequately standardised, or not made publicly available to inform policy decision-making.¹⁹ Such shortcomings persist, even though the legal framework for data governance and data sharing in the public sector has advanced in recent years. Two particularly noteworthy developments have been the EU's Open Data Directive²⁰ and the Data Sharing and Governance Act.²¹

Taken together, these form a comprehensive legal framework to improve data governance and enable data sharing among public bodies and publicly funded research institutes in Ireland. While the legal framework to enable improved standards and greater dissemination of data on the Irish housing system has been established, a lack of collaboration and coordination among data-collecting bodies active in the Irish housing sector remains a major impediment to achieving higher data standards.

Consistent data reporting is essential for researchers, policymakers and the public understanding of housing-related issues. A data-driven approach to policymaking allows for the continual assessment and recalibration of housing policies, ensuring they remain relevant and effective in the face of changing circumstances. Data on all aspects of the Irish housing system should be published regularly and in a format that is consistent across resources and policy issues. Bringing greater standardisation and consistency to housing data will ensure improved comparability over time and across different geographic locations, facilitating better understanding of where challenges exist.

There is a newly established legal framework to facilitate improved data standards, open data publication and the sharing of data among public bodies and publicly funded researchers in Ireland. The challenge for the Irish housing system will be in implementing the Open Data Directive and the Data Sharing and Governance Act 2019, specifically ensuring that good-quality data is collected on a consistent basis, shared among key actors, and made publicly available. The role of the CSO in this process is critical, both in terms

of data collection and having an oversight role in the quality and integrity of the data collection and dissemination.

2.8.3 Recommendation and Actions

Recommendation #6:

Develop and maintain the use of high-quality data resources covering all areas of the housing system.

Actions

1. Undertake a comprehensive survey of actual and desired household arrangements, on a regular basis, as part of the regular assessment of housing requirements.
2. Extend the Statistical Work Programme of the CSO to report proactively on all areas of the housing system.
3. Adopt standardised and mutually consistent variables in administrative and statistical data resources.
4. Ensure efficiency in the publication of data through regular reporting and data publication.
5. The Open Data and Re-use of Public Sector Information Directive (EU2019/1024) and enabling statutory regulation must be complied within all areas of the Irish housing system.
6. Facilitate the sharing of data resources among public bodies, research institutes and service providers, as provided for in the Data Sharing and Governance Act.
7. Address proactively data gaps to inform policy decision-making, including regular National Housing Condition Surveys.

19 For example, as part of its work the Commission undertook an analysis of the spend on social housing programmes over a 20-year period, which was complicated by scheme name changes, inconsistent reporting and difficulty sourcing data on specific years.

20 The EU's Open Data Directive mandates the release of public sector data in free and open formats. The Directive was transposed into Irish law in July 2021. Its main objectives are to increase the amount of public sector data available for reuse and to ensure easy access to public sector information. The main principle of the Directive is that government data (or data developed through public funding) should be made openly available by default.

21 The Data Sharing and Governance Act 2019 gives further effect to the General Data Protection Regulation 2018 (GDPR) and Data Protection Act 2018. It specifically clarifies the rules and exceptions of sharing citizens' personal data between public bodies and gives surety and legality to those bodies wishing to begin disclosing or receiving data. The Act, a core part of the Public Service Data Strategy, sets out to reform the way Public Service Bodies (PSBs) share and use data to improve public services. It provides a general legal basis for PSBs to engage in the sharing of data, while also setting out safeguards under which such sharing must take place.

Section 3

Delivering a Sustainable Housing Supply

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Terms of Reference 1

Examine and report on maintaining a sustainable housing supply and providing balance and choice of tenures, having regard to social, environmental and economic objectives.

3.1 Introduction

The supply and availability of sufficient and adequate housing to meet the needs of citizens is critical to an effective and sustainable housing system, as well as to the social and economic sustainability of the State.

The Commission believes that increasing housing delivery depends on effective coordination of the planning system, land availability, infrastructure development and finance. Removing barriers associated with these elements of the housing system is paramount to the effective supply and delivery of housing. The Commission regards finance as an integral component of a sustainable and functioning housing system.

Before engaging with the issues affecting housing delivery, it is necessary to outline the process by which housing is delivered. The requirements at project initiation for specific information and for a level of certainty on a variety of costs associated with housing delivery are highlighted. This applies to the delivery of all housing, regardless of client or end-user context. This process is set out in sub-section 3.3.

3.2 Recommendations Overview

To deliver a sustainable housing supply, the Housing Commission makes the following recommendations:

- #7. Establish a Housing Delivery Oversight Executive in legislation as a decision-making body responsible for coordinating the delivery of housing. This body should be time-limited. It should identify and address blockages to housing delivery and oversee and drive investment in public utilities on land zoned for housing.
- #8. Establish high-yielding Housing Delivery Zones at agreed strategic locations, where housing can be delivered in the short to medium term and at scale.
- #9. Enhance the powers and resources of local authorities so that they can support and enable the delivery of a sustainable level of private, affordable, social and cost-rental housing.
- #10. Assess all policy measures and interventions against their impact on housing supply. Regulatory Impact Assessments (RIAs) should be performed on all such interventions.
- #11. Establish a Land Price Register to increase the transparency around land transactions and improve the functioning of the market.
- #12. Promote earlier and more effective participation by the public in the plan-making process, that is, in the formulation and inception stages of planning policy, including land-use zoning, and drafting of guidance and policy documents.

- #13. Support the delivery of enabling infrastructure in advance of housing construction. In addition, the Government should ensure that the Commission for Regulation of Utilities recognises the need to reconfigure operational practices to support the delivery of advanced infrastructure for housing.
- #14. Take urgent action to ensure delivery of the Greater Dublin Drainage Project by 2030 to meet the needs of current and future housing supply.
- #15. Take urgent action to ensure delivery of the critical Water Supply Project for the Eastern and Midlands Region by 2031 to meet the needs of current and future housing supply, increase the resilience of the water supply system and avoid the risk of major water shortages.
- #16. Make economic sustainability a core tenet of policy objectives for delivering public and private sector housing, including:
 - a. economic policy development to support viability of environmentally and socially sustainable housing development, with appropriately measured Land Value Capture tools;
 - b. consideration of viability at a local level during the planning process, in particular during the land zoning process.
- #17. Develop a set of principles on which a fair and efficient system of Land Value Sharing can be established.
- #18. Ensure that diverse sources of finance, including stable public financing and a predominant international element, are available to increase housing output in the medium term. Long-term financing requirements and sources should be regularly assessed and updated.

- #19. Ensure that the State plays both a direct and an indirect role in funding housing for the purposes of scale, certainty, equity and agility, as well as a direct role in its funding of social housing, particularly in higher-density housing where financing is more difficult.
- #20. The State should explore the option of setting up a specific private savings fund that can be used to assist in the funding of housing.
- #21. Ensure that appropriately calibrated macroprudential tools remain in place to underpin stability in the housing market.

3.3 Stages of Housing Delivery

The process of delivering homes is, in effect, a series of stages. Delays can mean that assumptions which were accurate at the time of planning, and arranging finance for the project, can be affected by external factors by the time the project reaches delivery stage. These factors include increased construction costs, the cost of finance, and changes in planning policy, in the market and in the policy environment that can affect costs and affordability. Also, policy changes with insufficient transitional periods can have a detrimental impact on projected costs. Table 3.1 below provides information on the various stages that can be included in any housing project.



Table 3.1: Stages of private and public housing projects

Private Development	Local Authority Development
Site identification and evaluation against Development Plan criteria	Site identification and evaluation against Development Plan criteria
Negotiation of purchase	Negotiation of purchase
Commitment to purchase (potentially subject to planning)	Securing consent for public investment from the Department of Housing, Local Government and Heritage (DHLGH) (subject to other stages of approval)
Design consultant concept development	Procurement of design consultants for concept development
Funding to permission stage	Sign-off to proceed under Capital Appraisal Criteria
Engagement with utility providers to ascertain capacity	Engagement with utility providers
Preparation of planning application (consistent with Development Plan and regulations applicable at date of application)	Preparing 'Part 8' ²² application or, for larger developments where an EIA is required, preparing a 'Part 9' application
Planning permission decision (determined on basis of Development Plan application at date of decision)	'Part 8' decision by elected council or, for 'Part 9' decision by An Bord Pleanála
Planning appeal stage (if applicable) Decision determined based on the Development Plan applicable at date of decision	Not applicable to 'Part 8' or 'Part 9' consent
Judicial review (if applicable)	Judicial review (if applicable)
Engagement with utility providers to request connection	Engagement with utility providers
Secure funding for development	Sign-off under Capital Appraisal Criteria ²³
Local authority sign-off on relevant compliance conditions of planning permission and Part V, quantum and cost of social and affordable housing	Not applicable
Construction – commencement following clearing conditions on planning permission and in compliance with regulations applicable at date of construction	Follow public procurement process (or for larger projects, development agreement, public-private partnership agreements, etc may be necessary)

Source: Housing Commission.

22 'Part 8' is a development carried out by a local authority. It is a reference from part 8 of the Planning and Development Regulations, 2001.

23 That is, follow the Capital Works Management Framework and, where necessary, the Public Spending Code; and obtain approval from the DHLGH for the capital funding.

In the case of acquisition of new housing by local authorities, Approved Housing Bodies (AHBs) and the Land Development Agency (LDA), a different process is followed. In the case of acquisition of social and affordable housing by local authorities under Part V of the Planning Act 2000, as amended, the negotiation process is in accordance with that Act and regulations.

The housing promoter, be it a developer for market housing or the local authority, AHB, LDA or other public body, in deciding whether to buy and what to pay for the site in the very early stages, must make an estimate of all costs associated with each step of the project at a time when there is uncertainty about each of those costs and the value of the completed development.

3.3.1 Viability Assessment

A viability assessment is an estimate of the costs to design, obtain planning permission for and build a housing development. It requires some certainty about the market for the completed homes so that the potential value of the finished development can be estimated. Understanding the viability assessment or appraisal process highlights the fact that time can have a significant impact on the assumptions made for the estimate. It assists in explaining why the delays that feature in our planning system and in infrastructure delivery cause projects to be derailed. Uncertainty in regulation includes contexts where sudden changes are introduced, criteria that are ill-defined and/or subjective, and other factors that cause prolonged processing timelines. These all drive up housing costs.

For market housing, which currently accounts for more than 50% of housing output, an increase in supply will be critical to meeting delivery targets.

The key to viability is reducing risk so that the viability assessment carried out at project initiation can be relied on and will not be rendered obsolete by administrative delays and policy change by the time the project advances to construction or sale. In broad terms, demonstrating viability means being able to show that, after paying for the land and all the assumed costs of development, there is a margin commensurate with the risks involved in the project. From this margin the developer can cover unanticipated costs, overheads and an element of profit necessary to sustain business continuity.

Recommendation #23, in Section 4: Cost and Quality of Housing, sets out the need for standardised measurement of housing, categorising

three types of cost: land, construction and soft costs. Soft costs are 'all costs excluded from build costs, i.e. VAT, statutory fees, development contributions, professional fees, finance costs and, where applicable, margin and other project-specific risk costs' (Section 4).

The influence of fiscal changes, including proposals for fiscal changes, can have significant impact on risk and perceptions of impending risk. The Housing Commission emphasises the importance of stability in establishing the essential ingredient, certainty, in reducing risk. This is covered in detail under Recommendation #10 and the actions under it.

"Soft costs" comprise a significant element of housing project costs. Interest charges are driven by risk and uncertainty in relation to planning outcomes, timelines, availability of infrastructure and change in the regulatory requirements by the time the project reaches construction stage. Overheads and professional fees are also driven by timing and delays. At the early stage of the project, it is difficult to estimate the extent of delays that the project will face. There is a significant difference between the interest rate charged for funding at the pre-planning stage, when there are many unknowns, and the interest rate when the project has planning permission and is ready to commence. This is an example of the increased cost associated with uncertainty and delay.²⁴

Delays in the planning process can have an enormous impact on both soft costs and construction costs. The period from pre-planning engagement to obtaining a grant of planning permission can take approximately six months to two and a half years in the event of requests for further information and/or appeal. At least another twelve months can be added in the event of judicial review.

Every effort made to keep housing affordable, making provision of housing a financially viable prospect, drives competition in a stable market and incentivises investment in efficient production because of less risk, thus lowering costs.

Development appraisal

The development appraisal process applies, albeit under different criteria, to both market housing and housing, in one form or other, financed from public monies. In the traditional model of private housebuilding, the housebuilder builds with a view to selling the completed homes primarily to owner-occupiers. In recent times, build to rent developments, and developments for state bodies, local authorities or AHBs on private sites for

²⁴ Interest rates at pre-planning stage can be approximately two and a half times more than those available when full planning permission is granted.

social and affordable housing have become more common.

A standardised appraisal methodology, with efficient evaluation of costs (using the standardised measurement of costs outlined above), would allow for comparisons across all types of housing. This would provide valuable insight into the comparative performance of housing output, driving efficiency and value for money.

For market housing, decisions on the price to purchase land by homebuilders needing to supply homes for sale at affordable costs generally use a Residual Land Valuation appraisal. The process involves calculating the end sale price of the completed development, i.e. the gross development value (GDV), and deducting allowances for all the costs of development to arrive at the sum available for acquiring the site. The costs associated with acquiring the site are then deducted to arrive at a site valuation.

The theory behind the process for appraising development land is relatively straightforward and is consistent for residential sites and for commercial and specialist sites. The appraisal process in practice, however, is quite complex and fraught with uncertainty and risk.

For publicly funded housing, the introduction of the standard measurement of housing cost will facilitate the introduction of an equivalent GDV. This would clearly be based on different criteria, but able to run valid comparative analysis on an ongoing basis. For social housing, it will be essential to include all costs, eliminating, for example, misconceptions such as 'free land' when land in state ownership is involved, and including an appropriate proportion of the administration costs of the sponsoring body. This is an essential exercise of driving the greatest return in new homes from state investment.

The development appraisal process for market housing is set out in greater detail in Appendix 4.C.

Gross development value (GDV)

Gross development value is the market value of the development upon completion. GDV is calculated with reference to the development permitted under a planning permission for the site, or the development for which it is assumed that planning permission will be granted where there is none, or where an existing permission is sub-optimal. The sale price of the completed buildings is then calculated, by reference to the specific market involved, whether commercial or residential.

Development costs

Costs that are deducted from the GDV will vary from project to project, but will typically include the following as a minimum:

- Planning and local authority costs
- Demolition and site clearance costs if there are existing buildings on the site
- Site works
- Construction costs
- Professional fees
- Marketing and sales costs, and fees for the completed development
- Finance costs

Margin is allowed for in the calculation of development costs. This is to include developer profit and some margin to cover the risk of increased costs. It is often assessed as a percentage of the overall cost of development, or of the GDV, but may also be assessed as a fixed or 'spot' figure for a simple development. The allowance made for profit can generally be expected to rise according to the risks associated with the project, especially planning risk, and for its timescale and complexity.

A project is viable only if the land can be purchased at a price that allows for a margin commensurate with the risks involved in the project. Funding is only available to developers who can demonstrate such a margin. In the event of increases in assumed costs, the only input cost with which there is any flexibility is the margin. Therefore, the appropriate level of margin must be sufficient to cater for some level of risk.

Delays and policy changes that affect the various stages of the delivery process undermine the ability of homebuilders to accurately estimate the timing of completion, as well as density levels and other factors that affect input costs. Assumptions must be made. When actual input costs increase beyond assumed costs, or completed development values are less than assumed values, a project which was once considered viable can be derailed. (Section 4 provides further details on the cost of housing development.)

3.3.2 Housing Construction

Construction practice has changed immeasurably in the last twenty years. The introduction of the Safety, Health and Welfare at Work Act 2005 and the reforms of the building control system in 2014 have greatly affected the entire construction sector, from individual workers on site to the building designer. The skills required to organise and complete home building now require further qualifications and ongoing training, such as coordination skills gained from experience and organisation of programmes for completing projects. The legislative changes to the construction sector are outlined below:

- The Safety, Health and Welfare at Work Act 2005, and regulations made under this Act, in particular the Safety, Health and Welfare at Work (Construction) Regulations 2013 provide protection, controls and enforcement powers to promote better health and safety on construction sites. These have changed the building workplace.
- The Building Control (Amendment) Regulations 2014 require submission of documentation showing how buildings are to be constructed in compliance with building regulations. The record of the building completion in compliance is provided to building control authorities who oversee general compliance.
- The Regulation of Providers of Building Works and Miscellaneous Provisions Act 2022 has established a statutory register, the Construction Industry Register Ireland (CIRI), and registration will be mandatory.

Housing provided by the State – be it by local authority, AHB or the Land Development Agency – is procured through competitive tender processes from qualified and experienced building contractors. In this context, the predominant use of ‘direct labour’ for providing housing has diminished since the 1970s and been replaced by tendered contracted housing contractors. ‘Direct labour’ is the use of skilled labour by employees of local authorities for varied purposes, including homebuilding. The design of housing and oversight of outsourced design services are available in-house in a limited number of authorities, as is the case for roads and aspects of water services. Local government retains direct labour services for specialist areas, depending on local need; these tend to be predominantly for works of short duration, not least due to the implications of legislative health and safety changes for works of larger scale.

Considering the changed legislative circumstances as described, which apply to all construction, the challenge of assembling and employing staff with the necessary range of skills, plus the accompanying plant resources, programme and project management, from design to site operation and completion stages, is considerable.

3.4 Housing Delivery Oversight Executive

3.4.1 Background & Context

The consensus of the Commission is that it is essential to establish a body to address the functional administrative, technical and practical barriers which are evident in the delays, lack of coordination and prolonged processing that point to a systematic issue in the housing system in Ireland.

As outlined in the introduction, an understanding of the development process highlights the complex and diverse issues associated with housing delivery. Each stage of the process requires investment, with considerable costs involved in the initial stages of land acquisition, design and the planning application. Those costs must be funded and carried until the project is completed. Delays in processing, administration and decision-making impede the supply and delivery of housing. Difficulties include the assessment of viability and procurement of funding.

The time from project conception through the planning process and on to delivery can take many years. Changes in external markets and policy interventions in the interim can have a significant bearing on projections and assumptions made at the commencement of the project and can undermine viability and deliverability of the proposed housing. It is apparent, therefore, that the decision-making processes, both in terms of planning applications and infrastructure delivery, must be more efficient, and timelines must be shortened.

In the first instance, focus is needed on ensuring efficient systems for overall housing supply, both private and public. Specifically, in relation to the delivery of social housing by local authorities and AHBs, the current approval system is too cumbersome. It involves staged processes for approval of housing provided by local authorities and AHBs. The approval and funding system needs to be reformed to increase efficiency and delivery.

As part of its work, the Commission consulted with key utility providers on their experience of prioritising investment for housing development. This revealed a lack of clarity on how and where utility providers should direct their investment programmes to align with the Government's housing strategy. These entities are required to operate and plan under the aegis of the Commission for Regulation of Utilities (CRU), whose mandate is '*responsibility for economic regulation and customer protection in the energy and water sectors and regulation of energy safety*'. For more information on the CRU, see Section 3.9.1 of this report.

These criteria fail to account for wider governmental and societal priorities such as, in this case, prioritising investment in infrastructure for housing. Homebuilders were also consulted on their experience of delivering private sector housing. They expressed concerns about delays and lack of coordination in the delivery of key infrastructure, and lack of coordination between the objectives of development plans and infrastructure delivery by public utility companies.

3.4.2 Analysis

The Housing Commission, in identifying the immediate priority of dealing with the housing deficit, views the Housing Delivery Oversight Executive (HDOE) as the most appropriate vehicle, equipped with the requisite oversight responsibility and executive powers, for this task.

A coordinated, considered and effective plan for housing developments is required to identify the blockages to be addressed and resolved. Control and coordination functions would be vested in the HDOE, which would procure management and mobilisation resources for a plan executed through necessary acceleration of housing delivery and where necessary the temporary suspension of statutory processes.

The Commission advises on the establishment of a new and separate executive body that is time-limited.

The stakeholder consultation indicated that, very often, the issues lie in the availability of adequate infrastructure with sufficient capacities in areas where land is zoned. Therefore, the Commission considers the HDOE as essential to facilitate and support a steady supply of output to meet housing requirements.

The role of the Housing Delivery Oversight Executive

The Commission has undertaken analysis on the experience of delivering housing development in strategic sites across the country, including case-study reviews of Strategic Development Zones (SDZs), large masterplan sites and transformational city projects being progressed by the Land Development Agency. This analysis identified the following issues to be addressed:

8. There is a need to **support and coordinate a strategic and integrated plan-led approach** to housing supply and activation, with timely delivery of critical infrastructure.
9. Ireland's housing requirement (see Section 2) is such that there is a **need for a substantial increase in the housing delivery output** from public bodies and private developers. Policy measures are required that support each source of supply.
10. A sustainable housing supply requires that any negative impact needs to be avoided. It is therefore crucial that **new policy initiatives and guidance are stress-tested by an expert group to avoid unintended consequences** that may interrupt supply.
11. **Access to land, guaranteed funding and additional resourcing of skilled people to facilitate a sustainable output of housing on strategic sites** were identified as key elements of a sustainable housing sector.

The HDOE must comprise expertise and experience in all aspects of development facilitation from initiation, understanding of the fundamentals of development appraisal, statutory processing, and organisation of construction to completion and handover.

The Commission considers the HDOE as essential to facilitate and support a steady supply of output to meet housing requirements, because:

- a. adherence to plan-led development is achievable only if the delivery of essential infrastructure to land zoned in development plans is facilitated and achieved in a timely manner;
- b. it is essential that both public and private housing supply be supported and maintained to ensure housing supply meets housing requirements, and to provide a choice of tenure and housing typology.

In this context, a social and affordable Housing Delivery Coordination Office was established and, working within the Local Government Management Agency (LGMA), is making substantial progress in assembling live digital tracking of all local government social housing schemes, from inception to completion. Given a remit to include all housing, the LGMA can play a strong role in supporting the HDOE to coordinate the delivery of housing.

Having the HDOE will ensure that strategic housing sites, being proposed at a local level, align with government housing strategy, the National Development Plan (NDP) and housing requirements. The HDOE will provide a framework within which sites identified for strategic housing have certainty in terms of planning policy, and multiannual funding. This will maximise the potential of sites, and smooth out short-term, negative cyclical impacts.

The HDOE's mandate must provide it with the authority to:

1. Establish a programme of reform;
2. Make decisions to drive the various measures needed to establish a stable system for all housing types;
3. Provide directions to eliminate delays, interruptions and disruption to processes in the provision of housing and associated infrastructure;
4. Assess and report on the impacts of proposals in legislation, policy matters, directives, etc on timelines and on capacity in housing output;
5. Facilitate and initiate coordinated measures to drive the capacity of the sector.

Appendix 3B provides further information on the HDOE's remit.

3.4.3 Recommendation & Actions

Recommendation #7:

Establish a Housing Delivery Oversight Executive in legislation as a decision-making body responsible for coordinating the delivery of housing. This body should be time-limited. It should identify and address blockages to housing delivery and oversee and drive investment in public utilities on land zoned for housing.

Actions

1. Mandate through legislation the HDOE's critical function and executive and reporting roles, to enable it to:
 - a. align government housing strategy with infrastructure delivery;
 - b. support and coordinate a strategic and integrated plan-led²⁵ approach to housing supply. This will require a timely delivery of critical infrastructure;
 - c. prioritise and coordinate the implementation of Housing Delivery Zones;
 - d. agree and coordinate implementation of a strategic housing priorities delivery and activation programme;
 - e. promote an all-of-government approach to providing and prioritising infrastructure, which would be binding on all utility providers – this must include delegated authority to resolve conflicts between public entities;
 - f. ensure that priority schemes are funded and delivered efficiently;
 - g. identify and resolve programme and national risks that will affect housing delivery and capacity post-2030;
 - h. procure resource capacity to enable the HDOE to fully carry out its mandate.

²⁵ Development is approved by the planning system.

- 2. Address the housing deficit by enabling the HDOE to drive the necessary increased housing output.
- 3. Implement a governance structure for the HDOE that should comprise a board, executive and secretariat of people with the necessary experience and expertise, drawn from both public and private sectors.
- 4. The time-limited tenure should be contingent on achieving stated targets for acceptable levels of stability in the housing system.

Department of Housing, Local Government and Heritage (DHLGH) is reviewing the NPF.

Section 2 of this report (Recommendation #2) highlights the urgency of moving to a stable methodology for assessments of housing requirement. It emphasises the urgency in having improved, regularly updated provision, whereby housing delivery is placed on a stable foundation for the future. Matters such as preliminary census figures, demonstrating changes in population, significantly different to those projected in the National Planning Framework, emphasises the need for ongoing, regular updating of data and necessary reviews. In circumstances as they currently exist, where the census figures demonstrate divergence from projections on immigration projected in the National Planning Framework, reviews should be urgently commenced, focussing on population targets, household size and obsolescence.

Based on housing requirements analysis, the Housing Commission believes that housing delivery needs to be scaled up to meet housing requirements, along with targeted coordination, access to land for housing and infrastructure, guaranteed funding, and additional resourcing of skilled people to facilitate a sustainable output of housing on strategic sites.

3.5 Housing Delivery Targets

3.5.1 Background & Context

According to the CSO, 32,695 new dwellings were completed in 2023.²⁶ Despite increased housing delivery output in 2022 and 2023, the findings in this report show that housing supply needs to be ramped up to meet housing requirements.

The *National Planning Framework* (NPF), the Government's strategic plan for shaping the future growth and development of Ireland out to 2040, targets the delivery of 550,000 additional households to 2040 (Government of Ireland, 2018). However, as the Housing Commission has found, this is an underestimation of Ireland's housing requirements. At the time of writing, the

Figure 3.1 New dwelling completions, 2000–2023 (n)



Source: CSO, 'New dwelling completions', 'Measuring Ireland's Progress 2012' and 'New Housing Data, 2011-2023'.

26 CSO, *New Dwelling Completions*, Central Statistics Office, 2023

3.5.2 Analysis

Enabling delivery of social, affordable, rental and private sector housing at local level

The Housing Commission has found that local government has experienced limited access to the necessary staff and financial resources to facilitate the delivery of homes to meet housing requirements. The remit of local authorities has been weakened by policies that direct their role and resources towards control rather than enablement and facilitation. This has replaced the priority for local authorities to deliver housing themselves or to facilitate delivery by others.

A direct example in this context is the practice of requiring housing proposals to be submitted, under a 'Capital Works Management Framework', to a four-stage approval system. This is a clear duplication of a process that is within the capacity of local government to administer and monitor under its fiduciary responsibilities to its own council, as part of the prudent management of its finances. This process takes, on average, approximately 128 weeks for all four stages up to final approval to proceed to contract, which allows project commencement and is typically not run in parallel to project development processing. Devolution of this discretion to local authority level could reduce the time from housing project inception to commencement.

An OECD (2015 and 2016) summary captures the essence of the move in Ireland to centralisation of government policies:

*'Local councils have limited spending responsibilities. Ireland is one of the most centralised countries of the OECD, with one of the lowest ratios to GDP and public spending among OECD countries, together with Chile, Greece and New Zealand. Their role as public employers is also very low, although staff spending represents 30% of their expenditure. However, they are key public investors, carrying out more than half of public investment. Investment is one of their main functions, even though they often act on behalf of the central government to implement national investment programmes.'*²⁷

In some of the key relevant areas, there is limited access to the necessary staff and financial resources to facilitate the delivery of homes to meet housing requirements. Additionally, the operation of the Housing Need and Demand

Assessment (HNDA) is a subject of concern. This is addressed in detail in Section 2, Recommendation #2 of this report.

Land acquisition and assembly is a key consideration in ensuring that an appropriate pipeline is available to meet identified needs. This applies equally to local authorities and other providers of social housing as it does to housing developers.

The cost of land has, in recent years, made up a substantial proportion of the costs of housing. While the cost of construction, the cost of finance and other input costs have increased, land cost has decreased proportionately. Between 2016 and 2020, the proportion of overall costs represented by land acquisition has decreased.²⁸ The cost and availability of land in locations that best support affordability is also a challenge (NESC, 2018).²⁹

Leasing of public land for delivering cost-rental and social housing presents an opportunity to reduce the initial cost of such housing, by removing the land acquisition element of the delivery cost.

Access to funding is required to assemble and activate strategic or complex brownfield sites, and to enable and empower the role of local authorities and the LDA to deliver on development plan objectives and meet housing requirements.

Public land supply may be limited or not suitable for development or tends to be in areas where there is already a concentration of social housing. It will be important, therefore, to ensure a sustainable pipeline that supports the development of sustainable communities.

The LDA has been established to optimise public land for housing development and assemble and activate strategic sites, collaborating with local authorities in the larger urban areas. A fund to support land acquisition, assembly and activation will be important to ensure that key housing objectives can be achieved.

In the past, local authorities' lands tended to be sold for development to support delivery of homes whether to a developer or AHB. The achievement of affordable, balanced, mixed tenure requires recognition of the role of the public sector, as well as of private developers and AHBs.

Leasing of public lands to AHBs or other providers for the purpose of delivering social and affordable housing reduces the initial cost of housing by removing the land acquisition element of the delivery cost. This will support provision of more affordable and social housing to meet identified

27 OECD, 'Ireland: Regional Development', 2016.

28 In 2020, the 'The Real Cost of New Housing Delivery' report by the Society of Chartered Surveyors (SCSI) put the proportion of land and acquisition costs (per dwelling) at 13% nationally, of overall delivery costs.

29 NESC, 'Urban Development Land, Housing and Infrastructure: Fixing Ireland's Broken System', 2018.

needs into the future as part of a balanced approach. It will also help to ensure that the public land is retained and developed as an asset in support of meeting housing needs and requirements.

A Commission review of international practice explored models used to facilitate and enable housing delivery. With few exceptions, the dominant features of successful housing policies that establish and maintain a stable housing system include the following:

1. National government sets the policies and programmes for support and investment in housing to address need, comprising core stable principles for sustainable housing development standards for all, and promoting and applying measures to protect against climate change.
2. Local government dominantly develops and applies devolved housing implementation strategies organised variously on a regional, municipal or local basis depending on local circumstances. Specialist resources have evolved in devolved structures supporting development, informing land-use strategies, and influencing plan-led initiatives empowered to acquire land banks. These powers can be used to equitably redistribute land not owned by local government

through structured partnerships or agreements with landholding partners. This orientates development land towards shared optimum outcomes.

3. The financing of housing is variously achieved by state investment, private investment, and combinations of both to support and deliver affordable purchase and rental models. These include special housing-oriented savings and bonds, frequently attracting tax advantage, that provide well-established resourcing for individuals and access to affordable housing. This is through revolving fund-type measures for housing provided on a cost of provision/maintenance basis.
4. Strong local taxation frequently supports housing provision, thereby enabling infrastructure investment through the ability to raise and influence the distribution of resources within the area.

Some good-practice examples of housing delivery are presented in Table 3.2.

Table 3.2: Good-practice examples of housing delivery in Europe

Country	European good-practice examples	Implications for Ireland
Denmark	Copenhagen's finger plan* has ensured that all new housing built around the economic hub has access to transport links and amenities. There is a key focus on correct locations for housing and businesses, while preserving green areas.	Long-term good planning/zoning with effective implementation of the plan, including utility and amenity provision, can reduce uncertainty (and thus likely objections), and coordinate investment/utility provision.
Austria	Land banking in economic hubs allow for private development on publicly bought land.	Policies must provide that all housing need is satisfied by access to adequate and constant supply of services or serviceable land banks/designated locations on which to deliver large-scale housing.
The Netherlands	Local Performance Agreements (LPA) ensure a collaborative approach to defining housing targets to meet the needs of individual areas and provide a framework to monitor progress and hold parties accountable for meeting their commitments. The Environment and Planning Act, to be enacted in 2024, consolidates 26 laws and regulations related to spatial planning, environment, nature and construction, into a single integrated framework which will ensure less complexity and more efficient and effective decision-making.	Consolidation of frameworks and regulations into a single framework could improve the efficiency of the regulatory system. (The new Planning and Development Bill 2023 provides such an opportunity in Ireland.)

*Copenhagen's 'finger plan': a development plan resembling a hand with five fingers stretching out from the city centre, allowing for controlled urban growth while leaving space open for recreation and agriculture.

The Commission, having studied the experience of Strategic Development Zones, identified what is needed to deliver results. Proposers (developers, local authorities and/or the LDA) must be briefed to understand the long-term nature of such initiatives – especially designated development areas ‘within a red line’ – from the initial processes of assembling a plan through to the enabling stage. This involves assembly, derisking, infrastructure enabling and relocation of uses or facilities, with lengthy sequential processes, to completion.

Land assembly is necessary for both public and private sector strategic housing developments. A review is required of policies and taxation measures which penalise land assembly, particularly the assembly which is essential for large-scale housing delivery by both the public and private sector.

Analysis was undertaken by the Commission on the experience of delivering housing development in strategic sites across the country, including case-study reviews of SDZs, large masterplan sites and transformational city projects being progressed by the LDA. This analysis concluded that there is a need for enhanced coordination, access to land for housing and infrastructure, an amount of guaranteed funding and additional resourcing of skilled people to facilitate a sustainable output of housing on strategic sites.

3.5.3 Recommendations & Actions

Recommendation #8:

Establish high-yielding Housing Delivery Zones at agreed strategic locations, where housing can be delivered in the short to medium term and at scale.

Actions

1. Establish governance structures to ensure coordination and alignment across the public and state agency sectors in the form of meaningful city-region/metropolitan-type structures. These could operate under the oversight of the Housing Delivery Oversight Executive.

2. Institute plan-led propositions for Housing Delivery Zones that are subject to ‘credible plans’,³⁰ with the capacity to deliver stated outcomes/KPIs when measured against national priorities, as articulated in city/county development plans, including a costed infrastructure delivery and development plan.
3. Include brownfield sites inclusive of site remediation³¹ and relocation plans for existing development where appropriate. This may need to include land assembly, acquisition and appropriate resourcing for relocation to support rather than endanger their viability.
4. Make available a legal framework to enable sequential development that requires programmed land purchase, with compulsory purchase order (CPO) powers available as a last resort. Such strategic sites will require prioritisation, resources and investment, with support from activation units and/or the LDA to assist in assembly, relocation and/or activation to unlock the potential.
5. Apply the designation of Housing Delivery Zones to existing Strategic Development Zones, future Urban Development Zones or other strategic sites, where appropriate. All strategic sites will require a plan-led approach, with a phased development and infrastructure delivery plan for development over time. This will outline the case and basis for direct funding and the coordination of state bodies and utilities to progress the timely delivery of homes.
6. Provide a ‘whole of government’ programme of infrastructure delivery to enable the timely delivery of the Housing Delivery Zone plans. These plans will be supported with a multiannual commitment to the necessary funds per site based on approval from the proposed Housing Delivery Oversight Executive. Funding must include provision for land purchase and relocation of existing owners/occupiers. In addition, it must include provision for delivering necessary services and social infrastructure.

³⁰ Credible plans can demonstrate that they will work and deliver housing, taking account of housing requirements, the regulatory context, the investment required to deliver infrastructure and site enabling works, and the finance and incentives available to support delivery.

³¹ For example, Grand Canal Harbour (former Dublin Gas site) had to be completely remediated.

7. Supports to unlock delivery should explore tax opportunities and other incentives that could:
 - a. encourage the relocation of existing landowners;
 - b. enable the forward funding of infrastructure.
8. Enable fair and reasonable compensation based on the cost of relocation for households and businesses when CPO is used to release lands for development. Lands acquired by CPO should be available to both the public and private sectors for housing delivery on an equitable basis.
9. Set realistic targets and timelines to ensure sufficient zoning of alternative lands to meet housing requirements and prevent a shortage of land supply.

Recommendation #9:

Enhance the powers and resources of local authorities so that they can support and enable the delivery of a sustainable level of private, affordable, social and cost-rental housing.

Actions

1. Empower and resource relevant local authorities to develop Land Activation Units to facilitate and promote strategic development of public and private housing. Land Activation Units should take a proactive role in facilitating the delivery of housing on lands designated within the development plan, including:
 - a. co-ordinating the provision of infrastructure for designated lands;
 - b. supporting the unlocking of complex brownfield sites through land assembly, coordinating infrastructure provision and readjustment to deliver viable development plots;
 - c. prioritising land assembly for delivery of public sector housing;
 - d. using compulsory purchase order powers to unlock constraints to the development of brownfield or zoned lands.

2. Create Specialist Services Panels/Shared Services where necessary to support a Land Activation Unit. This will support development expertise and provide coordinated resource allocation, for example:
 - a. across regions for local authorities implementing short-duration projects under the Rural Regeneration and Development Fund (RRDF) or similar funding streams;
 - b. the LDA providing services/partnership with local authorities regarding planning, managing and developing large-scale housing in urban areas and access to frameworks.
3. Resource CPO powers appropriately in terms of funding and expertise to facilitate local authorities.
4. Enable devolution of power and land acquisition that allows local authorities to borrow for and invest in initiatives to facilitate long-term public sector-led housing delivery. Funding should be available on a multiannual basis to ensure sustainable output to meet housing requirements.
5. Provide additional staff resources and training. There is a need to urgently resource local authorities to undertake more activity, including investing in recruiting skilled planners, architects, engineers and construction expertise to meet the requirements of an enlarged public sector and enhanced output in the public and private sectors.
6. Prepare a Local Authority Housing Delivery Workforce Plan nationally to identify gaps in resourcing and facilitate the development of a coherent strategy to ramp up housing delivery.

3.6 Regulatory Impact on Housing Supply

3.6.1 Background & Context

The Housing Commission has identified policy measures and interventions that may have a strong and lasting impact. Ireland's housing requirement is such that an increase in housing delivery output from public bodies and private developers is needed. Policy measures are required that support each source of supply.

The report of the Committee on the Price of Building Land ('the Kenny Report', 1973) highlighted the sensitivity of the housing market to policy intervention and the potential for apparently

minor interventions to adversely affect supply.³² This is also recognised in the Indecon report (2022) on the 'Appraisal of Land Value Sharing Options' which explains that land is 'inelastic'³³ and therefore taxes can distort supply and ultimately add to the cost of housing for the home purchaser. It also explains how uncertainty can disincentivise supply.

Government figures and the findings of the Housing Commission highlight the gap between housing stock and housing requirements in Ireland (as detailed in Section 2). It is essential that increased output from all sources of housing suppliers be supported with appropriate policy measures.

It is essential that alternative sources of housing supply are supported and maintained to bridge the gap between housing requirements and housing supply, that a sustainable housing supply is maintained and balance and choice of tenure, household composition and housing typology are provided. There is a general recognition of the need to increase the output from public bodies and improve the affordability of housing they deliver. An increase in output from private developers is also required, as are measures to assist affordability.

3.6.2 Analysis

The challenges of viability and affordability of new housing delivery are addressed in Section 4: Cost and Quality of Housing, as is the impact they are having on housing supply.

Supports are available for public bodies delivering social and affordable housing. Extension of these supports to private developers should be considered where they commit to delivering a stipulated proportion of social and affordable homes. Concerns relating to such supports resulting in inappropriate profits for developers can be addressed by an "open book" accounting approach to deal with costs and to ensure transactional transparency. Examples of this include Certificates of Reasonable Costs³⁴ and the cap on margins such as those in the Croí Conaithe Cities Schemes. Such a measure could increase the volume of social and affordable homes and increase choice and balance of tenure, harnessing the specialist experience and input of the market housing sector.

A level of return is essential for the survival of any business. Residential development can only be funded if investors can demonstrate the potential for a margin of return on investment. The timeline

or affordability of housing can have serious implications for both those investing and for those who might have expected to own or rent the proposed housing.

The Commission has highlighted the exceptional complexity of the processes of delivering housing in Ireland. The dominant influence on that complexity is not regulation itself, of which the Commission is avowedly supportive. It is the disjointed, misaligned arrangements whereby regulation is operationally structured and applied without appropriate oversight or accountability. This can lead to unintended consequences, including inconsistency, delay and uncertainty.

Residential developments have a significant lead-in time. Any new policy measures which may adversely impact on viability or affordability must, at a minimum, be subject to appropriate transitional measures.

The introduction of Residential Zoned Land Tax by the Finance Act 2021 is relevant in this context. The objective of the introduction of RZLT was to increase housing supply by activating zoned and serviced residential development lands (including mixed-use lands) and incentivising landowners to use existing planning permissions for housing. As conceived, it was to encourage early development of lands identified by local authorities as suitably serviced and zoned wholly or partly for residential purposes. The Commission supports the principle of a land tax which discourages hoarding of land which is required for and capable of delivering housing. However, as introduced, RZLT fails through an evident and apparent lack of awareness of the variety of contexts applicable here in the development process. This could have been addressed through collaborative engagement with practitioners. The detail of the implementation of RZLT, including gaps and failures of consideration of detailed measures (listed below) include:

- Lack of national consistency and co-ordination on what land is to be designated and how the tax is to be applied.
- Inadequate timelines pre and post planning permission and commencement.
- Imposition of liability for taxation even where planning refusals are under appeal – in effect without permission.
- Inadequate provision of time for planning condition consent, to have an implementable permission, following clearance of those necessary consents.

³² Committee on the Price of Building Land, [Report to the Minister for Local Government](#), 1973.

³³ The term 'inelastic' refers to the supply of a particular good remaining the same, regardless of price.

³⁴ S.I. No. 163/1988 - Finance Act, 1981 (Certificates of Reasonable Cost) Regulations, 1981 (Amendment) Regulations, 1988.

- Liability for tax even during judicial reviews of decisions to refuse permission (in effect without permission) and similarly during the period of any subsequent planning application if decision to grant permission is overturned.
- Designation of lands as liable for tax despite non-availability of infrastructure.
- Failure to assess impact of liability for tax on development and existing businesses in brownfield locations where sustainable development is prioritised.
- Inadequate consideration of circumstances where non-development arises from lack of viability.

Regulatory measures must be assembled with timely collaborative engagement with industry, public bodies and practitioners to have implementation for optimum outcomes and avoidance of delays and uncertainty.

Appropriate stress-testing of proposed policy measures in relation to their potential impact on supply can:

- increase output from all sources of housing supply;
- provide a sustainable housing supply.

A properly functioning private housing market removes the burden of the cost of housing delivery from the Exchequer and allows public funding to be concentrated where it is most needed. The potential impact of proposed policy measures and interventions should be assessed and kept under review to:

- avoid adverse and unintended consequences to the private or public supply;
- promote and maintain a choice and balance of housing types and tenure.

3.6.3 Recommendation & Actions

Recommendation #10:

Assess all policy measures and interventions against their impact on housing supply. Regulatory Impact Assessments (RIAs) should be performed on all such interventions.

Actions

1. Regulatory Impact Assessments (RIAs) must examine the impact of all new regulations on the supply and cost of housing.
2. Apply the following principles to taxation and other proposals to ensure thorough impact assessment in the context of housing delivery:
 - a. Apply tax in a fair and transparent manner.
 - b. Measures should apply equally to housing development on lands in the ownership of both private and public sectors – application to the public sector helps safeguard equitable use in practice.
 - c. Identify and appoint a central executive to monitor consistency in the application of taxation measures in all instances and locations.
 - d. Exceptions to timelines must be applicable where:
 - i. development is of a scale that requires phasing;
 - ii. key infrastructure delivery delays are evident;
 - iii. additional time is needed to assemble planning applications and infrastructure availability or connections, to obtain planning consents, for lead-in times around commencement, and to take account of compliance conditions;
 - iv. where a planning decision is appealed (both first- and third-party) or there is a judicial review;
 - v. where development of the land is proven non-viable or in any case where planning permission has been refused for reasons related to the site or infrastructure.

3.7 Land Availability

3.7.1 Background & Context

Every local authority publishes a development plan which governs how land can be developed. Local authorities are statutorily required to provide sufficient zoned land in their development plan to meet the identified housing requirement of their Housing Supply Targets (HSTs). The development plans are mandated to be assessed by the Office of the Planning Regulator (OPR) to comply with this requirement. Core strategies are set out in

the development plans. Their role is to ensure that sufficient land is zoned and serviced to cater for future housing demand over the plan period.

The Housing Commission promotes the principle of transparency on housing delivery. Specifically, the availability of information on the amount of available serviced land in any given area, and the progress, through analysis of planning permissions, on the reality of the amount of housing being delivered on it within the lifetime of a development plan. Such analysis, published at designated intervals, should be made fully available to everyone, including policymakers and those involved in delivering housing.

There is no equivalent plan which clarifies the status of infrastructure delivery to zoned land, either to track land which already has access to public services with sufficient capacity for development, or to track proposals for delivering public services to land which is zoned but lacks access to public services. The absence of this information risks creating false assumptions about the quantity of zoned land capable of development.

The Housing Commission considers that the methodology of determining the Housing Supply Targets, including not factoring the housing deficit estimates into the methodology for development planning, has resulted in an underestimation of the true housing requirement. Local authorities take different approaches to categorisation for zonings, but it is possible to use the 'generalised zoning type'³⁵ used by the DHLGH to analyse the amount of undeveloped residential land in each local authority.

A study of land development capacity, grading identified land parcels using residual value exercises, could provide valuable insight into the real potential of brownfield development and would help to better configure reforms that would release that capacity. Most town and city sites that are mixed-use in nature can have significant capacity for infill and brownfield housing development. Viability varies depending on multiple factors, not least, at its most basic, urban versus non-urban location, greenfield versus brownfield, etc.

Lack of sufficient information, which affects the assumptions made at the stage of assessing the viability of a project, can lead to failure to invest or to increased volatility of land prices in a speculative market. The highest bidder determines the price that is set.

Therefore, the availability of information, which is in control of the State, enables rapid assessment of constraints and opportunities around the practicalities of land-use of all types. This can establish a well-informed decision-making system on the costs and locational suitability of land for assessment by public and private sectors alike.

3.7.2 Analysis

Many sites have received planning permissions but are stalled due to varied factors that render the development 'non-viable', meaning incapable of development and disposal, except at a financial loss.

Reasons for loss of viability range from changes in the cost of finance, opaque planning requirements for site development, density and housing mix requirements, and changes in regulatory regimes. Infrastructure requirements, including those for public transport capacity in advance of any population need, are among other factors that can effectively sterilise lands otherwise suitable for housing. Furthermore, core strategies, set out in local authority development plans, are not required to include viability assessment.

The core strategy sets out a spatial settlement strategy for the county or city and is solely required to be consistent with the Housing Strategy, the *National Planning Framework*, the Regional Spatial and Economic Strategy (RSES), Specific Planning Policy Requirements (SPPRs) and policies of the Minister in relation to regional and population targets. The 'Development Plan Guidelines for Planning Authorities' was published in 2022. However, several development plans had been adopted prior to their introduction. Therefore, there are varying levels of detail in terms of the data on the total zoned land available for residential development and the potential yield. As the data is not consistent across planning authorities, it is not possible to quantify, from the core strategies, the total zoned land available.

The Commission is of the view that the following information should be mandated to be made available by relevant agencies and utility companies:

- Planning density ranges for non-Local Area Plan/Strategic Delivery Zone-type sites
- Transport capacity issues or major upgrades required
- Water and wastewater infrastructure requirements

³⁵ The Department of Housing, Local Government and Heritage uses the 'Generalised Zoning Types' which represents zoning data from development plans and local area plans in a consistent scheme for all local authorities on its Zoning Map Viewer.

- Energy supply capacity issues or major upgrades required
- Sites within areas that have reached their housing output ceiling
- Site sale register

Where capacity issues or upgrades are identified in respect of transport, water, wastewater, electricity or other infrastructure, any proposals to address those capacity issues and the timeline for delivery of the required capacity or upgrade should be published and regularly upgraded. The importance of adhering to projected timelines must be agreed with the relevant utility providers, who must be adequately resourced to provide the relevant infrastructure within the timeline. Where the required infrastructure with adequate capacity is not in place, zoned land should not be considered as being available for development.

Centralised access to this information should be made available on planning portals, facilitated using GIS mapping software. This could inform development capacity for would-be purchasers to avoid future stalled sites.

In this context, the extension of the requirement for registering property prices with the Residential Property Price Register for all land transactions would provide much-needed transparency for all land disposals. Standardised zoning and the myplan.ie dataset are a welcome start. However, the Commission is of the view that the State should have a systematic register of land transactions that cover zoning requirements. Tailte Éireann could be mandated to coordinate land in this regard, and to assist in increasing the extent of knowledge of public land to improve the functioning of the market. This would provide clear direction for initiatives such as the Housing Infrastructure Services Company (HISCo)³⁶ to assist in the budgeting process for the State and inform how spine infrastructure should be delivered and funded.

3.7.3 Recommendation & Actions

Recommendation #11:

Establish a Land Price Register to increase the transparency around land transactions and improve the functioning of the market.

Actions

1. Make available information, which is in control of the State, to enable rapid assessment of constraints and opportunities around the practicalities of land-use of all types.
2. Actively promote increased collaboration and coordination between the various state bodies and infrastructure providers to meet service requirements in advance of population requirement.
3. Identify capacity issues or upgrades in any development plan in respect of transport, water, wastewater, electricity or other infrastructure, and publish any proposals to address those capacity issues and the timeline for delivering the required capacity or upgrade. This timeline should be regularly updated by the relevant local authority.
4. Mandate Tailte Éireann to introduce and establish a Land Price Register under terms similar to those for the Property Price Register, pursuant to section 86 of the Property Services (Regulation) Act 2011.

3.8 Planning

3.8.1 Background & Context

Planning policy in Ireland regulates the location, quantity and typology of housing supply which is deemed to be required to meet the changing needs of the population. This is in accordance with government policy, as defined by the minister responsible and supported by relevant departments of government. The planning system comprises a series of prescribed processes, many of which have a democratic basis, involving extensive consultation at plan-making stages. These processes are devolved as necessary to local government for delivery. Planning is ideally

³⁶ HISCo originated in Cork Co. Co. in partnership with ISIF. Several larger local authorities had such divisions in the past before the loss of domestic rates income.

an optimum blend of executive administration of a system, founded in democratic policymaking and oversight, with an exceptional degree of transparency throughout that system.

It is also critical as part of the planning to create good places for people to live. Successful delivery of high-quality, sustainable communities in Ireland can be supported by implementing Ireland's National Policy on Architecture 'Places for People'. The aim of Objective 2 of the Policy is to deliver quality architecture and places, planned and designed with wide engagement and accessible to all, in rural areas and villages, towns, cities and suburbia as an essential element of social sustainability.³⁷

The Irish planning process is characterised by a hierarchy of plans including, at a national level, the *National Planning Framework* and Planning Guidelines; at a regional level, the *Regional Spatial and Economic Strategy*; at planning authority level, development plans and, in certain key locations, local development plans. These are the planning and policy documents which address population estimates, housing demand and the locations in the country where the housing demand is to be met. Each of those plans must be consistent with the plans above it in the hierarchy, and the criteria upon which planning applications are evaluated must be consistent with the provisions of all those plans.

Planning legislation has included provisions for public participation at all stages of the planning process, including inception of planning policy, drafting of guidance and policy documents and development plans.

Land-use designation, commonly referred to as land-use zoning, is one significant aspect of the planning policy process reflected in the hierarchy of plans. This results in the publication of a mapping as part of development plans designating the type of development which will be considered in the relevant area. This includes the location, quantity and typology for housing supply required to meet the changing needs of the population. This is in accordance with government policy as defined by the minister responsible and supported by relevant departments of government.

Key planning decisions (including about population increase to be allocated to local areas and the density of housing which will be permitted in each location) leading to the zoning are made and reflected in the *National Planning Framework*,

national guidelines and development plans. Despite this, very often planning applications that comply with those plans are objected to by the public as third-party objectors. This often results in those proposing development, and thereby implementing planning policy following the 'planned development' criteria, bearing the cost of defending planning policy which has been adopted by government and planning authorities.

Often, the grant of permission on appeal confirms compliance of the original planning application with those plans. The appeal of the individual applications, on issues relating to the principles of development of the relevant lands, leads to additional costs. This delays the delivery of housing, which inevitably add to the overall costs of the new housing. The costs incurred during the process of seeking planning consent will invariably be reflected in the cost of new homes.

The Commission has examined the reasons as to why public participation is so dominantly 'back-ended' to the planning application stage. The system would be more effective if the debate and ability to object to the principles of development already addressed in the zoning was confined, under legislation to earlier in the plan-assembly process (for example, at development plan or local area plan assembly stages). This would leave only the compliance detail of the application to be addressed at planning application stage.

An OECD comparative analysis of land-use planning systems found that Ireland is unique in Europe, in combining the following:

1. a mechanism that facilitates third parties to challenge or appeal decisions made by statutory authorities with responsibility for the administration of land-use planning;
2. a body established to oversee the implementation of planning regulation by local authorities;
3. an appeals board, for consistency with national planning policy.³⁸

Ireland has constituted an independent statutory body to determine appeals on planning decisions³⁹ and to ensure that the planning system is independent, fair, impartial and open.

In other European countries, similar provisions for consultative arrangements are used at plan-making stages but plans thus adopted are not open to appeal. Some limited opportunities are provided to third parties to object to a planning

37 Department of Housing, Local Government and Heritage, 'National Policy on Architecture – Places for People', 2022.

38 OECD, 'Land use planning systems in the OECD', 2017.

39 Named An Bord Pleanála at the time of writing, but subject to change based on a published Planning and Development Bill 2023.

application at local authority level, but the right to appeal is generally, throughout Europe, very limited and, where available, is limited to parties who are directly adversely affected by the proposed development.

In Ireland, planning decisions made at any stage, from initiation of plan-making to decisions in individual cases, can be appealed. In addition, there is a legal challenge route available (judicial review) that is evolving as an additional appeal mechanism beyond that of the established appeals body. The basis for legal challenges, heretofore confined to judicial oversight of procedure and the proper exercise of due process, has moved to include the exercise of judgement on matters of technical interpretation. There has been a notable increase in judicial review cases since 2019. In 2022 95 legal challenges were taken against decisions made by An Bord Pleanála. The same number of cases were taken in 2021.⁴⁰

Overall regulatory frameworks for planning vary widely across Europe. They range from no defined national planning strategy, through strategies determined politically on election by incoming administrations, to the Irish example of tight control of elected bodies, including local authorities and other bodies.

The Office of the Planning Regulator was established in April 2019 on foot of recommendations made by the Tribunal of Inquiry into Certain Planning Matters and Payments ('the Mahon Tribunal'). It plays a critical role; its primary purpose is intended to be preventing corruption and maintaining transparency in the planning system. The OPR is also empowered to examine complaints received about a local authority, related to the systems and procedures the authority uses when performing its planning function.

The Act⁴¹ establishing the OPR states: *'There shall be appointed in accordance with section 31W a chief executive of the Office, to be known as the Planning Regulator, who shall be a corporation sole with perpetual succession and an official seal and with power...'* This places the Planning Regulator, on their own, with unique and significant powers and responsibilities, which is not in accordance with good-governance principles.

By contrast, and for example, the governance arrangement for another regulator, the Approved Housing Bodies Regulatory Authority, provides for the board of that authority to act as the regulator.⁴² Furthermore, at the time of writing the Planning

and Development Bill 2023 proposes changes and reforms of the planning appeals board with *'a new organisational structure the principal objective of which is to ensure that the [appeals body's] decisions are made with independence, impartiality and integrity'*.⁴³

As the OPR is currently constituted, the regulator, as well as having important powers and responsibilities, is relatively isolated and unsupported in the exercise of their functions, judgements and discretionary interventions. This is contrast with those for the equivalent office-holder in the appeals body and in conflict with principles of good governance generally. The Commission's concern on this matter is purely organisational; it has no relation to the current operation of the OPR or any individual appointed to or involved in it.

As a general point, the Commission observed in its research that independent review and reporting of the operation and effectiveness of the planning system, across all its aspects, are lacking. The provision of structured reporting analysing the efficiency and effectiveness of the planning system would provide a necessary focus on shortcomings at early stages. The use of international comparators, with data provided on timelines, quantum, including pace of delivering housing, for example, in comparable and representative geographic locations would greatly add to the value of such exercises.

3.8.2 Analysis

The planning system in Ireland, uniquely in Europe, provides an extensive appeals procedure. The Irish system, arguably the most open system of public administration where all files, processes and decisions are effectively fully accessible, is nonetheless one of the most challenged. There is provision for public participation at all stages of the planning process, from inception of planning policy, drafting of guidance and policy documents, the cascading levels of plans from national to local, down to development management itself.

Despite all this, a planning application diligently assembled to comply with all statutory provisions and plans can be set at nought on foot of a third-party notice of appeal. This contrasts with planning administration generally in other European countries – with exceptions in the case of unique circumstances – whereby it is possible to commence development immediately on receipt of the necessary permit from the planning authority.

40 OPR, 'Annual Overview of the Planning System 2022', 2022.

41 Planning and Development (Amendment) Act 2018.

42 Housing (Regulation of Approved Housing Bodies) Act 2019.

43 Planning and Development Bill 2023.

If any appeal on any grounds from any person against any individual planning decision is allowed in the early-stage plan-assembly process, the public interest is undermined. The threat of appeal at a late stage is bound to discourage developers from taking the trouble to assemble a planning application. Late-stage objection to developments has become the main contributor to the increasing complexity of planning. It results in long processing times for applications and appeals alike. In typical housing programmes, planning is transforming into a legal process in which the planning stage now takes more time than it takes to build the homes.

Good planning involves the collaborative assembly of measures to ensure good outcomes for people and place. The expertise and resources currently consumed in safeguarding against legal challenge would be far better deployed in developing forward plans. Appeals should be confined to developments of significance. Forward planning should be resourced to present plans with visualisations and modelling of the shape, form and impact of future development in an understandable way. Planning resources should be used primarily to plan, inject certainty into the planning process and shorten timelines by minimising appeals. Such outcomes are clearly preferable to deliver more rapidly both homes and high-quality places for people to live.

There is a case to be made to align the Irish planning system more closely with the wider European norm to affect a balance between participation opportunities during plan-making (the strategic direction and place-forming stage) and the use of third-party appeal against individual application decisions that must, in every case, adhere to the principles in adopted plans.

A rebalancing of the obligations in the preparation of plans, and adherence to the provisions of published plans in this context, could enable reallocation of resources to drive improvements in consultation processes. This could enable the use of visualisations more and reduce the use of maps. It would ensure that planning becomes an enabler for better places, influencing development in the round; and is not solely about control.

Over the course of its work, the Commission undertook consultations with a series of stakeholders, including homebuilder surveys and case-study interviews. The complexity, lack of certainty and timeline for achieving planning consent were identified as key constraints to delivering residential development. The *National Planning Framework*, published in 2018 and currently being reviewed, was developed and introduced at a time when statutory processes were less developed than they are at the time of

writing. The legislation was drafted to promote proper planning and facilitate development.

In recent times, the facilitation of development has been overtaken by a focus on regulating development to the point of making the planning process a complex, costly and legally fraught one that planning consultants, lawyers and those in planning authorities are finding more and more difficult to navigate.

The Commission is of the view that, for the pace and quantum of delivery to increase, all stages of the planning process must be made more accessible and certain for both stakeholders and members of the public. Policy legislation needs to provide for the means whereby development can be facilitated as well as regulated.

Analysis of the planning consent process and timelines for medium- to large-scale residential developments identified significant delays and an upsurge in legal challenges to the approval of housing developments on lands zoned for residential development.

The Housing Commission, in fulfilling its terms of reference regarding the most effective delivery of housing, emphasises the need for more effective and earlier participation in the planning process. This is to enhance community ownership and understanding of planning policy objectives, and to lessen the need to appeal. It may result in fewer objections and legal challenges to project proposals, even though such enhanced participation in the planning process might also lead to longer timelines for the development of policy, and the pre-planning stages for projects.

Due to experience of delays in processing appeals, initiatives to move appeals on planning to earlier stages of plan formation, must be a significant element of any solution. In the circumstances, a review, by way of a detailed comparative analysis of planning in comparable European states, is warranted.

The existing system, facilitating challenges at all points of plan-making, and thereafter against development judged to be in compliance with adopted plans, must be capable of better balance. Where a development is in line with the national, regional and county plans, there should be a presumption that planning consent will be issued.

3.8.3 Recommendation & Actions

Recommendation #12:

Promote earlier and more effective participation by the public in the plan-making process, that is, in the formulation and inception stages of planning policy, including land-use zoning, and drafting of guidance and policy documents.

Actions

1. Public communication and information on planning policy
 - a. Develop an improved national strategy on communicating and informing the public on the significance of planning policy. This should include increasing, with the help of visual aids, public appreciation of the hierarchy of plans and the implications for communities of policies on densities and house types. Communicate the implications and benefits of policy measures to current and future generations in all communities.
 - b. Clarify the roles and interests of all involved in the planning process.
2. National Planning Policy guidelines
 - a. Provide guidance and support to the public on how best to engage in the process.
 - b. Engage actively with the public and stakeholders during the preparation of national planning policy guidelines introduced as legislative requirements.
3. Plan-making process
 - a. Engage actively with the public and stakeholders before preparing development and local area plans. Support measures for participation at the 'Issues Paper' stage of the plan-making process. Set out the means to identify and understand the views of future residents of communities. A statement of community involvement should be prepared for all statutory plans.
 - b. Ensure that development plans take full account of environmental, social and governance issues.
 - c. Make sure that milestones related to infrastructure delivery are evidence-based and consistent with the strategy of the Housing Delivery Oversight Executive.
 - d. Ensure that required infrastructure is provided in the lifetime of the development plan to build public confidence in the milestones set out in development plans.
 - e. Introduce a 'call for sites' at the 'Issues Paper' stage of development plans, whereby landowners are invited to submit details of lands that are likely to be brought forward for development during the lifetime of the development plan.
4. Post-development plan stage
 - a. Engage proactively with communities, particularly in areas of high targeted growth, to help increase understanding of what development objectives mean for their community.
 - b. Produce regular development plan progress reports to address public concerns and demonstrate the honouring of commitments.
5. Pre-planning application stage
 - a. Formalise structured engagement and recording of consultation with those proposing development. Encourage applicants to produce early-stage outline development options for consideration by the Planning Authority to promote engagement with statutory plan requirements and encourage the submission of compliant proposals.
 - b. Provide for additional and specific local authority resources for pre-planning engagement, if necessary and appropriate for developments of significant scale. This could be supported by the introduction of an appropriate fee.
 - c. Promote good-practice guidelines on public consultation at the pre-planning stage. Develop template exemplars for recording proposers' approach to public consultation that thereafter should form part of the pre-planning documentation required, remaining on file for decision and open for third-party inspection.

6. Application stage

- a. Introduce an application validation service to reduce the number of planning applications currently being invalidated.
- b. Promote the use of website pages for planning applications above a defined scale in the interest of full digital engagement.

7. Planning appeals

- a. Review the existing appeal system, by way of a detailed comparative analysis of planning in comparable European states.

8. Office of the Planning Regulator

- a. Address the governance arrangements of the Office of the Planning Regulator. A Board or group of commissioners should be established to be the OPR regulator.

3.9 Infrastructure

3.9.1 Background & Context

Consultation was undertaken with homebuilders on their experience of delivering private sector housing. This identified concerns about the delays in delivering key infrastructure. Strategic infrastructure costs were highly ranked across all area types as factors affecting the viability of housing development schemes. Moreover, common to all narrative questions on 'Strategic Coordination and Delivery of Infrastructure' were concerns raised about delays in key services such as those of Uisce Éireann and the ESB.

Growing countries require greater focus on capital formation for infrastructure. This should inform a step-change in approach to infrastructure provision in Ireland in the face of likely strong growth over the coming decades. Infrastructure provision needs to be prioritised and aligned with long-term assessments of housing requirement.

Adherence to plan-led development is achievable only if the delivery of essential infrastructure to land zoned in development plans is coordinated and achieved in a timely manner. Absence of essential enabling infrastructure on unserved lands presents a critical challenge to the success of strategic housing developments.

Irish utilities follow a plan-led approach, typically in line with the *National Planning Framework*, *National Development Plan* and local area plans. Each utility works independently, focusing on its own objectives under its own regulatory approved model, while supporting *Project Ireland 2040*.⁴⁴

At present, the delivery of utility infrastructure is typically started in tandem with housing infrastructure; the regulatory model limits the provision of infrastructure in advance.

The role and influence of the Commission for the Regulation of Utilities (CRU)

Utility providers in Ireland are regulated by the Commission for the Regulation of Utilities (CRU). Their ability to invest is guided and limited by the principles determined by the CRU.

The CRU recently undertook a public consultation in relation to 'First Mover Disadvantage' in the context of Uisce Éireann connection charges, an issue that has been widely raised as a constraint to the delivery of housing. Where land has been zoned for development, but the necessary infrastructure or necessary capacity is not in place, the first developer to take steps to develop their land triggers a requirement for new network infrastructure and, generally, is required to incur the costs associated with upgrading or extending the infrastructure. This benefits not only the first-mover developer (FM developer) but also all others who own land in the vicinity. FM disadvantage arises if the FM developer is required to fund new or upgraded networks that bring wider benefits in the future. Other developers who delay their developments may benefit from the assets put in place, at the cost of the FM developer.

Some of the options considered by the CRU in the recent public consultation relating to Uisce Éireann were:

- 1. Shared Quotable Rebate (SQR):** This is a 'shared network charge and rebate' model. If network infrastructure funded by an FM developer is used by Uisce Éireann in providing future connections, the FM developer would be entitled to receive a rebate for funding the assets. This rebate would be funded through an additional 'shared existing infrastructure charge', levied on all subsequent customers that use the FM developer-funded network infrastructure assets. The FM developer, however, must still fund the entire upfront cost and will receive a rebate only if a connection is made by others within a stipulated timeframe.
- 2. Reasonable Cost Reduction (RCR):** This would involve applying a reduction to the connection charge of the FM developer where that developer pays for network infrastructure that can be used by subsequent connections. The cost to Uisce Éireann would be recovered through the network infrastructure contribution collected as part of the standard connection

44 Government of Ireland, 'Project Ireland 2040', 2021.

charge paid by future connections. This was the proposal supported by developers generally.

The CRU opted for the SQR model, whereby developers who bring forward zoned land for development are asked to carry the cost of funding the necessary infrastructure that will ultimately benefit their competitors until they receive a rebate from Uisce Éireann. The influence of this measure on decisions to commence housing will require those opening development of lands for housing delivery to carry the full cost of financing their initiative in providing infrastructure. This is until the capacity of the new system is satisfied by the completion of the housing development and they are then entitled to be reimbursed. The constraint, and even outright disincentive to commence that this implies is clear, as well as the risk for the viability of the whole project.

Water and wastewater infrastructure

Successful, timely delivery of water and wastewater infrastructure and services by Uisce Éireann depends on the effective operation of the Irish planning system. Currently a single source, the River Liffey, supplies 85% of the public water supply requirements for 1.7 million people in the Greater Dublin Area (GDA).

This over-dependence on one source, combined with limited supply, means that Uisce Éireann lacks capacity for growth and the resilience to provide the level of service Irish citizens should expect from water supplies in a modern European economy. This growing water supply deficit and lack of supply resilience is not sustainable.

Uisce Éireann developed a five-year investment plan for water and wastewater infrastructure, titled 'Capital Investment Plan, 2020-2024'. It identified three key enablers for delivering this plan more effectively:

- The prioritisation of key enabling strategic infrastructure that will support economic growth, including the delivery of housing.
- Uisce Éireann to be given appropriate powers to complete its functions, particularly compulsory purchase orders, taking-in-charge and exempted developments.
- The current planning process requires Uisce Éireann to apply for different licences to deliver different infrastructure processes. These licences must be applied for sequentially rather than concurrently, resulting in delays to the process. One lead authority coordinating the consenting process for joint infrastructure would ensure concurrent and consistent

decision-making and accelerate delivery of key infrastructure.⁴⁵

Case study:

Greater Dublin Drainage Project

The Greater Dublin Drainage Project (GDD) involves the development of a new regional wastewater treatment facility and associated infrastructure to serve the growing population of north Dublin and parts of the surrounding counties of Kildare and Meath. Currently, 1.7 million people, or 40% of Ireland's population, live and work in the GDA, and most are served by the Greater Dublin wastewater network. Uisce Éireann has estimated that, by 2040, a further 450,000 people will join them. Continued population growth and increased commercial activity means that the volume of wastewater generated in Greater Dublin is projected to increase by more than 50% over the next 30 years.

The GDD project is identified as a critical project in the Eastern and Midlands Regional Spatial and Economic Strategy 2019-2031, a strategic policy objective of the Fingal Development Plan 2023-2029 and the Dublin City Development Plan 2022-2028.

The GDD project is vital to ensure that the wastewater will continue to be treated safely in compliance with EU and national wastewater treatment regulations.

Transport infrastructure

The priority now placed on higher-density developments improves sustainable land-use practices, but only through published public transport and sustainable travel plans. Measures in plans for sustainable travel can increase more sustainable housing densities by reducing land-hungry car parking requirements. These in turn, raise opportunities for better design of places and neighbourhoods. Such plans must be configured in phases related to projected travel demand. Planning applications can be and have been refused on grounds of the inadequate capacity of public transport for projected populations, even in face of the capacity for expansion when that population arrives.

Ireland is unique in having detailed census data on residency/workplace location, enabling real synergy for best integrated transport and land-use practice between planning authorities,

45 Uisce Éireann, 'Water Supply Project – Eastern and Midlands Region'.

transport planners (e.g. the National Transport Authority) and transport providers alike. Active coordination around land-use zoning, through integrated transport strategies, is essential as a core part of published plans when such zoning is being established. These plans must establish foundations for sustainable carbon-reduction climate-change-oriented measures upon which applications can be assessed.

3.9.2 Analysis

While utility infrastructure is largely programmed, housing developments mainly depend on local housing requirements. The requirement for utility providers to have a ‘customer’ before commencing delivery creates a model which supports only the delivery of local infrastructure specific to the housing development. It does not always support proactive delivery of strategic and essential infrastructure in a timely fashion.

In cases where the required infrastructure or capacity is not in place, the developer must apply for and pay for utility infrastructure to be installed. This typically happens around the same time as the developer is ready to go to the site. Requiring infrastructure provision as part of the function of the housing provider means that the cost is carried by that provider and is then passed on to the purchaser and included in the house price.

It should be noted that utility infrastructure requires a much longer lead time than housing itself, so these holding costs must be included. Several countries have mechanisms to ensure that infrastructure is provided in advance of development. France has a tax on employment in larger towns and cities which is hypothecated to transport infrastructure. Early infrastructure provision takes place in the Netherlands through municipal land purchase and sale, while ‘Impact Fees’ in the USA, akin to the Local Infrastructure Housing Activation Fund, ensure timely delivery of the relevant infrastructure.

Advance delivery of infrastructure will reduce constraints to the development of housing and introduce greater certainty in terms of output timelines. There will also be greater certainty on the costs of infrastructure provision, which will feed into economic sustainability assessments on the zoning of lands for development plans. The Commission is of the view that adherence to plan-led development is achievable only if the delivery of essential infrastructure to land zoned in development plans is coordinated and achieved in a timely manner. Absence of essential enabling infrastructure on unserviced lands presents a critical challenge for the success of large-scale housing developments.

3.9.3 Recommendations & Actions

Recommendation #13:

Support the delivery of enabling infrastructure in advance of housing construction. In addition, the Government should ensure that the Commission for Regulation of Utilities recognises the need to reconfigure operational practices to support the delivery of advanced infrastructure for housing.

- Actions
1. Configure and align the capital investment programmes of utility providers with local authority development plan objectives for housing, and with capital investment programmes of other utility providers.
 2. The Housing Delivery Oversight Executive should be tasked with liaison between regulators and the utility companies, to secure sequential priorities for investment in housing infrastructure aligned with objectives in the *National Planning Framework* and the *National Development Plan*.
 3. Consider replicating the Housing Infrastructure Services Company (HISCo) initiative to invest in and provide infrastructure in advance of development.
 4. Establish and maintain an initiative similar to the Local Infrastructure Housing Activation Fund (LIHAF) to support and further enable the delivery of infrastructure.
 5. Review the current cost and financing model for the provision of infrastructure. The cost of infrastructure provision should be more equitably financed so that essential costs are shared by society rather than being paid for solely by home purchasers.

These measures, taken together, emphasise that the cost and coordination of infrastructure is a key consideration in delivering housing.



Recommendation #14:

Take urgent action to ensure delivery of the Greater Dublin Drainage Project by 2030 to meet the needs of current and future housing supply.

Actions

1. Establish immediately a taskforce to oversee the delivery of the Greater Dublin Drainage Project.
2. Provide all resources and support needed for Uisce Éireann to deliver this project.
3. Ensure that a whole-of-government approach is taken to the delivery of this critical project.

3.10 Water Supply Project – Eastern and Midlands Region

3.10.1 Background & Context

The Water Services Policy Statement 2018-2025 outlines the Government's expectations for the delivery and development of water and wastewater services in the years ahead against the strategic objective themes of Quality, Conservation and Future Proofing. This policy statement states at the outset: 'Access to safe, reliable and high-quality drinking water is perhaps often taken for granted but it is essential to our daily lives, is one of the foundation stones on which our society and our economy is built and is a key determinant of our current wellbeing and our future prospects.'

The Water Supply Project – Eastern and Midlands Region (WSP-EMR) is a strategic national project, prioritised in the *National Planning Framework* and *National Development Plan*, to meet future water supply needs for housing, commercial and industrial growth. At the time of writing, the Eastern and Midlands region comprises 40% of Ireland's population.⁴⁶ This project, which will be delivered by Uisce Éireann, marks the first major new source' of water supply infrastructure for the region in over 60 years.

The WSP-EMR project aims to provide a safe, secure and sustainable water source to support the growing population and economy, including housing demands. Additionally, it will enhance

resilience against the effects of climate change by diversifying water supply sources.

3.10.2 Analysis

The precarious nature of the water supply to the Eastern and Midland region is of major concern.

The key details of the WSP-EMR project are:

- a. Source of water:** The proposed project involves abstraction of water from the lower River Shannon at Parteen Basin in Co. Tipperary, downstream of Lough Derg. The water will then be treated nearby at Birdhill, Co. Tipperary.
- b. Pipeline:** The treated water will be piped through a 170km pipeline spanning counties Tipperary, Offaly and Kildare. The pipeline will terminate at a reservoir in Peamount, Co. Dublin, where it connects to the Greater Dublin network.
- c. Capacity and scope:** The project has the capacity to supply communities in the Midlands (between Birdhill and Peamount) and other locations outside the Greater Dublin Area in the east of the country. Offtake locations along the supply main will facilitate future connections to serve these communities.
- d. Challenges:** Currently, the River Liffey serves as the main source, supplying 85% of the water requirements for 1.7 million people in the GDA. This is not sustainable. By 2044, Uisce Éireann estimates, the region will need 34% more water despite ambitious efforts to reduce leakage.

The National Development Plan estimated that this project would be delivered by 2030. It is clearly running behind the programme and there is significant lack of progress in its delivery. At this point, a clear delivery deadline of 2031 should be set. Emergency plans will also need to be put in place in the interim in case of major disruption of water supply in the region that this project serves.

In summary, the Water Supply Project – Eastern and Midlands Region is a critical initiative to ensure a reliable water supply for the region's present and future needs.

This project needs to be delivered as a matter of absolute urgency. The water supply in the Eastern and Midland region that this water supply project will serve are at high risk of major water shortages until the project is completed.

46 National Development Plan 2021-2030.

3.10.3 Recommendation & Actions

Recommendation #15:

Take urgent action to ensure delivery of the critical Water Supply Project for the Eastern and Midlands Region by 2031 to meet the needs of current and future housing supply, increase the resilience of the water supply system and avoid the risk of major water shortages.

Actions

- 1. Develop and have emergency plans put in place to prevent a major disruption in water supply to this region. These emergency plans should remain in place until this project is completed.
- 2. Set up a government taskforce to oversee the delivery of this critical water supply project and provide a progress update to Cabinet on a quarterly basis.
- 3. Provide the resources and support required for Uisce Éireann to deliver this project.
- 4. Establish and appropriately resource an effective public consultation, information and engagement process for this purpose.

3.11 Economic Sustainability of the Homebuilding Sector

3.11.1 Background & Context

Tighter regulation of planning and the emphasis on compact, high-density, brownfield and in-fill development has introduced a new viability dimension to housing development in Ireland. It is internationally accepted that constraints on land availability cause land prices to rise. It is also accepted that the construction costs for apartments are considerably higher than those for traditional housing (see Section 4). Construction costs are also greater on brownfield and infill sites than on greenfield sites.

Environmentally sustainable planning policy is essential to meet Ireland's obligations on climate change as well as to ensure good air and water quality to Ireland's citizens. This is recognised abroad; in February 2024, the UK government announced that every council in England must prioritise brownfield development for the construction of homebuilding which is part of its long-term plan for housing.⁴⁷ However, social and economic sustainability must be equally considered alongside environmental sustainability. Taking account of policy on environmentally sustainable planning alone can raise viability issues in delivering housing requirement targets.

The continuing issues with housing supply, manifest in non-commencement of granted permissions, are undermining the social and economic sustainability of the State. They reduce both quality of life and investment in Ireland. These problems are frequently described as 'market failure', However, these problems would be more accurately described as failures in policy development. This is whereby the potential impacts on viability of the costs of necessary environmental sustainability initiatives are recognised but not the other tenets of social and economic sustainability.

47 The Department for Levelling Up, Housing and Communities, 'Build on brownfield now, Gove tells underperforming councils', 2024.

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Case study:

Dublin Housing Supply & Coordination Taskforce

Using the Dublin Housing Supply & Coordination Taskforce (DHSCT) data, the Housing Commission found that just over 90% of all non-commenced homes in Dublin are apartments. Table 3.3 shows the number of houses and apartment dwellings non-commenced at quarter 4 2022 in the 4 Dublin local authorities.

Table 3.3: No. of dwellings permitted but not commenced at Q4 2022

	Houses	Apartments	Total
Dublin City Council	212	21,754	21,966
Dún-Laoghaire Rathdown County Council	873	10,448	11,321
South Dublin County Council	1,879	4,659	6,538
Fingal County Council	1,613	6,963	8,576
Total	4,577	43,824	48,401

The Strategic Housing Development (SHD) process was introduced in 2017 to expedite the planning application process and accelerate delivery of large housing and student accommodation developments. In Dublin, 43,910 homes came under the SHD process. Of this total, 3,173 homes have been built to date and 10,299 homes are currently under construction (see Table 3.4). This represents 30.7% of the overall number of homes granted permission under the SHD process. However, Housing Commission analysis shows that 24 permitted SHDs in Dublin and 16 permitted SHDs in the rest of Ireland are subject to judicial review and comprise 28% and 23% respectively of total unimplemented SHD planning permissions.

Table 3.4: Breakdown of Strategic Housing Development data, Q4 2022.

Local Authority	Total no. of permitted homes	Total no. of homes built to date	Total no. of homes under construction	Total permitted but not commenced
Dublin City Council	17,243	886	2,620	13,737
Dún Laoghaire-Rathdown County Council	10,990	442	3,361	7,187
South Dublin County Council	8,719	1,292	3,506	3,921
Fingal County Council	6,958	553	812	5,593
Total	43,910	3,175	10,299	30,438

Source: CSO, 'BHQ05 - Planning Permissions Granted for New Houses and Apartments'.

3.11.2 Analysis

The Commission recognises that economic sustainability is a key pillar of planning policy, alongside environmental and social sustainability. A lack of focus on economic issues associated with land supply and housing output has resulted in cyclical peaks and troughs in delivery of housing and unsustainable costs associated with residential land and dwellings.

The Commission has undertaken analysis on unimplemented planning permissions, including the high percentage of permitted homes that have not yet commenced. Research has found 'a structural problem with the viability of high-density developments', because of the proportion of planning permissions non-commenced, particularly the proportion of non-commenced apartment developments (Department of Finance, 2023). Viability issues around rising interest rates, the cost of high-density construction and the prevalence of judicial reviews in apartment construction are identified as the key barriers to effective implementation of planning priorities.

Over the course of its work, the Commission has identified a serious issue in relation to uncommenced planning permissions. There has been a substantial increase in the number of residential dwellings for which planning permission

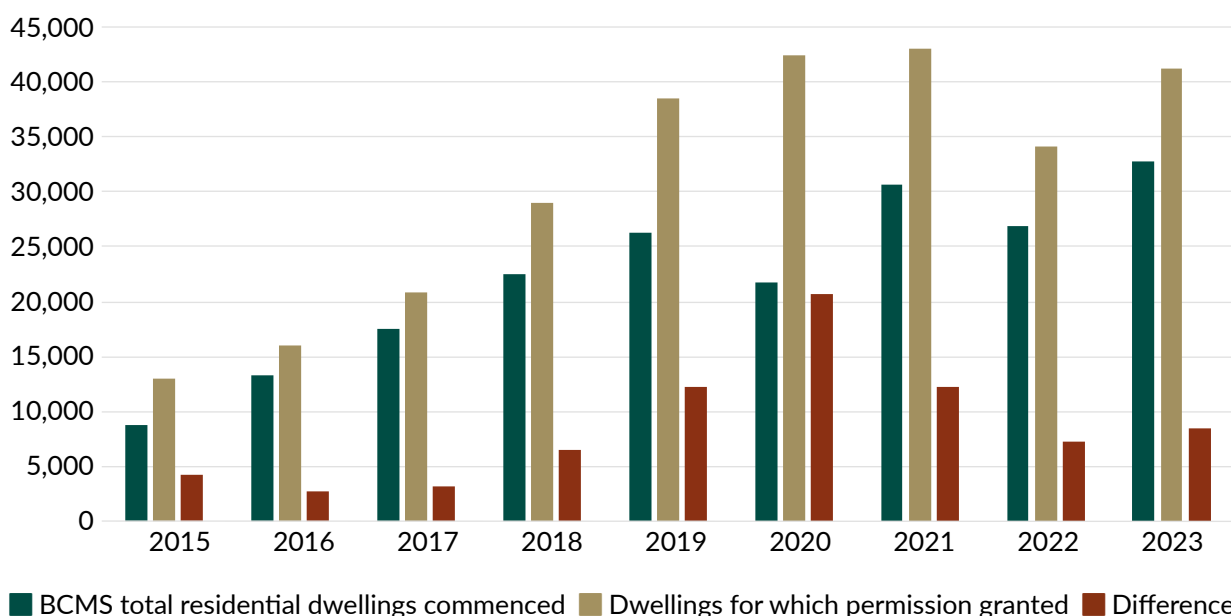
has been granted in recent years. These rose from 13,044 in 2015 to reach 42,991 in 2021. Most recently, 41,225 residential unit planning permissions were granted in 2023. (see Figure 3.2).

However, according to data from the DHLGH, the total number of residential dwellings commenced has risen from 8,747 in 2015, to reach 32,801 in 2023. Over the same period, the difference between the number of dwellings for which planning permission has been granted, and the total number of dwellings commenced, has averaged 8,600 per annum.

The Department of Finance estimated that, at the end of 2022, approximately 100,000 dwellings with planning permission had not yet commenced construction. Leinster (excluding Dublin) accounted for 27,000 homes, Munster for 16,000, and Connacht plus counties Cavan, Donegal and Monaghan for 7,000 homes combined. The remaining 50,000 homes were in Dublin.⁴⁸

The lag between permissions and completions has been exacerbated by increased financing costs and falling values in recent times, particularly for apartments. In this context, analysis undertaken on the Kenny Report (1973) and the report from Indecon (2022) shows that they specifically acknowledge the influence of taxes or charges on the cost of housing. The latter report, on land value

Figure 3.2: Residential Dwellings Commenced and Dwellings for which Planning Permission Granted



Source: DHLGH, Construction Activity Statistics⁴⁹, 2024 & CSO, Planning Permissions Granted for New Houses and Apartments⁵⁰, 2024

⁴⁸ See: Dept. of Finance, 'Economic Insights', 2023.

⁴⁹ BCMS Total residential units commenced – all units.

⁵⁰ BHQ17 – Units for which permission granted.

capture tools, found that these may adversely affect the availability of a sustainable supply of economically viable residential development land. A survey of housebuilders and subsequent case-study interviews pointed to factors affecting the viability of housing development, including strategic infrastructure costs, land purchase costs, and the planning and consent process.

Economic sustainability should be integrated into the development of national, regional and local planning policy objectives, and in the implementation of policy, including zoning of land and viability assessment at local level. This will support a steady and sustainable housing output to meet housing requirements and help deliver housing at affordable levels.

3.11.2 Recommendation & Actions

Recommendation #16:

Make economic sustainability a core tenet of policy objectives for delivering public and private sector housing, including:

- a. economic policy development to support viability of environmentally and socially sustainable housing development, with appropriately measured Land Value Capture tools;
- b. consideration of viability at a local level during the planning process, in particular during the land zoning process.

Actions

1. Include in development plans costed infrastructure delivery with viability assessments of the type of development proposed. In the case of brownfield sites, this should include consideration of additional costs as appropriate, such as site remediation and relocation plans for existing activities.

2. Employ viability appraisals to:

- a. include, at a minimum, the quantum of zoned land required to service the housing requirements established through the Housing Need and Demand Appraisal for each location;
 - b. determine an appropriate 'conversion rate' but do not assume that a high proportion of the land zoned will be developed (note: 'conversion rate' refers to the observed rate at which zoned serviced land is developed for housing in each area – in the development plan timespan);
 - c. ensure that there is an appropriate level of reserve of zoned serviced land ('headroom') to deliver the housing requirements and to minimise the inherent dangers arising from restrictions of supply of an essential commodity.
3. Appraise at regional level the costs and wider benefits of investment to deliver key policy objectives related to population and economic growth, and assess the most appropriate methods of funding to ensure a sustainable and planned level of delivery of public and private sector housing over the plan period.
 4. Review overall provisions for taxation and financial incentives to deliver housing on strategic sites, including urban centres, brownfield sites and existing and proposed strategic transport corridors, recognising that these locations are typically subject to complex and exceptional burdens on development. Review the application of measures available to the State such as:
 - a. releasing from levies/contributions/tax for housing within specific areas – for example, brownfield or regeneration areas – to incentivise unlocking more complex and challenging sites;
 - b. putting in place measures that recognise the cost for businesses to relocate from strategic brownfield sites; for example, it will be necessary to accommodate all associated costs by means of tax incentives appropriately configured for those purposes as well as appropriate land-use zoning elsewhere to facilitate the relocation.

3.12 Land Value Sharing

3.12.1 Background & Context

The *Programme for Government 2020* includes a commitment to review how community gain can be captured through a review of the development contribution process, rezoning/designation systems, and planning permission conditions.

The OECD, in its 'Global Compendium of Land Value Capture Practices', has developed the OECD-Lincoln Taxonomy of Land Value Capture Instruments⁵¹ to enable meaningful cross-country comparisons. The range of definitions is useful in that it illustrates both this diversity and the common intention of adding to public benefit that underlies all these systems.

These definitions are as follows:

- **Infrastructure levy:** a tax or fee levied on landowners possessing land that has gained in value due to infrastructure investment initiated by the government.
- **Developer obligations:** a cash or in-kind payment designed to defray the costs of new or additional public infrastructure and services that a private development requires. (The provisions of 'Part V' for a proportion of homes provided is one such example here.)
- **Charges for development rights:** a cash or in-kind contribution payable in exchange for development rights or additional development potential above a set baseline.
- **Land readjustment:** the practice of pooling fragmented land parcels for joint development, with owners transferring a portion of their land for public use to capture value increments and cover development costs.
- **Strategic land management:** the practice of governments actively taking part in buying, developing, selling and leasing land to advance public needs and recoup value increments borne through public action.⁵²

Land Value Capture (LVC) instruments are diverse and tightly integrated with broader legislative frameworks, planning practices and property rights that are unique to countries or regions. The taxonomy cuts through the heterogeneous definitions and uses of instruments across countries and identifies a common set of underlying characteristics for each instrument.

3.12.2 Analysis

In Ireland, internationally accepted LVC instruments are already in operation through various means, including:

- **Infrastructure Levies:** 'Section 48' contributions (aka 'Development Levies') and 'Section 49' (aka 'Special Development Levies'), are contributions for identified special or exceptional infrastructure (e.g. light rail, roads, exceptional water services investment, etc).
- **Developer Obligations:** these include requirements as in 'Part V', with obligations to provide a proportion of social and affordable housing and reserve land for schools, community and amenity provision.
- **Capital Gains Tax:** on uplift in value from acquisition to disposal (current rate is 33%).
- **Residential Zoned Land Tax:** to address activation of land on which planning consents are granted but without commencement, to accelerate housing delivery.

As is evident from the above, a considerable proportion of the increase in value arising from rezoning and/or the servicing of development land is captured pursuant to existing measures, specifically through liability for Capital Gains Tax.

Table 3.5: Current Land Value Capture (LVC) or Land Value Sharing (LVS) measures in Ireland

LVC and LVS measures	Yield for the State
Part V obligations	20% of the land to be transferred to local authority at existing use value
Capital Gains Tax	33% of uplift in value from acquisition to disposal
Development Levies	4% (approx.) of fully developed value
RZLT	3% per annum of market value of land until development commencement

The Housing Commission supports the principle of balanced and proportionate land value sharing whereby the State receives a share of the benefits it bestows on landowners through improved land-use designation. The resulting returns for landowners, gained solely through advantages of ownership, are recognised measures used internationally, are specifically identified in the OECD principles cited above, and some are already in use in the State.

⁵¹ OECD and Lincoln Institute of Land Policy, 'Global Compendium of Land Value Capture Policies', 2022.

⁵² Ibid.

The Commission is of the view that a set of core principles, under which land value sharing mechanisms are implemented should be applied. In doing so, a balance is struck between securing for the State a proportionate share of the benefit arising from the zoning and servicing of land without discouraging development of much-needed housing. Care must be exercised to avoid risking resistance by landowners to the rezoning of their land if they believe this will leave them with no choice but to sell the land.

The Housing Commission is of the view that new or additional Land Value Sharing measures are most appropriate to be considered in the context of a complete reform of Land Value Sharing. Proposals in 2023 for the introduction of a scheme for Land Value Sharing Tax makes the granting of planning permissions the mechanism that triggers liability for the tax as a condition of permission. This would be part of the process of planning consent, and therefore payable by the party proposing to deliver housing. The uplift in value proposed at that time to be captured was 30% of the uplift in value of the land arising from zoning.

The sole use of the planning code to capture that additional value as a condition of a grant of permission raises certain issues:

- a. It means that it is not the landowner at the time of zoning who pays the tax, but rather the owner at the time of application who, consequently, will pass on that additional cost to home purchasers.
- b. It places obligation on planning authorities to calculate the applicable tax and add a condition to the planning permission. This means planning authorities must equip themselves with those qualified to do so by reallocating staff resources that are required for development planning and assessment of development proposals.

Should it be decided that a form of Land Value Sharing tax is considered appropriate and compliant with the core principles outlined by the Commission (see below), then the methods of collection need to be suitably configured.

Land Value Sharing, being essentially a form of capital gains, is preferably configured as capital gains tax. It is then best to have it calculated, administered and collected by the Revenue Commissioners, rather than setting up another process to be added to the already widely acknowledged over-complicated planning processes. Interpretation of calculations of obligations under 'Part V', the value of contribution proportion of development for social and affordable housing, varies between planning

authorities. It can be the source of delay in compliance and impeding the sale of homes.

In that context of LVS tax being collected by the Revenue Commissioners, measures must be taken to ensure the allocation LVS taxation gains being exclusively provided to the relevant local authority to finance infrastructure necessary for the housing delivery.

Land Value Sharing Core Principles

Recommended core principles for the application of Land Value Sharing mechanisms, including any new or alternative taxes.

LVS measures must be viewed in the round, with parallel value recovery taxes, mechanisms and levies (CGT, Part V, development levies). This will support sustainable land-use designation. Appropriate transition arrangements for any new measures are essential to avoid derailing projects which have funding in place based on assumptions that do not include the new measures.

The principles to be applied include ensuring that:

1. aggregate measures are balanced and proportionate;
2. the measures are applied in a fair and transparent manner;
3. the measures apply to all landowners, including both private and public sectors;
4. any Land Value Sharing measures related to the zoning of the land involve a levy paid by the landowner thereby lessening costs to homebuyers;
5. transitional arrangements are appropriate and sufficiently measured;
6. the scarce and important skillsets required to assess planning applications are not diverted from that task;
7. any measure based on land valuation is operated by a central body with the requisite skills and resources to assess valuation, and an appropriate appeal procedure;
8. measures are applied consistently through the central body tasked to support local authorities by checking and approving the LVS measures being applied.

3.12.3 Recommendation & Actions

Recommendation #17:

Develop a set of principles on which a fair and efficient system of Land Value Sharing can be established.

Actions

1. Develop a set of core principles under which the aggregate of all Land Value Sharing measures are calculated and implemented in a fair and transparent manner, applicable equally to public and privately owned lands, having regard to the potential impact on the affordability of new housing. (Core principles developed by the Housing Commission are listed above.)
2. Levy Land Value Sharing mechanisms relating to zoning on the person who is the landowner at the time of the designation of the land for development. The levy should be payable at the date of disposal of the land, not at grant, or by condition of grant, of planning permission. This will reduce impacts on supply and viability and ensure minimum impact on house prices for home purchasers.
3. Consider using the Capital Gains Tax mechanisms to levy Land Value Sharing
4. Apply equitable arrangements for Land Value Sharing consistently for those providing housing delivery for both public and private sectors.
5. Require that appeals on valuations are made to a Land Value Sharing appeals executive, comprising planning and taxation skill resources.
6. Take account of the caution urged in the Indecon Report relating to the Land Value Sharing Tax proposal in relation to all Land Value Sharing mechanisms so that:
 - a. LVS commencement mechanisms are set at a nominated future date linked to the next cycle of development plans;
 - b. exemptions for existing zoned lands are included, provided that residential use is delivered by a specified deadline.
7. Review any anomalies identified by those involved in the delivery of housing and introduce amendments to eliminate any unfairness that might otherwise arise.

3.13 Finance

3.13.1 Background & Context

Housing output has been growing steadily in Ireland over recent years. It is estimated that around €8 billion of development finance was required to deliver the approximately 30,000 homes completed in 2022. This funding has come from a range of domestic and international sources. Such funding will need to increase further if Ireland's housing requirements are to be met in the medium term.

The total Exchequer funding available in 2023 was €4 billion, comprising capital funding of €2.6 billion and current funding of €1.4 billion. The capital provision was supplemented by Land Development Agency investment and Housing Finance Agency lending, resulting in an overall capital provision of €4.5 billion for 2023. The level of state funding committed for 2023 represents the highest level of public expenditure on housing in many years and is proportionally high in a European context.

The Department of Finance estimates that annual development financing of €13.5 billion will be required to produce 33,000 homes, which is the *Housing for All* annual target at the time of writing. Should the national target increase, as expected, that funding requirement will be substantially higher. Domestic financial institutions in Ireland can play a role in financing this increase in output, but there is limited competition following recent exits from the banking system and the system does not have the capacity or risk appetite to finance it in full at present.

The domestic banking sector, much reduced since the Global Financial Crisis and more recently by the departures of Ulster Bank and KBC, is constrained in its ability to substantially increase development lending capacity to meet the scale of funding laid out in the report. Given the more prudent lending practices of the sector and the tens of billions of euros in private capital needed in financing between now and 2030, most of this capital is likely to be foreign, selective and mobile.

3.13.2 Analysis

a. Sources of finance

The availability of appropriately priced and sustainable sources of finance is crucial for achieving a stable housing system over the medium term. The Commission has identified the scale of finance required to meet housing requirements over the coming decades. This analysis highlights the need for diverse sources of finance, including public and private finance, with a heavy reliance on international capital.

The key types of finance can be divided into three distinct parts, as illustrated in Figure 3.3:

1. Land/infrastructure to facilitate the development pipeline.
2. Development finance to fund construction.
3. Purchaser capital to buy the completed homes.

Each has its own risk characteristics and is provided by many different entities, both public and private.

The Housing Commission has built on the Department of Finance (2022) work on the drivers of cost and availability of finance for residential development.⁵³ The Government's 'National Economic Dialogue' (2023) conducts a long-term examination of the economy up to 2030. It recognises that 'the scale of the housing need means that the State is likely to only ever be a minority provider of development capital. Accordingly, the country needs the private market to invest tens of billions of Euro between now and 2030' (Government of Ireland, 2023).

Figure 3.3: Key sources of finance in the Irish housing market

Type of Finance	Land/Infrastructure To facilitate development pipeline	+	Development Finance To fund construction	+	Purchaser Capital To buy/own the completed dwellings
Commitment	Capital committed to hold three years of development land		Finance committed for fixed development period and then recycled		New capital raised/invested each year
Composition	Mainly equity funded but debt possible on sites with FPP		Equity (30-40%) in addition to land value for private developers Debt 60-70%		Equity + Debt <i>Funding mix will depend on the type of purchaser: state body, individual or institutional investor</i>
Source	State - State Lands - LA/LDA acquisition - ISIF (e.g. Pearl Residential Fund)		State - Direct procurement, e.g. local authorities, LDA - Indirect finance: HFA, HBFI, LDA, ISIF, NAMA, NDFA, etc.		State (acquisition/ownership) - Local authorities - AHBs (HFA funding) - LDA - Other
	Private - PLCs - Pillar banks - Non-bank lenders - Developer Balance Sheets - Capital markets - HNW/Family offices - Etc.		Private - Pillar banks - Non-bank lenders (alternative, specialist) - PLCs, REITs - Equity/Debt Capital Markets - Private Wealth - Other		Private Individuals - Owner occupiers - Buy-to-let investors - Private Institutional Investors - PRS/BTR - Other

Source: Housing Commission.

⁵³ Department of Finance, 'Project Emerald Report on the Drivers of Cost and Availability of Finance for Residential Development', 2022.

Sources of finance for land, development and purchase are diverse and are affected by factors such as the interest rate environment, the economic cycle, the regulatory environment, tax policy, the political climate and planning policy. The sometimes volatile nature of credit provision plays an important role in the cyclical nature of housing. Ireland has had painful experiences of this, most evidently in the collapse in housing construction, prices and the banking system in the aftermath of the Global Financial Crisis in 2008.

While Ireland was able to finance the building of c.90,000 homes at the peak of the housing cycle in 2006, this was funded by an unstable banking system that consisted of large amounts of volatile wholesale funding amid a weak regulatory system (Regling and Watson, 2010).⁵⁴ When funding markets dried up, banks were forced into a long period of deleveraging and recapitalisation, which had far-reaching consequences that are partly at the root of Ireland's housing undersupply.

The regulatory and supervisory system has been completely overhauled. The banking system is in a safer funding and capital position, but it is now much smaller (with several exits of foreign players recently), while the risk appetite for development lending is much lower than in the past. This necessitates a broad source of finance. As Figure 3.4 shows, development financing from the banking system remains exceptionally low compared to in the past. Debt finance for housing provided by the regular Irish banking system can grow in the future, but it is likely to form only a minority share of the total requirement.

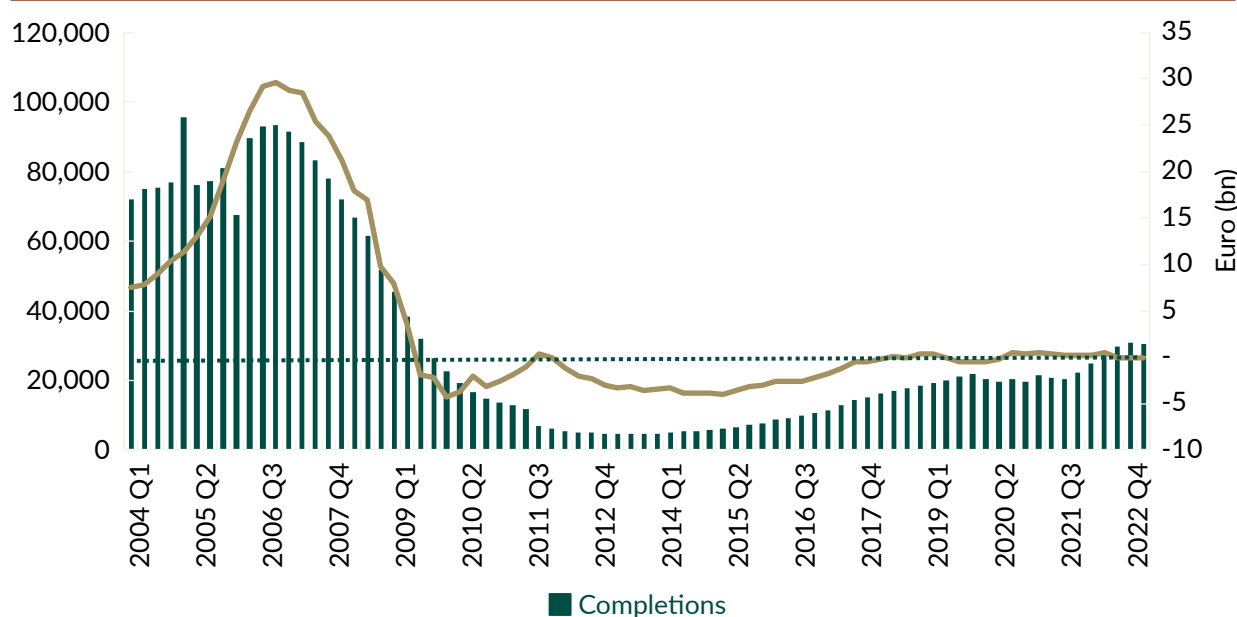
b. Financing requirements

In assessing the financing requirements for housing into the medium term, the Commission has undertaken detailed work to underpin the important assumptions that feed into such an estimate. The most important inputs relate to:

- Housing requirements: Ranges that are consistent with the housing requirements contained in Section 2.
- Cost of delivery: The costs of housing delivery are consistent with the estimates provided in Section 4 for houses and apartments.
- Housing mix: The mix of housing and apartments has a major bearing on the overall funding requirements. The estimates contained here are informed by the analysis of the structure of the population carried out in Section 2.
- Type of finance: Finance is made up by a range of sources, including debt and equity finance. The assumptions in the model are informed by detailed market intelligence. The government contribution will be determined by policymakers.

Table 3.6 provides the estimates of finance for housing in Ireland over the medium term. The 2022 output level is the highest in recent times and represents a good baseline to build and validate a development finance model for the future. *Housing for All* targets an increase in direct procurement of social housing to 40% in the medium term, so future output scenarios reflect

Figure 3.4: Dwelling completions and changes in net lending in construction, 2004–2022



Source: Central Bank of Ireland.

⁵⁴ K. Regling and M. Watson, 'A preliminary report on the sources of Ireland's banking crisis', 2010.

some increase in direct procurement. The financing requirement is significant as activity increases and is sensitive to the relative mix of apartments and houses. Table 3.6 provides the financial requirements of the different mix and Appendix 3G provides a further breakdown of the finance requirements of each mix scenario.

The Housing Commission estimates, for example, that an annual output of 56,000 homes would require €16 billion to €20 billion per annum. The tenure split is not available for social and private homes. However, the proportion of apartments in future output scenarios is reasonably high, in line with the expected need for smaller accommodation. The breakdown of tenure split for 2022 is shown in Appendix 3G. Financial requirements in the medium term will need to ensure that sufficient capital is available from multiple sources to finance the increased supply of housing.

Table 3.6: Future financial requirements for housing delivery

	Assuming housing delivery for a yearly average of 56,000 homes
Financial requirements	€bn
#1 Houses 65% Apartments 35%	16.0
#2 Houses 55% Apartments 45%	17.3
#3 Houses 45% Apartments 55%	18.6
#4 Houses 35% Apartments 65%	19.9

Source: Housing Commission.

c. Role of the State

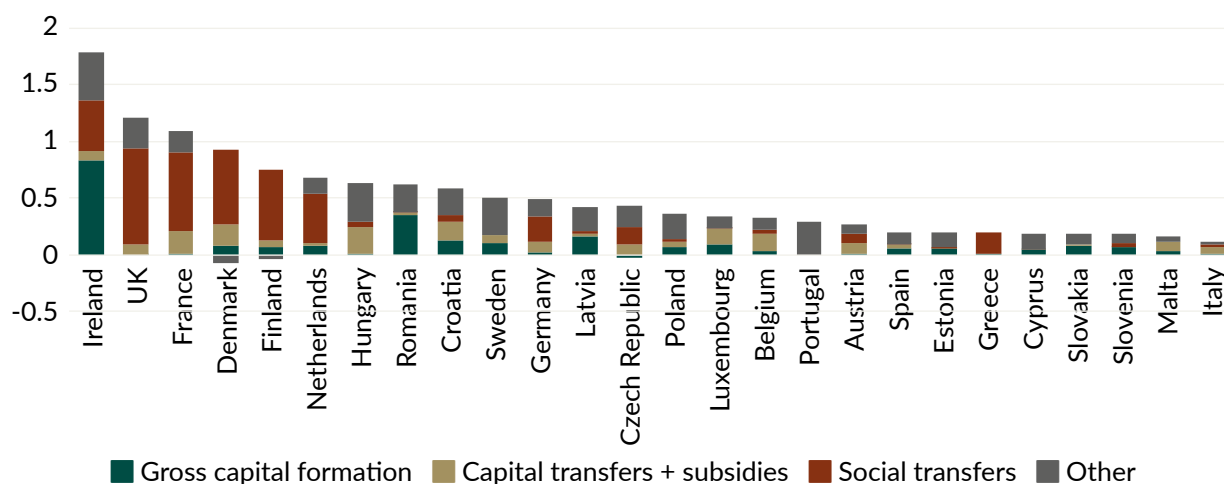
The State can play an integral role in providing a stable, low-cost source of financing for land, housing development and purchase. It should act as a counter-cyclical support to the housing market, which is often subject to cyclical developments due to the economic cycle and interest rates, among other factors.

The history of public investment into housing in Ireland is characterised by pro-cyclical periods where investment rises strongly at times of fiscal strength and falls sharply when public finances weaken. Figure 3.5 shows spending on housing in the EU as a percentage of national income; Ireland's spend is much higher than that of any other country in the EU.

Public support for funding of housing can take many forms, and these have been growing over recent years:

- Local Authority Housing
- Public private partnerships
- Turnkey purchases from the private sector
- Approved Housing Bodies
- Land Development Agency
- Mortgage supports
- Local authority home loans
- Help to Buy grants
- Shared equity
- Provision of equity from Ireland Strategic Investment Fund (ISIF)
- Croí Cónaithe
- Project Tosaigh

Figure 3.5: Spending on housing in the EU (% of national income) 2019



Source: Eurostat, various years.

These schemes are funded by a combination of loans and grants from the Housing Finance Agency, local authority funding and central government funding. The funding provided by the State has grown substantially over recent years. The capital funding in 2024 totals €5 billion.

Other means of supporting housing delivery are:

- Funding of and advance delivery of infrastructure necessary for housing delivery
- Tax and other incentives for developers who include a higher proportion of affordable housing and accept a cap on profit level

d. Domestic private finance

In Ireland, the diversity of private housing finance in the market can be categorised by the following:

- Equity and debt
- Domestic and international
- Short-term and long-term
- Individual or institutional
- Differing risk/return preferences
- Public and private aligned
- Direct pension fund investment

The key challenge is to ensure that sufficient capital is available from multiple sources to finance the increased supply of housing, as demonstrated in Table 3.7. Raising sufficient development finance is a particular key challenge. Due to the leveraged nature of the collapse in the homebuilding industry since the GFC, equity is a constraint for most players in the market. There is also a danger that this would lead to insufficient competition in the banking sector due to the exit of some larger players. These are only partly replaced by an increased role for state entities and the non-banking system.

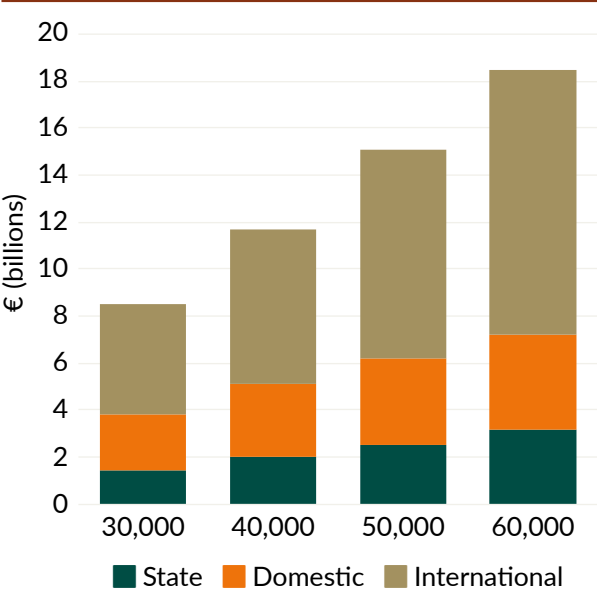
e. International finance

While increased domestic public and private resources can be used, the Commission believes that the scale of financing required to achieve Ireland's housing requirements over the medium term necessitates a substantial proportion from international capital, as shown in Figure 3.6.

Table 3.7: Key elements and sources of finance in the Irish housing market

Key element	Role	Public finance	Private finance
Land/ Infrastructure Capital	Facilitates a development pipeline	• State lands • Local authority / LDA acquisition • ISIF	• PLC • Pillar banks • Non-bank lenders • Developer balance sheet • Capital market • HNW/Family offices
Development Finance	Funds construction	• Local authorities • LDA • Indirect finance (HFA, NAMA, ISIF, etc)	• PLC, REITs • Pillar banks • Non-bank lenders • Equity/Debt capital markets • Private wealth
Purchaser Capital	Buy or own completed homes	• Local authorities • AHBs (funded by HFA) • LDA	• Owner-occupier • Buy-to-let investor • Private rental landlord

Figure 3.6: Finance requirements for residential development (€bn)



Source: IIP, Residential Development Finance in Ireland, 2023.

Studies⁵⁵ have estimated that between 60% and 70% of development financing comes from international sources, at current levels of output. This proportion may increase as financing requirements grow with higher output. The Government has committed to over €5 billion (1.6% of GNI) in capital spending in 2024,⁵⁶ but it is not clear how much of this is pure development finance (as opposed to turnkey purchase, for example).

The Government currently spends more on housing than any other European country relative to GDP (GNI* for Ireland). This is partly due to the on-balance sheet nature of the Approved Housing Body (AHB) sector. Given vulnerabilities and spending pressures in the public finances, there will be constraints to increasing this to any greater significant extent. Domestic private funding sources are constrained by the small number of banks and concentration limits on their loans.

f. Macroprudential tools

In 2015 the Central Bank of Ireland (CBI) introduced mortgage measures in the aftermath of the Global Financial Crisis. These measures became ‘an integral part of the Irish macroprudential policy framework’ (Gaffney and Kinghan, 2021).⁵⁷

‘The measures work to increase the resilience of banks and borrowers to negative economic and financial shocks, and to prevent the emergence of a damaging, self-reinforcing cycle of excessive growth in credit and house prices, as occurred during the 2000s.’ (Gaffney and Kinghan, 2021)

In the past, Irish household debt burdens were above average, but they have reduced markedly; household indebtedness in Ireland is currently closer to that in other European countries. The mortgage measures introduced have fostered sustainable lending standards in the banking sector. Kelly, et al. (2021) stated:

‘Ireland does not appear to be out of step when compared to other countries in terms of housing costs. During the boom period, Ireland was an outlier compared to other European countries with housing costs and indebtedness at the upper end of the distribution. However, ... this is no longer the case.’⁵⁸

Table 3.8 provides details on the combined use of borrower-based instruments in the EU before the Covid-19 pandemic.

55 IIP, ‘The Significance of International Finance in Ireland’s Real Estate Market’, 2021.
56 Government of Ireland, ‘Housing for All Action Plan Update and Q3 2023 Progress Report’, 2023.
57 E. Gaffney and C. Kinghan, ‘Mortgage lending in Ireland during the 2010s’, Central Bank of Ireland, 2021.
58 J. Kelly, G. Kennedy and D. Lambert, ‘The cost of housing and indebtedness across European and OECD households’, Central Bank of Ireland, 2021.

Table 3.8: Combined use of borrower-based instruments in the EU before the pandemic (number of countries that activated the specific combination of instruments simultaneously)

	Loan-to-value	Amortisation / maturity of housing loans	Debt service to income	Loan (debt) to income
Loan-to-value	17	8	11	4
Amortisation/maturity limits	-	8	6	1
Debt service to income	-	-	11	2
Loan (debt) to income	-	-	-	5

Source: European Central Bank, 'The more the merrier? Macroprudential instrument interactions and effective policy implementation', europa.eu.

Over the course of 2021 and 2022, the Central Bank conducted a review of the mortgage measures framework. The purpose of the review was to ensure that the mortgage measures continue to remain fit for purpose, considering the evolution of the financial system and the broader economy since the measures were introduced in 2015. (Appendix 3H provides further details on the mortgage measures framework and the post-assessment revised objectives.)

The CBI's assessment toolkit had four elements:

1. Credit available and drawn down
2. Borrower resilience
3. Aggregate housing price to income ratio
4. Borrowers' access to the housing market

The review concluded that there was policy space for a proportionate recalibration of the mortgage

measures, based on the gradual increase in costs of the measures due to the imbalance of housing supply and demand. Policymaker judgement was additionally guided by the macro financial outlook, the wider set of policies implemented in the Irish housing market and broader factors that determine the resilience of the household sector and financial system.

The longer-term structural developments will inform future decisions, including demographic changes, interest rates and longer-term changes on the supply side of the housing market. The mortgage measures remain an essential macroprudential policy instrument to safeguard economic and financial stability. Figure 3.7 provides a timeline of the introduction of Ireland's mortgage measures.

Figure 3.7: Timeline of Irish macroprudential rules

				
2014 Publication of the Consultant Paper (CP87) and the proposals for macroprudential lending.	February 2015 Introduction of the mortgage measures in the context of a recovering housing market, following an unsustainable credit-fuelled housing boom and bust in the 2000s	2016-2021 Mortgage measures were reviewed and monitored on an annual basis. Operational changes made to improve functioning of the framework	2021-2022 The Central Bank conducted a comprehensive review of the mortgage measures framework. The refreshed framework was announced in October 2022.	January 2023 Targeted recalibration to the rules came into effect in the context of supply/demand imbalances and a rising interest rate environment.

3.13.3 Recommendations & Actions

Recommendation #18:

Ensure that diverse sources of finance, including stable public financing and a predominant international element, are available to increase housing output in the medium term. Long-term financing requirements and sources should be regularly assessed and updated.

Actions

1. Ensure that sufficient finance, from multiple sources, is available to deliver the increased supply of housing. Recognising this, policymakers must always be aware of the implications of their actions on these different sources and the knock-on effects on housing supply. This should be informed by a regular review of the financing environment for housing.
2. Deploy state financial resources effectively to fill gaps in the market and to avail of the State's lower cost of funds. To provide certainty to the market, the Government should publish a multi-year plan on its spending commitments on housing delivery, covering all different delivery mechanisms.
3. Introduce measures to increase competition in the banking and non-banking sector.
4. Minimise barriers to entry and monitor the authorisations and approvals processes for new and existing entrants, while retaining appropriate levels of regulation and supervision.
5. Carry out a specific review (in consultation with the Central Bank of Ireland) of the capacity of the domestic banking system to finance housing development in Ireland. This review should:
 - a. identify measures that could be taken to increase the scale of financing from the domestic banking system, while minimising the risks involved.

- b. clarify whether any potential debt funding shortfalls should be filled by the State (such as through the Home Building Financing Agency) or whether the State may be crowding out private funding channels.

Recommendation #19:

Ensure that the State plays both a direct and an indirect role in funding housing for the purposes of scale, certainty, equity and agility, as well as a direct role in its funding of social housing, particularly in higher-density housing where financing is more difficult.

Actions

1. The State should provide as much certainty to the market as possible.
2. Shortage of equity has been identified as contributing to the lack of scale in the house-building sector (see Section 5.4). State entities (such as the Ireland Strategic Investment Fund – ISIF) should be provided with the resources to address these equity gaps where appropriate. This public investment should facilitate additional private financing and additional housing output.
3. Public entities must make use of financial mechanisms (such as forward funding and forward purchase) to finance social housing delivered by the private sector to reduce funding barriers and the cost of delivery.

Recommendation #20:

The State should explore the option of setting up a specific private savings fund that can be used to assist in the funding of housing.

Actions

1. Conduct a feasibility assessment to examine the need, demand and structure for a private savings fund that would be used to help fund the social housing system in Ireland.
2. The study should be informed by good international practice in the application of these types of savings instruments.
3. Improved governance of the AHB sector should be part of any move towards a private savings fund for the sector.

Recommendation #21:

Ensure that appropriately calibrated macroprudential tools remain in place to underpin stability in the housing market.

Actions

1. The State should support appropriate macroprudential tools to underpin stability in the housing market over the medium term, while taking account of the wider social and economic implications.

Section 4

Cost and Quality of Housing

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Terms of Reference 2

Examine and report on the cost and quality of housing, the drivers of cost (including, inter alia, embodied carbon compliance) and how costs may be addressed, and compliance achieved in the longer term, having regard to international comparators and benchmarks.

4.1 Introduction

The Housing Commission has examined the issues of cost and quality in housing delivery, with a particular focus on determining the key drivers of cost in the Irish housing system and how these can be addressed. Addressing these costs is essential to ensuring viability and making housing more affordable. When it is expensive to build, fewer individuals and households can afford housing. This has the knock-on effect of lowering housing output. The work of the Commission on the cost and quality of housing has focused on the following key areas:

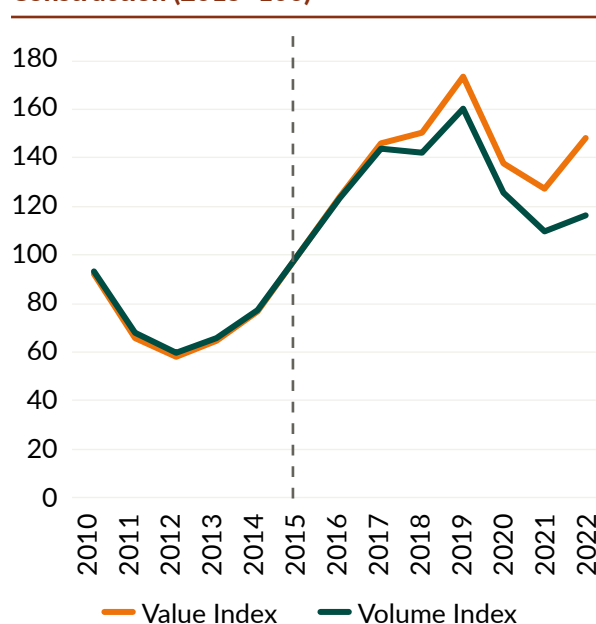
- Housing standards and compact housing viability
- Housing viability
- The cost of urban sprawl

The Housing Commission has also examined a range of environmental policy issues that affect the cost and quality of housing, such as embodied carbon compliance, timber-framing and district heating. (These issues are dealt within Section 11.)

Construction costs can fluctuate over time due to systemically important events. It is widely recognised that the construction industry has experienced unprecedented disruption in recent years that has raised construction costs. Some of the most noteworthy events that have had an inflationary impact on housing development costs (presented in Appendix 4A) are the Covid-19 pandemic, the war in Ukraine and disruption to global supply chains.

Figure 4.1 displays annual value and volume indices for residential building production in the construction sector. These indices have diverged in recent years, indicating that the value of work done in the residential construction sector has increased per unit of output.⁵⁹

Figure 4.1: Annual Indices of Total Production in Building and Construction Sector - Residential Construction (2015=100)



Source: CSO, [Indices of Total Production in Building and Construction Sector](#).

Multiple factors affect the cost of delivering housing. Costs can differ greatly by housing typology, location, scale of development, standards and tenure. In a broad sense, the principal direct influences on cost are:

- 2. Land costs** – the gross monetary price of designated serviced or unserviced land. Land costs vary geographically and across time. Land prices are an estimate of the residual of difference of the overall cost of delivery and the sales price. Data on land prices is sparse; no index of land prices is currently available in Ireland.
- 3. Construction costs** – all construction costs, including site development (demolitions and such), utility services, public open spaces, community amenities (as conditioned in the

⁵⁹ The principal difference between the value and volume indices is that the value index measures changes in the value of work done while the volume index tracks the quantitative volume of production by excluding the effect of price changes using a price deflator.

planning permission), as well as external works, parking, driveways, fencing, etc.⁶⁰

4. **Soft costs** – all costs excluded from build costs, i.e. VAT, statutory fees, development contributions, professional fees, finance costs and, where applicable, margin and other project-specific risk costs.⁶¹

In undertaking its examination of the cost and quality of housing, the drivers of cost and how costs may be addressed, the Commission considered developments in both the Irish housing system and internationally. The Commission takes the view that the use of appropriate design standards should be used both to improve the quality of housing and to address cost pressures.

4.2 Recommendations Overview

The Commission has put forward a number of recommendations related to housing design standards, housing cost data and decarbonisation of the housing sector.

Cost and Quality of Housing - Recommendations:

- #22. The State must support the collaborative development of standard house and apartment types to drive efficiency, reduce costs and support viability.
- #23. Establish standardised measurement of housing costs as the basis for all cost comparisons and analysis.
- #24. Carry out a comprehensive National Housing Condition Survey every five years for all types of housing, focusing primarily on housing conditions and standards.

4.3 Housing Design Standards to Improve Affordability and Viability

4.3.1 Background & Context

The Housing Commission has been tasked with examining and reporting on the cost and quality of housing while having regard to international comparators and benchmarks. The work of the Commission has been preceded by several studies comparing the cost of construction in Ireland to other European countries, including reports by the Housing Agency⁶² and the DHLGH⁶³ (see Appendix 4B). The DHLGH's Residential Construction Cost Study report aims to support reductions in residential construction costs and increased standardisation. The study provides a proportional breakdown of the various cost elements for constructing houses and apartments in Dublin and in four comparator cities: Birmingham, Copenhagen, Utrecht and Berlin. The analysis found that construction costs in Ireland are broadly in line with these European comparators.

Differences in the methodological approach taken in the Residential Construction Cost Study mean that the findings on costs are not directly comparable to those of the Housing Commission. However, some key differences in the approach and findings are noteworthy. In particular, the Commission found that, when looking at increased tender prices and construction sector inflation, there are several important factors to consider which are generally underappreciated. The Commission is of the view that costs arising from a lack of planning certainty and the approach to infrastructure provision adds significantly to the end cost of housing delivery in Ireland. Delays and uncertainties in the planning system can make the Irish construction sector a high-risk proposition for investment. This results in higher capital costs for developers and, in many cases, difficulty in obtaining adequate financing. The hard costs of construction are also negatively affected by delays and uncertainty in the planning system, with cost overruns due to long delays between project design and construction. The fact of substantial delays in project delivery arising from these planning-related factors is a major driver of cost overruns and resulting viability issues.

60 Excludes infrastructure such as utility services, public open space, community amenities and facilities required in planning permissions such as creches, etc.

61 A 2023 study by the SCSi found that soft costs make up 47% of the total delivery costs for three-bedroom semi-detached houses constructed in the private sector. In the SCSi study, soft costs include land, margin, levies, finance costs and VAT. See: SCSi, 'The Real Cost of New Housing Delivery 2023', Society of Chartered Surveyors Ireland, 2023.

62 Housing Agency, 'Comparison of Residential Construction Costs in Ireland to other European Countries', Dublin, Housing Agency, 2018.

63 DHLGH, 'Residential Construction Cost Study Report', Government of Ireland, 2023a.

Ireland’s construction industry is currently resource-constrained, as there is a relatively limited pool of general contractors and established sub-contractors to meet project needs. Addressing the viability challenge is a necessary step towards expanding the sector’s capacity. In addition to costly delays in the planning system, a challenging financial context and ongoing capacity constraints, differences in design standards and specifications are also causing viability challenges. Infill and brownfield site development comes with higher costs, which negatively affects the ability to deliver homes at affordable prices. Additionally, build and performance in use standards influence costs to a significant degree and must be taken into account, particularly in any cross-country or historical analysis of trends in the cost of delivering new housing.

The analysis of the Housing Commission has found that a combination of factors can reduce costs through improved alignment and coordination of the State and its agencies. These include:

- The adoption of greater standardisation of housing designs, with a view to providing certainty and driving economies of scale in housing delivery
- The extent and the way in which standards are set, including the recognition of household size requirements and the ageing of the population
- How the effects of standards are monitored
- The processing and administration of regulations
- The granting of statutory permits
- Other matters associated with the general system within which housing is administered

As part of assessing the comparative costs between countries and how they organise housing provision, the positive effects of planning certainty and the consequent approach to infrastructure provision that promotes efficiencies were noteworthy. The absence of these traits adds to the end cost of housing delivery, both for individual home-purchasers and housing providers. The Commission’s analysis found that opportunities for construction cost reduction on the scheme house design are mainly linked to scope, specification, and size. Comparison with other countries shows that size standards are the most significant factor in the cost variances. For apartments, the results show that potential construction cost reduction opportunities are primarily linked to scope and standardisation, while cost implications arising from possible new fire safety standards, such as a universal requirement for the use of sprinklers for containment in apartment developments, are also relevant.

A. Housing standards and compact housing viability

The ‘Sustainable Residential Development and Compact Settlements Guidelines for Planning Authorities’⁶⁴ set out the broad parameters for compact development of housing at required density ranges. Up to recent years, suburban housing schemes averaged densities of up to around 30 dwellings per hectare (dph). This is the practical density limit possible because standards required minimum back-to-back distances, curtilage parking for two cars, and public open space typically never less than 10% of the gross housing development area. The requirement for higher densities is intended to conserve the non-renewable resource of land, and to promote measures that reduce carbon emissions through development in close proximity to public transport. Reflecting the variety of settlements and settlement contexts where residential development takes place, the number of density bands has been expanded to ensure that densities are efficient and tailored to settlement context. Table 4.1 provides a summary of the density ranges for the different settlements and area types.

64 DHLGH, ‘Sustainable Residential Development and Compact Settlements Guidelines for Planning Authorities’, 2024.



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Table 4.1: Summary of density ranges in 'Sustainable Residential Development and Compact Settlements Guidelines for Planning Authorities'

	City Centre	Urban Neighbourhoods	Suburban/ Urban Extension	Small-Medium/ Rural Towns and Villages
Dublin/ Cork City and Suburbs	100-300 dph	50-250 dph	40-80 dph (up to 150 dph)	n/a
Limerick/ Galway/ Waterford City and Suburbs	100-250 dph	50-200 dph	35-50 dph (up to 100 dph)	n/a
Metropolitan Towns (>1500) and Villages (<1,500)	n/a	50-150 dph	35-50 dph	≥25dph
Regional Growth Centres	n/a	50-150 dph	30-50 dph (up to 100 dph)	n/a
Key Towns and Large Towns (5,000 +)	n/a	40-100 dph	30-50 dph (up to 80 dph)	n/a
Small-Medium-sized Towns (1,500-5,000)	n/a	n/a	n/a	25-40 dph on town edge. Respond to existing context and in town centre.
Rural Towns and Villages (<1,500)	n/a	n/a	n/a	Plan based on existing context.

Source: DHLGH, 'Sustainable Residential Development and Compact Settlements Guidelines for Planning Authorities', 2023.

The cost implications arising from these proposed density standards are significant and, without increased attention to housing layout design standards, there is a risk of imposing housing types that are inappropriate in their context. These planning densities cannot be satisfied by using standard traditional three- or four-bed semi-detached housing alone, built to the standards of the 'Sustainable Residential Development and Compact Settlements Guidelines for Planning Authorities'. A common outcome has been a default to including low-rise apartment blocks as part of scheme design to satisfy density requirements, resulting in varying degrees of viability challenges.

4.3.2 Analysis

Housing Layout standards

The Housing Commission has been tasked with examining the cost and quality of housing, the drivers of cost, and how costs may be addressed. The most common approach to meeting the higher density standards was to introduce a percentage of low-rise apartment blocks. However, Build to Sell (BTS) apartment blocks in suburban areas have experienced varying degrees of viability challenges.

The implications for cost arising from the higher density requirements, which rule out the use of the standard 30 dph suburban housing estate layout, have led to a wholly new regime for housing layout design that incorporates any element of compact housing. As the implications for cost are potentially significant, the Housing Commission initiated a study to help illustrate this impact, using a 30 dph baseline and applying varying options for the same site at compact housing densities of 50 dph. These represent the types of results required under changes for this type of development in the locations required. Three masterplan-level schemes on the same site were prepared under the auspices of the RIAI Residential Housing Committee.

A construction cost analysis (excluding external and landscaping works) was undertaken to cost three masterplan options for the same site, as detailed below. The construction costs were prepared by externally procured quantity surveyors; property advice and revenue information were provided by an expert group for the Housing Commission.

The appraisal options and results are summarised below:

- **Option 1** Conventional traditional housing scheme with 30 dph
- **Option 2** Mix of traditional housing with low-rise apartment blocks with 50 dph
- **Option 3** Scheme using compact medium density housing⁶⁵ designed to compact housing guidelines standard with 50 dph

Table 4.2: Summary of appraisal options

Option 1	Option 2	Option 3
3 & 4 Bed Semi-detached	3 Bed Semi-detached and 1 & 2 Bed Apartments	Medium Density Housing
60 dwellings	98 dwellings	101 dwellings
260 Residents	268 Residents	253 Residents
GFA* 6,713m ²	GFA 9,542m ²	GFA 7,730m ²

Source: Housing Commission

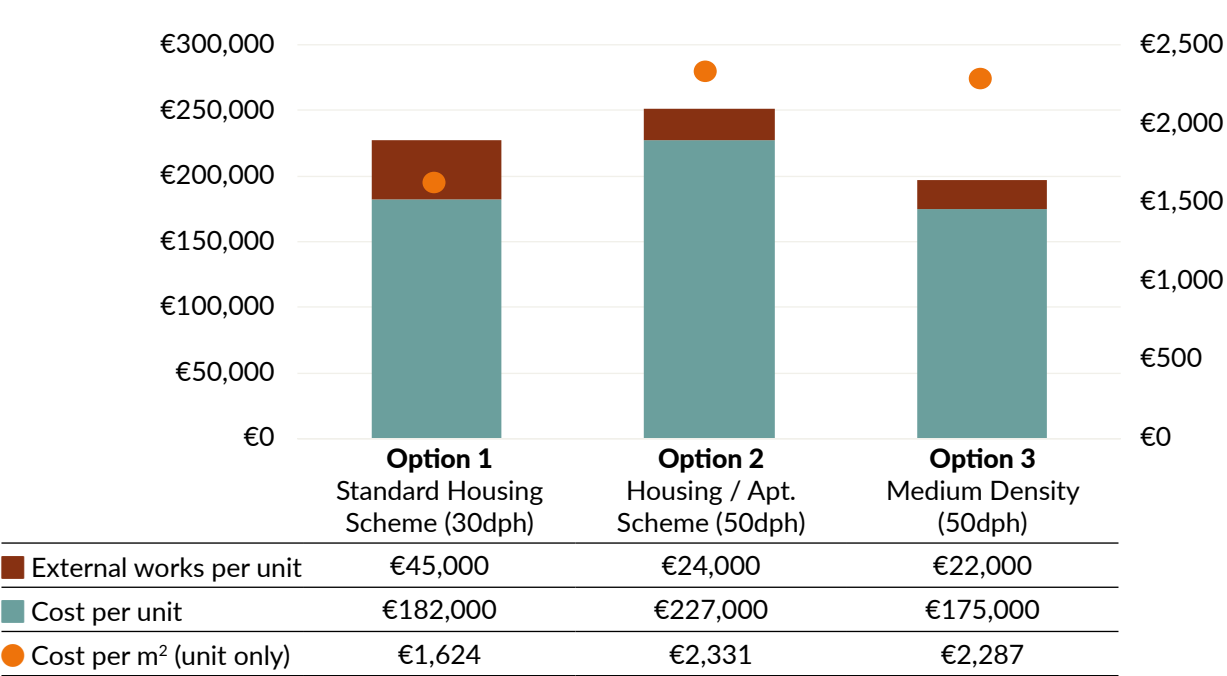
*GFA: Gross Floor Area

Table 4.3: Different housing mix

Option 1 Standard Housing Scheme (30 dph)			Option 2 Housing / Apartment Scheme (50 dph)			Option 3 Compact Medium Density Housing (50 dph)		
1 Bed			1 Bed	39	40%	1 Bed	50	49.5%
2 Bed			2 Bed	27	28%	2 Bed	26	25.7%
3 Bed	40	67%	3 Bed	32	33%	3 Bed	25	24.7%
4 Bed	20	33%	4 Bed			4 Bed		
	60	100%		98	100%		101	100%

Source: Housing Commission

Figure 4.2: Construction Cost Comparison Results



Source: Housing Commission

65 Compact housing development layouts involving one dwelling over another on a shared plot, resulting in higher density. Duplex housing is just one among many possible design options to increase density. In this context, parking requirements and privacy requirements (giving rise to private open-space standards) are the main influences on housing density.

As detailed in the chart above, when analysed on a cost per dwelling basis, including external and landscaping works, Option 3 has the lowest cost per dwelling. Option 1 is just 4% higher in cost per home, while option 2 is 30% higher. Option 3 is the most cost-effective option to deliver that has also the highest yield in new homes.

The appraisal also estimated the comparative cost of delivering the options considered in cost per m² terms. These results are summarised below:

- **Option 1** (Standard Housing Scheme) had the lowest cost per m².
- **Option 2** (Housing / Apartment Scheme) had the highest costs per m² (+44%).
- **Option 3** (Compact medium density housing) had higher costs per m² (+41%) than Option 1, but slightly lower costs than Option 2.

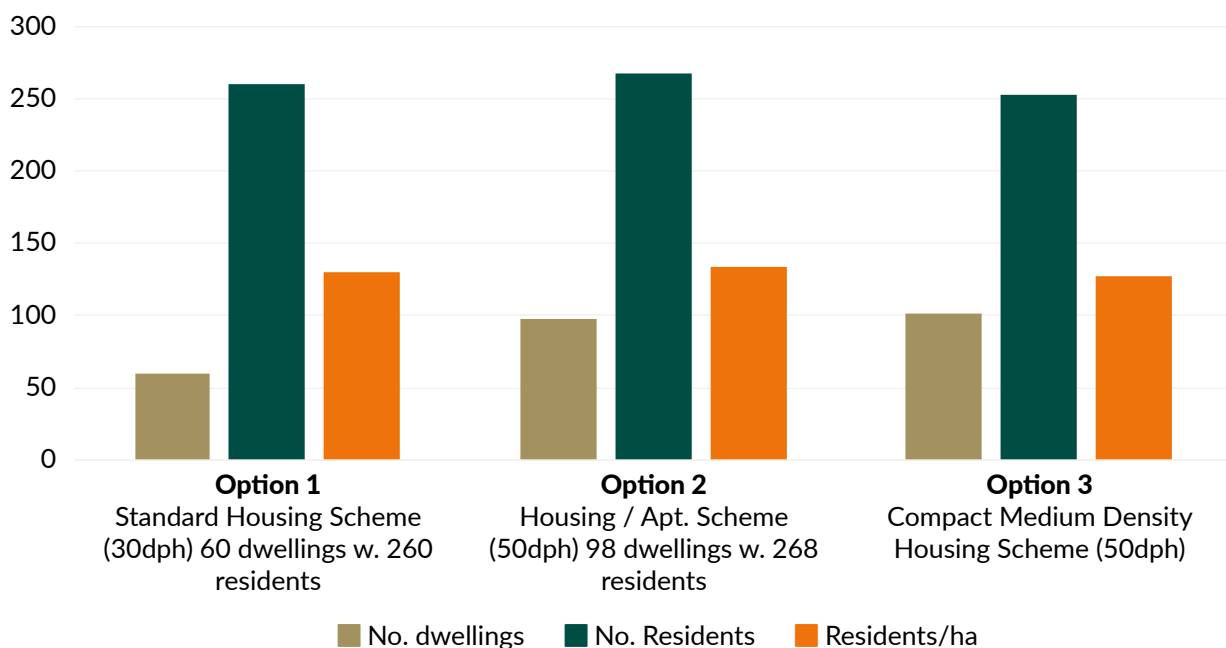
Option 3 is preferable on the grounds that the resulting development is more affordable for prospective home buyers, even though Option 3 has a higher cost per m² than Option 1, which is attributable to Option 3 resulting in smaller homes.

Finally, the appraisal also examined the level of density achieved across the options examined. These are summarised in Figure 4.3.

The development appraisal conducted on the three options shows that the standard housing scheme (Option 1) and the compact medium density housing scheme (Option 3) are both viable, but the apartment/housing scheme is not. It is also important to note that viability is based on location in the Irish context. This is a specific example and circumstances will differ based on location. Apartments can be viable in high-value areas. The compact medium density housing scheme lends itself more to phasing than an apartment scheme; sales are possible as a scheme is built out, in contrast to apartments where sales are only possible when all homes have been completed, the difference being the higher cost of carrying finance. While the traditional housing is cheaper to build and easier to phase and finance, it cannot meet the densities needed to make housing development sustainable. The compact housing proposal examined shows that compact medium density housing is a viable and sustainable way to achieve density which reduces damaging effects such as urban sprawl, but only on a home-by-home basis.

As shown, Option 1 and 3, at completely different housing density, accommodate approximately the same number of people. The denser compact medium density housing scheme is viable, while

Figure 4.3: Density Comparison



Source: Housing Commission

making more efficient and productive use of land by achieving a higher housing yield per hectare. In its analysis, the Housing Commission confirmed that infrastructure costs for lower densities are higher as compared to denser typologies, resulting in additional costs associated with extending existing infrastructure. For this reason, compact housing is more sustainable.

While the Housing Commission believed it necessary to compile this assessment in the context of the requirement to report on housing costs, the findings from this exercise, undertaken at the outset of the introduction of the Compact Housing Development Guidelines, need to be interpreted cautiously. They are useful, however, as they highlight the housing designs developed in response to these standards. The use, in this example, is of integrated compact medium density housing with arrangements for private open space and parking, which have a significant influence on cost, along with higher-cost external works and landscaping.

To examine the drivers of cost in the Irish construction sector and the question of viability, the Housing Commission also undertook a comprehensive analysis to provide up-to-date data on residential viability, specifically the viability of a two-bed apartment and a three-bed semi-detached house. The research undertaken on behalf of the Housing Commission allowed the apportionment of the three cost elements listed in Table 4.4 based on the build costs findings for houses and apartments. The proportional costs, based on the Housing Commission's analysis, are set out below for typical basic types of houses and apartments. Additional details on the approach and results of the viability of apartment and houses appraisal are provided in Appendix 4C.

Table 4.4 Proportional costs for houses and apartments

Costs	Housing 3 bed / 5 person (3B5P) House	Apartments 2 bed / 4 person (2B4P) apartment
Land Costs	12%	6%
Build Costs	49%	50%
Soft Costs	39%	44%

Source: Housing Commission

Ireland currently has a limited library of housing typologies. Design standards are in place for apartments and housing, but these are one-size-fits-all regardless of geographical area, affordability or size.⁶⁶ People require a broader range of housing types to suit their needs at different points during their lifetime.

The recommendation to reform housing design standards is in line with the proposal by the joint Government and Construction Sector Group to standardise housing design and construction, and to examine innovation and efficiencies in design regarding affordable housing types, form and density. Implementation of this recommendation would lead to savings for the end customer, a graduated approach to home ownership, access to more affordable housing types (depending on income), and greater standardisation across the industry. This would lead to greater economies of scale, resulting in overall savings and efficiencies, and would also complement the incorporation and facilitation of Modern Methods of Construction (MMC).

The impact of project delays

As part of the appraisal, the Housing Commission also undertook an analysis of the impacts of project delays on the cost of delivery. This involved a detailed examination of a 250-apartment scheme case study in the Dublin area.⁶⁷ The analysis found that the scheme took 16 months to get planning permission. There was a 12-month delay due to inflation arising from the need to issue a second tender and renegotiate contracts relating to leasing arrangements. In total, the construction period for the project was 24 months. A more detailed summary of the timeline for the scheme is provided in Appendix 4D.

The Housing Commission regards issues arising from delays in obtaining planning, inadequate infrastructure provision and industry resource constraints as critical to understanding the drivers of cost in the Irish construction sector. The Commission has developed specific recommendations on the issues of land, planning and infrastructure (see Section 3) and industry capacity (see Section 5).

⁶⁶ The issue of housing designs and the use of housing design templates is discussed in the context of public procurement in Section 5.

⁶⁷ The scheme involved an experienced developer and included plans to lease dwellings to AHBs.

The cost of urban sprawl

A key consideration in the context of housing density and housing design standards is urban sprawl. The European Environment Agency (EEA) has described sprawl as the physical pattern of low-density expansion of large urban areas, under market conditions, mainly into surrounding agricultural areas. This has social, economic and environmental implications, and has been a feature of Ireland's spatial development in recent decades. The additional costs associated with the extension of key infrastructure due to urban sprawl are generally borne by society as a whole. Calculating the cost of urban sprawl is complex and requires focussed research across multiple areas, using detailed datasets from many different entities.

As part of its analysis of the cost and quality of housing, the Commission undertook a study examining the cost of urban sprawl. A summary of key findings from this analysis is contained in Appendix 4E. The Commission is not aware of any other attempts to measure the cost and impacts of urban sprawl, and considers this a key issue that should be examined further and given greater attention in the context of planning and policy development. The capital costs analysed in the Commission's analysis of urban sprawl are not exhaustive, but include rail, roads, bus, water, waste, electricity and telecoms. In the hypothetical example detailed in Appendix 4E, it is estimated that there is an additional cost of €102,000 to €137,000 per unit associated with accommodating an additional 15,000 people in a new settlement as opposed to an existing one where the capital costs have already been borne. This has implications for a range of complex trade-offs involved in encouraging denser urban development as opposed to facilitating dispersed development.

4.3.3 Recommendation & Actions

Recommendation #22:

The State must support the collaborative development of standard house and apartment types to drive efficiency, reduce costs and support viability.

- Actions
1. Establish a collaborative forum for the refinement of existing housing types, to support the development of necessary new housing types in response to changing regulatory criteria on an ongoing basis.
 2. Promote active collaboration between designers, housing promoters both public and private, and the local community, to include decision-makers, so as to enable greater understanding of the implications of responding to regulatory changes that influence design and cost.
 3. Implement the recommendations of the Residential Cost Study Report.
 4. Update on a regular basis the Technical Guidance Documents that accompany the Building Regulations to facilitate alternative construction methods.
 5. Review and configure housing design standards to better reflect changing life-stage requirements.
 6. Review the range of accommodation typologies covering Houses, Apartments, Student, Shared Living, Affordable, Supported Housing and Homes for later life stages alike.
 7. Make design standards subject to rigorous checks before implementation.

4.4 Data Using Standardised Measures of Housing Costs

4.4.1 Background & Context

A number of professional bodies, research institutes, state agencies and other public bodies publish data on a range of housing-related costs. While some of these are comprehensive and reliable in specific areas, there are substantial gaps in the availability of data on housing costs. The Society of Chartered Surveyors Ireland (SCSI) has published detailed reports examining the cost of delivering houses and apartments,⁶⁸ while research on construction costs has been published by the Housing Agency⁶⁹ and the DHLGH.⁷⁰ Data on property prices is collected by the Property Services Regulatory Authority (PSRA) and reported by the CSO. Additionally, the CSO publishes a Production in Building and Construction Index which provides quarterly statistics on the value and volume of output in the sector.

While the Residential Property Price Register is widely recognised as being critically important to the proper functioning of the housing market, no equivalent series exists for land transactions. The Commission favours the publication of data on land transactions in the interest of transparency and to assist developing more reliable information on land values. It has undertaken detailed analysis of the cost and quality of housing, the drivers of cost and how costs may be addressed. The Commission takes the view that the collection and publication of quality data on costs is imperative to managing costs and ensuring the sustainability of housing delivery. Increasing transparency around cost will ensure fairness and improve the functioning of the market. The State has an important role to play in ensuring that data on activity in the Irish construction sector is reliable and developed to the highest standards.

4.4.2 Analysis

The Housing Commission has undertaken detailed analysis of the cost and quality of housing, the drivers of cost and how costs may be addressed. The Commission takes the view that the collection and publication of standardised good-quality data on cost is imperative to the management of costs, as well as to ensuring the sustainability of housing delivery. Increasing transparency around costs would improve the functioning of the Irish housing system, and support confidence among public bodies funding housing, private sector developers and investors, and other market participants.

The State has an important role to play in ensuring that data on activity in the Irish construction sector is reliable and developed to the highest standards. There is a need for a standardised methodology for measuring housing costs that can be used on a consistent basis by both public and private sector organisations. This could broadly mirror that used by the SCSI, with appropriate modifications and adjustments as deemed appropriate.⁷¹ The need for greater standardisation is particularly pressing in the area of soft costs.⁷² The State should play a leading role in ensuring that information on such costs is standardised, collected, published and better understood.

The Commission supports the establishment of a Land Price Register, akin to the Residential Property Price Register. A particular opportunity has been presented by the establishment of Tailte Éireann,⁷³ brought about by merging the Property Registration Authority, the Valuation Office and Ordnance Survey Ireland. This new agency can bring added value through land and location-based information services, such as mapping overlays of infrastructure and the services status of sites.

68 SCSI, 'The Real Cost Of New Housing Delivery 2023', Society of Chartered Surveyors Ireland, 2023; SCSI, 'The Real Cost of New Apartment Delivery: Analysis of Apartment Development Costs and Viability', Dublin, Society of Chartered Surveyors Ireland, 2021.

69 Housing Agency, 'Comparison of Residential Construction Costs in Ireland to other European Countries' Dublin, Housing Agency, 2018.

70 Department of Housing, Local Government and Heritage, 'Residential Construction Cost Study Report', Government of Ireland, 2023a.

71 For example, the SCSI includes Part V as an element of build costs, even though Part V is used to reduce the price paid for land.

72 For example, the SCSI figures list finance costs specifically related to financing the construction, and separately list the finance costs in relation to the holding of land. These should be combined.

73 <https://www.tailte.ie>

4.4.3 Recommendation & Actions

Recommendation #23:

Establish standardised measurement of housing costs as the basis for all cost comparisons and analysis.

Actions
1. Undertake and publish comprehensive analysis of costings data, including the development and use of standardised measures of costs over time. 2. Differentiate land costs, build costs and soft costs in costings data and reporting, ensuring key trends covering these specific cost areas can be examined and understood. 3. Track trends in housing delivery costs relative to the agency delivering the units to ensure accountability for the use of public funds.

Information was collected on:

- The basic type of dwelling, its age and location
- The number of rooms of different types available to the household
- Rent and mortgage payments, and other indicators of affordability
- Services such as water, sewage, electricity and gas
- Main method of heating the dwelling and fuel used
- Presence of insulation and other energy-saving measures
- Problems with the accommodation and major works carried out in the last five years
- Household type and age structure, economic status of household members and household income

It is important to note that the ESRI survey was based on self-reports of the householders, as distinct from a process involving physical inspections of a sample of dwellings. The findings of the survey informed policy decision-making in areas such as planning, regional development and energy policy.

While Ireland has not conducted a housing condition survey for quite some time, neighbouring jurisdictions have continually monitored the housing conditions of their populations. The English Housing Survey⁷⁵ is a continual national survey commissioned by the Department for Levelling Up, Housing and Communities (DLUHC).⁷⁶ It has been running since 1967. It has two components:

- A household interview
- A physical inspection of a sample of dwellings

4.5 National Housing Condition Surveys

4.5.1 Background & Context

Housing condition surveys are undertaken to examine people's housing circumstances and the condition and energy efficiency of housing. The last survey of this type undertaken in Ireland was conducted more than two decades ago. The Economic and Social Research Institute (ESRI) was commissioned by the then Department of the Environment, Heritage and Local Government to carry out the Irish National Survey of Housing Quality (NSHQ) in 2001-2002.⁷⁴ The survey obtained detailed information from a representative sample of over 40,000 householders on characteristics and problems of the dwelling, and on the household members.

74 ESRI, 'Irish National Survey of Housing Quality 2001-2002', The Economic and Social Research Institute, 2003.
75 Department for Levelling Up, Housing and Communities and Ministry of Housing, Communities and Local Government, 'English Housing Survey', Gov.uk, 2023.
76 Each year a sample of addresses is drawn at random from a list of private addresses held by the Royal Mail.



English Housing Survey datasets⁷⁷ are made available via the UK Data Service for users who want to undertake secondary analysis. The Northern Ireland House Condition Survey (NIHCS)⁷⁸ is carried out by the Northern Ireland Housing Executive approximately every five years; the information collected gives a full picture of the condition and energy efficiency of housing in Northern Ireland. Addresses are chosen at random from the Northern Ireland Statistics and Research Agency (NISRA) Address Register (NAR). They can be from any tenure, i.e. privately owned, privately rented or socially rented through the Northern Ireland Housing Executive or a housing association. The results present a comprehensive overview of Northern Ireland's dwelling stock and its occupants. Particular areas examined include fuel poverty, energy consumption and heat loss. In both instances, the surveys also include the preferred housing options of all individuals. The Commission is of the view that any proposed National Housing Conditions Survey in Ireland should also include this.

4.5.2 Analysis

The Housing Commission regards it as essential that a comprehensive survey of housing conditions in Ireland be undertaken. This should be a nationwide survey covering all housing types and tenures. The fact that such a survey has not been undertaken since 2000-2001 is a strong justification for doing so. Ireland's housing system has undergone an extraordinary boom-bust cycle since the last national housing condition survey was undertaken, and regulatory standards have changed substantially over the past two decades. A particular concern is the condition of dwellings which may have been built to lower regulatory standards and may have deteriorated. Key issues to consider are:

- Ventilation, damp and mould
- Safety of electricity and gas systems
- Adequacy of heating and heat retention standards
- Adequacy of lighting
- Access to essential facilities such as for cooking or washing clothes, and bathroom facilities

Recommendation #24:
Carry out a comprehensive National Housing Condition Survey every five years for all types of housing, focusing primarily on housing conditions and standards.

Actions

1. Undertake a comprehensive survey of national housing conditions using robust methodologies, including physical inspection by qualified professionals and face-to-face interviews with occupants.
2. Ensure that all housing typologies and tenures are included as part of the survey.
3. Use the National Housing Condition Survey results to inform the regulation of the rental sector and to monitor enforcement of standards for rental housing.
4. Employ the results in the management of social housing, including as an indicator of the level of need for renovation work, upgrading and energy retrofitting of social housing.
5. Use the survey to measure the extent of fuel poverty.
6. Make the survey results freely available to researchers and policymakers.

77 UK Data Archive.

78 Housing Executive, 'House Condition Survey', Northern Ireland Housing Executive, 2023.



Section 5

Capacity, Collaboration and Innovation in the Construction Sector

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Terms of Reference 3

Examine and report on the capacity of the construction sector to meet housing supply requirements, drawing on international experience and alternative approaches to meeting capacity requirements, including Modern Methods of Construction and Modular/Off Site Construction.

5.1 Introduction

In considering long-term housing policy post-2030, and as part of its terms of reference, the Housing Commission undertook an examination of the capacity of the construction sector to meet housing supply requirements. It paid particular attention to global trends and international examples of Modern Methods of Construction (MMC)⁷⁹ and digital adoption. It also examined broader issues of collaboration and innovation in the construction sector and issues around the public procurement system.

Achieving, over the medium term, a sustainable housing system that caters for the needs of the population depends on a construction sector that can deliver efficiently, at scale and to a high standard. This section of the report examines the Irish construction industry's productivity in recent years, and the challenges in the public procurement system. It assesses the current and future labour resources and skills that are required to meet ongoing housing demand, and how the attractiveness of employment in the sector can be enhanced. It specifically examines construction sector apprenticeships and how the workforce can achieve greater gender diversity. Finally, the opportunities presented by MMC and digitisation are explored, looking to international examples of successful adoption.

5.2 Recommendations Overview

Capacity, Collaboration and Innovation in the Construction Sector – Recommendations:

- #25. Establish a Central Construction Supply Unit to coordinate, monitor and track all major public sector construction projects in the country.
- #26. Increase the scale and capacity of the homebuilding sector.
- #27. Introduce a National Housing Procurement Strategy that promotes collaboration between contracting parties and the supply chain to support the delivery of housing, and reform the Public Works Contracts with a new focus on collaboration and dispute resolution.
- #28. Enhance contracting authority and supplier procurement teams with appropriate resources and competencies to accelerate the delivery of housing programmes.
- #29. Develop a pipeline of appropriately skilled labour for the construction industry, and other measures to address capacity issues in the sector.
- #30. Facilitate the use of innovation, new technology and digitisation to improve productivity in the construction sector.

⁷⁹ MMC is generally understood as referring to modular housing (rapid-build factory-made houses), but modular housing is just one 'modern method of construction', a catch-all term for innovative or alternative ways of building new homes quickly, typically in a factory.



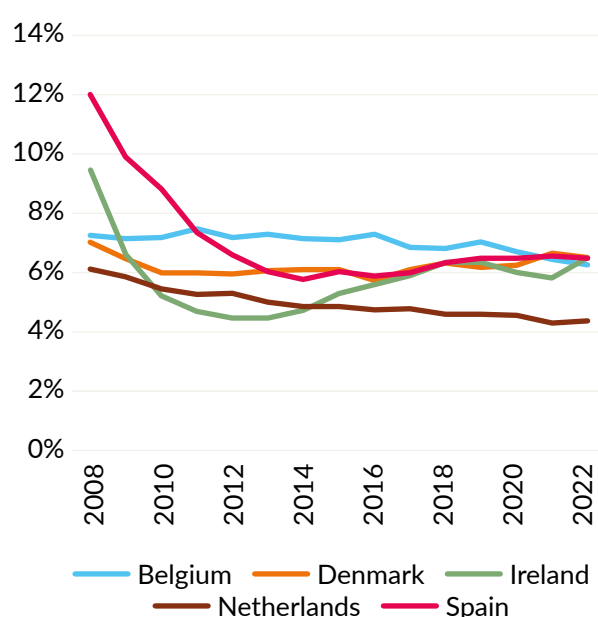
5.3 Central Construction Supply Unit

5.3.1 Background & Context

Ireland needs a functioning construction industry to deliver national infrastructure, including housing. To date, industry groups and bodies and government departments deal with critical areas like skills, MMC and innovation. Other private sector groups conduct siloed research on various housing aspects, hoping they will be adopted by government. The State, as the major client for housing and infrastructure, is key to driving efficiency. Using output-driven strategies around MMC and streamlining decision-making would generate confidence and improve performance.

Figure 5.1 displays construction employment as a percentage of the total employed population for a selection of European countries between 2008 and 2022.

Figure 5.1: Construction employment as a % of total employed population, 2008-2022



Source: Eurostat, Labour Force Survey, 2022.

The property bubble and economic crash led to a steep drop-off in the levels of employment in the construction sector in all the selected countries, but it was most pronounced in Ireland. The number of workers employed in the sector fell by two thirds from 2007 to 2013 (see Appendix 5B), with employment falling to 4.43% in 2013. Except for the Netherlands, all the selected European countries were operating at a construction sector employment rate of between 6.24% and 6.49% in 2022. Construction labour supply is recovering, but remains below the levels required to meet housing supply requirements.

5.3.2 Analysis

Construction is complex and technical, and requires specialist knowledge and skills, and a streamlined approach. Currently, there is no government department that leads on these areas for all construction projects in the country. The Commission has identified the absence of a coordinated approach as an impediment to accelerating construction output. It is important that the recommended Central Construction Supply Unit (CCSU) act as a clearing house for issues that stall housing and infrastructure projects and would advise on live projects that the State is supporting. Good examples of this approach, but in more specialist areas, include the National Development Finance Agency (NDFA) and the Irish Government Economic and Evaluation Service (IGEES). The Land Development Agency (LDA) also takes a leading role in the areas of procurement, standardisation and planning.

The Housing Commission envisages that the CCSU, acting as a centralised unit within a government department, would enable the State to drive change in construction techniques and standardisation, leading to reduced costs and less waste. Good design and efficient delivery are central to this. The CCSU would play a key role in increasing construction output, adopting a collaborative approach between public and private sector bodies to deliver buildings (including housing) and infrastructure more efficiently. The Commission is of the view that the remit of the CCSU would include:

- g. preparing a national construction matrix of all national construction projects, including their design, to coordinate and have oversight of the interdependencies between existing and future housing, infrastructure and other major developments;
- h. engaging with all construction industry stakeholders and government agencies to coordinate delivery, efficiencies, standardisation, quality of design, economies of scale and sustainable construction methods;
- i. establishing an information, training and advice hub as a one-stop shop for the construction sector;
- j. developing independent reports to provide direction to policymakers on key issues such as viability, urban sprawl, development levies, etc;
- k. promoting modern construction technologies and sustainable construction methods, including low-carbon alternatives;
- l. promoting good design and improving the quality of outcomes.

5.3.3 Recommendation & Actions

Recommendation #25:
Establish a Central Construction Supply Unit to coordinate, monitor and track all major public sector construction projects in the country.

Actions

- 1. Establish the CCSU as a permanent centralised unit within a government department, operating as a centre of excellence.
- 2. Ensure that the CCSU acts in a leading capacity across the State, promoting the industry, clearing roadblocks, supporting other public bodies, and collaborating with the private sector to ensure good quality design and a robust construction industry to deliver Ireland’s buildings and infrastructure.
- 3. Fund the CCSU appropriately to allow for the development and execution of a multi-annual strategy. This strategy should incorporate a sector-wide stakeholder engagement plan.

- 4. Resource the CCSU with a multidisciplinary team of appropriate personnel to carry out its functions. The pool of resources should be drawn from new and existing specialists in the public and private sector so that it can fulfil its coordination role.

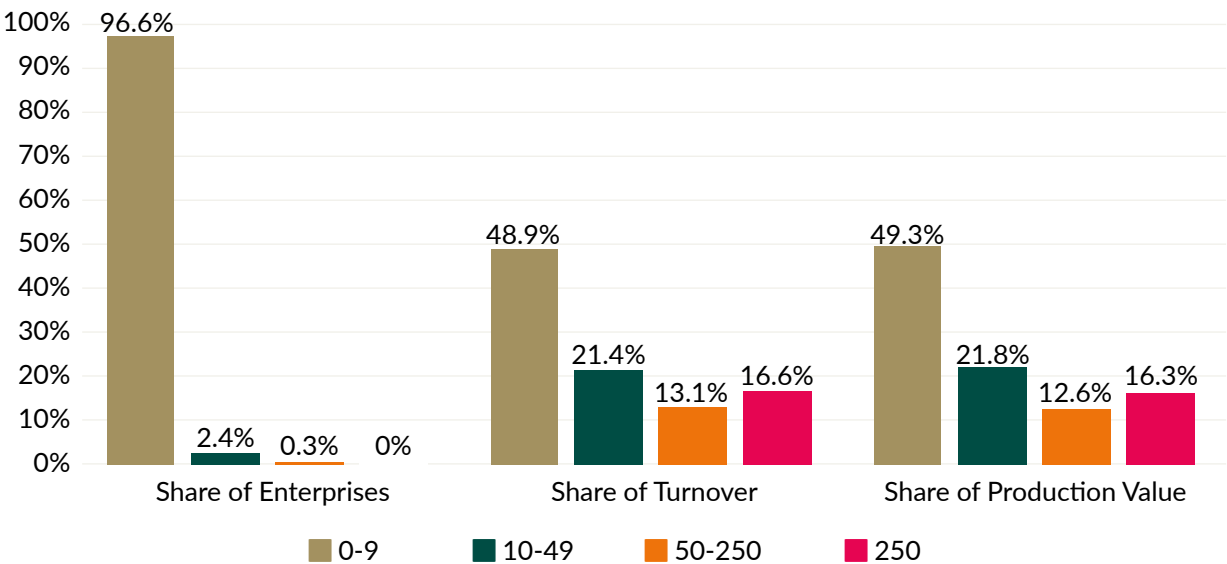
5.4 Scale in the Homebuilding Sector

5.4.1 Background & Context

The scale and composition of the construction sector broadly reflects the Irish economy more generally, in that most enterprises are SMEs with few employees, while a small minority of firms have more than 250 employees. In 2020, there were 62,664 active enterprises in the construction sector in Ireland. The vast majority (96.6%) employed 9 or fewer people, while just 26 firms (0.04%) employed more than 250 people.⁸⁰ When compared with other EU countries, the construction sector in Ireland has a larger number of small construction firms, and a smaller number of large construction firms (see Appendix 5C).

Figure 5.2 displays the share of total sectoral activity according to number of enterprises, turnover and production value by employment class size. While only a small number of firms employ a large number of employees, these firms account for a relatively large share of total turnover and production value in the sector.

Figure 5.2: Structural Business Statistics - Irish Construction Sector



Source: Eurostat, 'Construction by employment size class', 2023.

80 Eurostat, 'Construction by employment size class', 2023.

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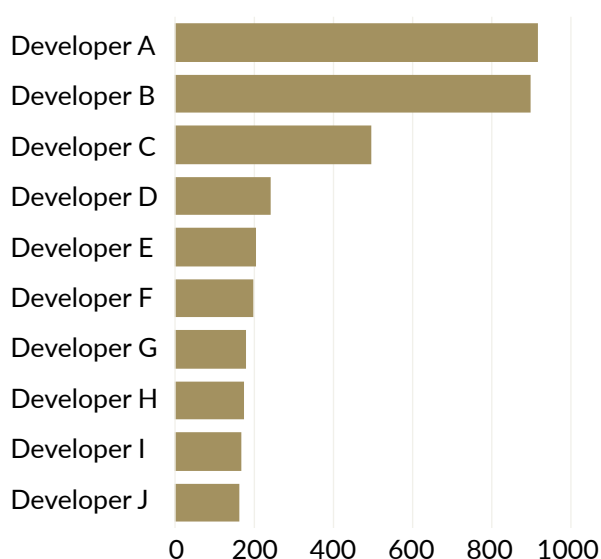
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The relatively large production values in larger firms are supported by Figure 5.3, which displays new home sales by the 10 largest developers and homebuilders in Ireland in 2021. The two largest developers have high levels of housing output, however there is a noticeable gap in housing output in the other eight companies. Developers A and B had a combined output in 2021 of circa 1,800 homes, compared to an output of circa 1,800 homes for the next eight largest developers / builders combined.

Figure 5.3: New home sales by developers and homebuilders, 2021 (n)



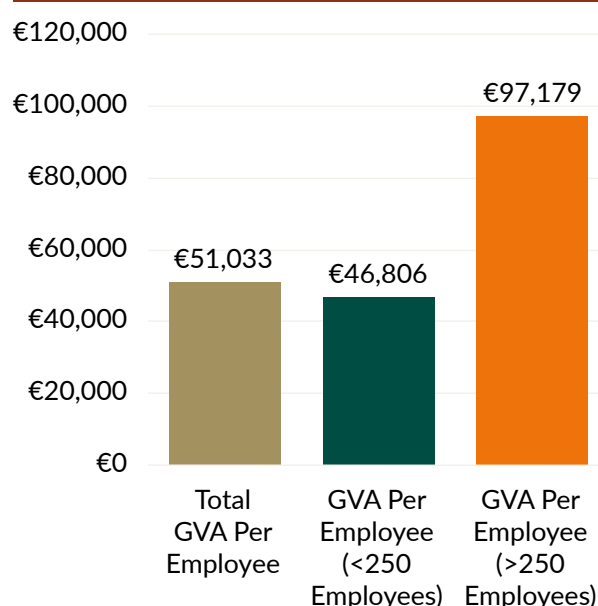
Source: Goodbody Analytics, 'Irish Housing', 2022.

5.4.2 Analysis

The Irish construction sector is highly fragmented, and only a small number of building firms can access sizeable contracts without subcontracting arrangements. Productivity growth levels have remained consistently low in the post-crash period. However, gross value added (GVA) per employee increases with firm size. In 2020, large firms of 250 or more employees recorded GVA of €97,179 per employee, while small firms recorded GVA of €46,806 per employee (see Figure 5.4). This diversity in the Irish construction sector is important. Having larger firms operating in the sector is a positive, as these can develop housing more efficiently due to economies of scale. At the same time, smaller SMEs have a role in taking on smaller scale projects. Surveys carried out as part of the National Skills Council and Expert Group on Future Skills Needs suggested that the difference in GVA could prompt further consolidation of the industry in larger firms in the

next decade.⁸¹ This highlights the productivity benefits that come about due to scale. Moreover, if the newly coordinated approach being proposed in this report substantially increases the scale of homebuilding, many of the challenges associated with construction industry employment will likely be de-risked by reason of greater certainty in the sector.

Figure 5.4: GVA per employee in the Irish construction sector by employment class size, 2020



Source: CSO, *Structural Business Statistics – Building and Construction*, 2020

Increased economies of scale in homebuilding will require collaboration, which can facilitate knowledge-sharing while allowing firms to maintain strong independent identities, ensuring competition in the market. Such collaboration could include:

- Joint venture procurement processes
- Shared resources
- Support networks
- Engagement with the Construction Technology Centre⁸²
- Government support in relation to equity

The increased capacity of the sector to deliver at scale, using newer digital and MMC technologies, would likely attract a new cohort of digitally qualified staff into construction (see Section 5.8). This increased access to knowledge and skills could further enhance productivity and innovation.

81 National Skills Council, 'Building Future Skills: the demand for skills in Ireland's built environment sector to 2030', Expert Group on Future Skills Needs, National Skills Council, September 2020.

82 Construct Innovate.

The Commission notes that, under the Programme for Government, several supports have recently been developed for the SME sector, including the 'National SME and Entrepreneurship Growth Plan',⁸³ which was informed by the OECD report 'SME and Entrepreneurship Policy in Ireland'.⁸⁴ It also notes the significant progress of the SME Growth Taskforce, including the launch of a single SME portal to provide a platform for information and access to available supports and related information for SMEs.

Access to knowledge and skills will be further facilitated by the establishment of the Construction Industry Register Ireland (CIRI). The Regulation of Providers of Building Works Act was enacted in 2022, and as a result a statutory register will be established, known as CIRI. CIRI is a resource to find competent, experienced construction companies, sole traders and builders. Those listed on CIRI must meet specific standards, including complying with building and health and safety regulations, as well as an industry code of ethics. At the time of writing, the CIRI register is voluntary (it's known as the Voluntary Construction Register), but it is envisaged that all builders must join the Statutory Register from 2025.⁸⁵

Recognising the considerable progress made, the Commission is of the view that individual sectors, especially the construction sector, would benefit from a specialised growth plan, specific to the needs of the construction industry.

5.4.3 Recommendation & Actions

Recommendation #26: Increase the scale and capacity of the homebuilding sector.

Actions

1. Tailor the 'National SME and Entrepreneurship Growth Plan'⁸⁶ with a strategy that meets the needs of individual sectors, such as construction, encompassing areas such as finance, risk appetite, regulation and skills.
2. Review and update this strategy regularly to maintain its relevance and ensure timely reaction to the economic environment.

3. Provide information, support and options for the consolidation or merging of firms with the assistance of Enterprise Ireland, to ensure that collaboration leads to capacity and productivity gains, whilst also preventing a reduction in market competition.
4. Provide up-to-date information on the emergence and development of digital and MMC technology.
5. Allocate further resources for the Ireland Strategic Investment Fund (ISIF) to enable equity investment for housing. This investment will act as an anchor and encourage further finance to support a scaling-up of existing private homebuilders.

5.5 National Housing Procurement Strategy and Collaboration

5.5.1 Background & Context

To address the housing crisis through increased delivery, there is an urgent necessity for the Government to invest in housing in a regular and sustained manner. It is essential to take a long-term view of improving the public procurement system (PPS). A key pillar of this is to establish consistent practices and processes. This would enable consistency of interpretation and application, giving clarity on procedures for the supply chain, and providing the supply chain with certainty and confidence to participate in public sector projects.

The current tendering process is rigid, with strict compliance criteria, which distracts from outcomes and innovation. The process requires submission of the same information, in slightly varied formats, to different procurement bodies. This repetition of tasks results in the PPS being slow to navigate, and thus renders the cost of tendering unnecessarily high.

Contracting bodies reported to the Commission that the number of applicants seeking to tender for public sector construction and consultancy contracts has declined. The lack of competition in the system has resulted in projects being delayed. The industry needs to have insight into the project pipeline to enable it to plan, and to give confidence for investment.

The Government has plans to increase the annual figure of social housing delivery to 10,000

83 Department of Enterprise, Trade and Employment, 'Report of the SME Taskforce: National SME and Entrepreneurship Growth Plan', 2021.

84 OECD, 'SME and Entrepreneurship Policy in Ireland', OECD Studies on SMEs and Entrepreneurship, OECD Publishing, 2019.

85 Construction Industry Register Ireland (CIRI).

86 Department of Enterprise, Trade and Employment, 'Report of the SME Taskforce: National SME and Entrepreneurship Growth Plan', 2021.

dwellings, but there are concerns that delivery of housing through the current PPS could impede these targets and lead to lower value for money. The current system can be complex in administration and management, and, teamed with the uniqueness of every building project, there can often be unwarranted delays, wasted resources and adversarial and costly contractual relationships.

To ramp up housing delivery to meet targets, the PPS should be enhanced and better resourced with appropriately skilled people. This will ensure streamlined and consistent processes, as well as a focus on collaboration and early contractor engagement, to attract and hold supply-chain interest.

5.5.2 Analysis

Given that numerous bodies hold remit over the delivery of social and affordable housing, it is essential that there be robust governance, a clear line of accountability and early identification of roles and responsibilities for procuring housing stock. The Commission is of the view that all public bodies and state agencies with a role in social and affordable housing delivery should be aligned and mandated to adhere to a Housing Procurement Strategy with consistent structures, criteria and assessment.

Social housing construction projects funded by the Department of Housing, Local Government and Heritage (DHLGH) for local authorities under the Social Housing Investment Programme, and for AHBs under the Capital Assistance Scheme are compelled to comply with the Government's Capital Works Management Framework (CWMF). Its objectives are to ensure greater cost certainty, better value for money and financial accountability.

To ensure alignment with the CWMF, these projects must currently progress through a four-stage approval process as part of the broader pre-construction process undertaken by the local authority. These four stages are advanced largely in parallel with the normal local authority work on planning, designing and tendering social housing construction projects. Under the four-stage approval process, the current average time to proceed from initiation to final approval and commencement on site is 128 weeks. However, this process can take longer, which causes delays in delivering social housing and in the supply chain more generally. The Commission is of the view that all projects should follow a single-stage approval process, thus removing any unnecessary administrative layers to the delivery of social housing. Local authorities and AHBs should be given the responsibility to authorise and proceed

with housing delivery once the Public Spending Code is complied with. (See Section 8 for further information on financing the social housing and AHB sectors.)

A clear understanding of national housing needs and an appropriately scaled project pipeline will support all aspects of industry planning and give confidence for investment. The project pipeline needs to be coordinated across all government departments, local authorities, the LDA and the AHB sector. Publishing a long-term pipeline of upcoming projects would allow for commitment to early engagement and a more strategic approach to be taken by both contracting authorities and the supply chain, in terms of resources, planning ahead, front-loading and strategic partnering. This would create an environment with more certainty. It would also promote investment in innovative solutions and assist with the effective rollout of MMC and sustainability measures, such as environmental, eco systems and materials. The expansion and development of utilities, roads, community amenities and transport links should tie in with area population changes associated with new housing delivery.

The restrictions in the current suite of Government Construction Contracts Committee (GCCC) contracts impede early-stage supply-chain engagement and collaboration, and the ability of the contractor to feed into early design development. Therefore, the relationship between contracting authorities and suppliers is primarily transactional. The lack of supply-chain engagement, coupled with the potential adversarial nature of the current CWMF contracts, is reducing supply-chain appetite for public sector works contracts.

Promoting engagement and collaboration between contracting authorities and suppliers can safeguard quality and optimise design through full team involvement from an early stage. It would also enable broader consideration of innovation and sustainability in design development. This could ultimately lead to better value for money, cost and programme certainty and, most importantly, good-quality outcomes.

5.5.3 Recommendation & Actions

Recommendation #27:

Introduce a National Housing Procurement Strategy that promotes collaboration between contracting parties and the supply chain to support the delivery of housing, and reform the Public Works Contracts with a new focus on collaboration and dispute resolution.

Actions

1. Mandate all public bodies with a role in social and affordable housing delivery to adhere to a National Housing Procurement Strategy that promotes collaboration between contracting parties.
2. Coordinate the pipeline of planned housing projects across all government departments, local authorities, the Land Development Agency and the Approved Housing Body sector to enable the industry to plan and to give confidence for investment. In doing so, collaboration between contracting authorities and the supply chain to promote the delivery of housing should be enhanced.
3. Introduce a Public Procurement Strategy that must:
 - a. Provide guidance to the contracting authority on drafting clear briefs and objectives that include a clear description of the housing requirement and details of the site and its history, including surveys. Guidance should also set out how to align tender evaluation criteria to take account of specific project objectives, with a focus on quality, innovation, timelines and outcomes.
 - b. Provide clear guidance in the green procurement space and support market soundings to allow buyers to talk to suppliers and establish sustainability standards on innovative green procurement solutions. The Sectoral Procurement Strategy should enable easier circulation and distribution of governmental circulars, and changes to policies and procedures.
- c. Structure the mechanism for site selection and allocation such that AHBs and other publicly funded organisations are not competing for available local authority sites.
- d. Develop a set of rules for AHBs on procuring turnkey properties from private developers and apply them consistently to mitigate inter-AHB bidding and duplication.
- e. Provide guidance to project sponsors regarding engagement in the design and planning stages that would encourage them to:
 - employ suitably qualified technical staff on the client side;
 - engage with design teams as early as possible in the feasibility and concept development stages;
 - engage with design teams and the supply chain to inform the procurement process (i.e. delivery model, procurement route and contract form);
 - identify project risks at an early stage and invite risk-balancing proposals during the tendering process;
 - include awareness of environmental sustainability and carbon life-cycle at the design stage.
4. Introduce multi-annual funding that should:
 - a. Facilitate multi-annual budgeting, whereby contracting authorities can plan ahead, commit to long commercial engagements, and promote supply-chain relationships.
 - b. Replace the four-stage Capital Works Management Framework for approval of expenditure for social housing projects by local authorities with direct allocation of funding to local authorities to deliver social housing.
5. Make further use of alternative delivery models and procurement processes, as listed below. While some of these alternative models are already used, there are opportunities to promote further engagement across government and contracting authorities:
 - a. Turnkey set of rules
 - b. Developer agreements
 - c. Joint venture
 - d. Design competitions
 - e. Dynamic purchasing systems

5.6 Appropriate Resources and Competencies

5.6.1 Background & Context

Following the Global Economic Crisis and the recruitment embargo in public bodies, a shortage in specialised skillsets, including procurement, arose. Many housing and planning specialists were not replaced within the public service due to the cessation of building programmes. Consequently, public sector bodies have been gradually recruiting new personnel to undertake specialist tasks, including procurement. However, this process has been piecemeal and inconsistent. Considering the extraordinary demand for housing and the need to deliver it at an accelerated rate, it is of critical importance that no delays in the delivery of housing be attributable to the absence of sufficient and competent resources in areas such as procurement.

Insufficient levels of competency in procurement and related technologies result in an increased cost of tendering and a reduction in the pool of bidders. The absence of adequate knowledge, appropriate training and the skillset required to draft, administer and assess a tender can often be a barrier to effective and efficient public procurement (European Commission, 2017). The problematic areas include:

- Understanding of the optimised procurement route selection
- Development of briefs
- Drafting of appropriate award criteria and the assessment of those criteria
- Burden of administering the process
- Fear of legal challenge

5.6.2 Analysis

The public procurement process can be perceived as intimidating and complex due to changing market rules and regulations. This can be further exacerbated by incremental changes to rules relating to the thresholds, natures and complexities of projects and related technologies. The introduction and updating of IT platforms for central databases or tendering competition can introduce expediency, efficiency and data tracking, but requires upskilling and user knowledge to navigate and use efficiently.

An effective level of industry, sector and subject knowledge relating to design, construction and procurement is viewed as essential to ensure that any public procurement is carried out in line with EU and local regulations. It is understood that the greater the competencies in these fundamental areas, the greater the opportunity to achieve value for money, efficiencies and effectiveness throughout the tendering process. Public procurement experiences long delays and inefficiencies due to outdated, complex and redundant processes.⁸⁷ This is not helped where procurement teams are not upskilled and mentored in changes to procurement processes, legislation or government-issued circulars and guidance.

Concurrent with this, bidders can struggle to adequately respond to competitions without the correct training. Procurement efficiency would benefit from structured training provided by public authorities to the supply chain to ensure they are able to appropriately reply to tenders.

Any gaps in training and skills for managing procurement processes is further compounded by turnover of staff, and loss of knowledge and skills. The appropriate skills and capacity in contracting authorities across all stages of project tender and delivery are needed to meet demand. Continuing professional development (CPD) will support the training and development of procurement professionals, particularly in areas such as green procurement, and enable the drafting of tenders with appropriate identification and assessment of sustainability requirements.

Additionally, the Office of Government Procurement is rolling out the Commercial Skills Academy (CSA). The training is targeted at public sector procurement leads, and is offered in a tiered format, to reflect the level of engagement and involvement that the individual has in managing procurement processes. Training in effective engagement with tenderers at the early stage of award has the potential to improve the timelines of procurement processes.

⁸⁷ S. Lundberg and M. A. Bergman, 'Tendering design when price and quality is uncertain', International Journal of Public Sector Management, vol. 30, no. 4, 2017.

5.6.3 Recommendation & Actions

Recommendation #28:

Enhance contracting authority and supplier procurement teams with appropriate resources and competencies to accelerate the delivery of housing programmes.

Actions

1. Expand training and professional development nationally through the continuing professional development (CPD) structure. Consideration should be given to mandating a minimum level of professional qualification and CPD for those managing procurement processes. Specifically, training and upskilling should focus on changes in guidance and legislation, use of the E-tenders platform, and changes to government circulars, public works contracts or Office of Government Procurement (OGP) guidance notes.
2. Establish a Centre of Excellence to proactively develop and deliver procurement training, advice and support to contracting authorities and suppliers. The Centre of Excellence would also ensure consistency in implementing the proposed Housing Procurement Strategy.
3. Increase SME involvement by adopting the 'ladder principle' in the formation of Lists of Frameworks to allow less experienced firms to apply for smaller-scale projects, and then graduate to larger projects. Similarly, tailoring the European Single Procurement Document (ESPD) to the Irish context and developing 'passporting' for consultants would enable greater opportunities for inclusion in countrywide panels, provide choice of when to bid, and reduce application costs.
4. Use standardised templates and pro forma documents (such as Invitation to Tender, Suitability Assessment Questionnaire, checklists) to reduce the administrative burden on both the procurement teams locally and bidders. These should be supported by easy-to-navigate checklists and guidance for the various threshold frameworks.
5. Improve the efficiency and wider use of frameworks based on large-scale thresholds or geography, e.g. separate frameworks for 2-15 houses, 15-50 houses, or 50-500 housing bundles, subset into regional areas for lower-scale bundles to encourage local SME participation. Call-off from the frameworks could be managed either regionally or centrally.
6. Establish a centralised digital supplier platform to enable ease of access to frameworks and supplier information for all authorities procuring housing. Documents that could be easily accessed include:
 - a. all live framework agreements, framework candidates' details and agreement conditions;
 - b. procurement passports;
 - c. pass/fail pre-qualification documentation (tax clearance, insurance, financials, bona fides, etc);
 - d. central supplier database.
7. Introduce housing templates to facilitate the use of innovative delivery models in the specification of requirements. This would greatly reduce design development, reduce the risks of scope creep and accelerate the delivery of housing.

5.7 Pipeline of Appropriately Skilled Labour

5.7.1 Background & Context

The construction sector is particularly labour-intensive. The delivery of new homes, retrofitting existing homes and general repair and maintenance of the housing stock will require an appropriately skilled workforce. This workforce will come from:

- attraction and retention of those with the necessary skills;
- training of new workers;
- sourcing of skilled labour from other countries.⁸⁸

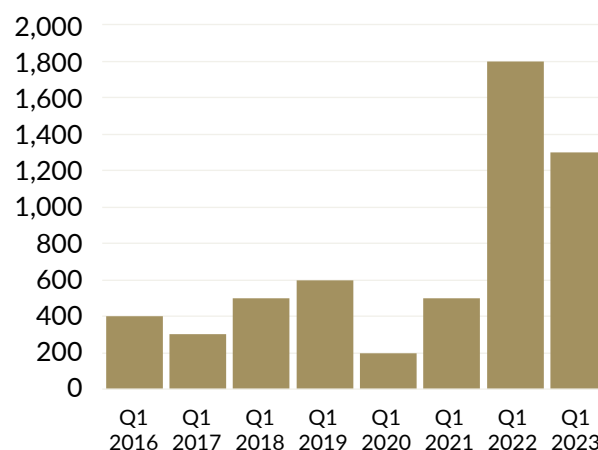
There was a substantial reduction in the size of the sectoral workforce after 2008. Many of those who had worked in construction left through retraining, emigration, unemployment or retirement. The volatile nature of the sector and the scale of the collapse post-2008 are likely to have played a role in reducing the attractiveness of the sector to new entrants over recent years. Additionally, the volatility of the sector makes it difficult to maintain a pipeline of skilled workers, and it is generally difficult to reinstitute training when demand has recovered, leading to a lag between demand and the availability of skills.

There is a high demand for construction workers and each major infrastructure project reduces the capacity of the construction sector to deliver other programmes. In Q1 2023, construction accounted for a 6.2% share of national employment in Ireland, with 160,800 employed in the sector. Over the five-year period of Q1 2018-Q1 2023, employment grew by over 17% – an increase of 23,800 people employed.⁸⁹

At the time of writing, the economy is at full employment, with labour shortages affecting the construction sector, among other challenges. There are competing demands for construction workers across the economy, including the National Retrofitting Plan, various infrastructure projects, non-residential building and the construction of new houses. However, recruitment challenges are noted in a range of reports.⁹⁰ A sizable increase in demand for labour and materials in areas such

as retrofitting public buildings and residential dwellings could result in an increase in tender costs and the crowding-out of house building. Tighter labour market conditions are evident in the high numbers of unfilled vacancies (see Figure 5.5). The number of job vacancies in the construction sector is particularly high compared to the period 2016 to 2021 (though not as high as in 2022).

Figure 5.5: Job vacancies in the construction sector in Ireland, Q1 2016–Q1 2023 (n)



Source: CSO, Earnings and Labour Costs⁹¹

5.7.2 Analysis

There is evidence of a current shortage of appropriately skilled labour in the construction sector.⁹² Skills gaps may limit the ability of the sector to deliver current projects and to adopt newer technologies (see Appendix 5E). Therefore, it is important to diversify and increase the workforce to increase capacity. The recently published Careers in Construction Action Plan⁹³ deals with many of the issues facing the sector and seeks to promote careers in the construction industry.

Employment permits

Attracting a skilled workforce is integral to a productive workforce. To this end, the Department of Enterprise, Trade and Employment introduced the Critical Skills Employment Permit (CSEP). The CSEP is designed to attract highly skilled people from other countries into the Irish labour market with the aim of encouraging them to

⁸⁸ In 2020, 13.2% of Irish construction sector workers were non-Irish nationals (CSO, 2020).

⁸⁹ Central Statistics Office, [Persons aged 15-89 in employment](#).

⁹⁰ National Skills Council, 'Building Future Skills: The Demand for Skills in Ireland's Built Environment Sector to 2030' (2020); National Skills Council, [Skills for Zero Carbon: the demand for renewable energy, residential retrofit and electrical vehicle deployment skills to 2030](#), 2021; Department of Further and Higher Education, Research, Innovation and Science (2022), [Report on the Analysis of Skills for Residential Construction and Retrofitting](#), Government of Ireland, 2022.

⁹¹ Q4 2022 results are final while Q1 2023 are preliminary estimates.

⁹² Department of Further and Higher Education, Research, Innovation and Science, [Report on the Analysis of Skills for Residential Construction and Retrofitting](#), Government of Ireland, 2022.

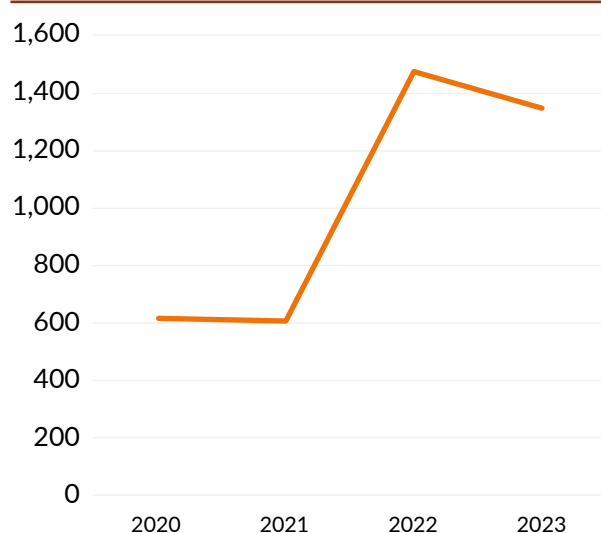
⁹³ Department of Further and Higher Education, Research, Innovation and Science, [Careers in Construction Action Plan](#), Department of Further and Higher Education, 2023.

take up permanent residence in the State. Only qualifications, experience or skills required for the proper functioning of the economy are considered for CSEPs. Skills eligible under the CSEP include those of:

- Structural engineers and site engineers
- Architects
- Quantity surveyors
- Architectural technologists
- Construction project managers

Under the CSEP, skilled workers can immediately apply for family reunification from the Irish Naturalisation and Immigration Service of the Department of Justice and Equality. Dependent spouses or partners are eligible to seek employment once resident in the State. Figure 5.6 shows the sharp increase in employment permits in the construction sector in 2022.

Figure 5.6: Employment permits granted for the construction sector (n)



Source: Department of Enterprise, Trade and Employment, 'Employment Permit Statistics'.⁹⁴

Apprenticeships

Two initiatives were introduced in 2022 to improve the attractiveness of apprenticeships. First, eligible employers can receive an Apprenticeship Employer Grant of €2,000 per apprentice they employ. The grant was introduced as part of the national Action Plan for Apprenticeship, 2021-2025.⁹⁵ There are over 40 eligible apprenticeships, with some still awaiting approval. While the Commission recognises the importance of this initiative, it notes that construction sector professions should be represented more fully on the list of eligible apprenticeships. This would assist in combatting the severe skills shortage in the sector.

The second initiative introduced in 2022 was the inclusion of apprenticeship options on the Central Applications Office (CAO) system, including in the construction sector. In 2023 the Working Group for the Promotion of Careers in the Construction Sector found that apprenticeships were perceived as more suitable to less academic school-leavers, and students could be discouraged from joining the construction sector because of perceptions about financial uncertainty, career stagnation, volatility and physical burnout.⁹⁶ The move to include construction industry apprenticeships on the CAO is one instance of removing the barriers and negative perceptions about apprenticeships more generally and the construction industry specifically. There are 24 apprenticeships listed on the CAO under the Construction, Architecture and Property Sector. Alternative entry routes into apprenticeships also exist, for example, the 'earn while you learn' courses, which also provide an optional pathway to higher education.

Finally, from a practical perspective, the Commission is of the view that, if the Government wants to attract people to the apprenticeship route, the level of remuneration must be reviewed.

Apprentices' compensation varies across each industry sector, as well as across companies. However, the rates of pay for apprentices in building and construction, mechanical engineering and the electrical industry are determined by their years of service. Table 5.1 shows the apprentice hourly pay in the construction sector for each year of service.

⁹⁴ Department of Enterprise, Trade and Employment, 'Employment Permit Statistics (various years)'. 2020 was the first year that construction was named as an individual sector.

⁹⁵ Department of Further and Higher Education, Research, Innovation and Science, 'Action Plan for Apprenticeship 2021-2025', 2020.

⁹⁶ Department of Further and Higher Education, Research, Innovation and Science, 'Careers in Construction: Action Plan Working Group for the Promotion of Careers in the Construction Sector', Government of Ireland, 2023.

Table 5.1: Apprentice hourly pay rate, February 2023

Year	Hourly rate	% of craft rate ⁹⁷
1	€7.03	33.3%
2	€10.55	50%
3	€15.82	75%
4	€18.98	90%

Source: Workplace Relations Commission, 'Construction Sector', 2023.⁹⁸

As of 1 January 2024, the national minimum wage in Ireland is €12.70 per hour (for age 20 and over). Therefore, first and second-year apprentices are currently working below the national minimum wage.

The issue of apprenticeship remuneration is highly influential when prospective apprentices are deciding whether or not to participate in apprenticeship training in the construction industry. It is a key measure in terms of delivering an increase in skilled labour. Levels of apprenticeship remuneration are less than for entrants to sectors without attainment stages or other milestones to higher remuneration. Raising remuneration is a practical and realistic measure that might prove more attractive to new entrants than high-profile promotional programmes.

Female participation

In the construction sector, women are generally represented in roles requiring formal education, such as architecture, town planning, civil engineering and production manager. However, low levels of female participation are especially pronounced in core construction occupations which make up the majority of jobs in the sector.⁹⁹ As of December 2022, the craft apprentice population was 22,429, of whom just 349 were women.¹⁰⁰ A gender-based bursary worth €2,666 was introduced in 2022 to combat the underrepresentation of women in the sector. The bursary is available to employers who employ apprentices on any national apprenticeship programme with greater than 80% representation of a single gender.¹⁰¹

Table 5.2: Apprentice population 2022, breakdown by gender

Construction-based apprenticeships	Male	Female
Brick & Stone laying	100%	0%
Carpentry & Joinery	100%	0%
Geo Driller	100%	0%
Painting & Decorating	92%	8%
Plastering	99%	1%
Plumbing	100%	0%
Scaffolding	100%	0%
Stonecutting & Stonemasonry	96%	4%
Wood Manufacturing & Finishing	98%	2%

Source: National Apprenticeship Office, 'Progress Report 2022 and Plans 2023', 2023.

The Commission recognises the lack of gender diversity in the construction sector and the need for incentives to attract female participation. Additionally, women are underrepresented in more senior roles in the sector. In 2018, 10% of women were working at director level and 3% in managing director or CEO positions. This contrasts with 18% of women working in non-managerial positions.¹⁰² (See Appendix 5D.2 for further information on female participation in the construction sector.)

⁹⁷ A craftsperson is defined as a qualified trade person. The craftsperson hourly rate as of 18 September 2023 was €21.49 per hour. This will increase to €22.24 from 5 August 2024.

⁹⁸ Workplace Relations Commission, [Sectoral Employment Order \(Construction Sector\)](#), 2021.

⁹⁹ Enterprise Ireland, ['A Detailed Description of Needs for the Irish Construction/Built Environment Sector Covering Technology and Innovation'](#), Ernst & Young, 2021.

¹⁰⁰ National Apprenticeship Office, ['Progress Report 2022 and Plans 2023'](#), National Apprenticeship Office, 2023.

¹⁰¹ Generation Apprenticeship, ['Apprenticeship gender-based bursary'](#), National Apprenticeship Office, 2023.

¹⁰² CIF, ['Women in the Construction Industry'](#), prepared for the CIF by Accuracy Market Research, 2018.

5.7.3 Recommendation & Actions

Recommendation #29:

Develop a pipeline of appropriately skilled labour for the construction industry, and other measures to address capacity issues in the sector.

Actions

1. Implement proactively the 'Careers in Construction Action Plan'.
2. Update a forecast of skills requirements regularly to account for changes to housing requirement, technologies, sectoral productivity levels, macroeconomic trends, migration flows and the competing needs of construction project priorities.
3. Develop an incentivisation plan to attract EU and non-EU construction workers.
4. Ensure that the construction sector is adequately resourced, by implementing provisions and incentives to attract:
 - a. more apprentices into the sector, particularly in areas with a skills shortage – this will require financial supports for employers and employees from the State;
 - b. more female participation so that the sector is accessing workers from 100% of the labour pool.
5. Review and increase remuneration levels for apprentices to competitive rates, particularly for apprentices in years 1 and 2, to attract sufficient new entrants to the construction sector.
6. Introduce guidelines on the application of the social clauses in public procurement to introduce quotas for apprenticeships for large public renovation and construction projects.

5.8 Innovation, New Technology and Digitisation

5.8.1 Background & Context

Modern Methods of Construction (MMC) comprise a range of different types of techniques which involve large portions of a building being manufactured in a factory setting and then joined together on-site.¹⁰³ This is a rapidly evolving approach to construction. Industry estimates suggest that MMC could improve the speed of housing construction, reduce costs, enhance energy efficiency and produce homes with fewer defects than traditional methods.¹⁰⁴

In most countries, MMC still comprises a relatively small amount of new builds. However, it is especially prevalent in Scandinavian countries, with approximately 45% of overall house construction being built offsite. This proportion increases to 80% for single-family homes. In Singapore, 20-33% of all new homes use offsite techniques. While only 15-20% of new houses in Japan are built using MMC, this corresponds to 150-180,000 houses per annum.¹⁰⁵

MMC adoption, however, comes with risks, and the success of investments in MMC cannot be assumed. Various modular housing factories have closed in recent years, including Kattera in the US (2021), and House by Urban Splash (2022), Housebuilder Countryside (2022) and Ilke Homes (2023) in the UK. To avoid these risks, it is necessary to have a committed pipeline of delivery and to review timeline uncertainties associated with the Irish planning system. Table 5.3 provides a description of the use of MMC and digital adoption in comparator countries and their success or otherwise.

103 Ministry of Housing, Communities & Local Government, 'Modern Methods of Construction working group: developing a definition framework', 2019.

104 Enterprise Ireland, 'A Detailed Description of Needs for the Irish Construction/Built Environment Sector covering Technology and Innovation', Ernst & Young, 2021.

105 Savills, 'A modern approach to construction', Savills, 2020.

Table 5.3: Modern Methods of Construction in comparator countries

Region	Public Sector Supports	Key Findings
UK	- The Homes England Strategic Plan, 2023-28 mandates that 25% of homes delivered through strategic partnerships use MMC. - MMC Taskforce (funding of £10m) was established in 2019 to accelerate MMC. In 2021, a definition framework was published. - UK Transforming Construction Challenge (public-private project with £420m funding) has created innovation hubs (Construction Innovation Hub, AIMCH Hub) to foster MMC R&D.	In 2021, 423,500 prefabricated houses were built in Europe, including 148,700 in the UK. The adoption of Category 2 and Category 3 structural systems ¹⁰⁶ is widespread due to compatibility with construction practices and potential for efficiency. While Category 1's 3D systems ¹⁰⁷ are gaining traction in urban areas for rapid construction, more government support is required to incentivise Category 1 due to higher costs and risks.
Denmark	- The 2021 National Strategy for Sustainable Construction promotes modular construction to achieve energy efficiency. - We Build Denmark is a national organisation for the construction sector, appointed by the Ministry of Higher Education and Science. It develops and implements innovative construction solutions. - Building Information Modelling (BIM) and open-source IFC standard has been mandated. - Digitalisation of construction is supported in 2025 Strategy for Digital Growth.	Denmark has increased productivity in construction over the last 7 years, but has not experienced an increase in labour hours in construction as drastically as Ireland has. This is a benefit of the use of technology and MMC. This improved productivity contributes to Denmark's lower cost per dwelling as construction requires less time and resources.
Netherlands	- BIM is mandated for large-scale public construction projects. - The National Growth Fund (€2.6bn) supports the manufacturing of innovative technologies across different fields. - Dutch smart policy innovation supports the digitalisation of the construction sector.	The adoption rate of BIM among Dutch architects is 80%. 20% of new homes built in 2020 were made using MMC.

A review of the literature suggests that the two biggest determinants of the adoption of MMC are:

- demand for housing;
- the relative cost of skilled construction labour – MMC is especially attractive in environments where labour shortages exist alongside large-scale unmet demand for housing.

5.8.2 Analysis

While MMC is associated with a range of potential benefits, its implementation at scale is a disruptive business model, and necessitates a substantial shift in procurement processes, skillsets and project management. While several Irish firms are already investing in offsite and modular construction, the take-up of MMC by construction firms remains modest. (See Appendix 5F for a detailed list of the challenges associated with MMC.)

¹⁰⁶ Category 2 refers to structural panelised; Category 3 refers to offsite components.

¹⁰⁷ Category 1 refers to volumetric modular.

In 2023 the Government published a roadmap to increase housing delivery using MMC techniques. To scale up MMC capacity and delivery, the roadmap identified key target areas:¹⁰⁸

- Expand the use of a design and build procurement approach.
- Roll out accelerated delivery by the Department of Housing, Local Government and Heritage and local authorities to deliver 1,500 new-build social homes using Design & Build and MMC technology.
- Support local authorities and AHBs to acquire sites with a focus on MMC.
- Accelerate design standardisation for residential construction with reference to the Design Manual for Quality Housing.¹⁰⁹
- Introduce a pilot project to deliver social or affordable housing using 3D volumetric systems.
- Develop accredited training programmes to identify skills gaps in MMC.
- Introduce training interventions for building control authorities.
- Promote the National Standards Authority of Ireland Agrément certification and inspection services.
- Accelerate reskilling of the construction workforce in MMC.
- Boost industry competitiveness and capacity.

A reliable pipeline of large-scale projects from the State (AHBs, LDA, local authorities) will be required to incentivise such investments and to harness associated gains.

5.8.3 Recommendation & Actions

Recommendation #30:

Facilitate the use of innovation, new technology and digitisation to improve productivity in the construction sector.

Actions

1. Further develop the *Roadmap for Increased Adoption of Modern Methods of Construction in Public Housing Delivery* and champion the use of innovation, new technologies and digitisation to improve productivity in the construction sector.
2. Provide guidance on regulations and safety standards for modular buildings to give certainty to the MMC sector.
3. Establish a new procurement framework for MMC firms which public sector bodies can use when tendering for large-scale construction projects.
4. Provide quality and design standards for modular buildings which incorporate the principles of the New European Bauhaus.¹¹⁰
5. Draw experience in the use of new technologies and digitisation from international comparator countries. Austria and Denmark hold the highest rate of BIM usage of EU member states, while Austria and the Netherlands are the only two member states with an Open BIM standard mandate. Additionally, the Netherlands has adopted innovative technologies like 3D printing and augmented reality. These technologies can drive efficiencies in the construction process, and Ireland can draw on these experiences to help ensure efficient delivery of quality modular homes.

¹⁰⁸ Department of Housing, Local Government and Heritage, 'Roadmap for increased adoption of Modern Methods of Construction in public housing delivery', 2023.

¹⁰⁹ Department of Housing, Local Government and Heritage, 'Design Manual for Quality Housing', Government of Ireland, 2023.

¹¹⁰ European Union, 'New European Bauhaus'.

Section 6

The Rental Sector

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Terms of Reference 1

Examine and report on maintaining a sustainable housing supply and providing balance and choice of tenures, having regard to social, environmental and economic objectives.

Terms of Reference 4

Examine and report on the affordability of private rental accommodation.

Terms of Reference 7

Examine and report on the need for regulation of social housing.

6.1 Introduction

In considering long-term housing policy post-2030, and as part of its terms of reference, the Housing Commission undertook an examination of the rental sector. The rental sector includes arrangements where tenants rent their accommodation in the private rental market from a private landlord, local authority social rented housing, and approved housing body (AHB) social rented housing.¹¹¹ In addition, cost-rental housing is provided by AHBs, local authorities and the Land Development Agency (LDA).

This section of the report examines developments in the regulation, availability and delivery of the private housing rental sector, rental housing supports and cost-rental housing. The regulation of market rents and of landlords' and tenants' rights and responsibilities across the rented sector are also examined here. The topic of social housing is dealt with in Section 8 of this report, while home ownership is dealt with in Section 7.

The private rental market is an essential element of a well-functioning housing system. There will always be a need for private rental accommodation as part of an appropriate tenure mix. The Housing Commission recommends that the private rental

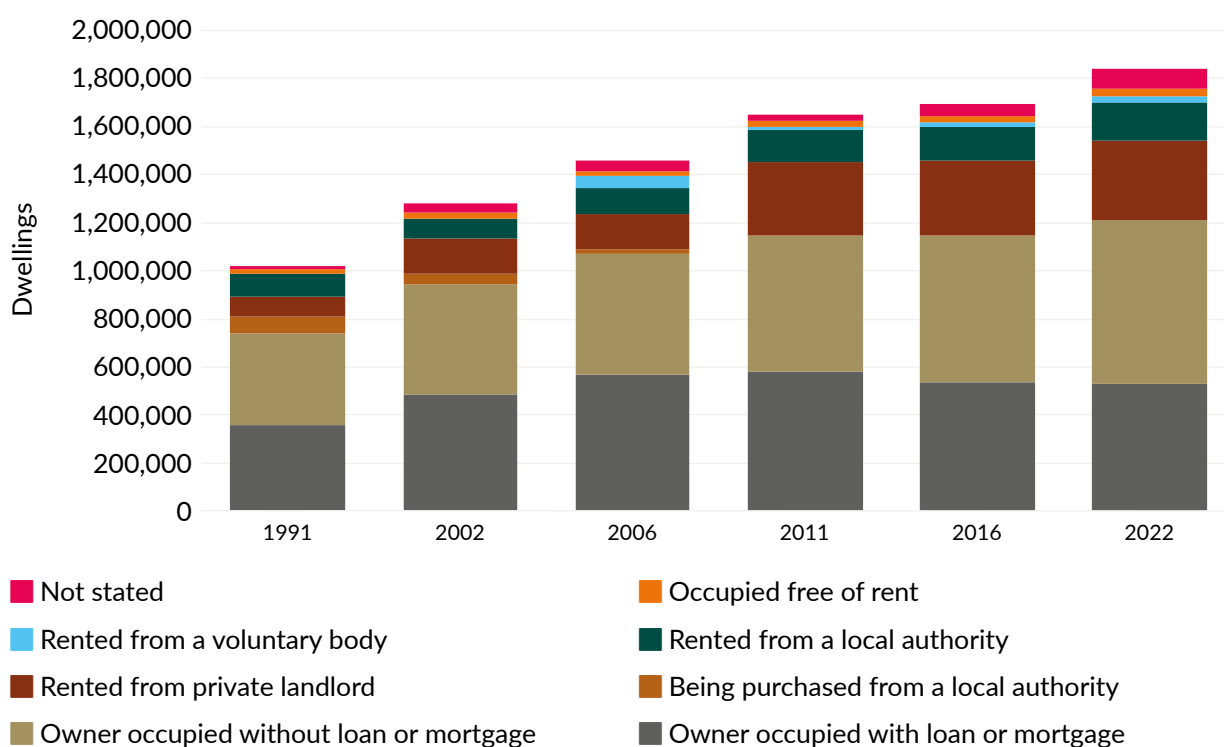
sector be made more affordable and more attractive for both tenants and landlords through a programme of legislative and regulatory reforms that will appropriately balance the rights and responsibilities of both parties.

The profile of the rented sector has changed greatly over the last hundred years. In 1946, over two-fifths of households rented their homes, compared to less than one-fifth by 1991. Since then, the private rented sector has grown rapidly. The share of all households in the sector increased from 9.9% in 2006 to reach 18% in 2022. Census data show that, once social housing tenancies are included, close to 30% of all households rented their accommodation in 2022.

Most renting households rent in the private rental sector; over 330,000 households were recorded in Census 2022 as renting from a private landlord. A further 150,000 households rent from a local authority and over 30,000 rent from an AHB or other voluntary body. While owner occupation remains the most common form of tenure in Ireland, the ownership-rental ratio is gradually moving closer to the EU average of approx. 70:30, although this ratio varies between EU countries (see Appendix 6A). The historical trend of Ireland's tenure mix is presented in Figure 6.1.

111 Other forms of rented accommodation are rent-free arrangements, whereby a tenant occupies a property without being obliged to pay rent. Such cases may arise if the tenant has familial or personal ties to the landlord, or if the accommodation is owned by the tenant's employer and the provision of accommodation is an employment benefit. Such cases are relatively rare, making up just 1.7% of all private households in Ireland in 2022. See: CSO, F3018 Private Households, C2022P3, 2023.



Figure 6.1: Permanent private households by nature of occupancy, 1991–2022

Source: Census of the Population¹¹²

Since Ireland has less comprehensive pension coverage than other EU countries, the gradual move towards a 70:30 ownership-rental ratio presents affordability challenges, particularly for the older cohort of the population that are paying rent into retirement. Research carried out by the ESRI (2022) found that 'the continued requirement to cover housing costs for renters in retirement can be seen as an additional vulnerability in terms of retirement income adequacy in Ireland'.¹¹³ Furthermore, the current lower rate of home ownership by younger cohorts will present significant affordability challenges when entering retirement.

It is the Commission's view that the current state pension is not sufficient to cover housing costs in Ireland, particularly for those living in the private rental sector. It recommends that there be a holistic review of policy measures aimed at addressing; 1) housing affordability and 2) the adequacy of income, for the population aged 65+.

Affordability challenges have been widespread and persistent in the private rental market in Ireland in recent years. These are particularly pronounced in the Greater Dublin Area (GDA) and other large urban centres. According to data published by the Residential Tenancies Board (RTB), average rents for new tenancies in Dublin more than doubled in the decade from 2012 to 2022.¹¹⁴ Section 8 outlines how this has led to the expansion of government-rented housing supports. These can be direct, in the form of social housing provided by local authorities and AHBs, or indirect, in the form of housing allowances such as the Housing Assistance Payment (HAP), Rental Accommodation Scheme (RAS) and Rent Supplement.

These indirect support schemes, which subsidise the rents of low-income households in the private rented sector, have been critical in providing support to lower-income households. An analysis by Doolan et al. (2022)¹¹⁵ found that HAP and RAS are effective in reducing housing overburden rates among claimants. However,

¹¹² The data presented is Permanent Private Households by Nature of Occupancy. Breaks occur in this series over the timeline presented due to modifications to the census questions and the associated response options. Specifically, the response option 'Rented from a Voluntary Body' was introduced in 2006, while the response option 'Being purchased from a Local Authority' was discontinued in 2011. The wording and overall layout of this Census question also changed in 2011.

¹¹³ R. Slaymaker, B. Roantree, A. Nolan and C. O'Toole, 'Future Trends in Housing Tenure and the Adequacy of Retirement Income', Economic and Social Research Institute, 2022.

¹¹⁴ These increased from their post-crash low of €965 in Q1 2012 to reach €2,063 in Q4 2022. Residential Tenancies Board, 'Rent Index Q4 2022', 2023, pp. 60-61.

¹¹⁵ M. Doolan, B. Roantree, and R. Slaymaker, 'Low Income Renters and Housing Supports', Economic and Social Research Institute, 2022.

these schemes can also present challenges because individuals and households may be unable to access suitable dwellings within the payment limits allowed. Additionally, some landlords may regard prospective tenants that receive HAP less favourably, making it difficult for HAP recipients to secure a tenancy.¹¹⁶

Another key consideration is the large levels of current expenditure being directed towards these demand-side measures, rather than on capital expenditure to fund additional social and cost-rental housing delivery. As a result of the increase in housing allowances, the State has become the biggest procurer of private rental housing. This has had a detrimental impact on the private rental market in the context of supply and affordability. Indeed, it is the Commission's recommendation that social and cost-rental housing be increased to 20%, to comprise the main source of rented housing for lower- to middle-income households (see Section 8.3). Housing allowances are an important form of assistance for households experiencing affordability challenges in the rental sector in Ireland, but it would be preferable in the longer term if the housing needs of most of such households were met through providing social and cost-rental housing.

In addition to housing allowances, cost-rental housing has been introduced to mitigate affordability challenges in the rental sector and to increase supply. At the time of writing, the cost-rental model in Ireland is still in the introductory phase. As distinct from indirect rental subsidies, investment in delivery of cost-rental housing has the benefit of increasing supply while improving affordability for households. When delivered at scale, cost-rental housing can place downward pressure on market rents by acting as a cost-competitive alternative to the private rental market. For this tenure to have an impact in Ireland, however, there will need to be a substantial expansion of its supply.

While the private rental sector is essential to a well-functioning housing system in Ireland, its value has been undermined by lack of availability, unaffordability and security of tenure. It is the Commission's view that the private rental sector is not operating efficiently for either tenants or landlords. Therefore, the recommendations set out below aim to reduce the challenges faced by all parties and address the inefficiencies in the operation of the private rental sector.

6.2 Recommendations Overview

The Rental Sector – Recommendations

- #31. Balance the rights and responsibilities of both tenants and landlords through a programme of legislative and regulatory reforms to make the private rental sector more attractive to both parties.
- #32. Deliver cost-rental housing at scale and transition to cost-rental as the main form of supply for both affordable and social rented accommodation to:
 - a. address the challenges in maintaining the supply of rental housing;
 - b. assist in addressing affordability challenges in the private rented sector;
 - c. enable social housing providers to accommodate households with a wider mix of incomes in their housing developments.
- #33. Regulate market rents fairly and effectively by reforming the current system of rent regulation and establishing a system of 'Reference Rents'. This reform should be informed by evidence-based reviews on the impact of regulated market rents on rented housing supply, accessibility and affordability. Such reviews should be conducted on a regular basis and rent regulations amended where appropriate.*

*See footnote 141 on page 126

¹¹⁶ Landlords and agents are not legally required to rent to a person getting HAP. They can choose any tenant for their property. However, they are not allowed to refuse to rent to someone just because they receive HAP: ['Discrimination by Landlords or Agents'](#), Government of Ireland, 2023.

- #34. Reform and consolidate standards for rented dwellings through a single, nationwide dwelling standards risk-based inspection process. This should include all forms of rented housing, including private, social and cost-rental.
- #35. Amend the standards for rental accommodation in private and cost-rental homes to enable the letting of accommodation without white goods appliances.
- #36. Regulate the landlord functions of local authority-owned dwellings and formalise the local authority/tenant relationship.
- #37. Amalgamate regulatory agencies involved in regulating rental accommodation under the remit of a single regulatory authority, and strengthen the enforcement powers.
- #38. Implement reforms to ensure a more effective enforcement model for the rental sector that works for both tenants and landlords.
- #39. Reform the Housing Assistance Payment and the Rental Accommodation Scheme, resetting them as short- to medium-term support measures for households eligible for social housing. Such households must remain on the social housing list, except where their income levels increase above the eligibility criteria for social housing.
- #40. Initiate a review of the current legislation and regulations relating to Multi-Unit Developments.

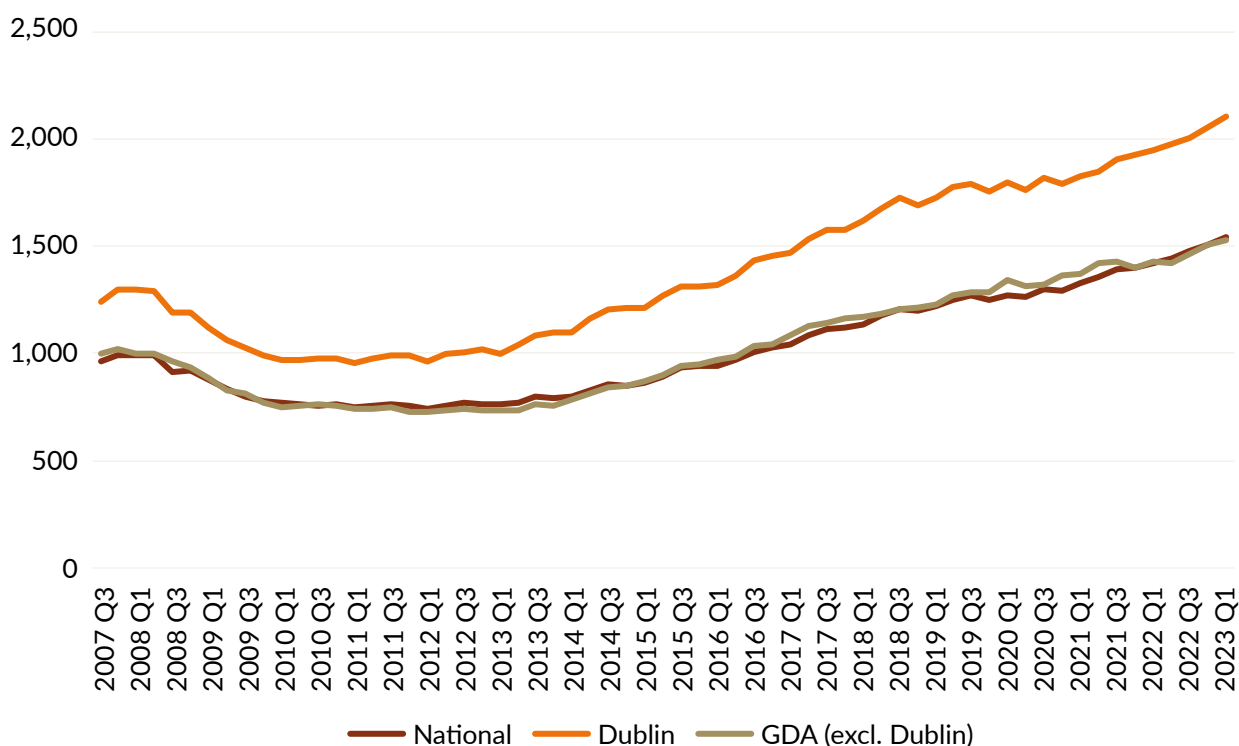
6.3 The Private Rental Sector

6.3.1 Background & Context

The private rental sector is an essential element of a well-functioning housing system. It is characterised by a diverse mix of households, including students, young professionals, those in receipt of housing allowances, and individuals looking for flexibility. The private rental sector is also an important source of housing for newly arrived migrant households, those whose relationships have broken down, and people who may be unable to afford to purchase a home.

Over the last decade the Irish housing system has been characterised by challenges in the availability and affordability of private rental accommodation. Following the Global Financial Crisis of 2007-08 and subsequent property crash, rents fell sharply in Ireland. However, since 2013 rents have increased consistently. The average rent nationally rose from €745 per month in Q1 2012 to €1,544 in Q1 2023. These rental price pressures have been felt all over the country but have been particularly pronounced in the Greater Dublin area and other large urban centres. Figure 6.2 shows that average rents in Dublin increased from €960 per month in Q1 2012 to €2,258 in Q1 2023.¹¹⁷ The high rates of inflation in private market rents in recent years have made it more difficult for households purchase a dwelling as expensive rents make it harder to save towards a deposit to buy a home.

¹¹⁷ RTB, 'Rent Index Q1 2023', 2023.

Figure 6.2: Standardised average rent in new tenancies, Q3 2007–Q1 2023 (€)

Source: RTB (2023), Rent Index Q1 2023

The Irish private rental sector has been characterised by worsening affordability and availability challenges in recent years. Internationally there is no consensus on the definition or measurement of housing affordability (OECD, 2021). It can be defined as being able to afford adequate housing while maintaining a minimum acceptable standard of living, regardless of tenure.

Affordability is therefore determined by the relative movements of housing costs and incomes. Appendix 6B presents some commonly used measures of housing affordability and weighs up the strengths and weaknesses of each. Regardless of which metric is employed, rental accommodation has become less affordable in Ireland in recent years. (A more detailed analysis of trends in the affordability of the private rental sector can be found in Appendix 6C.)

One of the key drivers of rental price inflation in Ireland has been a general and widespread shortage of rental accommodation options. A 2023 survey undertaken by the Society of Chartered Surveyors Ireland (SCSI) found that 'the supply of available units to rent is at one of the lowest levels ever experienced ... rental units being

sold at present will not be replaced in the rental market in the next two years'.¹¹⁸ Among the many factors that have contributed to this shortage of rental accommodation is the high levels of inward migration.¹¹⁹ Another key factor is the long-term undersupply of housing since the property crash, following which the capacity of the construction sector was decimated.

This resulted in a prolonged period during which the supply of new housing was not sufficient to meet Ireland's housing requirements (see Section 2). This general long-term undersupply of housing has reduced the availability of rental accommodation, as housing shortages have become apparent in all sectors of the housing system. It is necessary to ensure adequate availability of affordable rental accommodation to achieve an appropriate tenure mix.

¹¹⁸ SCSI, 'Residential Property Market Monitor: Review and Outlook 2023', Society of Chartered Surveyors, 2023.

¹¹⁹ The number of immigrants in the year to April 2023, the highest since the year to April 2007, consisted of 29,600 returning Irish nationals, 26,100 other EU nationals, 4,800 UK nationals, and 81,100 other nationals, including Ukrainians. CSO, 'Ireland and the EU at 50 – Migration', Central Statistics Office, 2023.

6.3.2 Analysis

The private rental sector has been referred to as the 'forgotten sector',¹²⁰ as it was seen as an option of last resort that is transitory in nature. Renting has often been viewed merely as a pathway to home ownership or access to social housing, as opposed to being viewed as an appropriate housing option for the long term in its own right.

While the rental sector may still be commonly viewed as a pathway to other housing options, ongoing societal, economic and demographic changes mean that households now spend longer in the rental sector than was the case historically. As the rental sector will continue to be an important component of the housing system, focused policy action is required to ensure that societal needs for rental accommodation are met in a manner that is affordable, while maintaining appropriate standards.

The *Strategy for the Rental Sector* (2016)¹²¹ identified four key areas for action in the rented residential sector:

6. **Security** – bringing greater certainty to tenants and landlords.
7. **Supply** – maintaining existing levels of rental stock and promoting additional supply by encouraging new investment and bringing unused capacity to the market. Currently, new supply has been focussed on the upper end of the market.
8. **Standards** – improving the quality and management of rental accommodation.
9. **Services** – broadening and strengthening the role and powers of the Residential Tenancies Board (RTB) to provide key services more effectively to tenants and landlords.

The two main objectives of measures set out in the *Strategy for the Rental Sector* were:

- moderating rental costs, particularly in urban areas;
- maturing the rental sector so that tenants see it as one that offers security, quality and choice of tenure in the right locations, and providers see it as one they can invest in with certainty.

Reform and regulation

The strategy committed to simplifying rental sector laws and regulations, and the development of a new, consolidated legislative framework. However,

this has not been done. In fact, complicated amendments are continually added to the current regulatory framework for the sector, established by the Residential Tenancies Act, 2004. This complexity makes compliance with rented housing standards more difficult for landlords, makes it difficult for tenants to gain full understanding of regulatory standards and their rights as tenants, and creates challenges for the efficient and effective regulation of this sector. A lack of policy certainty has also contributed to concerns among those wishing to invest in new supply in the sector. (See Appendix 6D.)

The current market conditions in Ireland have become increasingly difficult for both landlords and tenants. Landlords have been constrained by the Rent Pressure Zone (RPZ) regime and have reported a lack of policy certainty and diminished net rental returns as reasons for leaving the rental market. Renters are experiencing affordability challenges due to historically high rents, while those seeking to find rental accommodation are met with low availability. The Commission is of the view that a tenant cannot have genuine security of tenure if they cannot afford their home. While these problems persist, the regulatory framework has become more and more complicated for landlords.

Since 2015, there have been 12 sets of legislative reforms related to the regulation of the rental sector. While all such amendments aim to address issues in the sector, the pace and scale of change makes it difficult for landlords to comply with their regulatory obligations. Where a landlord does have a genuine issue with a tenant, such as rent arrears, they may be exposed to financial risk due to the complicated and sometimes ineffective regulatory framework.

One of the most recent fundamental reforms of the sector, recommended by the Commission on the Private Rented Residential Sector in 2000,¹²² brought about major legislative and regulatory change. These reforms introduced a measure of security of tenure for tenants and specified minimum obligations applying to landlords and tenants and provided for the establishment of the Residential Tenancies Board (RTB). It was set up to resolve disputes arising in the sector, to operate a system of tenancy registration, to publish information for landlords and tenants, and to provide policy advice. (For more information on the RTB, see Appendix 6E.)

120 L. O'Brien and B. Dillon, 'Private Rented: The Forgotten Sector', Threshold, 1982.

121 Department of Housing, Planning, Community and Local Government, 'Strategy for the Rental Sector', Government of Ireland, 2016.

122 Department of the Environment and Local Government, 'Report of the Commission on the Private Rented Residential Sector', 2000.

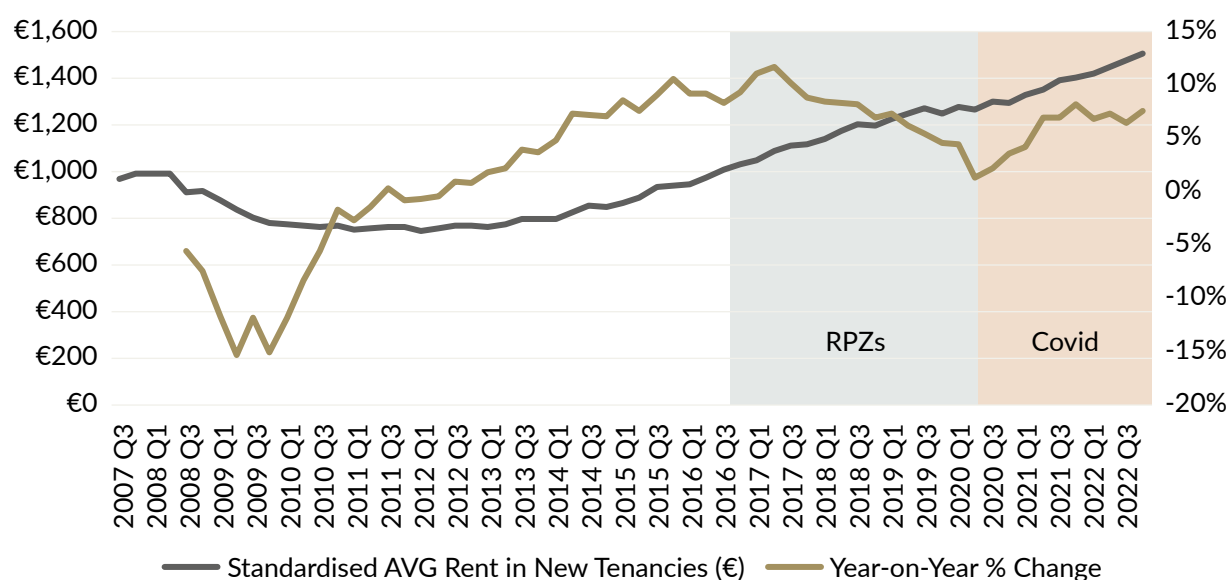
One of the most noteworthy regulatory reforms in recent years relates to minimum notice periods and security of tenure. The minimum notice periods in the event of termination were revised upwards from 112 days, and to 224 days if the tenancy is over 7 years. Part 4 tenancies, which only gave security for 4 years at a time, have been replaced by indefinite tenancies. Bulk sales have been restricted to sale with tenant in situ. However, tenancies can still be terminated for a number of reasons, including sale.

Affordability and availability

The private rental sector accommodates approximately one in five households in Ireland. Since the mid-2000s there have been structural affordability challenges in the private rental sector, particularly for single-adult households, those in the bottom half of the income distribution, and urban renters, most notably in Dublin. Figure 6.3 provides an insight into the longer-term trend in rental prices at a national level, noting the introduction of RPZs and the onset of the Covid-19 pandemic. This chart presents the standardised average rent level as well as year-on-year rates of change for new tenancies from Q3 2007 to the present. Average rents currently stand at 55.8% higher than in Q3 2007 and have doubled since the post-financial crash low-point in Q1 2012.¹²³

There are substantial challenges with the supply of accommodation in the private rental sector. Figure 6.4 shows that the number of registered tenancies in the sector has been decreasing. At the end of 2021, 276,223 private tenancies were registered with the RTB, down from 319,822 in 2016, representing a decrease of over 13%. The number of new tenancies registered in the second quarter of 2022 was 12,701, a fall of 16% compared with the same period in 2021.¹²⁴ This decline has continued.

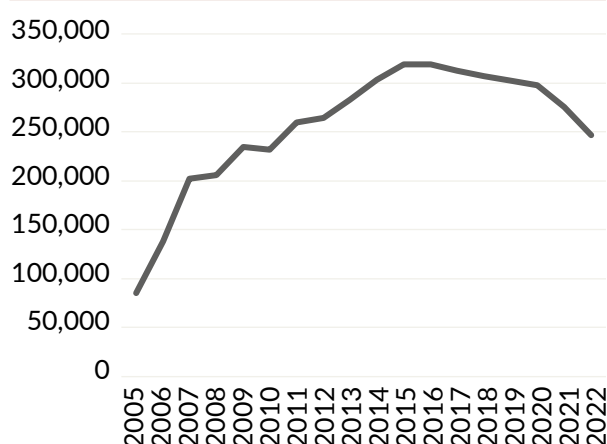
Figure 6.3: RTB rent index – evolution of standardised avg new rent (€) and year-on-year rate of change (%) in standardised average new rent



Source: RTB (2023), Rent Index Q4 2022

¹²³ RTB, 'Q2 2023 Rent Index Report', Residential Tenancies Board, 2023.

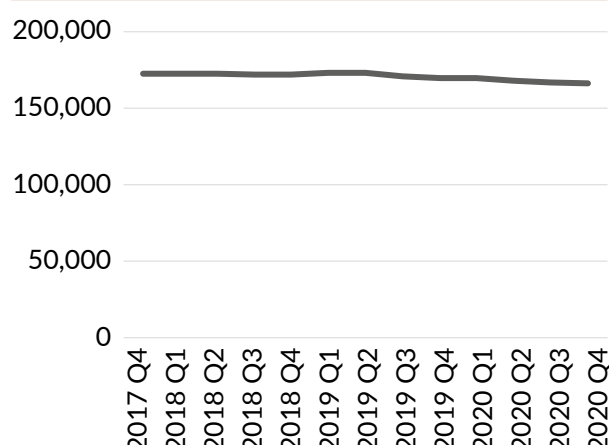
¹²⁴ *Ibid.*

Figure 6.4: Number of private rented tenancies registered with the RTB, 2005–2022 (n)^{125,126}

Source: RTB, Private Tenancy Registration Statistics.

Figure 6.5 shows that, overall, the number of landlords providing private rented tenancies has decreased in recent years. There is a need to expand and diversify Ireland's pool of landlords. Small and medium-sized landlords have an important role to play in the market and typically charge less rent than larger landlords, thereby moderating rental inflation. The number of tenancies held by small landlords with one or two tenancies made up around 85% of private landlords and 53.5% of private rented tenancies in the sector in 2021.¹²⁷ The share of tenancies with large or institutional landlords is gradually increasing, though this remains far smaller at just 6% of tenancies (ibid). These larger landlords are unlikely to increase supply outside of major urban centres where there is not sufficient concentrated demand or economies of scale to make the supply of rented housing at scale viable.

The cost-rental sector presents a distinct opportunity to address the availability and affordability challenges in the Irish rental sector. The Commission notes that it will take years for cost-rental to be delivered at a sufficient scale in Ireland to act as a brake on rental inflation. It is imperative that cost-rental be delivered with ambition to drive long-term affordability. While recognising the potential of cost-rental, it remains the case that the bulk of Ireland's rental accommodation is provided by private landlords. Steps should be taken to encourage landlords to continue to invest and stay in the market.

Figure 6.5: Landlords (n) associated with private rented tenancies registered with the RTB, Q4 2017–Q4 2020

Source: RTB, Private Tenancy Registration Statistics.

Ultimately, the most effective way to reduce and stabilise rents in the medium to long term is to increase supply and accelerate delivery of housing for the private, social and cost-rental sectors. Having a stable supply of affordable rental accommodation benefits the construction sector, landlords and tenants. Countries that have more stable housing systems are often characterised by large rental sectors. This is particularly true for those with a high level of social and affordable rental housing. These housing systems have been more stable during boom-bust cycles. In terms of economic stability, there is evidence that a larger rental sector can help to stabilise the economy. Research by Rubaszek and Rubio found that house price volatility is much stronger in countries with a relatively small rental sector compared with countries that have large rental sectors (NESC, 2023).¹²⁸

The scarcity of affordable rental accommodation presents risks for the Irish economy, as it makes it difficult for companies to attract and hire new employees due to a lack of affordable rental accommodation. Highly mobile and skilled workers may opt to take up employment opportunities in other jurisdictions where the affordability and availability of rental accommodation is better. This scarcity is damaging the competitiveness of the Irish economy.¹²⁹

¹²⁵ 2005 data relate to the annual report for the period 01/09/2004 to 31/12/2005.

¹²⁶ The 2021 registration figure is an estimation and has been developed using RTB data available to identify the estimated number of tenancies that would have been removed or renewed on the RTB Register in 2021, had the changes to the length of Part 4 Tenancies not been introduced.

¹²⁷ RTB, 'Small Landlords Report', Residential Tenancies Board, 2021.

¹²⁸ NESC, 'Private Rental in Ireland – Council Report', National Economic & Social Council, 2023.

¹²⁹ NCP, 'Ireland's Competitiveness Challenge 2023', National Competitiveness & Productivity Council, 2023.

6.3.3 Recommendation & Actions

Recommendation #31:

Balance the rights and responsibilities of both tenants and landlords through a programme of legislative and regulatory reforms to make the private rental sector more attractive to both parties.

Actions

1. Review and consolidate the Residential Tenancies Act 2004 and the numerous amendments made to this legislation to enable more effective regulation of the private rental sector.
2. Revise, update and simplify the regulatory framework for the rental sector so that both tenants and landlords can understand it. This will support greater compliance.
3. Reform the tax treatments of landlords to incentivise remaining in the sector and to encourage new entrants. Consideration needs to be given to further reforms and the introduction of a standard tax rate for rental income. This should be linked to properties remaining in the sector for longer periods of time and to energy efficiency upgrades.
4. Enable and incentivise long-term letting to provide security of tenure for tenants and rent certainty.
5. Facilitate and normalise sales with the tenant in situ. Currently, to acquire a mortgage to buy a property, in most circumstances the property must be vacant. There is, therefore, no system to buy dwellings with tenants in situ with loan finance. To facilitate sales with tenants in situ, the rent regulations need to be reformed as rental valuations will be an important component in valuing the overall selling price of a property. In addition, mortgages for the purchase of private rented dwellings would need to allow purchases with the tenant in situ. The tax reforms referred to above would go some way towards normalising and valuing tenants rather than seeing them as a barrier to sale.

It is important that appropriate enabling infrastructure be put in place to facilitate greater security of tenure.

6.4 Cost-rental Housing

6.4.1 Background & Context

The basic concept of cost-rental housing is that not-for-profit providers or the State provide rental housing and charge rents that are sufficient to cover the costs of provision and operational costs. The model is about providing a significant proportion of rental housing that is affordable and provides long-term security. Low-income tenants for whom the cost rents would be too high would use a housing benefit payment to help pay the rent. A key benefit of this model is the development of a much stronger rental sector available to a mix of household types and incomes.

A 2014 National Economic & Social Council (NESC) review of the social housing system in Ireland and issues with affordability in the rental sector concluded that 'cost-rental provision with secure occupancy to a significant share of the population is the best available response to the dynamics of rental systems and housing markets. A movement in this direction will require complementary adaptation of housing assistance payments on two fronts: limiting the State's current exposure to rising rents in the private rental sector and ensuring affordability for tenants currently paying a differential rent'.¹³⁰

Cost-rental housing is a key feature of some of the more successful and sustainable housing systems in other European countries. Two countries to note are Denmark and Austria.

Cost-rental in Ireland is still relatively new and the model is still being developed. The cost-rental housing model was legislated for in 2021. Several developments had commenced ahead of this. Under Cost-rental Regulations, eligibility requirements are set for households availing of cost-rental homes, including household income. The setting of and review of rents in cost-rental housing are set out in Section 33(4)(a) of the Affordable Housing Act 2021 and Regulations.¹³¹

The State provides low-cost secondary loans, or equity stakes, to assist in keeping rents down. In addition, the Housing Finance Agency provides lower-cost primary loans to AHBs and local authorities. At this point, only a small number of cost-rental homes are available to rent in Ireland. *Housing for All* envisages that 18,000 cost-rental

¹³⁰ NESC, 'Social Housing at the crossroads: possibilities for investment, provision and cost-rental', National Economic & Social Council, 2014.

¹³¹ [Affordable Housing Act 2021 \(Cost-rental Rent Setting\) Regulations 2021](#), S.I. No. 756, 2023.

dwellings will be delivered over the 2022-2030 period.

One of the key features of successful cost-rental models is the long-term effect of cost-rental on the overall rental sector. Cost-rental allows housing development loans to be paid off over the long term. This can enable rents to fall over the long term and rental income from older dwellings to cross-subsidise new housing development. If cost-rental housing is delivered at scale, this enables providers to build more homes, further dampening rental inflation across the rental sector.

6.4.2 Analysis

Ireland has a big gap in affordable housing provision for people who are earning incomes but cannot afford to rent or buy a property suitable for their needs. Likewise, there are big gaps in the provision of social housing. NESC in 2014 suggested that around one-quarter to one-third of the population would not find satisfactory housing through the market alone, which required the State to have a direct policy influence on supply for this cohort. While cost-rental as a model of provision in Ireland has been introduced, there is major unmet demand for cost-rental homes, as evidenced by the recorded levels of demand for the cost-rental tenancies made available to date, and by research on affordability and supply problems in the private rented sector.

Table 6.1 details the planned provision of cost-rental homes to 2030. Cost-rental housing needs to be provided at scale to have real impact – to have a material effect on housing supply and assist in moderating private sector rents through increased competition. The development of a viable and sustainable cost-rental housing sector is critical to assist in addressing the affordability challenges among many private renting tenants and to increase the supply of rented housing in the context of undersupply in the market. This will require a much more ambitious programme if systemic change and a stable rental market are to be achieved. In addition, the concept of maturation, a key underlying principle of cost-rental, must be part of the model, which it currently is not.

Providing cost-rental housing has substantial organisational and financial benefits for social housing providers. It increases their non-state revenue and may contribute to the recategorisation of their activities as outside the government balance sheet over the long term. It also enables them to provide accommodation to households with a wider variety of incomes, which enables development at scale within the sector while still having regard to the need to provide sustainable communities. Over time, consideration should be given to migrating social housing to a cost-rental model. This would allow for a more stable and financially sustainable form of housing provision and reduce issues with gaps in eligibility limits.

Current issues that also need to be addressed include the fragmented provision of cost-rental. While it is appropriate for a range of bodies to deliver cost-rental housing, prospective properties must be advertised on central platforms, and should be publicly available. Overall, increasing the supply of cost-rental housing nationwide will enable more households to have access to affordable rental accommodation options, and contribute to a more sustainable form of affordable rented housing. Decoupling rents from market rates contributes to stable and predictable rental costs, which reduces barriers to supply and provides security for tenants.

Table 6.1: Number of planned cost-rental dwellings to be provided by local authorities and AHBs to 2030

Cost-rental	2024	2025	2026	2027	2028	2029	2030	Totals
AHB	1,024	1,024	975	1,008	1,024	1,008	1,008	7,071
Local Authority / Other*	1,109	1,109	1,057	1,092	1,109	1,092	1,092	7,660
Totals	2,133	2,133	2,033	2,100	2,133	2,100	2,100	14,732

* Includes Land Development Agency.

6.4.3 Recommendation & Actions

Recommendation #32:

Deliver cost-rental housing at scale and transition to cost-rental as the main form of supply for both affordable and social rented accommodation to:

- a. address the challenges in maintaining the supply of rental housing;
- b. assist in addressing affordability challenges in the private rented sector;
- c. enable social housing providers to accommodate households with a wider mix of incomes in their housing developments.

Actions

1. Determine rents in the cost-rental sector solely on the cost of provision, management and maintenance. Rents should not be linked to market rents.
2. Cost-rental housing should only be provided by public and non-profit sector organisations, i.e. local authorities, AHBs and the Land Development Agency.
3. Retain cost rental housing in state ownership. Maturation, whereby loans and debt are paid off, allows for more affordable cost-rental homes over the coming decades.
4. Review and simplify the system of eligibility for and allocation of cost-rental homes. This prioritisation and allocation system should enable systemic change and foster inclusion by addressing specific social and economic needs.

5. Review and evaluate the potential for social housing to migrate towards a cost-rental housing supply model.

6.5 Regulation of Market Rents

6.5.1 Background & Context

It is the view of the Commission that rent regulation is an integral part of a well-functioning rental market, as both tenants and landlords need certainty. The Residential Tenancies Act 2004, the first form of private rent regulation, prohibited the setting of rent above market rent. It also established a mechanism to take a dispute if this did happen.¹³² Rent Pressure Zones (RPZs) were introduced in 2016 as a form of private rent regulation.¹³³ An RPZ is a designated area where rents are capped in line with the general rate of inflation or 2% a year, whichever is lower.¹³⁴ Initially, the rate of increase in rents was set to 4% per annum. The restriction applies to both new and existing tenancies unless an exemption is being applied. Rented dwellings can be exempted if there has been substantial change in the nature of the property.

It is important to note also that all new rental dwellings (i.e. dwellings that have not previously been rented or not rented in the last two years) are exempt from RPZs or rent regulations.

The introduction of RPZs was the first-time rents had been regulated in Ireland since the ending in 1981 of the rent controls introduced during World War 1. Otherwise, rent regulation was limited to rules regarding how often rent can be reviewed and calculated. Given this historical context, the introduction of the RPZ regime was a major change for the overall regulation of the sector.

RPZs are designed to target parts of the country where rents are highest and households have the greatest difficulty in finding affordable accommodation. They are intended to moderate rental inflation by creating a more stable and sustainable rental sector that gives tenants and landlords more predictability on rents into the future. (Further details on the operation of RPZs are provided in Appendix 6F.)

The available evidence indicates that the impact of RPZs has been mixed. A 2021 analysis by Coffey et al. explored the impact of a 4% inflation control on price changes for rental contracts in Ireland.¹³⁵ The study found that rent inflation fell by 1–2%

¹³² Irish Statute Book, Residential Tenancies Act, 2004.

¹³³ [Planning and Development \(Housing\) and Residential Tenancies Act 2016](#).

¹³⁴ Any rent increase in a RPZ cannot exceed general inflation as recorded by the Harmonised Index of Consumer Prices (HICP). The rent previously set cannot increase by more than 2% per year pro rata where HICP inflation is higher than 2%.

¹³⁵ C. Coffey et al., '[Rental Inflation and Stabilisation Policies](#)'.

following the introduction of the rent control regulations, although there are differing impacts by area and period.

The study found that the price moderation in RPZ areas was between 2% and 5%, and that the rent regulations have provided a stabilising mechanism in the Irish rental sector in those areas designated as RPZs. However, this study and RTB data show that the average rate of rental inflation for new tenancies remained at over 4%. There are four possible explanations for this:

- the use of exemptions, i.e. new rental dwellings or rental dwellings that have been refurbished;
- non-compliance with the regulations;
- data issues if tenants are staying in properties for longer, leading to a shift in rental price disruption;
- pro-rata increases being backdated.

The study found that, despite a requirement that all exemptions be registered with the RTB, the number of registrations was in fact very low. This would suggest that the regulatory requirements are not being complied with in full. It is also difficult to understand the impact that new tenancies have in new-build rental stock, such as in the case of Build to Rent, or the impact of these on the overall inflation rate. However, a study by Ahrens et al. found that 40% of tenancies had growth rates above 4%.¹³⁶ This suggests that non-compliance with RPZ regulations is an issue in Ireland, which is also the case in other European countries that have rent controls.

A study by Slaymaker and Shiel¹³⁷ examined RTB data and found that rents were generally lower for existing tenancies than for new tenancies (€1,303 vs €1,517) – a difference of €214 per month. The study did not differentiate between new tenancies in previously rented dwellings, and tenancies in dwellings being rented for the first time but underlines the distinction in rent inflation between new and existing tenancies and indicates that, in part at least, there is a greater level of non-compliance in new tenancies.

Another concern about rent regulation systems is the potential for negative impacts in the longer term on the supply or the standard of rented accommodation. Landlords may not continue to invest in a property if they feel that the rental return is not sufficient. Coffey et al.¹³⁸

acknowledge that this was a significant problem with the rigid rent control systems used in many European countries during the mid-20th century that froze rents or allowed only low, flat rate increases in rent.¹³⁹ In the case of the RPZ system currently used in Ireland, they conclude that it is not clear how much of the contraction is due to rent regulations. It is likely a combination of many factors, including the complicated, often changing and sometimes inequitable regulatory regime.

A recent IMF report on Ireland reaches more uniformly negative conclusions regarding the impact of RPZs on the private rented sector. It argued that RPZs have contributed to a 'two tier' rental market, whereby existing tenants enjoy lower rents, while those seeking a new tenancy are faced with significantly higher rents. It also links this regulatory framework to lower supply of rented accommodation and the evasion of regulations by landlords.¹⁴⁰

One additional issue that has been raised consistently is where existing landlords had set or agreed particularly low rents with existing tenants at the time RPZs were introduced, that are now significantly behind market. In the current regulatory framework, such cases are limited to the same increases as everyone else.

Legislative provisions have been introduced to allow for investigation of non-compliance with private rent regulations and proportionate sanctions, but these are not being used to full effect. A common criticism about the ineffectiveness of the rent control systems is the lack of enforcement. For example, currently, landlords are required to inform new tenants in writing of the previous rent to allow the tenant to see that the appropriate rent is being charged. However, there is no way of validating this. From an enforcement perspective, if past tenants could see the new rents, they could report any breaches of rent controls to the regulatory authority. To prevent non-compliance with private rent regulations, there needs to be much more effective enforcement of the requirement to register all tenancies.

6.5.2 Analysis

Rent regulation should be evidence-based and strategically designed to balance policy priorities that may sometimes be in competition. For example, a balance must be struck between the

¹³⁶ This study used a property-level dataset. The figure of 40% relates to properties that had a rent history.

¹³⁷ R. Slaymaker and E. Shiel, 'New vs existing rental tenancies in Ireland: a first look at annual registrations microdata', Economic and Social Research Institute, 2023.

¹³⁸ C. Coffey et al., 'Rental Inflation and Stabilisation Policies'.

¹³⁹ C. Coffey et al., 'Rental Inflation and Stabilisation Policies'.

¹⁴⁰ International Monetary Federation, IMF Country Report No. 23/412: Ireland Selected Issues, IMF, 2003.

goal of affordability for tenants on the one hand, and the profitability and viability of investment by landlords on the other. Prioritising affordability for tenants alone would limit the supply of private rented housing. Prioritising profitability for landlords would reduce affordability for tenants. Regulation should, insofar as possible, strive to provide certainty for tenants and landlords so they can make long-term decisions about their place of residence and investment strategies.

Since the RPZs were introduced, several changes have been made to these arrangements but there has been no comprehensive review of the RPZ system. This should be undertaken to avoid potential inequalities, inefficiencies or other outcomes that are contrary to policy objectives. The current RPZ policies were designed to target areas with both rapidly rising rents and high rent levels.

The moderation of rents through the application of RPZs is beneficial for tenants, but the methodology employed when extending the system to cover new areas is not fit for purpose; 74% of private rented dwellings are currently covered by RPZs, but the latter cannot be extended to other parts of the country because the criteria on which decisions are based rely on average rents, and some areas will always be below these thresholds. Therefore, rent levels in areas outside RPZs are not subject to the same regulation as that which applies elsewhere. Given the large proportion of stock covered by RPZs, this approach leads to inconsistencies and inequities.

When introduced, the RPZs were envisaged as a temporary measure. Seven years later, the system of regulation needs to be made fit for purpose for the longer term. The introduction of annual registration with the RTB means that the data required to create a more suitable and equitable system is now available.

6.5.3 Recommendation & Actions

Recommendation #33:

Regulate market rents fairly and effectively by reforming the current system of rent regulation and establishing a system of 'Reference Rents'. This reform should be informed by evidence-based reviews on the impact of regulated market rents on rented housing supply, accessibility and affordability. Such reviews should be conducted on a regular basis and rent regulations amended where appropriate.¹⁴¹

Actions

1. Replace the existing system, whereby maximum annual market rent increases are linked to the Harmonised Indices of Consumer Prices (HICP) or a maximum (of 2%). This should be revised to a system that pegs rent increases to a reference rent for local dwellings of similar quality. This reference rent should be reviewed at regular intervals. Rent would not rise more than a certain percentage above this reference rent over a specific period. Unsubsidised market rental dwellings should solely inform reference rents. Percentage rent increase allowed should take account of relevant factors such as management and maintenance costs, interest rates, household incomes and affordability.

¹⁴¹ Three Commission members (Ronan Lyons, Michael O'Flynn and Dermot O'Leary) were in favour of measures that would give certainty to tenants in relation to the path of future rents that they would pay, as an important element in achieving a housing system that supports renting, including long-term renting for those who wish to do so. This included support of the suggested actions that would protect tenants from unfair terminations and increased transparency in relation to rents. However, these Commission members believe that the consensus in the international and empirical literature is clear in terms of the negative impact, in aggregate, of rent controls, especially quasi-permanent rent controls of the type proposed here. This includes lower supply, a deterioration in quality and a reduction in mobility. They believe that rent controls within tenancies, with adequate enforcement of the conditions under which tenancies can be terminated, would be far less likely to have unintended harms on the renters the system is trying to protect. They believe that some specifics of this recommendation will adversely impact supply and that it is therefore inconsistent with the conclusions of the Commission elsewhere in the report. The best control on rents comes through achieving adequate supply of rental homes, given the level of rental demand, and thus any form of direct control on rents should apply only as a temporary measure in the specific locations where it is deemed they are required, while underlying supply issues are addressed, rather than a permanent system of rent determination as recommended here. Further, they have a concern that, under the proposed system of benchmark rents, it is unclear what set of properties would inform those reference rents, as effectively no properties would be at market rents.

2. Create a fair and effective system of rent regulation through the proposed reform of the system of rent regulation.
 - a. This will provide tenants and landlords with greater certainty by linking rent increases to a composite benchmark that would take account of reference rents for similar properties locally, and other relevant factors.
 - b. Where rents fall significantly below the relevant reference rent for a dwelling over time, landlords should be able to reset the rents in line with benchmark rents.
3. Regulation of market rents should continue to transfer between tenancies, whereby if a tenancy ends the same regulations apply to the subsequent tenancy. This will discourage termination of tenancies that is designed to increase rental income.
4. Undertake further research to understand the impact of new tenancies in rents charged for dwellings rented for the first time on overall rental inflation. Investigate how rents are being set for dwellings new to the rental market as part of this research.
5. Arrangement for market rent regulation should make provision for their application to all parts of the country where this regulation is required.¹⁴² The implications of this in relation to other legislation and regulations, such as short-term letting, will need further consideration.
6. Establish a publicly available register of rents being charged.

6.6 Rental Dwellings Standards

6.6.1 Background & Context

All rented properties must meet standards set out in legislation in the Housing (Standards for Rented Houses) Regulations 2019. Local authorities are responsible for ensuring compliance with standards and fire safety and carrying out planned programmes of inspection of rented properties. In addition, local authorities are designated as Building Control Authorities under the Building Control Acts 1990 to 2014. Building Control Authorities monitor compliance with Building Regulations.

¹⁴² The criteria for the application of rent controls regarding 'standardised average' rents mean that some areas are not captured, even if there are substantial and sustained rental uplifts.

¹⁴³ S.I. No. 137/2019 – [Housing \(Standards for Rented Houses\) Regulations 2019](#). There are some exceptions, such as institutional-type buildings operated by the HSE or AHBs.

¹⁴⁴ Penalties for non-compliance are set out in the Housing (Miscellaneous Provision) Act 1992, as amended by the Housing (Miscellaneous Provision) Act 2009, Section (34)(1).

The Housing (Standards for Rented Houses) Regulations 2019 apply to 'every house let, or available for letting, for rent or other valuable consideration solely as a house unless the house is let or available for letting'.¹⁴³ These regulations require landlords of rented dwellings, with some exceptions, to ensure that such dwellings meet certain standards. The standards relate to structural condition, provision of sanitary facilities, food preparation, storage and laundry, adequate heating, lighting and ventilation, safety of oil, electricity and gas installations, fire safety and refuse facilities, along with the provision of some white goods, such as washing machine and cooker. All facilities provided should be maintained in a safe condition and in good working order and good repair. In relation to social housing accommodation that is let by a local authority or AHB, there is no requirement to supply white goods.

6.6.2 Analysis

Each local authority has a responsibility to inspect rental housing provided by private landlords and AHBs in their administrative area. There is considerable variation in the scale of inspection and enforcement activities and in the operation of this inspection system, and therefore in the standards of rented housing deemed appropriate.

Where they find a breach, local authorities may serve an improvement notice. Where a landlord fails to comply with an improvement notice, the local authority may serve a prohibition notice which directs the landlord not to re-let the dwelling until the contravention(s) to which the improvement notice relates have been remedied.¹⁴⁴ Table 6.2 details the number of dwellings inspected by local authorities between 2015 and 2021, together with the number of dwellings which did not meet regulatory requirements, the number of improvements notices issued and the number of legal action cases initiated.

Table 6.2: Local authority inspections of rental properties, 2015–2021

	No. of dwellings inspected	No. of dwellings inspected not meeting regulatory requirements	Improvement notices served on landlords for improvements to be carried out	Legal action initiated
2015	13,633	8,612	2,142	27
2016	13,392	10,194	2,414	16
2017	16,261	12,833	1,712	5
2018	25,048	20,350	6,664*	31
2019	31,781	27,930	2,248	56
2020	22,368	16,447	1,578	1
2021	17,594	13,975	813	1
2022	40,282	29,686	1,746	0

* In 2018 the data combined both the number of improvement letters and notices served.

Source: [Department of Housing, Local Government and Heritage, Private housing market statistics](#), 2023.

In 2022 the number of inspections of dwellings by local authorities more than doubled to 40,282. Fingal County Council carried out the most inspections at 6,113, followed by Cork City Council (5,936), and Dublin City Council (5,909). Galway City Council carried out the least number of inspections at 113. Louth and Offaly County Councils and Waterford City and County Council had a 100% non-compliance rate, and 24 local authorities recorded over 90% of dwellings as non-compliant with the Standards Regulations.¹⁴⁵ While there have been improvements in the inspection regime and there is evidence of some good practice, there are several problems with the current arrangements:

- The volume of inspections is still too low. The *Housing for All* target for the inspection of rental properties is 25% of all private residential tenancies. A total of 246,453 private rented tenancies were registered with the RTB in 2022, which resulted in only 16.34% of rental properties being inspected.¹⁴⁶
- There is inconsistency in how regulations are interpreted and applied.
- The regulatory system is not joined up, and regulations do not deal adequately with issues such as overcrowding, fire safety or decorative standards. The system of prosecution and penalties is outdated and cumbersome.

- There is no independent system of inspection of the housing standards of local authority rented housing. Local authority dwellings are subject to the current dwelling standards regulations that apply to other forms of rented housing. This is problematic because local authorities are the regulator and thereby are inspecting themselves.

Ireland is unusual in the international context insofar as most of the private rented accommodation is fully furnished. This reflects custom and practice in Ireland but also the impact of regulations that require private landlords to provide white goods such as fridges, cookers, washing machines, dryers and microwaves when letting a dwelling. In many other countries, most dwellings are rented unfurnished, and all furniture and white goods are provided by tenants. This reduces landlords' fitting-out and maintenance costs and enables tenants to personalise their homes.

Notably, these regulations do not apply to social rented housing, which is let unfurnished and without white goods. Tenants commonly get support from the Exceptional Needs Payment scheme to enable the purchase of furniture and white goods.

¹⁴⁵ NOAC, '[Local Authority Performance Indicator Report 2022](#)', National Oversight and Audit Commission, 2023.

¹⁴⁶ RTB, '[Private Tenancy Registration Statistics](#)', Residential Tenancies Board, 2023.

6.6.3 Recommendations & Actions

Recommendation #34:

Reform and consolidate standards for rented dwellings through a single, nationwide dwelling standards risk-based inspection process. This should include all forms of rented housing, including private, social and cost-rental.

Actions

1. Adopt a risk-based approach, whereby inspections strategically target dwellings that are most likely to be substandard, and identify dwellings not registered with the regulator and ensure they are included in the inspection regime.
2. Review the rental housing standards to ensure they are fit for purpose.
3. Implement a regime of inspections managed by the RTB, or by a new single regulatory authority when established, covering private, social and cost-rental dwellings. Inspections should be co-ordinated and overseen by the regulatory authority.
4. Review and update the standards for rental dwellings, including the provision of clear guidance as to what constitutes overcrowding. Robust enforcement mechanisms should be in place for breaches in this area.
5. Consider breaches of dwelling standards as 'improper conduct' under the RTB's regulatory framework. This reform would make a broader array of penalties for non-compliance available to authorities, and allow for a more modern system of regulation, whereby, along with improvement notices to make properties better, landlords can be sanctioned or fined for non-compliance on a proportionate basis.

Recommendation #35:

Amend the standards for rental accommodation in private and cost-rental homes to enable the letting of accommodation without white goods appliances.

Actions

1. Amend the Housing (Standards for Rented Houses) Regulations 2019 that require private and cost-rental landlords to provide white goods such as cookers and washing machines for every rented dwelling. This would facilitate tenants to personalise their homes, promote the provision of more unfurnished accommodation and standardise requirements for private, social and cost-rental housing.

6.7 Regulation of Local Authority Landlord Functions

6.7.1 Background & Context

Overall, there is a complex system and framework for regulating rented housing in Ireland based on legislation, institutional arrangements and administrative procedures. This covers access arrangements, legally defined tenancy terms, rent-setting, dwelling standards, succession, eviction procedures, tenancy rights, and more. However, there are materially and procedurally different regulatory frameworks in operation. These can broadly be grouped into three categories:

- local authority housing, based on various legislation and regulations;
- AHBs and cost-rental based on the Residential Tenancies Amendment Act 2021 (RTA);
- all other tenancies, which are also based on RTA rights.

The distinction between regulatory frameworks is particularly pronounced between local authority tenancies and all other tenancies. The former do not have access to a specific framework of regulation or a dispute resolution body such as the RTB, which underpins the private rented and AHB housing sectors.¹⁴⁷

147 AHBs have the additional regulatory framework of the Approved Housing Body Regulatory Authority (AHBRA).

6.7.2 Analysis

The distinction between regulatory frameworks that apply to social housing landlords in Ireland varies significantly between the local authority and AHB sectors. In contrast to AHBs, the regulatory framework for local authority tenancies is diffuse and spread across a range of frameworks. Most of these apply to local authorities' activities in general, although there are specific legislative measures which could become valuable elements of an enhanced regulatory framework.

There are materially and procedurally different regulatory frameworks for local authority tenancies and all other categories of residential tenancies. Private rented, cost-rental and AHB tenancies are subject to a specific framework of regulation and dispute resolution through the RTB. The absence of a regulatory framework for local authority tenancies creates issues of equity, as the only recourse available for both tenants and landlords is referral to the courts. This is expensive and time-consuming, and effectively means that in many instances local authorities are operating under a model of self-regulation when it comes to termination of tenancies, the charging of rents and dealing with arrears, as well as other maintenance and management issues. While detailed tenancy agreements are in place for local authority tenants, the landlord responsibilities are considerably less defined than the tenant's obligations.

There is no speedy and inexpensive quasi-judicial dispute resolution framework like the RTB available to local authority tenants or to local authorities. This can lead to lengthy and expensive court cases and judicial reviews challenging local authority interpretation of legislation and decisions on housing issues. Adding the 141,000 local authority tenancies to the 276,000 other tenancies already covered by the RTB system would require a change in the law and additional resources to support implementation of revised regulations. However, this would also create a common and equitable standard for all social housing tenants in Ireland.

6.7.3 Recommendation & Actions

Recommendation #36:
Regulate the landlord functions of local authority-owned dwellings and formalise the local authority/tenant relationship.

Actions

1. Amend legislation so that local authorities are required to register social housing tenancies with the Residential Tenancies Board (RTB).
2. Amend legislation on a planned basis so that local authority social housing tenancies are regulated by the RTB. This is most important for dispute resolution and standards for rented housing.

6.8 Single Regulatory Authority for Rented Housing

6.8.1 Background & Context

A number of agencies are currently involved in regulating rented housing (see Table 6.3). The RTB has a major role in regulating rental tenancies (excluding local authority tenancies) and enforcing procedures to address breaches of the regulatory framework. The Approved Housing Bodies Regulatory Authority (AHBRA) has a role in regulating AHBs from an organisational level, i.e. overseeing their governance and financial performance as well as the overall performance of AHBs in terms of managing their stock and tenancies. Individual tenants who have complaints, however, should make these to the RTB. Local authorities have regulatory responsibilities regarding the standards of rental accommodation (see Section 6.4). There are also bodies with review and audit powers in respect of local authority functions: the National Oversight and Audit Committee (NOAC) and the Local Government Audit Service (LGAS).



Table 6.3: Agencies involved in regulating rented housing

Agency	Legislative basis	Role / Functions
Approved Housing Bodies Regulatory Authority (AHBRA)	Housing (Regulation of Approved Housing Bodies) Act 2019	• Registration of AHBs • Setting standards for AHBs, subject to approval of the Minister • Monitoring and assessing AHBs' compliance with standards • Undertaking investigations of AHBs where necessary • Cancellation of registration of AHBs where appropriate • Right to seek court orders to protect the assets of AHBs in certain circumstances
Local authorities	Housing (Standards for Rented Housing) Regulations 2019	• Enforcing standards in rented accommodation • Inspecting rented accommodation provided by private landlords and AHBs within the local authority's administrative area
Residential Tenancies Board	Residential Tenancies Acts 2004-2021	• Maintaining a register of private residential tenancies, tenancies of AHBs and student accommodation • Investigation and sanction powers • Providing a dispute resolution service for tenants and landlords • Conducting research into the private rented sector • Providing policy advice to the Government on the private rented sector
Agencies with review and audit powers		
Local Government Audit Services (LGAS)	Section 116 of the Local Government Act 2001	• Independent, external audit of the local government sector, including local authorities and regional assemblies
National Oversight and Audit Committee (NOAC)	Statutory body established by ministerial order under section 126B of the Local Government Act 2014	• Produces annual performance monitoring reports • Provides periodic in-depth reports on specific local authority services

6.8.2 Analysis

The number of agencies involved in regulating rented housing makes for a complex and fragmented regulatory framework. There is some overlap between the activities of the organisations involved, such as that between NOAC and the LGAS. Additionally, some elements of the rented housing sector remain largely unregulated, while existing regulatory powers are often inadequate. The shortcomings of the current regulatory framework raise issues of efficiency, effectiveness and equity¹⁴⁸ in the regulation of rented housing.

As noted in Section 6.6, the distinction between regulatory frameworks is particularly pronounced between local authority tenancies and all other tenancies. The absence of a quasi-judicial dispute resolution framework for local authority housing leads to lengthy and expensive court cases and judicial reviews on challenging local authorities' interpretation of legislation and decisions on housing issues. While it must be recognised that local authority housing providers are inherently different to other housing providers in that they operate under public, administrative and human rights law obligations, this situation is a drain on staff and financial resources which could be much

¹⁴⁸ Considerations of equity relate to the extent to which tenant households with similar incomes are treated uniformly by the different tenure types (horizontal equity), and the extent to which households with different incomes enjoy different levels of tenancy rights (vertical equity).

better spent on improving housing management. There is an acute need to create an independent external regulatory body to oversee tenant participation across all social housing tenancies.¹⁴⁹

6.8.3 Recommendation & Actions

Recommendation #37:

Amalgamate regulatory agencies involved in regulating rental accommodation under the remit of a single regulatory authority, and strengthen the enforcement powers.

Actions

1. Ensure that the rights and responsibilities of tenants and landlords across the social, private and cost-rental tenures are protected.
2. Require all landlords to register their tenancies with this single housing regulatory authority.
3. The State must review the remit of agencies currently involved in the regulation of rented housing, identifying any overlaps and omissions between agencies.
4. Where appropriate, amalgamate agencies to establish a larger organisation with the responsibility for regulating private, social and cost-rental tenancies.
5. Ensure that adequate funding is provided to enable this organisation to carry out its responsibilities effectively and that its legal powers are strong enough to enable it to enforce any decisions made against both landlords and tenants quickly and effectively.
6. Ensure that the enforcement powers are sufficiently strong and that they can be effectively implemented by the regulator.

6.9 An Effective Enforcement Model for the Rental Sector

6.9.1 Background and Context

The Residential Tenancies Board (RTB) and the local authorities are the primary regulator for the rental sector, and have the associated enforcement powers.

The RTB performs a critical quasi-judicial role in the residential rental sector, whereby it replaces the courts for landlord and tenant disputes. This means that the RTB, under the Residential Tenancies Act, is responsible for mediating and/or adjudicating on rental disputes and its determination orders have the same standing as a court order.

The RTB is also a regulator for the sector and is responsible for ensuring that landlords comply with their legal obligations to register all tenancies. The RTB regulatory approach is to assume, in the first instance, that landlords are willing to comply with their statutory responsibilities. It supports voluntary compliance by providing relevant information and by putting in place processes designed to make compliance straightforward. Where the RTB has evidence to suggest that a landlord is not complying with the law, it has regulatory powers to address this non-compliance. One of these powers is to prosecute landlords, as non-registration is a criminal offence. This requires that the burden of proof on non-compliance is with the RTB.

The RTB has investigation and sanctioning powers in respect of a range of breaches. Under these powers, it can investigate and sanction landlords who have engaged in certain breaches of rental law, known as 'improper conduct'. As defined in the law, this includes: failure to comply with Rent Pressure Zone (RPZ) requirements; falsely relying on an RPZ exemption; failure to notify the RTB of reliance on an RPZ exemption; failure to update tenancy information within one month of a change in rent; failure to register a tenancy; giving a reason on a notice of termination that is known to be false or misleading; and/or failure to offer a tenancy back to a tenant when certain conditions have been met; seeking a deposit of more than the equivalent of one month's rent; and seeking an advance payment of more than one month's rent.

Sanctions may include a written caution and/or a fine of up to €15,000 and costs up to €15,000. All sanctions must be confirmed by the Circuit Court. Sanctions are civil in nature and therefore they enable investigation, and do not have the

¹⁴⁹ The Scottish Housing Regulator provides a useful model for this type of body. More information available at: <https://www.housingregulator.gov.scot/>.

same requirements and terms of burden of proof that criminal offences have; in the context of enforcement, this is an important and enabling feature.

The local authority has responsibility for regulating the standards of rental accommodation, with a different structure for enforcement that is not joined up with RTB regulatory investigations or sanctions.

6.9.2 Analysis

The RTB is a unique and positive feature of the rental market in Ireland. Its role as a dedicated regulator for the sector is important. Its quasi-judicial model removes disputes from the court, which makes it more accessible, less formal and quicker than a court process to resolve disputes. This also allows expertise and data on the sector to be built up. However, over the last twenty years since the RTB was established, the sector has expanded and changed. To support a functioning rental market, there must also be a functioning enforcement model for both tenants and landlords. A functioning rental market means a rental market that works for both tenants and landlords.

While the dispute resolution service provided by the RTB is novel and replaces the courts, and works well for most disputes, there are areas of weakness. While tenants are protected in law from being penalised for bringing a case to the RTB, they may still hesitate to take action against a landlord. It is not appropriate to rely nearly entirely on tenants to pursue breaches in the regulatory framework. In addition, the RTB dispute resolution service fully replaces the courts, and their determination orders are binding; where there is non-compliance, they must be enforced through the courts. This applies to both tenants and landlords. This, for example, is significant where a landlord has a sitting tenant who is not paying rent and the landlord still has mortgage payments to make. A case such as this may last years and may eventually result in both the landlord and tenant losing the property. Similarly, a tenant who has been awarded damages by the RTB or is waiting for their deposit to be returned faces the same issues. This can lead to the regulator for the sector being seen as ineffective by both tenants and landlords. The extent of court supervision should be reviewed, and if it cannot be reduced, a fast-track system needs to be put in place for all these cases to be heard in court.

In addition to the disputes service provided by the RTB, there needs to be a proactive regulator role that does not rely on tenants taking cases via the disputes service. Investigations by the regulator at sufficient volume that reflects the size

of the sector are necessary to act as a deterrent for non-compliance. This needs to be data- and intelligence-led, and requires more extensive use of the array of powers that the regulator has available to it.

In 2022, the RTB had just over 246,000 private rented tenancies registered with it and over 23,000 student-specific tenancies. This was the third full year of operation of the RTB's sanctioning powers. During 2022, 130 investigations into potential improper conduct were approved by the RTB. Of these, 62% (81) were initiated on the RTB's own volition and 38% (49) were based on formal written complaints from the public. Where decisions of improper conduct are made, all sanctions must be confirmed by the Circuit Court, including cases where the landlord has acknowledged the improper conduct. During 2022, 46 cases were confirmed by the courts. In 39 of the cases, the landlord acknowledged at the beginning of the investigation the alleged improper conduct.

It is important to have balanced and proportionate approach to regulation where landlords are supported to comply with the law, particularly as the regulations and rules are complicated and have changed frequently over recent years. However, given the scale of the sector, the number of investigations and sanctions is low. In addition, the sanctions to date have been focused on RPZ breaches and not registration. In time, more focus on breaches in relation to non-registered tenancies and registration compliance will lead to more effective data-led enforcement for all breaches.

The regulatory system is also disjointed in its structure, which weakens the effectiveness of enforcement of breaches in the sector. There is no link between non-compliance with standards for rental housing regulation and RTB regulations. The system of prosecution and penalties for standards is considered outdated and cumbersome, and repeated behaviour cannot be tackled. A more joined-up and effective regulatory enforcement model must be put in place.

6.9.3 Recommendation & Actions

Recommendation #38:

Implement reforms to ensure a more effective enforcement model for the rental sector that works for both tenants and landlords.

Actions

1. Put in place, as a matter of urgency, an effective and proactive enforcement system that is proportionate and in line with the scale of the sector. The regulation of rent or other parts of the rental system will not be effective without effective enforcement.
2. Use to their full effect the legislative provisions that were introduced to allow for investigations and sanctions of regulatory breaches and allow for proportionate regulation.
3. Implement more effective enforcement of registration compliance, using the investigation and sanction powers to allow for a more effective, proactive and data-led approach to regulation. If rental properties are not registered, other breaches are very hard to detect.
4. Enhance the publicly available register of rents to enable checking that rents are not increased above permissible levels. From an enforcement perspective, this would enable tenants to report breaches of rent regulations to the RTB¹⁵⁰. To enable an effective and robust enforcement system, the current publicly available register of tenancies in the RTB needs to be much more comprehensive, to include current rent, tenancy address and dates of tenancies.
5. Review the extent of court supervision required in the enforcement of non-compliance or provide a fast-track system of access to the courts to ensure that the regulator can effectively act on breaches and that tenants and landlords can trust in an effective enforcement system if there are breaches. An effective system needs to be

put in place for breaches to be dealt with swiftly and effectively.

6. The enforcement model across the rental sector needs to be joined up. Breaches found by the local authority in relation to minimum standards should be classified as improper conduct within the regulatory framework. and multiple or repeated breaches of a serious or material nature should attract more significant sanctions or affect the ability to act as a landlord.
7. Review the maximum level of damages in respect of disputes (currently €20,000) and sanctions (currently €15,000), considering the high levels of rent in Ireland. This is to enable appropriate compensation to victims of breaches in the case of disputes and to act as an appropriate deterrent to serious misconduct, while ensuring there is balanced and proportionate application of sanctions and damages.

6.10 Reform of Housing Allowances

6.10.1 Background & Context

Rental subsidies for private renting tenants have become more important in recent years as a means of supporting people:

- who are already in the rental sector and experiencing rent increases;
- who are awaiting the allocation of a social housing tenancy.

Rent Supplement (RS)

Rent Supplement is a means-tested payment from the Department of Social Protection (DSP) for those in private rented accommodation who cannot afford to pay their rent from their own resources, generally due to loss of employment.¹⁵¹ The Rent Supplement programme was introduced to provide financial assistance to people unable to afford the cost of their housing from their own income. It was originally identified as a welfare payment for short-term income support where people are temporarily unemployed. Over time it started to be used as a long-term support (for example, for those with disabilities or one-parent families) and effectively became a housing support. A government decision was taken in 2014 to transfer responsibility for payment of supplements for those with a housing need from DSP to

¹⁵⁰ Landlords are currently required to inform new tenants in writing of the previous rent to allow the tenant to see that the appropriate and legal rent is being charged, but there is no way of validating this. In addition, from an enforcement perspective if past tenants could see the new rents, they could when dwellings are re-let, report any potential breaches of rent controls to the regulatory authority.

¹⁵¹ [Social Welfare \(Consolidation\) Act 2005 \(as amended\)](#).

DHLGH. This was to return Rent Supplement to a short-term, income emergency support.

Rental Accommodation Scheme (RAS)

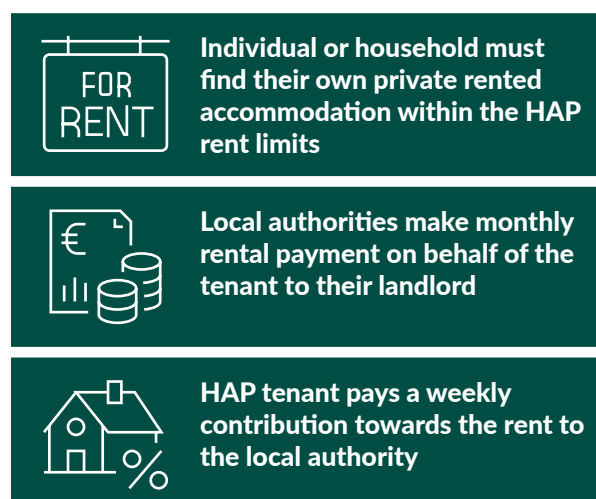
Those who are in receipt of Rent Supplement for more than 18 months and need long-term housing may be eligible for RAS. RAS is operated by local authorities, which contract with the private landlord to provide the rented housing for a specific length of time (at least three years). The local authority then pays the rent directly to the landlord. Landlords get increased tax relief for operating this scheme, and tenants who take up full-time employment can remain renting under RAS in the same dwelling. Local authority differential rents are paid by RAS tenants to the local authority, and their housing needs are then regarded as being met. This means that they are no longer included in the local authority assessments of housing need.

Housing Assistance Payment (HAP)

HAP is the housing allowance most commonly claimed by low-income private renters in Ireland. Figure 6.6 sets out the process of HAP for tenants. One of the main differentiators between HAP and Rent Supplement (its predecessor) is that tenants can enter full-time employment when on HAP, as tenants pay an income-related rent (differential rent) to the local authority. This is an important measure in terms of addressing poverty traps. Some local authorities operate a Homeless HAP Scheme (Place Finder) service which identifies properties and matches them with clients from the target group.¹⁵²

HAP is successful in enabling exits from homelessness, and most homeless people exit to HAP tenancies. Irish equality legislation prohibits discrimination in access to housing on nine grounds,¹⁵³ with a 'housing assistance' ground added in 2015 prohibiting discrimination against persons in receipt of Rent Supplement, housing assistance or social welfare payments. When accessing HAP or similar rental supports, the process operates under the same eligibility criteria as social housing.¹⁵⁴

Figure 6.6: Housing Assistance Payment process



The sourcing of private rental accommodation by HAP applicants can be very difficult where the HAP rent limits are below the market or current RPZ limited rents.¹⁵⁵ There are issues of access to affordable private rented housing, and this is particularly acute for those who are on low incomes.

Increase in HAP tenancies

The supported rental sector has grown in scale and importance in recent years. As affordability challenges have persisted, a larger share of individuals and households have come to rely on state support to meet the costs of their rent. Complexities arise in the measurement of rental support activity, arising from the fact that tenants may transfer from one form of support to another. This can affect the reporting of key measures such as social housing waiting lists.

HAP is not withdrawn in full if a claimant secures employment, which avoids the unemployment trap that arises with Rent Supplement. HAP claimants are eligible to claim this housing allowance indefinitely, with their rent contribution reassessed annually and increased if their income rises. However, their eligibility for HAP is only reassessed if they move to a new dwelling. The lack of regular eligibility assessment has a potentially significant impact on increasing claimant rates.

HAP is based on housing need considerations. Since HAP commenced it has evolved and its use

¹⁵² Under these arrangements the HAP tenant is not a tenant of the local authority and so these tenancies come under the Residential Tenancies Act 2004 (as amended). In cases where a local authority or AHB has leased dwellings from a private landlord, the allocations arrangements are the same as for local authority or AHB housing. These criteria are clarified in a series of regulatory instruments, as set out in the Social Housing Assessment (Amendment) Regulations (2011-2022). These arrangements were set out in Part 3, Chapter 4 of the Housing (Miscellaneous Provisions) Act 2009.

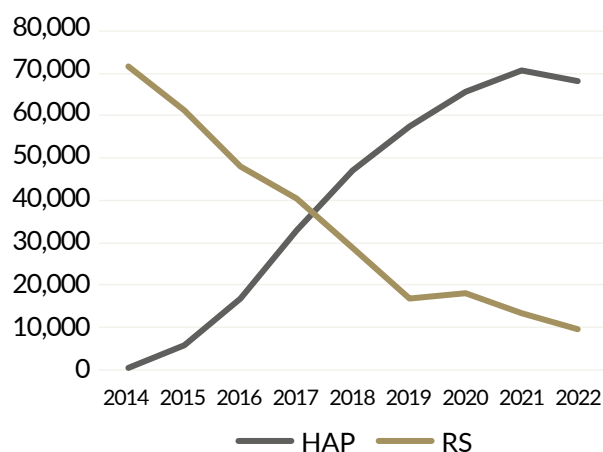
¹⁵³ The Equal Status Acts 2000-2018 prohibit discrimination in the provision of accommodation on grounds of gender, marital status, family status, age, disability, sexual orientation, race, religion and membership of the Traveller community.

¹⁵⁴ These statutory instruments are conferred under Sections 3, 20 and 32 of the Housing (Miscellaneous Provisions) Act 2009.

¹⁵⁵ The most recent HAP rent limits are set out in SI No. 56/2017, Housing Assistance Payment (Amendment) Regulations 2017, which came into operation on 1 March 2017.

has expanded. Figure 6.7 shows the increase in HAP claimants from 2014 to 2022. At the time of writing, DHLGH policy proposes that the role of other housing allowances, including Rent Supplement and social housing leasing, will be scaled back, and in future HAP will be the primary housing allowance payment provided to low-income private renters.

Figure 6.7: Number of households claiming HAP and RS, 2014–2022



Source: CSO HAP Households & DSP Annual Reports.

6.10.2 Analysis

A substantial portion of HAP claimants are paying additional sums in rent, on top of their HAP subsidy (commonly known as 'top-ups'). A 2021 survey of HAP and Rent Supplement tenants of dwellings registered with the RTB found that 66% were paying top-ups.¹⁵⁶ This is allowed under the terms of the scheme if top-ups remain within 30% of the household's income. However, no arrangements are in place to check that this is the case. The average top-up payment is €255, while the median payment is €200, but no data is available on the percentage of the claimant's income that these payments constitute.

The widespread use of top-up payments by HAP claimants raises issues of horizontal equity vis-à-vis other social housing tenants who make no further contribution to the cost of their housing provision, in addition to their income-related rent. The maximum rent subsidies provided by HAP are too low to enable many claimants to secure private rented tenancies. Annual reviews consistently highlight a severe shortage of dwellings available for rent below the HAP rent limits. To address this issue, local authorities have been empowered to grant increases in HAP payments on a discretionary basis. The use of these discretionary additional payments increased from 12.6% of HAP-supported tenancies in 2016 to 40% by end

Q2 2019. However, the effectiveness of these arrangements and risk of driving rent inflation are issues of concerns.

In addition to the level of rent subsidy provided, other aspects of the design of HAP reduce its attractiveness to potential landlords. HAP payments to landlords are made in arrears, and tenants can effectively be in rent arrears from the start of their tenancy. Furthermore, if a tenant fails to pay their differential rent payment to the local authority, the full HAP payment to the landlord is withheld, which, from the landlord's perspective, greatly increases the risks associated with letting accommodation to HAP claimants.

Numerous studies have compared the cost-effectiveness of different housing mechanisms for low-income households over the years. While housing allowances are faster, more flexible and more targeted to short-term housing needs, social housing is more cost-effective for larger households and those with long-term housing needs. However, if we consider the wider socio-economic costs and benefits of social housing and housing allowances, social housing emerges as the better option for low-income households, particularly those with long-term housing needs. Social housing provides stronger security of tenure, adds to housing supply, and counterbalances market undersupply and associated inflationary pressures.

In contrast, housing allowances do not add to housing supply. Instead, they increase demand for private rented housing and contribute to rental inflation, particularly for low earners not receiving such allowances. For these reasons, the Commission is of the view that HAP should be redefined as a short-term housing support intended to support households during short-term periods when their private rented housing is unaffordable, such as during periods of unemployment or illness, or when awaiting the allocation of a social housing tenancy.

In addition, while it is important that households on HAP can enter full-time employment, the current situation where recipients' eligibility for HAP is not reassessed, irrespective of changes in income, is not sustainable. The same applies to the differential rent scheme which allows households to pay less rent than the cost of provision, even when high income levels are achieved.

¹⁵⁶ RTB, 'Tenants Research Report', Residential Tenancies Board, 2021.

6.10.3 Recommendation & Actions

Recommendation #39:

Reform the Housing Assistance Payment and the Rental Accommodation Scheme, resetting them as short- to medium-term support measures for households eligible for social housing. Such households must remain on the social housing list, except where their income levels increase above the eligibility criteria for social housing.

Actions

1. Comprehensively reform the arrangements for the financing, procurement, design and delivery of social housing so that this sector will in future be the main source of rented housing for low-income households.
2. Amend the Housing (Miscellaneous Provisions) Acts 2009 and 2014 to remove provisions that define the HAP and RAS as 'social housing support' and provisions that regard recipients' long-term social housing need as having been met if they receive these allowances.
3. Include HAP recipients who wish to apply for social housing on the social housing waiting list, like all other applicants. Their priority on the waiting list should not be negatively affected by their use of this housing allowance.
4. Annually review continued eligibility for HAP. The subsidy should be withdrawn if the claimant's income exceeds the eligibility criteria.
5. Review the maximum subsidies available under HAP to ensure they reflect rent levels. Local authority payments should be sufficient for HAP tenants to rent an adequate dwelling in the local authority area. This is so that HAP tenants are not required to 'top up' their rent (unless they choose to rent a higher rental cost dwelling).

6. The DHLGH should annually review the maximum subsidies and update them in line with increases or decreases in market rents in the relevant locality.
7. To ensure affordability, HAP tenants should continue to pay a contribution to their rent which reflects their level of income. However, there should be a review of the situation whereby a landlord's payment is discontinued when HAP tenants fail to pay their rental contribution to local authorities.
8. Legally empower local authorities to require that HAP claimants' contribution to rent is deducted directly from social welfare benefits. This power was legislated for but has not been implemented. This would resolve issues of rent arrears occurring on HAP tenancies causing suspension of payment to landlords. This should apply to all local authority social housing tenancies.

6.11 Multi-Unit Developments

6.11.1 Background & Context

High-density housing developments such as apartment blocks and townhouse complexes, known as multi-unit developments (MUDs), are controlled and run by owners' management companies (OMCs). The ownership and management of the common areas of MUDs is governed by the Multi-Unit Developments Act 2011 (MUDs Act). The Act provides that, before a developer sells any dwellings:

- an owners' management company must be set up;
- the common areas of the development must be transferred to the owners' management company.

Owners' management companies must comply with the obligations imposed by the MUDs Act and with company law under the Companies Act 2014.

An OMC is a company limited by guarantee and in most cases is a not-for-profit company. Established for managing an estate, it is owned and controlled by all the owners of the homes in the development, and the owners are members of the OMC. In most cases, an agent is engaged or hired by the OMC to provide estate management services. The agent acts under the instructions of the board of directors of the OMC and is directly answerable to them for the standard of services. Agents are required to hold a licence and are regulated by the Property Services Regulatory Authority (PRSA).

6.11.2 Analysis

It is the Commission’s view that the effective operation of owner management companies, for the interests of all, is an essential component of a well-functioning rental sector.

The high level of private rental sector properties in multi-unit developments has been a feature since the first purpose-built apartments in Ireland. It was enhanced by many tax-driven schemes from the early 1980s to the early 2000s. Since the introduction of Part V of the Planning and Development Act 2000, there has been an increasing number of social rental properties contained within MUDs, and they further increased through the purchase of dwellings in MUDs by AHBs and local authorities.

The MUD Act provides a legal framework for managing apartments and duplexes. Unfortunately, challenges and issues have emerged since enactment. Problems include difficulties collecting management charges, and insufficient sinking funds, also known as ‘building investment funds’, established to meet non-recurring expenditure, i.e. replacement of building components such as lifts, fire safety equipment and roofs.

The publication of the 2022 ‘Defects in Apartments’ report¹⁵⁷ and the Grenfell Tower tragedy in west London in June 2017 have highlighted the need for a comprehensive approach to the management of MUDs.

6.11.3 Recommendation & Actions

Recommendation #40:
Initiate a review of the current legislation and regulations relating to Multi-Unit Developments.

Actions

- 1. All relevant stakeholders must be included as part of this review.
- 2. Such review should be concluded within 12 months.

157 [Working Group to Examine Defects in Housing, Defects in Apartments: Report of the Working Group to Examine Defects in Housing, 2022.](#)

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Section 7

Affordability of Home Purchase for First-time Buyers

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7.3	Policy Measures to Support Affordability	142
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Terms of Reference 5

Examine and report on the affordability of house purchase for those entering the market for the first time using comparisons with similar countries; in particular examine measures which would complement or enhance the recently introduced suite of affordable housing measures and examine the potential for introducing new models identified as successful in other jurisdictions in terms of enhancing affordability for people who want to purchase a home with a view to increasing and expanding homeownership to more people as part of an appropriate tenure mix.

7.1 Introduction

In considering long-term housing policy post-2030 and as part of its terms of reference, the Housing Commission undertook an examination of home ownership affordability. This section of the report analyses housing affordability for first-time buyers (FTBs), considering the full range of measures in place to enhance the affordability of home ownership as part of an appropriate tenure mix. While new forms of tenure such as cost-rental are being added to the tenure mix in Ireland, owner occupancy is still the most commonly preferred form of tenure. In the current Irish context, home ownership generally provides greater security of tenure as compared to households in the private rental sector. This illustrates that measures to enhance the security of tenure in the rental sector are needed.

Home ownership may be favoured by some as it is seen as a form of wealth accumulation which can be inherited. The fact that owner-occupiers ultimately own their home once their mortgage has been paid off results in substantially higher net worth among homeowners as compared to long-term renters. According to the CSO, median net wealth for owner-occupied households stood at €303,900 in 2020. This compares with just €5,300 for renting households.¹⁵⁸ In the absence of more stable and affordable long-term rental accommodation options, owner occupancy can serve as a more effective means to achieve affordability in the longer term. Once households manage to save up a deposit and purchase a property, monthly mortgage payments may be significantly less than monthly private market rents.

Another advantage of home ownership is that the debt burden of a mortgage diminishes over time, whereas ongoing market rental accommodation costs remain largely unchanged for tenants regardless of how long they have been renting. Even if renters spend less than 30% of their disposable income on housing costs, the question arises as to whether this constitutes long-term affordability. An additional consideration is how affordable long-term market rental accommodation is for retirees and pensioners. Despite the general preference for owner occupancy, the number of all households occupied by homeowners has been declining in recent years (see Figure 6.1). The age at which people are becoming homeowners for the first time is also increasing.

The age at which people are becoming homeowners for the first time is also increasing. In 2022, the age at which homeownership became the most common tenure type was 36 years old. In 1991 it was 26 years old (see Table 7.1).

Table 7.1: Age at which homeownership becomes most common tenure type

	1991	2002	2006	2011	2016	2022
Age	26	27	28	32	35	36

Source: CSO, 'Private Households in Permanent Housing Units', Census of the Population.

Several factors have contributed to this decline in home ownership levels. It is mainly attributable to high housing development costs and purchase prices, and low availability of housing. Tighter lending restrictions have also made it more difficult for individuals and households to purchase a home in recent years. The gradual decline in owner-

158 CSO, 'Household Finance and Consumption Survey 2020', 2022.



occupancy levels has been accompanied by an increase in the share of all dwellings within the rental sector. As home ownership has become less accessible for many, an increasing share of households are renting their accommodation. Among those households that do own their own home, the share of owner-occupiers without a loan or mortgage has increased in recent years, while the share with a loan or mortgage has declined (see Appendix 7A).

The macroprudential mortgage lending framework

The macroprudential mortgage lending framework presents challenges for some households seeking to obtain a mortgage. The requirement to raise a deposit under the lending rules can act as a barrier to home ownership, particularly for households who struggle to save while living in expensive rental accommodation (see Appendix 7B). This can be particularly true for younger adults, many of whom have reached household formation age at a time when mortgage lending standards are more stringent than they were in the period leading up to the global financial crisis in 2008. The Commission notes that the requirement to raise a deposit may present an unfair advantage to mortgage applicants who may be in a position to obtain intergenerational or other familial support. At the same time, other households who may not be able to source such support may in fact have a better track record in terms of creditworthiness, prudent financial behaviour and consistently saving towards their deposit. Such outcomes may lead to greater socio-economic inequality and result in the dislocation of some mortgage applicants who are unable to raise a sufficient deposit to purchase a home.

Lending constraints can have varying effects in different regions of the country. When measured in terms of the median property price to gross income ratio, home purchase affordability constraints are far more pronounced in large urban areas. However, the Commission supports these measures as they act as a control on non-price credit conditions in the mortgage market. Historically, this has been the most volatile part of the housing cycle in Ireland and was the principal cause of the housing bubble and subsequent economic crash.

Measures to support first-time buyers to access home ownership

Several different policies, schemes and measures are in place to support FTBs to access home ownership in Ireland. These include:

- Help to Buy
- First Home Scheme
- Local Authority Affordable Purchase (LAAP) Scheme
- Local Authority Home Loan

The Help-to-Buy scheme (HTB), introduced in the Finance Act 2017, helps FTBs to accumulate the deposit required to purchase or self-build a new house or apartment. It provides a grant of up to 10% of the purchase price for a new home, subject to a limit of €30,000.¹⁵⁹ While HTB assists with accumulating a minimum deposit, many FTBs may still struggle to get sufficient credit to buy a home due to macroprudential mortgage lending LTI ratio limits. To further enable access to home ownership for FTBs, the Government introduced two measures under the Affordable Housing Act 2021: the First Home Scheme and the Local Authority Affordable Purchase Scheme. Both provide equity loans to assist FTBs to purchase a home. The advantage of these measures is that they involve equity loans and not grants. As a result, they provide support to FTBs purchasing a home while being equitable in relation to other households who are not availing of such equity loans.

Research undertaken by the Central Bank has shown that these measures benefit households wishing to access owner occupancy.¹⁶⁰ The Central Bank's analysis did not find evidence of strong property price increases for eligible FTBs as a result of the HTB enhancement. The measures must be appropriately calibrated to ensure they are targeted at those households which require assistance while also giving confidence to suppliers of homes that demand is indeed present and sustainable.

There is a need for effective and targeted interventions to support home ownership affordability, but the calibration of such measures must take account of the supply- and demand-side factors at play at a given point in the economic and housing cycles. Additionally, the Commission notes that these measures continue to be revised and

¹⁵⁹ HTB provides relief to the lesser of (1) €30,000, (2) 10% of the purchase price of the qualifying residence or its approved valuation in the case of self-build qualifying residence, or (3) the amount of income tax and DIRT paid for the four years prior to making the application. Where enhanced HTB rates apply, the relief is capped at €30,000 per property.

¹⁶⁰ F. McCann, and A. Pratap Singh, 'Housing assistance policy for mortgage borrowers: liquidity price acceleration?', Central Bank of Ireland, vol. 2023, no. 4, 2023.

updated on an ongoing basis.¹⁶¹ These schemes are summarised and compared in Appendix 7C.

The Commission emphasises the need for affordable home purchase schemes to be appropriately targeted, considering income levels, locations, and housing types. It is also critically important to ensure equity and fairness in accessing home ownership through affordable purchase schemes. Shared equity schemes recoup funds when the value of the state-owned share is bought out by the homeowner or repaid when the home is sold at a later date. These funds can be continually recycled for other home buyers in the future.

Finally, the Commission recommends the creation of a centralised online resource to assist FTBs to access information and guidance on all available affordable purchase schemes. Such a resource should be user-friendly and assist FTBs to navigate their options and eligibility for such schemes.

7.2 Recommendations Overview

Affordability of Home Purchase for First-time Buyers – Recommendations

- #41. Review and recalibrate regularly measures to assist with access to home ownership for first-time buyers, taking account of detailed evidence on income distribution, affordability, supply dynamics and regional differences.
- #42. Use appropriately targeted equity loan schemes to support first-time buyers to purchase a home, as provided for in the Affordable Housing Act 2021, and establish central revolving funds to manage capital derived from repayment of equity loans that are provided by the State or local authorities.
- #43. Maintain a central online information resource for first-time buyers covering multiple schemes that support home purchasers, along with an information resource for cost-rental.

7.3 Policy Measures to Support Affordability

7.3.1 Background & Context

Three fundamental factors affect the affordability of home ownership: a) property prices, b) household income and c) the parameters of mortgage lending (term length, interest rates, deposit required, etc). The Commission has examined each of these factors to understand key trends in the affordability of home purchase for those entering the market for the first time (see Appendix 7D). It is important to note that there is no universally accepted international consensus on the definition or measurement of affordability in the context of home purchase. Several standardised metrics are commonly employed (see Appendix 7E).

Some of these measures of affordability do not take into account the borrower's ability to raise a mortgage in the first instance. However, securing access to a mortgage has become more challenging in an Irish context since the introduction of new mortgage lending regulations by the Central Bank of Ireland (CBI) in February 2015. These regulations, introduced to ensure sustainable lending standards in the mortgage market, work by setting limits on the amount of money that people can borrow to buy residential property, using loan-to-income and loan-to-value (LTV) limits. The CBI measures regulate for:

- An LTV limit which requires a minimum deposit before one can obtain a mortgage – both FTBs and second and subsequent buyers (SSBs) need to have a minimum deposit of 10%.
- An LTI limit which restricts the amount of money that can be borrowed to a maximum of four times gross income¹⁶² for FTBs and 3.5 times gross income for SSBs.

The requirement to raise a deposit can act as a barrier to home ownership, particularly for households who struggle to save while living in expensive rental accommodation. This can be particularly true for younger adults, many of whom have reached household formation age at a time when mortgage lending standards are more stringent than they were in the period leading up to the global financial crisis in 2008.

161 The Help to Buy Scheme was extended in Budget 2024 for a further year, to 31 December 2025. It is also being amended to reflect its interaction with the LAAP scheme. This amendment will enable the use of the affordable dwelling contribution received through the LAAP scheme for the purposes of calculating the 70% loan-to-value requirement, thereby facilitating access for all LAAP purchasers to the HTB scheme. This came into effect from 11 October 2023.

162 This was increased from 3.5 times income to 4 times income for FTBs on 1 January 2023.

The Commission notes that the requirement to raise a deposit may present an unfair advantage to mortgage applicants who may be able to obtain intergenerational or other familial support. At the same time, other households who may not be able to source such support may in fact have a better track record in terms of creditworthiness, prudent financial behaviour and consistently saving towards their deposit. Such outcomes may lead to greater socio-economic inequality and result in the dislocation of some mortgage applicants who are unable to raise a sufficient deposit to purchase a home in their preferred location. This is particularly true for more expensive segments of the market.

The macroprudential mortgage lending framework presents challenges for some households seeking to obtain a mortgage. However, the Commission supports these measures as they act as a control on credit conditions and household indebtedness. The experience of the 2000s credit boom period is a recent reminder of the damage that can be caused by excessively loose credit conditions and an absence of appropriate controls.

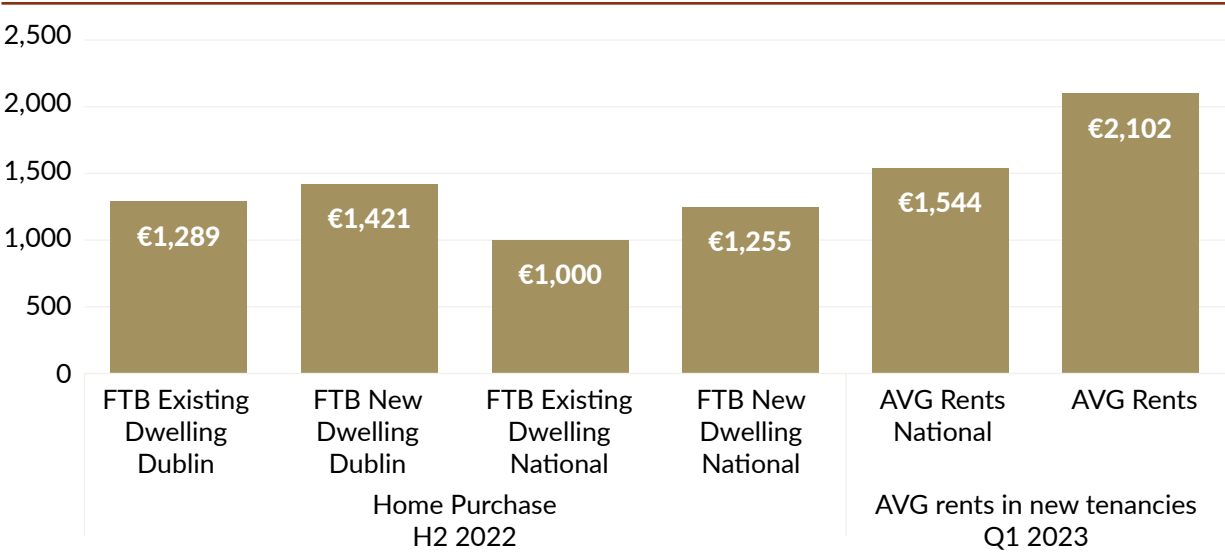
Both the cost of private rental accommodation and the minimum deposit required can vary significantly across local authority areas. Where private rents are highest, the task of saving a deposit is most challenging for households seeking to secure a mortgage. The Commission has found

that housing affordability has become a critical issue for many FTBs. In particular, many FTBs have struggled to save the 10% deposit required to secure a loan, especially when living in expensive rented accommodation. Figure 7.1 below displays the median monthly mortgage repayments for FTBs and standardised average rents for new tenancies.

Both the cost of private rental accommodation and the minimum deposit required can vary significantly across local authority areas. Where private rents are highest, the task of saving a deposit is most challenging for households seeking to secure a mortgage. Median monthly mortgage repayments for FTBs and standardised average rents for new tenancies are presented below, using national data and data on Co. Dublin, while the home purchase data is further broken down into new and existing dwellings.

These comparisons would suggest that, once households manage to save up a deposit and purchase a property, monthly mortgage payments may be significantly less than monthly rents, though the extent of this differential can vary across regions and for new and existing dwellings. It will also vary over time depending on the interest rate environment and the extent of fixed versus floating mortgage debt.

Figure 7.1: Comparison of median monthly mortgage repayments for FTBs and standardised AVG rents in new tenancies



Source: BPFI; RTB.

Importantly, the Central Bank's macroprudential mortgage lending loan-to-income (LTI) ratio limits the amount of money individuals or households can borrow to a maximum of four times gross income. This results in many being incapable of purchasing at the median price of a home in Ireland. Market rents and minimum deposit requirements tend to be highest in the Greater Dublin Area and other large urban centres.

7.3.2 Analysis

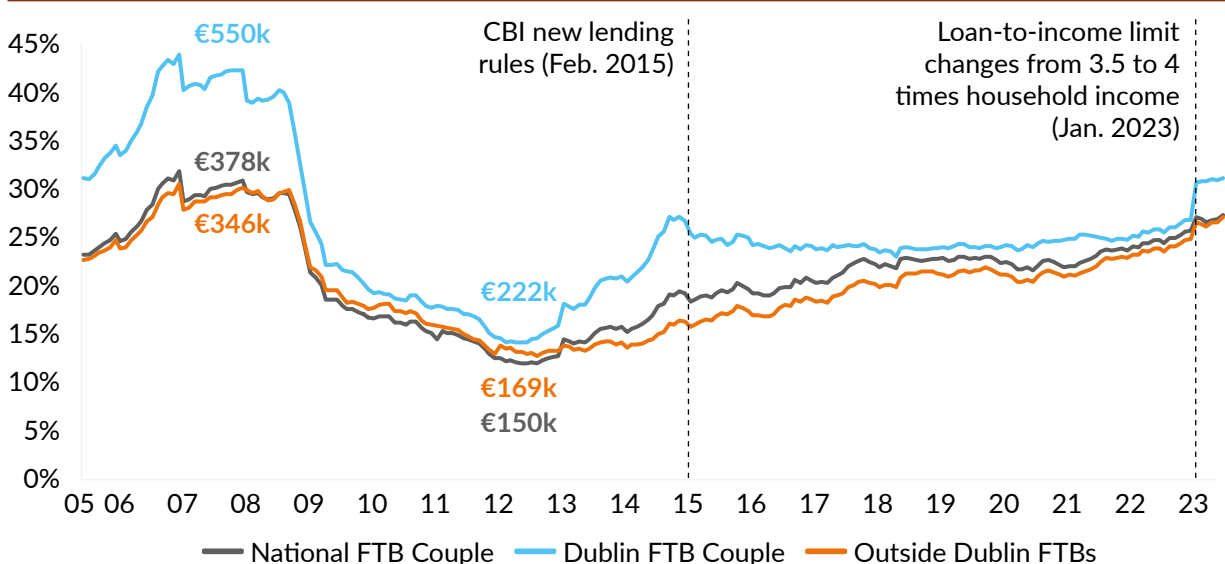
In developing its recommendations on the affordability of home purchase for FTBs, the Commission has considered developments over time, variation across local authority areas and differences across the income distribution. Key interrelated factors affecting housing affordability for FTBs are illustrated in Figure 7.2. The affordability metric used for the purposes of this analysis is the proportion of after-tax income required to meet mortgage payments in the first year for an average FTB working couple, where each is on average earnings. This amounts to a measure of affordability based on the potential FTB couple's ability to fund a mortgage out of net income. Where this indicator rises, it potentially reflects one of four things: a fall in household income; an increase in mortgage interest rates; an increase in housing prices; or an increase in the share of the housing price that is borrowed (e.g. a higher LTI permitted by the CBI).

Assumptions

- FTB property prices to June 2023 from CSO. Prior to June 2023, CSO Residential Property Price Index (RPPI) monthly % change.
- Weekly earnings from CSO 'Earnings, Hours and Employment Costs Survey' (EHECS), with Dublin earnings inflated by 15%.
- Net income after tax, Pay Related Social Insurance (PRSI) and the Universal Social Charge (USC).
- Variable mortgage rates (CSO, CBI) 30-year mortgage term.
- Constrained by the lower of (a) 90% mortgage or (b) 3.5 times income from Feb. 2015 onwards and 4 times income from Jan. 2023.

Figure 7.2 shows the proportion of after-tax income required to meet the first year's mortgage repayments for a FTB working couple, with each on average earnings over the period June 2005 to February 2023. The index takes into account residential property prices as well as changes in mortgage rates, mortgage interest relief and disposable incomes for the average FTB working couple in Dublin, outside Dublin and across the State. This captures fluctuations in property prices during the housing boom of 2005-2007, the period of the global financial crisis post-2007, and the recovery in residential property prices from

Figure 7.2: Mortgage repayments as a percentage of after-tax income, 2005–2023



Source: Housing Commission.

2013 onwards in line with the broader economic recovery. It also includes the worst periods of the Covid pandemic and the post-Covid recovery.

The analysis shows that affordability was at 27.2% of net income for FTBs nationally and at 31.0% for Dublin FTBs in June 2023 (see Table 7.2). These figures compare with an average of 12.2% and 14.6% respectively at the lowest point of the housing cycle in 2012 and 31.8% and 43.8% respectively at the peak of the housing boom.

Table 7.2: Housing affordability in June 2023*

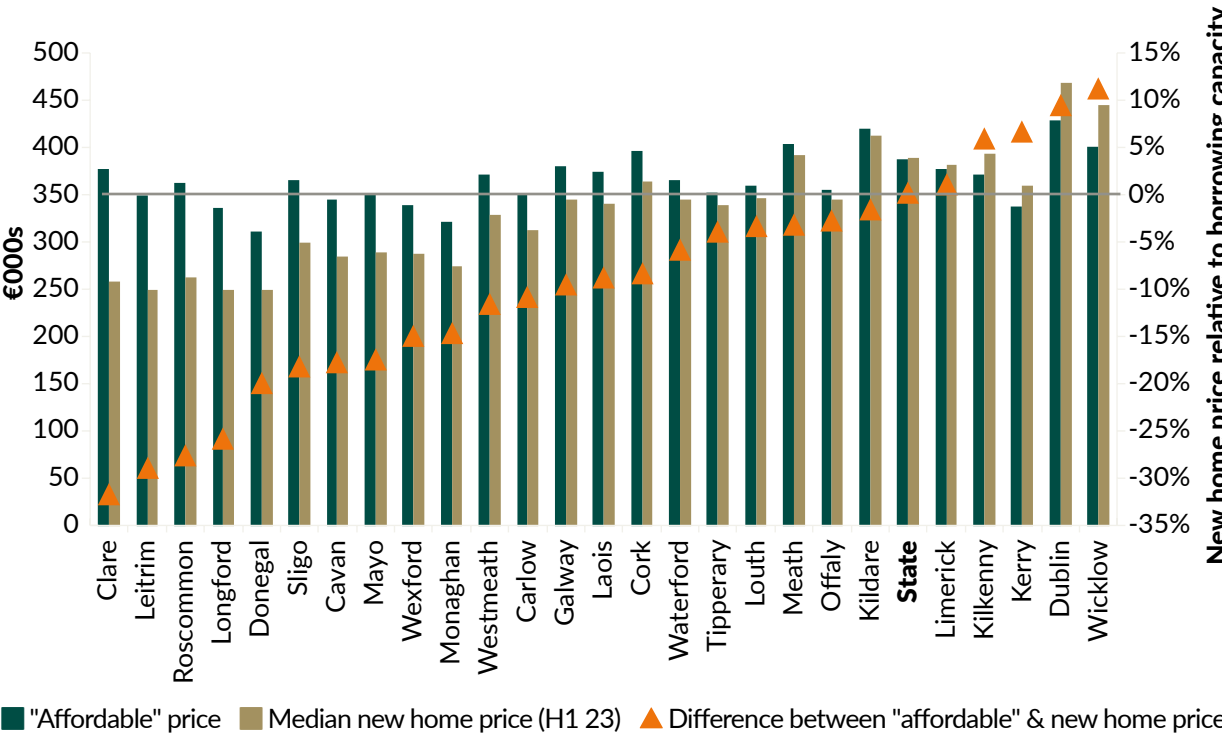
	House Prices	Earnings, Working Couple	Affordability
Dublin FTB couple	€500k	€109k	31.0%
National FTB couple	€386k	€95k	27.2%
Outside Dublin FTB couple	€357k	€85k	27.0%

* Based on analysis summarised in Figure 7.3.

Figure 7.3 clearly illustrates the relative stability of affordability (on this metric) over the period since the introduction of the mortgage measures in 2015 as compared to preceding years.

The following county affordability analysis uses annual earnings data for the 26 counties to ascertain the affordability of buying a new home¹⁶³ based on a representative FTB couple where both are income earners on the median wage in that county.¹⁶⁴ The analysis assumes that this representative couple can access the 10% deposit and borrow four times their gross income.¹⁶⁵ This provides a maximum mortgage capacity for this representative couple.¹⁶⁶ The analysis is highly sensitive to the assumptions on how many earners there are in the household, so caution must be exercised in over-interpreting the specific numbers. It should instead be seen as a guide to regional disparities in affordability. On this basis, Wicklow, Dublin, and Kerry are seen to have the greatest affordability challenges for FTBs (see Figure 7.3).

Figure 7.3: State and County analysis of affordability of newly built homes



■ "Affordable" price ■ Median new home price (H1 23) ▲ Difference between "affordable" & new home price

Source: CSO data & Housing Commission analysis.

163 Based on median new home prices from transactions.

164 Earnings analysis using administrative data sources, Statbank NEA06, 2022.

165 'Affordable' is defined here as the price at which a couple, both on the median gross market earnings in the county, can purchase a new home when borrowing four times their gross income and assuming they have a 10% deposit in place.

166 The Commission is not aware of a data series that shows the median incomes for FTBs, and thus had to rely on median incomes for all earners by county.

Distributional aspects to access to home ownership

Any analysis of affordability levels must be attentive to differences that arise across regions and across different segments of the income distribution. Household income determines the size of the mortgage which can be borrowed, as well as how much and over what period a household can afford to save a deposit. The Commission has undertaken an analysis of affordability along the income distribution using income deciles.¹⁶⁷ This analysis matches available housing supports along the income distribution in order to ascertain where the affordability challenges arise for potential FTBs. Figure 7.4 presents the results of this analysis. The following assumptions are used:

- This analysis is based on the 2022 SILC data, which provides details on gross household income by decile, whereby each decile represents 10% of the household population (approx. 186,000 households per decile).¹⁶⁸ The income distribution data presented is on a national level.¹⁶⁹
- The affordable property price for FTBs within each income decile is determined assuming a 4 times gross household income multiple and

a 10% deposit. This is in line with the Central Bank's macroprudential mortgage lending rules.

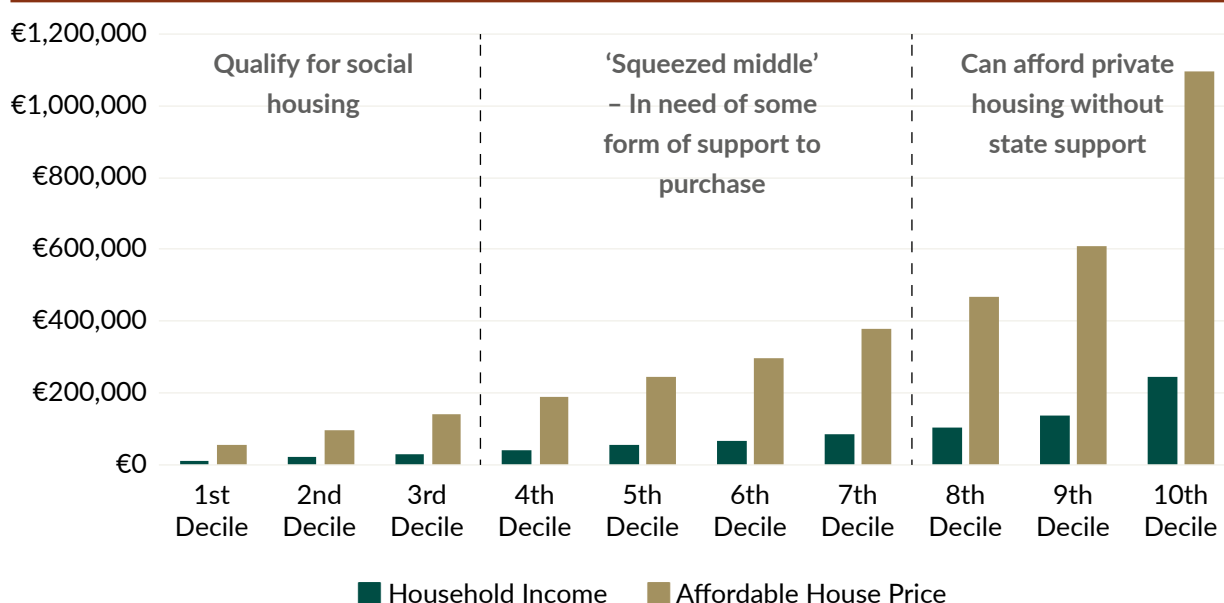
- It is assumed that households can get access to a 10% deposit. However, in practice this may be a constraint for some households.

Table 7.3: Gross Income by decile and affordable house price for households, 2022

Income Decile	Median Gross Household Income by Decile	Affordable House Price
1st Decile	€13,022	€57,875
2nd Decile	€21,833	€97,037
3rd Decile	€32,075	€142,554
4th Decile	€42,540	€189,067
5th Decile	€55,035	€244,599
6th Decile	€67,309	€299,150
7th Decile	€85,507	€380,032
8th Decile	€105,602	€469,343
9th Decile	€137,289	€610,175
10th Decile	€246,535	€1,095,712

Source: EU-SILC data & Housing Commission analysis

Figure 7.4: Gross household income and affordable home price by income decile



¹⁶⁷ Organisation of data as deciles is a quantitative method of splitting up a set of ranked data into 10 equally divided parts. If a distribution of household incomes is put in order from the lowest to the highest, the income deciles are the values that divide that distribution into 10 equal parts.

¹⁶⁸ There is no information readily available in relation to the income distribution of potential FTBs, so this data is used as a proxy. The income profile of potential FTBs may be lower than the aggregate. A greater understanding of the income distribution of the potential FTB cohort would be necessary to fully understand the issues of affordability and access to home ownership.

¹⁶⁹ The sample for this analysis is not big enough to facilitate a breakdown of the results by region. Additionally, this analysis is done on a different basis to the preceding regional analysis.

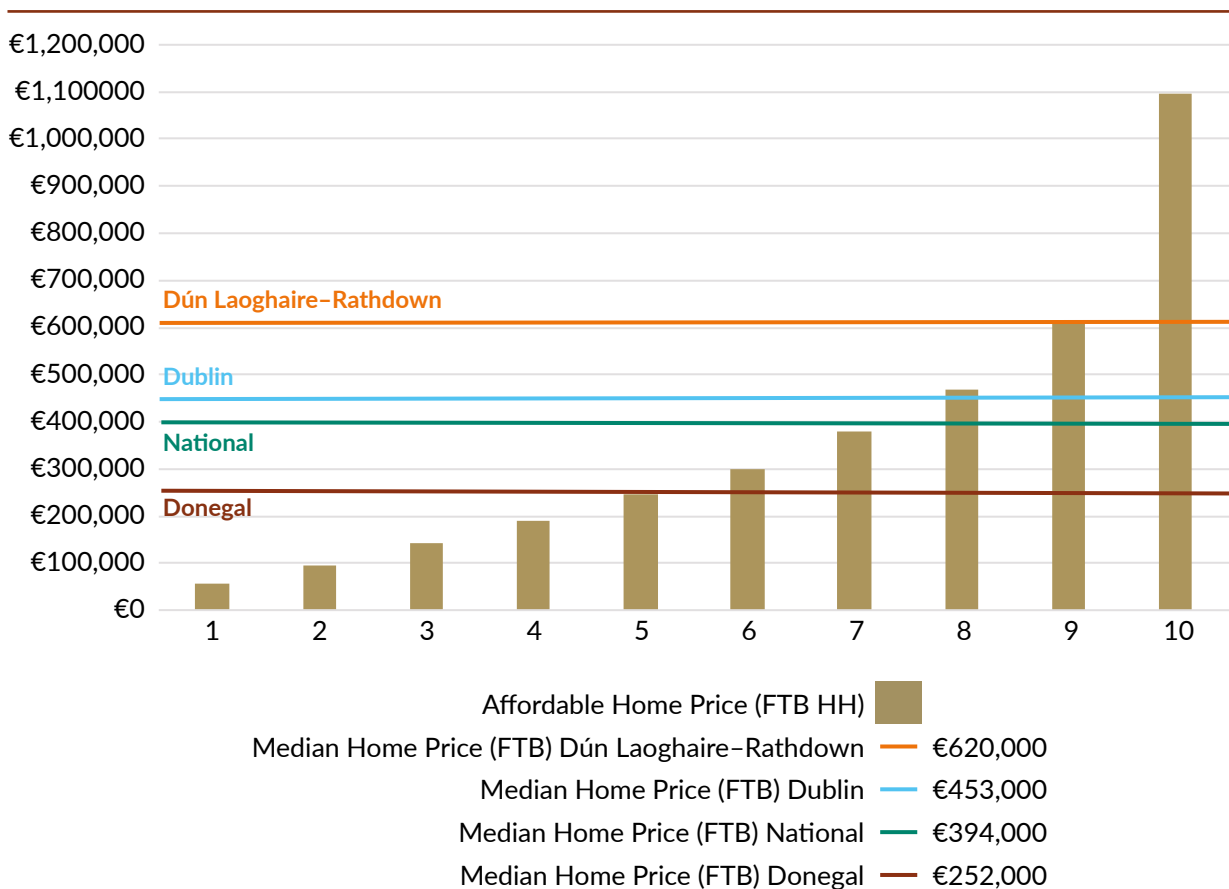
Households in the lower income deciles are most likely to be reliant on social housing supports, where different maximum net income limits apply across local authorities for a single person.¹⁷⁰

The affordable home price based on borrowing capacity of 4 times gross income and a 10% deposit ranges from €245,000 for households in decile 5 to €469,000 for households in decile 8. The expectation is that households above decile 8 are likely to be able to afford to purchase in the private market without support from the State.

On the basis of this analysis, deciles 4 to 7 – termed the “squeezed middle” – are identified as those who are most in need of some form of support to be able to purchase a home. The Commission does not take a view on whether the Government should focus its resources on providing these supports for the “squeezed middle” through social housing, cost-rental or home ownership. However, it does identify that this cohort has the greatest potential for being left out of access to home ownership given income levels, current housing supports and delivery costs for new housing.

The preceding analysis examined the affordability of home purchase using national household income data. However, the affordability of purchasing a home can vary considerably for FTBs across different regions of the country. Median FTB purchase prices for newly built homes can vary from as low as €252,000 in Donegal to as high as €620,000 in Dún Laoghaire-Rathdown (DLR). This means that a household with an income level corresponding to the fifth income decile nationally (€244,599) would be able to afford to purchase a newly built home in Donegal (see Figure 7.5). However, in order for a FTB couple to be able to afford to buy a newly built home with a median sales price in Dún Laoghaire-Rathdown they would need to be in the top income decile nationally. Assuming the Dublin median newly built property price of €453,000, only households in deciles 8 or higher can afford this purchase price.

Figure 7.5: Affordable house prices (households) by income deciles versus FTB median house prices (February 2023)



Source: EU-SILC data & Housing Commission Analysis

¹⁷⁰ These are €30,000, €35,000 or €40,000, depending on the local authority area.

The CBI has found that the HTB scheme is effective in boosting the liquidity position of eligible borrowers across all income levels.¹⁷¹ It does this by reducing the down-payment requirement and, in some cases, reducing the required mortgage amount. The study does not find any borrower-led evidence of widespread inflationary effects of a more generous scheme. Effective targeting of policies to support the affordability of home ownership is crucial to ensure these assist the households most in need. Certain demographic and socio-economic groups face particular affordability pressures, and it is essential to have policies in place to address this. There is a need for effective and targeted interventions to support home ownership affordability, but the calibration of such measures must take account of the supply- and demand-side factors at play at a given point in the economic and housing cycles.

In line with its terms of reference, the Commission has also considered models in place in other jurisdictions to support the affordability of home ownership for FTBs. The Commission has also examined the affordability of home purchase in Ireland as compared to other jurisdictions. The findings of this work are summarised in Appendix 7F.

7.3.3 Recommendation & Actions

Recommendation #41:
Review and recalibrate regularly measures to assist with access to home ownership for first-time buyers, taking account of detailed evidence on income distribution, affordability, supply dynamics and regional differences.

Actions

1. Establish a framework to evaluate all proposed interventions to support home ownership. Policy interventions should be subject to comprehensive cost-benefit analysis to ensure they are effectively targeted and based on robust analysis and reliable data. Such a framework should entail a system-wide approach,

Table 7.4: Forms of assistance and initiatives for first-time buyers

Demand/ Supply	Assistance Type	Example schemes/programmes
Demand side	Financial regulation	• Rules governing mortgage lending
	Expenditure programmes	• First homebuyer grant schemes
	Tax concessions	• Stamp-duty concessions • Tax-privileged savings schemes
	Institutional innovations and financial instruments	• Loan assistance schemes • Mortgage guarantees • Equity investment and similar products
Supply side	Use of publicly owned assets	• Social housing sale to tenants • Land rent schemes
	Government-funded housing development	• State-resourced development of shared ownership homes by non-government entities
	Land or property occupancy regulation	• Inclusion of 'affordably priced' homes in developments required via land-use planning powers • Restrictions on occupancy of privately owned homes • Use of publicly owned assets: land development

Source: Australian Housing and Urban Research Institute.¹⁷²

171 F. McCann and A. Pratap Singh, 'Housing assistance policy for mortgage borrowers: liquidity improvement of price acceleration?', Central Bank of Ireland, vol. 2023, no. 4, 2023.

172 'Assisting first homebuyers: an international policy review', Australian Housing and Urban Research Institute Ltd, Melbourne, Australia, July 2022.

encompassing the different tenures and taking account of the interconnections between them.

2. Calibrate all measures to assist with access to home ownership for FTBs to ensure consistency with respect to eligibility criteria, income definition, location, targeting and the stage of the housing cycle. Ad-hoc changes to policy should be avoided so as to limit uncertainty in the housing market.
3. Interventions to support home purchase affordability should address the distributional effects of such policies, avoid gaps in provision, reduce complexity and provide certainty to both households and the residential construction sector.
4. A comprehensive Housing Affordability Index should be published regularly to track trends in housing affordability, both nationally and in urban areas.
5. Specialist analytical skills¹⁷³ should be used to ensure an evidence-informed approach to the design of policies that support home ownership.

7.4 Home Ownership Supports

7.4.1 Background & Context

The Housing Commission regards supply-side reforms detailed in this report as key in sustaining a stable housing system over the medium term. However, it has been asked to 'examine measures which would complement or enhance the recently introduced suite of affordable housing measures' for those entering the market for the first time. Numerous government supports are available currently, including the Help to Buy scheme, the Local Authority Home Loan, and the First Home Scheme (see Appendix 7C). Similar measures have been introduced in other jurisdictions to support home ownership, especially in those countries with relatively high home ownership rates. Table 7.4 summarises the various types of schemes in place internationally.

Policies to support home ownership should be cognisant of their influence on demand, supply, price, and equity. They should also take account

of the stage of the housing cycle and the reasons for which access to housing is believed to be inadequate. Policy recommendations contained in the Housing Commission report aim to reduce costs, increase access, and enhance stability in the housing market over the medium term. This analysis recognises the importance of supply-side interventions in achieving these aims.

The Commission also believes there is a role for demand-side initiatives that are correctly calibrated and targeted. The analysis of income distribution, as compared to the cost of purchasing a new home, shows that only the top two or three income deciles can access home ownership independent of any form of state support. Reducing construction costs can help to address this, but historical experience suggests that this can be difficult. This is due to the fixed costs involved, the fact that prices are largely determined externally, and the need for compliance with higher environmental standards.

7.4.2 Analysis

While the Help to Buy scheme assists FTBs by providing a tax refund that can be used to cover the cost of a deposit, some FTBs may still be unable to afford to purchase a home. In particular, the macroprudential mortgage lending rules may not enable FTBs to borrow sufficient funds to buy a new home in their preferred location. Government, in partnership with participating mortgage lenders, introduced the First Home (shared equity) Scheme (FHS) to help borrowers to bridge the gap between their deposit and mortgage on the one hand, and the price of a new home on the other.¹⁷⁴

A comprehensive study undertaken by the Affordable Homes Partnership¹⁷⁵ examined a range of shared ownership mechanisms and schemes. Key findings were:

- Shared ownership schemes are self-financing in the longer term.
- Mechanisms involving time-limited clawback and equity loans offer the potential for substantial affordability benefits so long as relatively large discounts (such as 35%) can be delivered.

¹⁷³ The Housing Commission highlights the merits of using the skills and expertise of the Housing Agency and/or the Irish Government Economic and Evaluation Service (IGEES) in this regard.

¹⁷⁴ Under the FHS, the Government and participating banks pay up to 30% of the cost of a new home in return for a corresponding equity stake. Home buyers can opt to buy back the stake at any time. The scheme is available to FTBs and certain other qualifying groups purchasing a newly built property. To qualify for the FHS, the purchase or build price of the home must be within prescribed limits for the relevant local authority area. See: [First Home Scheme](#).

¹⁷⁵ Affordable Homes Partnership, 'Increasing Affordable Housing Supply', 2007, prepared by Three Dragons & Strategic Solutions with Professor Glen Bramley of Heriot Watt University. The Affordable Homes Partnership was set up to co-ordinate and promote the delivery of affordable housing development in the Greater Dublin Area. Following a review, its functions were taken over by the Housing and Sustainable Communities Agency.

- Time-limited clawback is favourable for the consumer, apart from potentially restricting mobility, but is more costly for the state in terms of public cost.
- Equity-loan schemes are equally affordable in the short term, but in the long term are generally less favourable to the consumer. These schemes are much less costly to the public purse in the long term, however. They can thus be described as fairer as between beneficiaries and other taxpayers.

In addition, there is evidence that such schemes have a positive impact on housing supply by way of increasing confidence in end-demand for homebuilders and lenders. An evaluation of the UK's Equity Loan Scheme found that over half of survey respondents who had availed of the scheme reported that they would not have bought a newly built property without assistance (see Appendix 7G).¹⁷⁶ Research has also shown¹⁷⁷ that there are potential negative impacts stemming from shared equity schemes that must be considered in their design:

- a. The subsidy may accrue to recipients that would have been able to access owner-occupied housing in any case. While the state ultimately recoups the contribution made towards a purchase, questions arise as to whether aiding purchasers that do not need it might crowd out other households more in need.
- b. Prices may rise in response to the demand-side initiative, thus exacerbating the problem of affordability.
- c. The subsidy then may accrue to someone other than the first-time buyer, such as the landowner and/or builder.
- d. Government is exposed to any fall in home prices through its equity stake.

A shared equity scheme (Help to Buy Equity Loan), introduced in the UK in 2013, had mixed results. It coincided with a large rise in prices and housing output prior to its closure in 2021.¹⁷⁸ A 2018 evaluation of the scheme by the UK Ministry of Housing, Communities and Local Government found:

- a. Additional demand associated with the scheme was calculated at 37%. That is, 37% of buyers surveyed would not have had the financial means to purchase a new-build property without the support of the scheme. Part of this

additionality reflects demand being brought forward. This implies that the scheme results in a redistribution of demand over time, i.e. people bought earlier than they would have otherwise.

- b. Additional supply associated with the scheme is estimated at 15% relative to a situation in which the scheme was not in existence. The highest supply additionality was estimated to be in the Midlands, and the smallest in the higher-priced region of London.
- c. There was no evidence of a significant impact on prices overall, but there was some impact on new-build prices. There was some evidence of an impact on land prices, except perhaps in London and the South-East.

Equity loan supports are more appropriate than grant supports or mortgage interest relief, as equity loans are fairer both to the taxpayer and to those households that do not avail of such schemes. Although they are a relatively new feature of Irish housing policy, such schemes can bring benefits if well targeted and calibrated. Equity loans follow the principle of the State investing in housing and providing a means for this investment to be recycled to assist future affordable home purchase.

The Commission believes that shared equity loans to assist individuals and households to purchase a home can play a role in supporting households, but the design of these schemes must follow certain principles:

- a. The scheme should target those households that are not able to raise sufficient finance through their own means.
- b. It should involve rigorous credit checks and should not lead to an overburdening in debt repayment.
- c. It should be restricted to the new-homes market to encourage additional supply.
- d. The design and eligibility should take account of the extent of new homes being made available to avoid undue additional demand, which would push prices higher.
- e. Price caps should take account of the cost of building new homes and incentivise the efficient production of affordable homes.
- f. The repayment of all equity loans provided by local authorities or through the First Home Scheme should be paid into a central fund. This provides a means to ensure that funds are

¹⁷⁶ UK Ministry of Housing, Communities & Local Government, 'Evaluation of the Help to Buy Equity Loan Scheme 2017', 2018.

¹⁷⁷ Manlangit et al., 'Everyone wins? UK housing provision, government shared equity loans, and the reallocation of risks and returns after the Global Financial Crisis', International Journal of Housing Policy, 2022.

¹⁷⁸ Carozzi et al., 'The Economic Impacts of Help to Buy', 2019.

ringfenced and can be used to support future affordable home purchasers.¹⁷⁹

The Commission also considers it important to make the sales process and general administration of affordable purchase schemes more efficient. The lottery-based system currently in place for affordable home purchase is inefficient. This system results in delays that do not arise in a conventional sales process where potential buyers are dealt with in order and pay a deposit. The sales process for affordable purchase homes should be made more efficient, conventional, and convenient. This will assist FTBs to access home ownership. There should be a move away from the application-type approach for households seeking to purchase affordable homes. This would effectively mean that affordable homes for sale would be advertised publicly, like any market housing, and that people who meet eligibility criteria must queue up to purchase.

7.4.3 Recommendation & Actions

Recommendation #42:

Use appropriately targeted equity loan schemes to support first-time buyers to purchase a home, as provided for in the Affordable Housing Act 2021, and establish central revolving funds to manage capital derived from repayment of equity loans that are provided by the State or local authorities.

Actions

1. Make support schemes subject to rigorous cost-benefit analysis and frequent review to ensure appropriate targeting and to minimise unnecessary additional pricing pressures due to excess demand. The number of eligible households should vary depending on the number of new homes available to potential owner-occupiers.
2. Target supports at those households identified in the middle-income cohorts

through regular analysis of incomes and housing costs.

3. Set price caps to incentivise the efficient production of affordable homes and minimise impacts on the price of new homes and land. Regularly collect data on the costs of production of a new home to use for this purpose.
4. Establish a central revolving fund to manage capital derived from repayment of all equity loans. In time, this fund can become self-sustaining and be used to provide additional equity loans in future.
5. Simplify the administration and operation of affordable home purchase schemes to minimise bureaucracy and make the purchase process more efficient. Migrate from the lottery system to a more conventional process akin to sales in the private market as part of improving the process.
6. Carry out rigorous credit checks, by staff with expertise in this field of shared equity, to reduce financial risks for both the borrower and government.

7.5 First-time Buyer Information Supports

7.5.1 Background & Context

A wide range of schemes are available across the income spectrum to support FTBs, ranging from the Help to Buy and First Home (shared equity) schemes to local authority schemes. There are also schemes such as the Vacant Property Refurbishment Grant which are available to FTBs but not limited to them. Many of these schemes have different eligibility criteria, and FTBs must access different websites and resources to find information on each scheme and their eligibility requirements. Such online information provided has been somewhat ad hoc and disjointed. It is critical to have one central online resource that is maintained and is sustainable. Information on cost-rental housing options should also be provided.

All information for the journey towards home ownership should be made available from a single location. This should cover all available schemes and include information on how to apply for them, eligibility criteria and calculators for repayment. Such a central resource should provide links to various providers, reliable advice, and similar resources.

¹⁷⁹ This was provided for in section 94 of the Housing (Miscellaneous Provisions) Act 2009 but not included in the Affordable Housing Act 2021.

7.5.2 Analysis

There is a clear need to simplify the application process for FTBs associated with affordable purchase schemes, with a view to reducing the amount of time and stress involved. This can be achieved by establishing a 'one stop shop' service that provides information to FTBs on their eligibility and what schemes are available to enable them to purchase a home. While the Housing Commission is aware of online repositories of information for FTBs, such as affordablehomes.ie, accessible through the Housing Agency's website, the approach to updating and maintaining these databases is inconsistent and fragmented. This means that information on worthwhile initiatives such as the Opening Doors campaign by DHLGH may be missed, unless accessed directly through the Department's website. Therefore, the Housing Commission believes that a service, like the Citizens Information website, is needed to simplify the journey to home ownership for FTBs.

Such a service should consist of a centralised online information resource platform hosted by an appropriate agency or organisation. The Commission understands that this will take the form of a website which will be hosted by the Housing Agency. It is important that this resource be user-friendly, while providing all relevant information on all relevant schemes that are available. A good exemplar for such a centralised online resource is the Health Insurance Authority (HIA) website where all guidance and information about health insurance is provided.

In addition to acting as a centralised information depository, such a centralised system could also be used to facilitate online training for applicants. Such online training courses for FTBs are available in Northern Ireland and the USA and have been very successful. In the USA, completion of such training is sometimes used as an eligibility criterion for grants towards deposits (known as down-payments in the USA) for lower-income FTBs. In Northern Ireland, the online training course is provided by Co-Ownership Northern Ireland.

7.5.3 Recommendation & Actions

Recommendation #43:

Maintain a central online information resource for first-time buyers covering multiple schemes that support home purchasers, along with an information resource for cost-rental.

Actions

1. Provide all information relevant to the journey of home ownership on one central on-line platform, including details on the various schemes, how to access them, eligibility criteria, mortgage rates and how to calculate mortgage repayments.
2. Provide a helpful store of answers to frequently asked questions (FAQs) for both FTBs and private rental sector tenants.
3. Include an eligibility self-assessment tool that is user-friendly.
4. Ensure that such a resource is easy and simple to use, and sufficiently resourced.
5. Provide links to other relevant websites and services, directing users to the most appropriate information and resources for applications.
6. Make an online training course for FTBs available free of charge through the central online information resource, ensuring that all users in need of such training can access it.

Section 8

The Social Housing Sector

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Terms of Reference 1

Examine and report on maintaining a sustainable housing supply and providing balance and choice of tenures, having regard to social, environmental, and economic objectives.

Terms of Reference 7

Examine and report on the need for regulation of social housing.

Terms of Reference 8

Examine and report on the optimum role of Approved Housing Bodies in housing provision, including their role regarding the housing needs of vulnerable groups.

8.1 Introduction

In considering long-term housing policy post-2030 and as part of its terms of reference, the Housing Commission undertook an examination of the social housing system in Ireland. This section examines arrangements for delivering and funding social housing. It also examines the extent to which these arrangements enable an adequate, appropriate, affordable, and financially sustainable supply of housing for households that cannot afford to secure housing from the market. Aspects of cost-rental housing are also considered.

Since the 1990s, local authorities' traditional role as the main providers of housing for low-income households in Ireland has diminished. This reflects increased reliance on the Housing Assistance Payment (HAP) and the Rental Accommodation Scheme (RAS) to meet the housing needs of low-income households. In addition, the contribution of the Approved Housing Body (AHB) sector to social housing provision has increased considerably.

In 2020, AHBs provided 46% of new social housing. This development, which reflects the introduction and expansion of dedicated government funding schemes for the sector in recent decades, is a welcome one. However, to ensure sufficient supply of social housing, both local authorities and AHBs must be enabled to provide more housing and manage and maintain it efficiently and effectively.

In this section the Housing Commission assesses the extent to which social housing, and the recently established cost-rental sector, meet

the needs of low to middle earners who cannot afford to rent or buy market housing. The key challenges in these sectors are also identified and recommendations to resolve the problems are proposed.

These recommendations are intended to achieve a step change in the supply of social and cost-rental housing so that these sectors will in future be the main source of rented housing for those who cannot afford to rent or buy market housing. This will enable a large reduction in the use of housing allowances for private renting households, such as the HAP, and provide a more secure and affordable housing option for those who need government support to meet their housing needs.

To enable this expansion of social and cost-rental housing supply, the Commission believes that radical reforms to current arrangements for delivering, financing, and managing these housing sectors are required. In this section, a comprehensive and integrated set of recommendations for the required reforms is outlined. The Commission emphasises that these must be implemented in full if the necessary increase in social and cost-rental housing supply is to be achieved.

8.2 Recommendations Overview

The Social Housing Sector – Recommendations

- #44. Legally underpin the reforms set out in this section with a new Social Housing Act that would specify and protect the social purpose of the social housing sector over the long term and ensure that the sector is not privatised.
- #45. Increase the size of the social and cost-rental housing sectors to 20% of the national housing stock so that these sectors will provide a substantial source of rented housing for lower and middle-income households in future.
- #46. Provide a sustainable financing model for social housing by setting social housing rents at cost recovery rates. This will:
- ensure there is sufficient income to manage and maintain dwellings;
 - assist in funding new social housing provision;
 - break the link between market rents and social housing rents.
- To ensure that rents remain affordable, housing allowances should be provided to subsidise tenants who cannot afford to pay full cost rents.
- #47. Reform capital funding of social and cost-rental housing to provide more stable and counter-cyclical funding for these sectors to:
- ensure long-term financial sustainability;
 - reduce the volatility of funding for new housing;
 - provide long-term reliable capital to fund these sectors.
- To achieve this:
- the sources of finance for social and cost-rental housing must be diversified;
 - reliance on government grants and loans must be reduced and new sources of private and non-profit finance introduced.
- #48. Retain and recycle all housing finance, rental income and public subsidies in the social housing system for future housing delivery, management, maintenance and upgrading.
- #49. End the system of selling local authority dwellings to tenants at substantial discounts relative to current market value.
- #50. Increase significantly the output of social and cost-rental housing in cities and the Dublin region to address the particularly high numbers of households in need of housing and those who are homeless. For those with complex needs, provide long-term social support services.
- #51. Reform the current management structure in local government to strengthen housing delivery, management and maintenance capacity. This should be done by establishing separate arrangements for governing and delivering housing services. This could be achieved by establishing Local Authority Housing Organisations (LAHOs) on a local authority or regional basis.
- #52. Review and streamline the arrangements for approving central capital grants and other public subsidies for social and affordable housing provision by the DHLGH to speed up the approval and payment processes.
- #53. Reform arrangements for acquiring land for social and cost-rental housing to ensure sufficient supply of appropriately sized social and cost-rental housing, delivered in suitable locations.

- #54. Centralise arrangements for applying for and allocating social and cost-rental housing and make more extensive use of choice-based lettings.
- #55. Formulate a strategy on the role, capacity and sustainability of the Approved Housing Body (AHB) sector. The DHLGH should formulate this strategy and set out its vision for the AHB sector, including:
 - a. the role of AHBs in providing social and cost-rental housing and the housing system more broadly;
 - b. building capacity to grow larger AHBs and encourage large new entrants into the sector;
 - c. the necessary provision of regulation and other supports.
 The strategy should outline a comprehensive plan on how to achieve this vision.
- #56. Legislate to ensure that AHB social housing is provided, retained and let in perpetuity, except in exceptional circumstances.
- #57. Put measures in place to increase the capacity of the AHB sector and encourage growth of more large AHBs to address concentration risks and enable more delivery.
- #58. Develop a specific plan for smaller and unregistered AHBs.
- #59. Enable off-balance-sheet financing of AHB housing.

8.3 Supply of Social and Cost-rental Housing

8.3.1 Background & Context

Local authorities have the critical role of being the housing authorities. Article 28A¹⁸⁰ of the Constitution recognises the role of local authorities in providing a forum for the democratic representation of communities and in promoting by their initiatives the interests of such communities.

They are designated as housing authorities by the Housing Acts. The principal function of a housing authority is to provide housing for persons who cannot do so by their own means. They also have functions in terms of improving, increasing, and maintaining housing standards of the housing stock.

There are currently thirty-one local authorities in the country. They play a vital role in delivering and managing social housing. Their roles include housing strategy and planning, construction, and development of social housing, along with managing and maintaining this housing stock. Housing authorities manage housing allowances to eligible individuals, for example the housing assistance payment (HAP). In addition, they provide a wide range of housing services including

support to homeless households and grants to persons with disabilities.

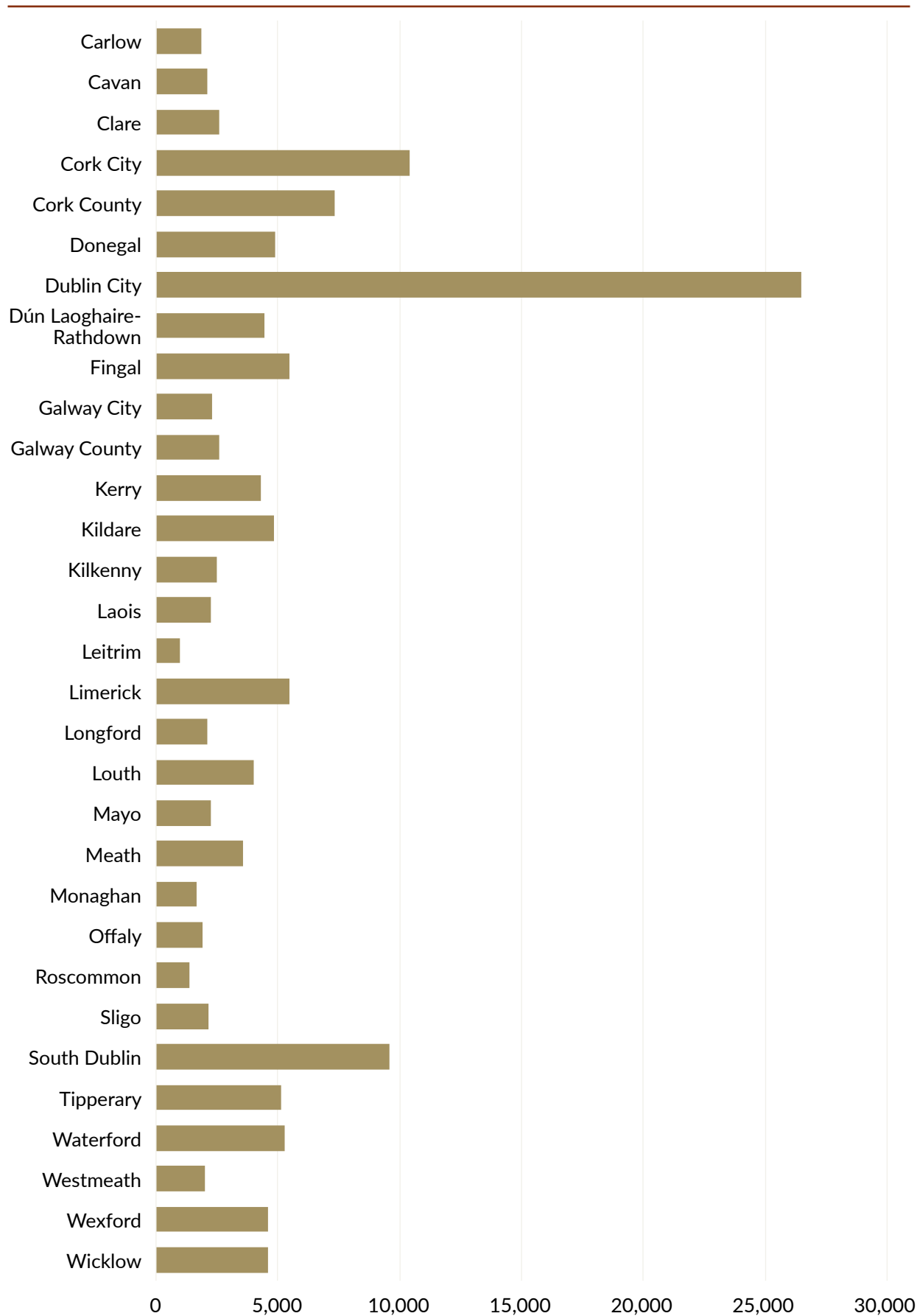
Housing authorities allocate available social housing, including social housing owned by Approved Housing Bodies in addition to their own social housing. They assess eligibility of housing applicants based on income and other criteria. Successful applicants are placed on the housing authority's housing list (record of qualified households). Social housing is allocated based on a Scheme of Letting Priorities.

The sector owned 142,708 dwellings in 2021 (see Appendix 8B). Figure 8.1 shows that the stock owned varies between local authorities, from low levels in some local authority areas, to a high of 26,467 dwellings in the case of Dublin City Council.

The Commission is of the view that the continued and enhanced role of local authorities as housing authorities is vital in ensuring an effective and sustainable housing system in Ireland.

¹⁸⁰ Article 28A (1) of the Constitution of Ireland provides that:

"The State recognises the role of local government in providing a forum for the democratic representation of local communities, in exercising and performing at local level powers and functions conferred by law and in promoting by its initiatives the interests of such communities."

Figure 8.1: Social housing dwellings owned by local authorities, 2021 (n)

Source: Local Government Management Agency (LGMA).

Since the mid-1980s, the capital costs of buying or building local authority housing have been funded primarily by central government grants, topped up by local authorities' own capital contributions. The latter are sourced from the proceeds of selling dwellings to tenants and, since their reintroduction in 2013, from local property taxes. To buy land for social house building, local authorities have traditionally relied primarily on borrowing from the Housing Finance Agency (HFA). When social housing is built on a site, the associated central government grant and local authority contribution repay the loan in full.

Since the mid-1960s, rents for local authority housing have been linked progressively to tenants' incomes; thus, tenant households with lower incomes pay lower rents than their counterparts with higher incomes. This rent system, commonly known as 'differential rents', funds the cost of managing and maintaining the housing stock but does not generate enough revenue to repay loans for housing provision.

Since the 1990s, housing allowances that subsidise the cost of private rents such as Rent Supplement and the HAP have played an increased role in accommodating low-income households. Rent Supplement, the first of this type, established in the late 1970s, was designed as a short-term measure to support households during the transition from unemployment to employment or from private renting to social renting; the benefit is withdrawn in full when claimants move into full-time employment.

Rent Supplement take-up and associated spending rose steadily throughout the 1990s. It became evident that many claimants relied on Rent Supplement for long-term housing support, and concerns were raised that its design had served to trap recipients in unemployment.¹⁸¹

In response, a series of other housing allowances and supports to support low-income private renters with a long-term housing need were introduced.¹⁸²

- a. The Rental Accommodation Scheme (RAS), established in 2004, targets long-term recipients of Rent Supplement (18 months+) who are in long-term housing need. Under this scheme, local authorities enter into long term leasing arrangements with private landlords.
- b. The Social Housing Leasing Scheme, established in 2009, enables local authorities or AHBs to lease empty rental properties for letting to households on the social housing waiting list.
- c. The Housing Assistance Payment (HAP) was established in 2014. At the end of 2022, 16,653 RAS tenancies and 68,180 households were in receipt of HAP.¹⁸³ (See Section 6 for further information on housing allowances.)

8.3.2 Analysis

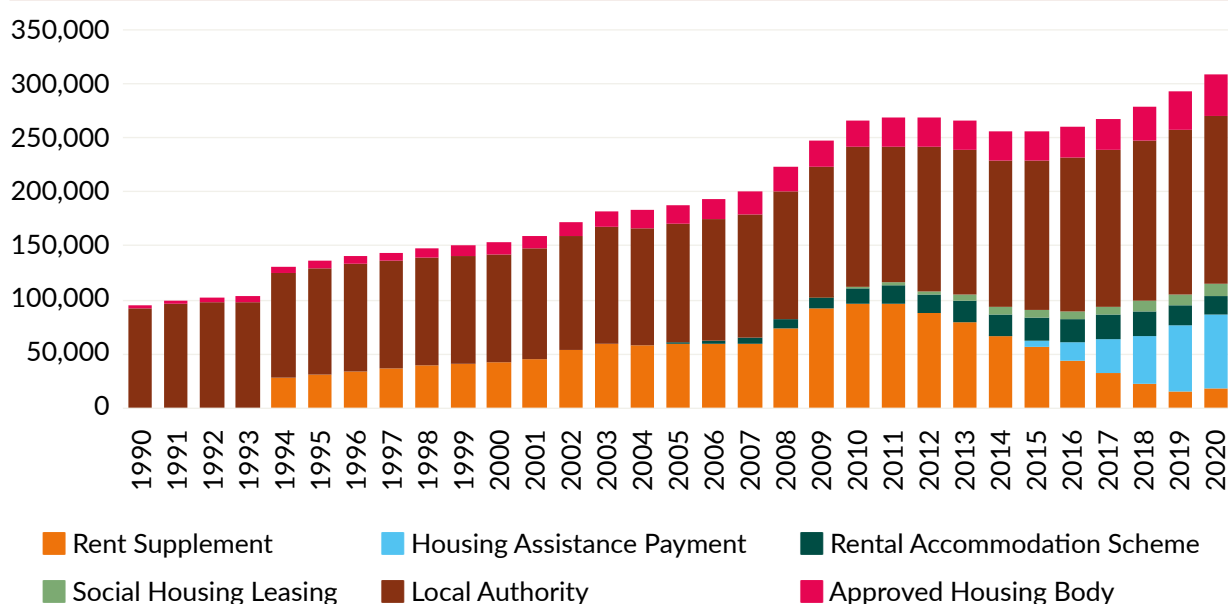
Social housing need compared to supply

Figure 8.2 demonstrates that the total number of households resident in social housing provided by local authorities and AHBs, along with those in receipt of government housing supports, increased by 225% between 1990 and 2020, while the total number of households in the country increased by 85% concurrently (CSO, various years). However, the number of households in receipt of housing allowances increased by significantly more than those accommodated in AHB and local authority social housing during this period.

181 Comptroller and Auditor General, 'Report on Value for Money Examination: Rent Supplement', Stationery Office, 2006; Inter-Departmental Committee, 'Administration of Rent and Mortgage Assistance', Department of Social Welfare, 1999; M. Norris, J. Healy and D. Coates, 'Drivers of rising housing allowance claimant numbers: Evidence from the Irish private rented sector', *Housing Studies*, vol. 23, no. 1, 2008, p.89-109.

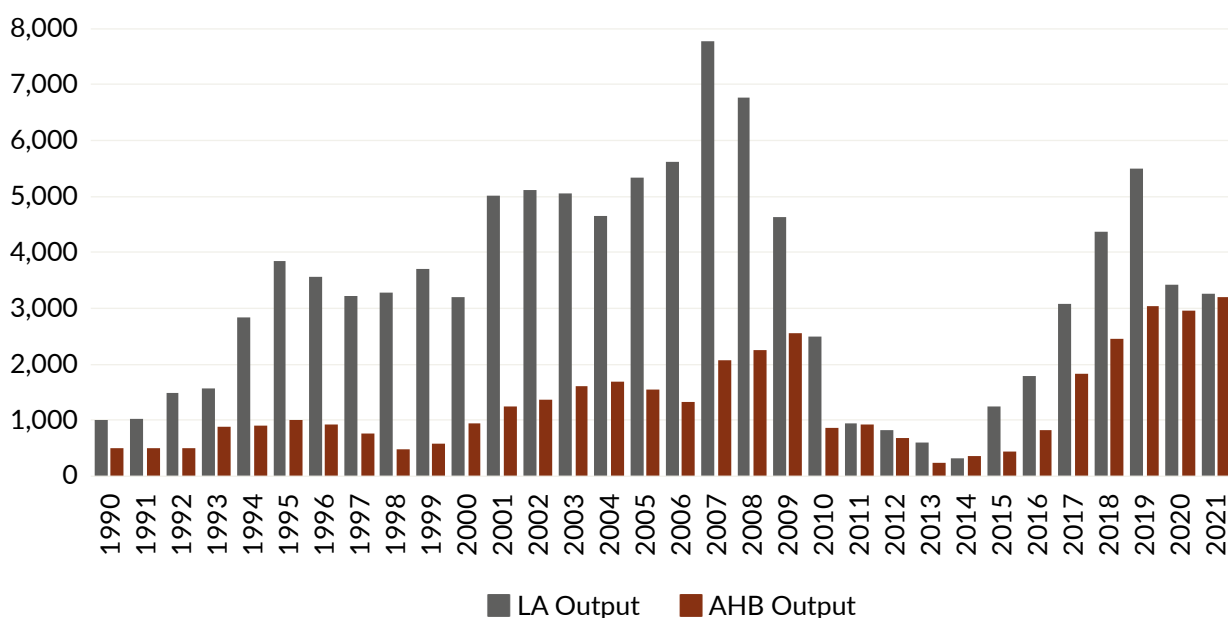
182 Department of Social and Family Affairs, 'Report of the Working Group on the Review of Supplementary Welfare Allowance', 2006.

183 CSO, 'Social Housing in Ireland 2022 – Analysis of Housing Assistance Payment (HAP) Scheme', Central Statistics Office, 2023.

Figure 8.2: Households accommodated in social housing and subsidised private rented housing (n), 1990-2020

Source: Housing Commission calculations from data held by the Department of Housing, Local Government and Heritage (various years), Department of Employment and Social Protection (various years) and Irish Council for Social Housing data.¹⁸⁴

Figure 8.3 highlights strong fluctuations in levels of social housing output in the same period. Output rose from a low of 1,503 dwellings provided in 1990 to a high of 9,463 dwellings in 2007, before falling to a low of 677 dwellings provided in 2014. Since 2015 output has increased; 2019 saw output grow to 9,110 dwellings.

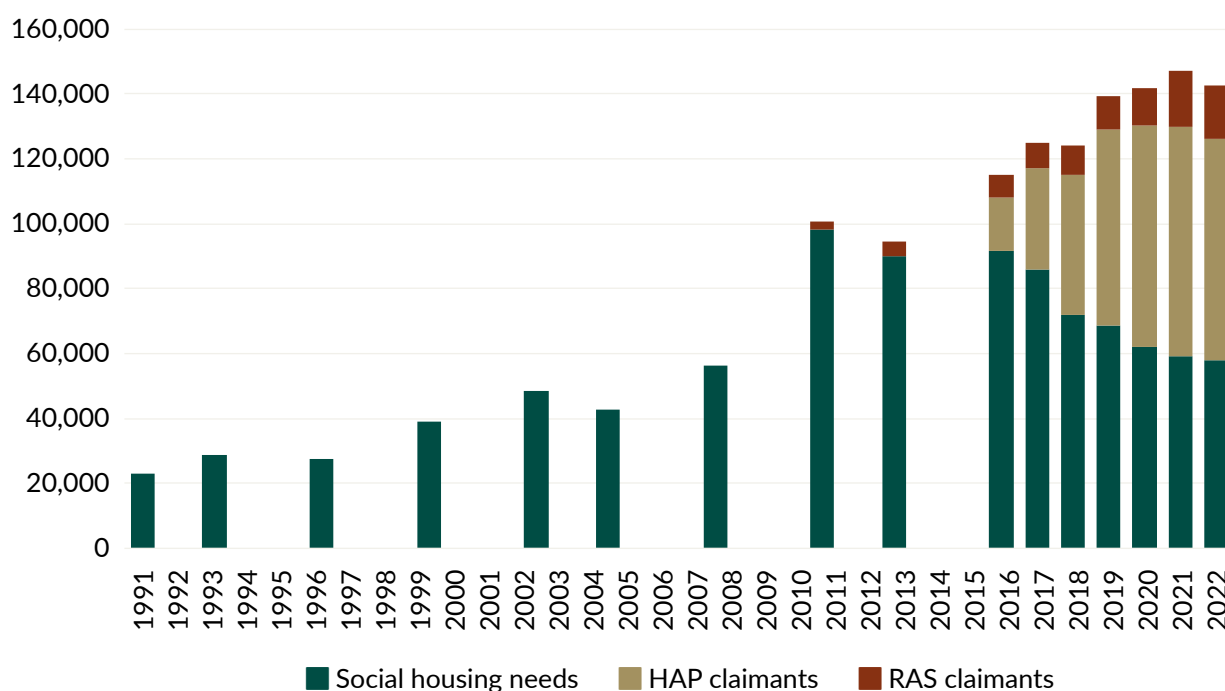
Figure 8.3: Local authority and AHB social housing output, 1990-2021 (n)

Source: Department of Housing, Local Government and Heritage, various years.

¹⁸⁴ Annual data on Rent Supplement take-up prior to 1994 is not available, nor are comprehensive annual data on local authority and AHB tenant households; the figures set out in this graph were calculated based on baseline estimates provided by the Department of Housing, Local Government and Heritage (DHLGH) and the Irish Council for Social Housing; these were then adjusted annually with reference to social housing output and sales to tenants. They were not adjusted to take account of empty and demolished dwellings and therefore are likely to slightly overestimate actual provision. Only tenants living in dwellings owned by local authorities and AHBs are categorised as local authority and AHB tenants. Tenants living in dwellings leased by local authorities and AHBs are included in the 'local housing leasing scheme' category.

Figure 8.4 shows the number of households on the social housing waiting list. Notably, the methodology for compiling this data has changed several times during the period under examination here. The Housing (Miscellaneous Provisions) Acts 2009 and 2014, and associated regulations, define RAS, HAP and social housing leasing (but not Rent Supplement) as 'social housing support' and deem that those accommodated in dwellings funded by these schemes have their social housing need met. Consequently, households living in RAS, HAP and social housing leasing dwellings are removed from the waiting list for access to local authority or AHB-provided social housing. They can still apply to be included on a separate 'transfer list' to enable possible future transfer to local authority or AHB social housing. For consistency, RAS, HAP and social housing leasing tenants are added to the waiting list data for all the years examined in Figure 8.4.

Figure 8.4: Assessment of social housing need (1991–2022) and Housing Assistance Payment and Rental Accommodation Scheme Claimant Households (n), available years



Source: Summary of Social Housing Assessments, various years.¹⁸⁵

Figure 8.4 reveals that social housing need has expanded greatly since 1991, and particularly since the late 2000s, following the marked decline in social housing output. Between 2008 and 2011, the number of households assessed as needing social housing increased by 75% (this increases to 105% if RAS claimant households are included). Although social housing need has declined again since 2011, this development is due in large part to the exclusion of RAS and HAP claimant households from these calculations.

With RAS and HAP claimants included, Figure 8.4 demonstrates that social housing need has continued to grow over the last decade, although the pace of increase slowed during the latter half of the 2010s. This development may be related to the income eligibility limits for access to social housing, RAS and HAP, which were not reviewed or increased between 2011 and 2021.¹⁸⁶

Additionally, housing allowances like HAP can inadvertently amplify rent inflation by increasing demand and forming a floor under rents (because landlords are unlikely to charge rents that are lower than the maximum housing allowance payment available). This can create supply-demand imbalances that contribute to supply shortages and homelessness.

¹⁸⁵ Housing Agency/DHLGH, 'Summary of Social Housing', various years. Between 1991 and 2013, the social housing needs assessment was carried out every three years; since 2016 it has been carried out annually. The methodology used to conduct these assessments has changed on several occasions. From 1996, households on the waiting list of more than one local authority were counted only once in the assessment; from 2011, RAS claimant households were excluded, and the same applied to HAP claimant households from 2016.

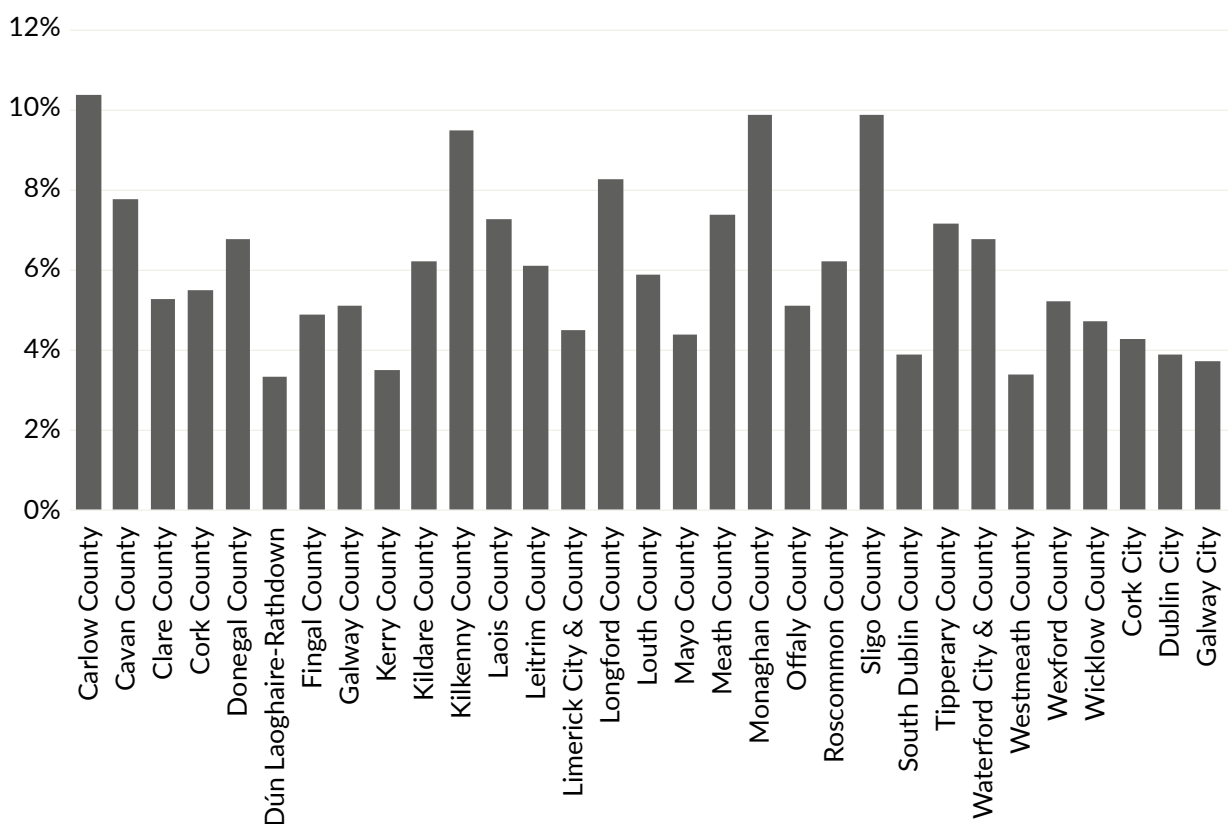
¹⁸⁶ Government of Ireland, [Review of Income Eligibility for Social Housing Support](#), Dublin, Stationery Office, 2021.

Spatial variations in supply

There are clear spatial variations in the adequacy of social housing output compared to need. Figure 8.5 compares spatial variations in growth in social housing need to social housing output. The data reveals a marked disconnect between the former and the latter in some parts of the country. The predominantly large urban centres and some Dublin commuter counties, where social housing need has expanded most since 2011, have seen the weakest supply response.

Figure 8.5 reveals that, between 2011 and 2020, annual social housing output as a percentage of annual average social housing need was lowest in the operational areas of almost all the main urban local authorities, specifically Dublin City, Cork City, Cork County, Galway City and Galway County Councils, Limerick City and County Council, and Dún Laoghaire-Rathdown and South Dublin County Councils. Whereas most of the local authorities responsible for rural areas achieved much higher annual average levels of output compared to need during this decade, this was highest, at 9%+, in the operational areas of Carlow, Kilkenny, Monaghan and Sligo County Councils.

Figure 8.5: Annual average social housing output as a % of social housing need by local authority area, 2011–2020



Source: Housing Commission analysis of data held by Department of Housing, Local Government and Heritage (various years) and Housing Agency (various years).¹⁸⁷

This spatial mismatch has negative knock-on impacts on the housing system, as evidenced by higher take-up rates of social housing supports in cities and much higher levels of homelessness, with most of the homeless population living in Dublin City and surrounding suburbs (see Section 10.3 for further information on homelessness).

¹⁸⁷ Gross social housing output refers to total social housing output. Social housing need refers to households on the waiting list for access to social housing; it excludes claimants of HAP and RAS. In 2014 Limerick City and County Councils and Waterford City and County Councils merged; data for these local authorities is amalgamated for the full period reported in this graph.

8.3.3 Recommendations & Actions

Recommendation #44:

Legally underpin the reforms set out in this section with a new Social Housing Act that would specify and protect the social purpose of the social housing sector over the long term and ensure that the sector is not privatised.

Actions

1. Provide a specific Social Housing Act, separate from other housing legislation, that specifically protects the social purpose of the social housing sector and prohibits privatisation.
2. Ensure that the Act makes specific provision that social housing owned by Approved Housing Bodies should be retained in perpetuity as social housing except in exceptional circumstances.
3. Model the Social Housing Act on similar legislation adopted in Austria and France.

Recommendation #45:

Increase the size of the social and cost-rental housing sectors to 20% of the national housing stock so that these sectors will provide a substantial source of rented housing for lower and middle-income households in future.

Actions

1. Merge social and cost-rental housing over time to form a single affordable rental sector, based on the principle of cost recovery, that will accommodate both low-income households and some middle-income groups.

2. Continue to provide the Housing Assistance Payment (HAP) to low-income households living in private rented housing. It should be redefined as short- to medium-term support, contingent on regular eligibility reassessment.
3. Comprehensively reform current procedures for financing, delivering housing and procuring the land required for its construction to achieve the scale of social and cost-rental housing supply required.
4. Implement in full the recommendations in this section, which are complementary and interdependent, to achieve the required level of social and cost-rental housing. This is essential to transition from the existing model towards a sustainable cost recovery model into the future.

8.4 Social & Cost-rental Housing Finance

8.4.1 Background and Context

Social housing provision is almost entirely government-funded in Ireland. Local authority housing is 100% funded by central government grants and local government capital contributions. In the AHB sector, loans, rather than grants, provide most capital funding. However, almost all the loans are provided by government through the Department of Housing, Local Government and Heritage (DHLGH) and the Housing Finance Agency. These arrangements are unusual compared to other EU countries where social housing provision is higher. For instance, in Austria, Denmark, France and the Netherlands, a wider variety of sources of funding, including state and non-state sources, are used to fund social housing.

A 2018 study of local authority housing in Ireland highlighted inefficiencies associated with the capital grant funding model.¹⁸⁸ This form of finance means that the full costs of buying or building a social housing dwelling accrues on the public expenditure accounts in a short period, typically one year. In addition, the research highlights inefficiencies generated by the central government management of this funding mechanism. This particularly applies to the approval of grants for commissioning the construction of local authority housing on council-owned land.

Grants for these types of developments are subject to a four-stage process of approval by the DHLGH. Although this approval process has recently been reformed, research conducted

¹⁸⁸ M. Norris and A. Hayden, 'The Future of Council Housing: An Analysis of the Financial Sustainability of Local Authority Provided Social Housing', Dublin, Community Foundation for Ireland, 2018.

in 2022 found that local authority officials still considered the capital grant approval process to be slow and bureaucratic.¹⁸⁹ This is, critically, a barrier to commissioning construction in urban areas, because development costs are generally higher in cities and therefore additional spending approvals are required.

Research on Dublin City Council found that the four-stage approval process for grant funding was one of the reasons why the council's programme of commissioning construction of social housing on its own lands was between 20% and 42% more expensive than procuring dwellings via Part V of the Planning & Development Act 2000.¹⁹⁰

Rents provide the primary source of revenue funding to cover the costs of managing and maintaining local authority housing. Rents for most social housing tenancies in Ireland are determined progressively based on tenants' incomes; lower-income households pay a smaller contribution to rent; if your income increases, so does your rent. All local authority tenants, AHB tenants funded by the Capital Advance Leasing Facility (CALF) and the Capital Loan and Subsidy Scheme (CLSS), as well as HAP and RAS tenants, pay an income-related rent towards their housing costs. Tenants living in dwellings funded by the Capital Assistance Scheme (CAS) pay economic rents that are intended to cover management and maintenance costs, while remaining affordable for tenants.

Total public spending on housing in Ireland was approximately €3.8 billion in 2019, or almost 1.8% of national income. This appears to be one of the highest levels of housing investment in Europe, well above the next highest-spending countries, the UK and France, where spending was 1.2% and 1.1% of GDP respectively, and more than expenditure in Austria, Denmark and the Netherlands (see Figure 3.5 in Section 3). Ireland's comparatively high expenditure levels are due primarily to high capital spending on housing (specifically spending in the 'gross capital formation' category in Figure 3.5). This is likely to encompass expenditure on building or buying social housing.

Notably, despite this high level of public spending, Ireland's social housing output was 0.86 per 1,000 inhabitants in 2019 compared to 2.25 in Austria and 1.5 in the Netherlands. These differences are likely to be at least in part due to the greater

variety of funding sources used in these countries compared to Ireland.

8.4.2 Analysis

Management and maintenance of social housing

The income-related rent model used in the Irish social housing sector has important benefits in the context of keeping rents affordable, but also in enabling low-income households to take up employment. However, income-related rents have disadvantages in terms of the adequacy and efficiency of the finance generated for housing provision. These are as follows:

- Rents are insufficient to cover the costs of servicing loans to build or buy housing. This has important knock-on negative impacts on the efficiency and cost-effectiveness of the capital financing model used for this purpose in Ireland, because it means that the cost of providing social housing must be paid 'up front' at the time of purchase or construction. Loans help to spread the substantial costs of providing housing over the long term and thereby can enable higher housing supply.
- Research from 2018¹⁹¹ on local authority housing management suggests that in cities rents do not generate adequate revenue to fund the maintenance required, while this may not be the case in all rural areas. The researchers' interviews with local authority housing managers revealed that almost all maintenance spending was devoted to 'response maintenance' (i.e. responding to tenants' maintenance requests) and spending on cyclical maintenance (i.e. replacement of major components in older dwellings, which is usually done every 20-30 years). The spending on upgrading (for instance, to improve energy efficiency) was low. International best practice suggests that 65% of the total social housing maintenance budgets should be devoted to planned maintenance and upgrading. However, it is estimated that this is closer to a quarter in Ireland.
- Research completed in 2019¹⁹² estimated that the gap between spending on local authority maintenance and that which was conducted, equates to €100 million since 2001. It was suggested that, as a result, dwellings in the sector become rundown, as evidenced by the relatively high levels of central government

189 R. Sweeney, 'Trading Places: TASC report on land and housing', TASC, 2022.

190 S. O'Riordáin and R. Lyons, 'Review of the Construction Costs Associated with the Building of Housing Dwellings by Dublin City Council', presentation to Dublin City Council, Dublin City Council, 2022.

191 M. Norris and A. Hayden, 'The Future of Council Housing: An Analysis of the Financial Sustainability of Local Authority Provided Social Housing', Dublin: Community Foundation for Ireland, 2018.

192 E. Lewis, 'Social Housing Policy in Ireland: new directions', Dublin: Institute of Public Administration, 2019.

grant aid to local authorities for refurbishing and regenerating local authority estates. This is an inefficient way to maintain the standard of the housing stock because poorly maintained dwellings cost more to refurbish in the end. This results in poor-quality accommodation for tenants and can also destabilise communities in local authority estates because they must be moved from their homes to facilitate refurbishment.

See Appendix 8D for further information on social housing rents, and management and maintenance costs for social housing.

Sources of capital funding for providing social housing

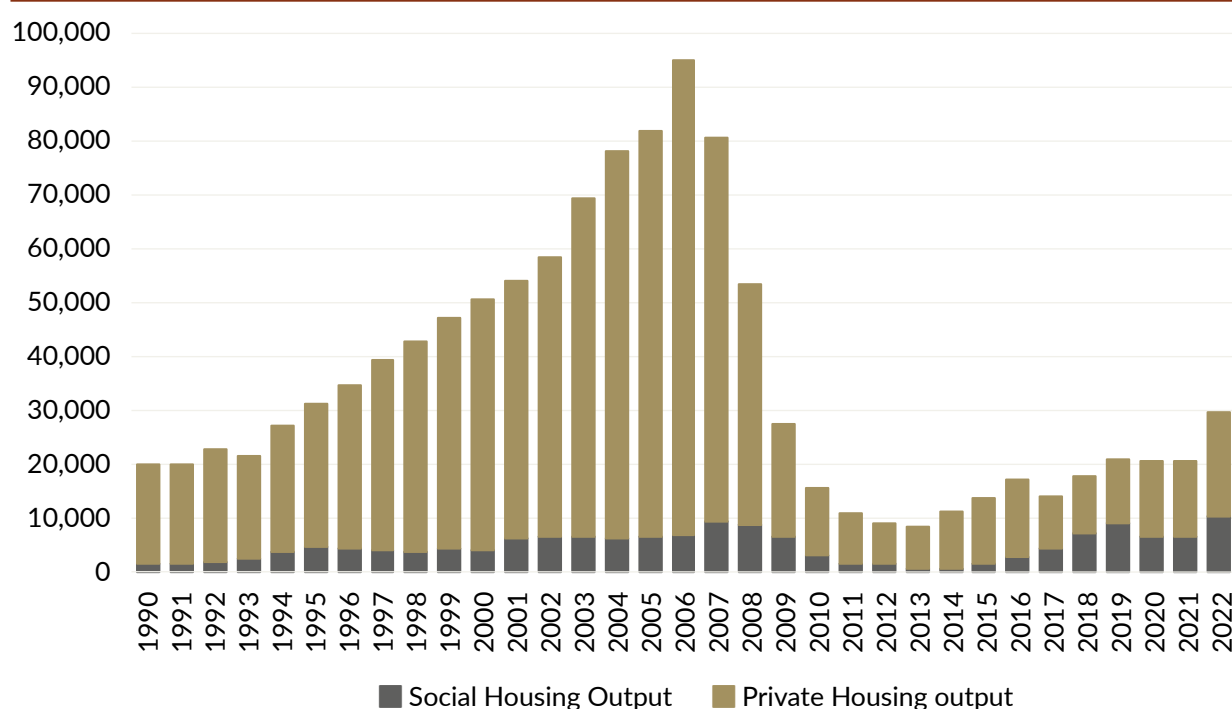
In Ireland, government is the almost exclusive funder of social housing. This has resulted in Ireland having one of the highest levels of public spending on housing in the European Union in recent years. Relying solely on government funding that is based on a grant, rather than loan funding, can be problematic because the supply of public capital finance has historically been variable and pro-cyclical, leading to reduced output and longer waiting lists during economic downturns.

Using a variety of funding sources is a more sustainable long-term finance model for the social housing sector. The use of mixed funding models has been found to be more cost-effective and efficient in other Western European countries, as well as less susceptible to retrenchment during periods of fiscal crisis. As noted earlier, in Ireland, despite high public spending on housing, social housing output per 1,000 inhabitants is lower than in many other countries, likely due in part to the lack of non-governmental funding sources. The sources of non-governmental funding vary between countries and are often highly regulated.

Volatility and pro-cyclicality in public funding for social housing provision

Large fluctuations in social housing funding and output occurred between 1990 and 2020. Output rose from a low of 1,503 dwellings in 1990 to a high of 9,463 dwellings in 2007, then fell to 677 dwellings in 2014, and rose again to 10,263 dwellings in 2022. Figure 8.6 shows that social housing output followed a similar pattern to private housing output, meaning that both rose and fell concurrently.

Figure 8.6: Social and private house building, 1990 - 2022 (n)



Source: Department of Housing, Local Government and Heritage (various years).¹⁹³

¹⁹³ Data for 1990-2011 was generated from Department of Housing, Local Government and Heritage data on private and social house building, generated from new electricity connections. These may include some refurbished dwellings as well as new dwellings. Data on new social house building between 2012 and 2016 is not available. Data for 2017-2022 was generated from Central Statistics Office data (new dwelling completions) and Department of Housing, Local Government and Heritage (DHLGH) data (for social housing). This data may not be fully comparable to data over the entire 1990-2011 period.

This volatile and pro-cyclical pattern of social housing funding and output has not been effective in counterbalancing periods of undersupply from the private housing sector. This pattern of social housing output also undermines the efficiency and adequacy of supply. High levels of unmet social housing need build up when funding and output is cut back. Social landlords face practical challenges in increasing housing output again when funding is increased because they may have depleted their land banks, not secured planning permission, or not invested in replacing relevant staff. Moreover, increasing social housing output during housing market booms leads to poor value for investment.

Revolving funds are widely used in other Western European countries to ensure that adequate funding and loans are available for social housing provision and upgrading during periods when government funding is constrained.¹⁹⁴ They have been employed in the Irish social housing sector on several occasions to fund the provision and refurbishment of social and affordable housing. However, because these revolving funds have not been underpinned by legislation, regulations and appropriate governance structures, this funding has not been retained in the sector and recycled over the long term.

Leakage of finance and public subsidies from the social housing system

The adequacy of the funding available for social housing provision, management, maintenance and upgrading has varied over time. The efficiency and effectiveness of this funding has been reduced because its value has not been retained in the sector over the long term, but rather has 'leaked out' through privatisation and other mechanisms.

Historically, the main outlet through which public subsidies leaked from the social housing sector was via sales of local authority housing to tenants. It is estimated that some two-thirds of the social housing ever built by Irish local authorities has been privatised since the policy of selling to tenants was introduced in the mid-1930s in rural areas and the mid-1960s in urban areas.¹⁹⁵

Critically, dwellings have always been sold at below market value (currently between 40% and 60% below) but, because market value equates to the likely replacement value, revenue from sales is inadequate to fund the provision of replacement social housing.

Although the evidence indicates that income-related rents do not generate adequate revenue funding for managing and maintaining local authority housing, it is also the case that some local authorities' spending on management and maintenance is well below their rental income. This is particularly common among rural local authorities. Thus, income from rents may be used to cross-subsidise other local authority services or to keep local property taxes low.

Tenant purchase has not occurred in the AHB sector; therefore, this element of public subsidy does not leak from the sector. However, AHB social housing provision is funded primarily by loan finance. Once these loans are repaid, ownership of the dwellings transfers unconditionally to the AHB and it would in theory be free to sell the relevant dwellings to fund refurbishment, for instance, or to charge higher rents than social housing rents. AHBs are non-profit organisations, debarred by law from distributing any surplus, profit or dividend to members. To date, no AHB has sold dwellings after the associated housing development loan has been repaid. However, there is a risk that social housing dwellings in this sector, the provision of which has been almost entirely state-funded, could be removed from the social housing stock in future.

The end of the loan period on AHB dwellings brings risks for AHBs because they no longer receive the revenue subsidy provided by the State during the period of the loan, for dwellings funded by the CLSS and CAS schemes. This means that AHBs may have insufficient revenue funding to adequately maintain and upgrade these dwellings in future.¹⁹⁶ For further information on AHB funding, see Section 8.8.

194 Turnbull, D. and Pittini, A., 'Cost-based social rental housing in Europe: The cases of Austria, Denmark and Finland', Dublin: Housing Agency, 2021.

195 M. Norris and A. Hayden, 'The Future of Council Housing', 2018.

196 Campbell Tickell, 'Building on Success, A Financial Roadmap for the AHB Sector', London, Irish Council for Social Housing, 2022.

8.4.3 Recommendations & Actions

Recommendation #46:

Provide a sustainable financing model for social housing by setting social housing rents at cost recovery rates. This will:

- a. ensure there is sufficient income to manage and maintain dwellings;
- b. assist in funding new social housing provision;
- c. break the link between market rents and social housing rents.

To ensure that rents remain affordable, housing allowances should be provided to subsidise tenants who cannot afford to pay full cost rents.

Actions

1. Set rents for new social housing tenancies at a level that covers the cost of managing, maintaining and upgrading dwellings; for example, for energy efficiency improvements.
2. Rent levels should cover the costs of servicing borrowing for social housing construction or purchase, and for land acquisition. This would enable the more widespread use of loans to finance social housing provision, and enable the provision of additional housing by spreading the cost over the long term.
3. A means-tested housing allowance, similar to the Housing Assistance Payment, should be provided to tenants who cannot afford to pay the full cost rent. This would mean that, in practice, tenants' contribution to rents would still be aligned to income.
4. Eligibility for this housing allowance should be reviewed on a yearly basis as incomes and/or household make-up may change. Tenants who pay higher-cost rents to cover

the cost of providing care and support should receive a higher housing allowance to reflect these costs.

Recommendation #47:

Reform capital funding of social and cost-rental housing to provide more stable and counter-cyclical funding for these sectors to:

- a. ensure long-term financial sustainability;
- b. reduce the volatility of funding for new housing;
- c. provide long-term reliable capital to fund these sectors.

To achieve this:

- a. the sources of finance for social and cost-rental housing must be diversified;
- b. reliance on government grants and loans must be reduced and new sources of private and non-profit finance introduced.

Actions

1. Introduce new sources of debt finance for the capital costs of providing social housing, to include:
 - a. loans from public banks (e.g. European Investment Bank, Council of Europe Development Bank);
 - b. finance from Environmental Social and Governance (ESG) investors;
 - c. a savings scheme – e.g. credit union savings, state savings schemes, or a new tax-subsidised savings scheme for this purpose.

2. Expand the Housing Finance Agency's remit to act as a debt placement agency that would manage access to funding by raising the required finance, conducting credit assessments, allocating the finance among borrowers, and organising repayment.
3. Establish, through legislation, a revolving fund capitalised by central exchequer funding. This could part-fund government loans for social housing provision, refurbishment and upgrading, which, following their repayment using income from housing rents, could be 'revolved', i.e. lent out again. The use of this fund must be appropriately regulated and restricted to social and cost-rental housing provision, refurbishment and upgrading. This could be managed by the Housing Finance Agency.
4. Empower local authorities to use local property tax (LPT) revenue to fund the capital costs of social and cost-rental housing provision in their operational areas.
5. In the interest of transparency, publish details on the costs of delivery of social housing by different organisations and funding mechanisms. Such information must include the administrative costs for the relevant agency or public body.

Recommendation #48:

Retain and recycle all housing finance, rental income and public subsidies in the social housing system for future housing delivery, management, maintenance and upgrading.

Actions

1. Legally require all local authorities and AHBs to 'ring-fence' and report on all income and expenditure from social housing, including rental income. This finance must be spent solely on social housing provision, management, maintenance and upgrading.

Recommendation #49:

End the system of selling local authority dwellings to tenants at substantial discounts relative to current market value.

Actions

1. In future, social housing dwellings should only be sold at full market value.
2. Make shared equity available to tenants purchasing social housing.
3. Apply these provisions to all new social housing dwellings. A transition period should be established for existing social housing dwellings.

8.5 Structural Reform of the Social Housing Sector

8.5.1 Background & Context

Arrangements for delivering social housing, including the number, size and legal status of providers, are key influences on the sector's effectiveness in meeting social housing need. Thus, some reform of delivery arrangements may be required to address the shortcomings in social housing supply (see Section 8.3).

Apart from some organisational changes due to the abolition of town councils and amalgamation of some county and city councils, the local authority social housing sector has not been subject to any major reforms since 1990. Since then, the social housing landscape has changed and evolved. Dedicated government funding schemes for the sector have been introduced and expanded in recent decades. Housing allowances and supports, including HAP, RAS and social housing leasing for private renting households have come to play a much stronger role in supporting the accommodation of low-income households than was the case in the 1990s.

In addition, some entirely new elements have been added to the suite of measures to support low-income households with their housing costs. Cost-rental housing has been introduced and the Land Development Agency established to manage public land banks and deliver social and affordable housing on this land. The Housing (Miscellaneous Provisions) Act 2009 also specified that the households in receipt of HAP would be deemed to have their social housing need satisfied. In

addition, loan finance has been introduced, which is a positive anti-cyclical measure in the context of moving away from 100% capital grants.

While these arrangements have some important benefits, shortcomings have been identified in the extent to which they enable an adequate, appropriate, affordable and financially sustainable supply of housing for households that cannot afford to secure housing from the market. Therefore, the Commission is of the view that considerable reform in the local authority and AHB social housing sectors should take place so that the needs of low-income households can be responded to adequately and effectively.

8.5.2 Analysis

Reform of the social housing delivery mechanisms

In the local authority sector, landlords are larger and fewer in number than in the AHB sector. However, performance in terms of housing output and quality of housing management, maintenance and upgrading varies across local authorities.

As detailed in Figure 8.5 above, between 2011 and 2020, annual social housing output as a percentage of annual average social housing need was lowest in the operational areas of almost all the main urban local authorities, whereas most of the local authorities responsible for rural areas achieved much higher annual average levels of output compared to need during this decade. There is also some evidence, albeit far less clearcut, of weaker management performance in large urban local authorities. Among the 31 local authorities, Dublin City Council, South Dublin County Council and Waterford City and County Council collected the lowest percentage of rent owed in 2020. (See Appendix 8D for a breakdown of rental income and maintenance spending by each local authority in 2020.)

There is evidence that staffing arrangements in the local government sector can act as a barrier to effective social housing provision, management and maintenance. Many local authorities did not replace retiring or departing housing department staff when funding for housing was reduced in the late 2000s. Since the revival of capital funding to higher levels, they have faced difficulty in recruiting appropriately skilled professionals, which has in turn created challenges in the central government spending for housing.

There are challenges in managing funding applications, tenders and land-use planning for new housing provision in large urban authorities because the higher spending involved and the

larger volume of potential objections to planning permissions means that these processes are much more complex in cities. Numbers of staff compared to number of dwellings managed varies between local authorities, which points to understaffing of this service in some cases, particularly in smaller, rural local authorities. Furthermore, there are limited opportunities to accumulate expertise in housing management due to the generalist administrative staffing model employed in local authorities, which means that staff transfer regularly between different local authority departments during their careers.

Management of public subsidies and access rules for social housing

Although the Department of Housing, Local Government and Heritage's procedures for approval of capital grants for social housing provision have been reviewed and reformed in recent years, there is evidence that they remain lengthy and impede the quick delivery of social housing, particularly in urban areas where higher tender prices mean that developments are subject to additional layers of scrutiny.

It is critical to ensure that public investment be used appropriately and efficiently and achieves good value for money, but some aspects of the Department's capital grant approval procedures – specifically the central review of dwelling and estate designs – do not contribute to these outcomes. The rationale for these arrangements is also unclear; social housing is already designed by architects and these designs adhere to social housing design guidelines issued by DHLGH. Additionally, there is a requirement to regularly review and update various ceilings that have been set in relation to housing. These include tender price limits for social housing procurement, as well as eligibility income limits for social and cost-rental housing, housing allowances and rent subsidies. This would allow for a more efficient and equitable operation of housing supports for low and middle-income households.

As detailed in Section 8.8.1, the capital costs of providing AHB social housing are funded entirely by loans. A 2022 report commissioned by the Irish Council for Social Housing suggests that the 100% debt-funding model led to problematic levels of gearing (i.e. ratio of debt levels to asset values) in parts of the sector.¹⁹⁷ This report concludes that this is a particular problem for the larger AHBs that have provided the vast majority of Capital Advance Leasing Facility-funded dwellings in recent years and also own the vast majority of dwellings in the sector. This is because their gearing levels may

197 Campbell Tickell, 'Housing Association Performance Management (HAPM) Report 2021', London, Irish Council for Social Housing, 2022.

impede their access to further borrowing from commercial lenders at acceptable interest rates. However, the same report notes that the Housing Finance Agency does not consider gearing ratios to be a barrier to its future lending to AHBs.¹⁹⁸

To address this issue, the Commission suggests that grants or equity contributions provide some of the funding to the sector. Furthermore, to access capital funding, AHBs need to seek approval from both the local authority and the DHLGH, thus lengthening the process. The Commission is of the view that local authorities, as competing suppliers of social housing accommodation, should not be the main funding conduit for AHBs.

Land acquisition for social housing development

There is evidence that there is a large shortage of land for social housing development. Together with impediments to its acquisition, this has contributed to over-reliance on the purchasing of individual dwellings and estates from builders.

There is also evidence of shortcomings in arrangements for funding the purchase of land for social and cost-rental housing. This has contributed to shortages in the supply of this housing and particularly of appropriately sized and located dwellings. Traditionally, local authorities borrowed from the Housing Finance Agency to purchase land; these loans were not serviced but rather were repaid in full by the grant funding provided by the Department of Housing, Local Government and Heritage to build social housing on the land.

This system began to experience severe challenges after the financial crisis in the late 2000s. Levels of lending have remained very low since then due to cuts in central government capital grants for local authority housing provision, and the inability of local authorities to dispose of land for a price sufficient to repay the loans. This was due to several factors, including declining land values following the housing market crash and, in some instances, purchasing land in inappropriate locations where building would have been prohibitive.

The DHLGH has introduced several measures to address these problems. In 2010 it established the Land Aggregation Scheme, which repaid the outstanding loans on 73 sites and transferred ownership of these to the Housing Agency, which is now managing their development. However, many local authorities are still left with outstanding loans for sites, some of which have no short- to

medium-term development potential. Challenges in servicing the interest on these loans is causing financial challenges for some and, consequently, they are reluctant or unable to borrow to expand their land banks. A more strategic approach to land acquisition for social housing development is needed to ensure sustainable supply and delivery.

Parts 7 and 8 of the Land Development Agency Act 2021 empower the LDA to acquire land from other public bodies, to compulsorily purchase land and to dispose of land where this is necessary for its functions. Disposal of land to AHBs and local authorities for social and cost-rental housing would complement the LDA's core function of supporting social and affordable housing provision.

Allocation of social and affordable housing

Access to social and affordable housing is impeded by housing management issues, local authorities' standards for refurbishment of properties, the age of housing stock and, in some cases, refusals by applicants, all of which lengthens letting times. The national average reletting time for local authorities from the date the tenant vacated the dwelling to the date of the first rent debit in 2022 was 35.22 weeks, higher than in 2021 (34.44 weeks) and 2020 (32.69 weeks).¹⁹⁹ Reletting times and costs vary across the six main urban authorities. (See Appendix 8E for a table of vacancy rates for local authority social housing.)

The average relet time and void period in the AHB sector were considerably lower at 19.5 weeks and 17.6 weeks respectively in 2021 (ICSH, 2021). It was estimated that €235,000 had been lost in rental income across the sector because of void dwellings, putting AHBs at financial risk and affecting the many people waiting for social housing. While Covid was a feature of voids, delays in local authority nomination, waiting on suitable supported housing, refusals by applicants, new repairs procedures causing delays, staff shortages, and issues with shared facilities in properties were also listed as reasons for voids in the sector.²⁰⁰

The National Oversight and Audit Commission (NOAC) has advised that choice-based lettings have improved the reletting process.²⁰¹ The Commission is of the view that reviewing letting standards and further incorporation of choice-based letting would improve the vacancy rates for both local authority and AHB social housing.

¹⁹⁸ *Ibid*

¹⁹⁹ NOAC, 'Local Authority Performance Indicator Report 2022,' National Oversight and Audit Commission, No. 58, September 2023.

²⁰⁰ ICSH, 'Housing Association Performance Management Report. 2021

²⁰¹ NOAC, 'Local Authority Performance Indicator Report 2022,' 2023.

8.5.3 Recommendations & Actions

Recommendation #50:

Increase significantly the output of social and cost-rental housing in cities and the Dublin region to address the particularly high numbers of households in need of housing and those who are homeless. For those with complex needs, provide long-term social support services.

Actions

1. The Department of Housing, Local Government and Heritage must urgently reform current procedures to remove barriers to delivering social housing, particularly those relevant to cities. This must include funding approval and procurement procedures.
2. Target the public capital budget for social housing to support the needs as identified within each local authority operational area.

Recommendation #51:

Reform the current management structure in local government to strengthen housing delivery, management and maintenance capacity. This should be done by establishing separate arrangements for governing and delivering housing services. This could be achieved establishing Local Authority Housing Organisations (LAHOs) on a local authority or regional basis.

Actions

1. In future, local authority social housing provision should be carried out by local authority housing organisations set up by local authorities around the country. They would be separate from, but controlled by, local authorities (which will appoint a majority of members of LAHO boards). LAHOs would:
 - deliver, manage and maintain social housing at scale;
 - retain income from rents for spending solely on debt service and housing management and maintenance;
 - raise finance through accessing loan financing, government grants and funding from local authority property taxes;
 - employ appropriately qualified and experienced technical and housing management staff
2. It may be appropriate for groups of smaller local authorities to collaborate and establish a single LAHO which delivers, manages and maintains all their social housing and carries out allocations, drawing from a common waiting list. Larger local authorities may consider it appropriate to establish a single LAHO for this purpose.
3. LAHOs should seek to enable staff to accumulate expertise in managing and maintaining housing and new housing development and retain these skilled staff, thereby ensuring they have the expertise required to efficiently provide, manage and maintain social housing. Staff involved in managing housing should be appropriately qualified.
4. The Social Housing Act proposed in Recommendation #44 should ensure that the social purpose and role of the LAHOs is protected by legislation and prohibit privatisation.

Recommendation #52:

Review and streamline the arrangements for approving central capital grants and other public subsidies for social and affordable housing provision by the DHLGH to speed up the approval and payment processes.

Actions

1. Consolidate within the Housing Agency the responsibility for allocating government capital grant funding and associated subsidies (such as payment and availability agreement payments) for AHB-provided social housing.
2. Over time the Housing Agency should also take on responsibility for allocating public capital funding for local authority-provided social housing. This funding should also be allocated based on portfolios or targets for individual social housing providers, in preference to on a project-by-project basis.
3. The DHLGH should extend the availability of grant funding to cost-rental and AHB dwellings funded under the Capital Advance Leasing Facility scheme. To protect this investment for the public good, any grant aid could be provided in the form of an equity share for the State.
4. The DHLGH should establish arrangements for annual review and updating of its subsidies for social and cost-rental housing provision and income limits for eligibility for social housing and housing allowances to take account of inflation or deflation in building costs, private rents, incomes and social welfare payments.
5. These arrangements should encompass annual review of:
 - a. maximum rent payments provided by the Housing Assistance Payment;
 - b. income limits for access to social and cost-rental housing and housing allowances. These could be linked

to income deciles and updated automatically on this basis annually.

Recommendation #53:

Reform arrangements for acquiring land for social and cost-rental housing to ensure sufficient supply of appropriately sized social and cost-rental housing, delivered in suitable locations.

Actions

1. Focus reforms on enabling more active management of public lands identified for use for social and cost-rental housing to make them available.
2. Address legacy problems in funding schemes. The DHLGH, the Housing Finance Agency and the LGMA should negotiate a jointly financed package to repay the unsustainable local authority loans previously taken out to purchase land for housing.
3. Ensure that competition for sites between social and affordable housing providers, including the Land Development Agency (LDA), does not inflate prices. The LDA should establish arrangements to monitor its purchase of land for housing from the market, as well as purchases by AHBs and local authorities, to ensure that publicly funded social and affordable housing providers are not bidding against one another for land.
4. The LDA must fulfil its mandate by taking an active role in providing land for social, cost-rental and affordable housing. It must publish a strategy for delivering these facilities to support housing provision by local authorities and AHBs. This strategy should be issued in tandem with the LDA's 'Report on Relevant Lands'.
5. The LDA should establish comprehensive, cost-effective and transparent procedures for allocating these lands to other social housing providers. These arrangements could draw, for example, on the 'developer

competition²⁰² model used by the public land banker for Vienna (Wohnfonds Wien).

6. Empower the LDA, in collaboration with local authorities, to require state agencies to transfer to the LDA land that is not currently in use and could be quickly developed for housing. Land of this type should be identified in the LDA's regular report on relevant lands.

Recommendation #54:

Centralise arrangements for applying for and allocating social and cost-rental housing and make more extensive use of choice-based lettings.

Actions

1. Establish and manage centrally a single online application portal for all these types of housing.
2. Immediately implement choice-based lettings across the local authority and AHB sectors.
3. To address the issue of voids and reletting times, there should be; more proactive management of stock while tenants are in situ, regular stock condition surveys and proactive maintenance of dwellings.
4. Retain and actively manage the current Payment & Availability Agreements with AHBs, which only pay out for a certain period of a vacancy. This is a valuable feature, and it should be included in all future loan funding models.

8.6 The Future of the AHB Sector

8.6.1 Background & Context

Approved Housing Bodies (AHBs) are non-profit organisations that provide social housing. While they have a history dating back to the late 19th century, significant government support for the sector began in the 1980s. To be eligible for AHB status and associated funding, organisations must meet criteria outlined in the Housing (Miscellaneous Provisions) Act 1992. These criteria include having primary objectives related to housing needs relief, poverty alleviation and the welfare of specific groups such as people with disabilities, and a prohibition on distributing surpluses or profits to members.²⁰³ AHBs also include housing co-operatives, which are housing organisations controlled by their members/tenants who actively participate in setting their policies and making decisions.

AHBs are regulated by the Approved Housing Bodies Regulatory Authority (AHBRA). In 2022, 450 AHBs were registered with this authority. AHBRA monitoring of the sector revealed that 387²⁰⁴ AHBs owned 42,054 dwellings and leased or managed an additional 14,142 other dwellings in September 2022.²⁰⁵

202 Developer competition is a system whereby the public land banker advertises the availability of cheap land, and consortia of social housing providers, sometimes including private developers, bid for the right to develop the land. Decisions are based not just on price but on other criteria such as quality of design and the extent to local housing needs are met. See: [Wohnfonds Wien](#).

203 [The Housing \(Miscellaneous Provisions\) Act 1992](#).

204 AHBRA, 'Annual Sectoral Analysis for the Approved Housing Bodies Sector 2021/2022', Approved Housing Bodies Regulatory Authority, 2023. This data is derived from a survey.

205 *Ibid*.

Figure 8.7: Number of AHBs operating across 31 local authorities, 2021²⁰⁶

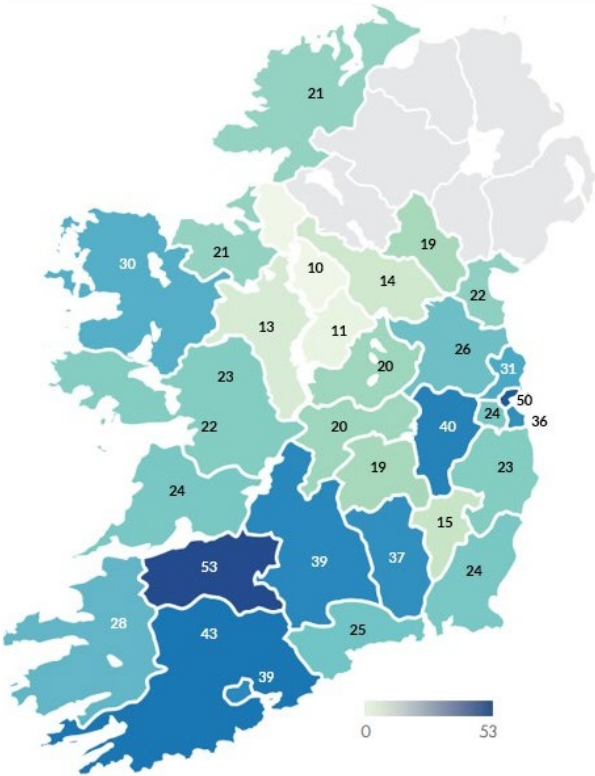
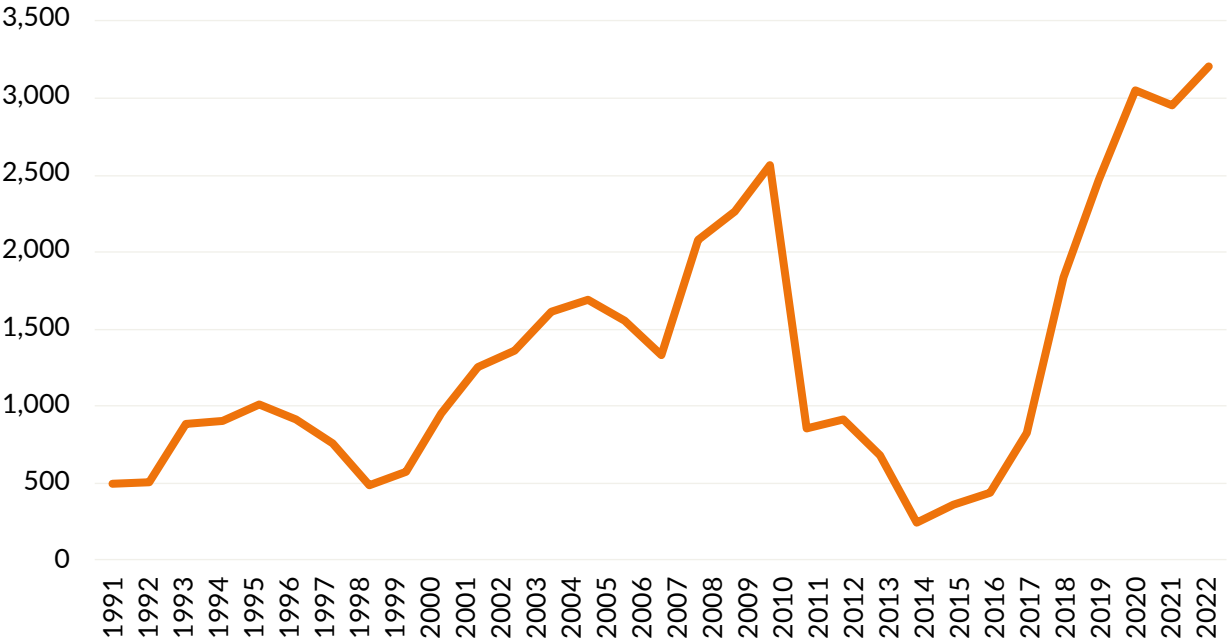


Figure 8.8 shows that the AHB sector has expanded greatly in recent years. It plays a very important role in total social housing provision; it delivered almost half of new social housing in 2021 and AHBs own or manage 28% of the total stock of social housing in Ireland. They also play a particularly important role in providing supported social housing, which is delivered almost entirely by AHBs in Ireland (see Section 10.7).

Despite its marked expansion in recent years, the sector remains relatively modest in size. The sector's stock is dispersed, unevenly, between many providers. The Approved Housing Bodies Regulatory Authority (AHBRA) categorises AHBs into five categories based on their size, funding and operational models (see Table 8.1). Ownership of AHB stock is highly concentrated among the four largest AHBs, while many AHBs own fewer than 20 dwellings.

Source: AHBRA, 'Annual Sectoral Analysis 2021/2022'.

Figure 8.8: Total AHB social housing output, 1991–2021 (n)



Source: DHLGH, various years.

²⁰⁶ These figures are based only on the AHBs that submitted information to AHBRA.

Table 8.1: AHB sector categories

AHB Category	Categorisation	Number of AHBs ²⁰⁷
Micro	Fewer than 20 dwellings	124
Small	Between 20 and 100 dwellings	94
Medium	Between 100 and 1,000 dwellings	24
Large	1,000 dwellings or more	8
Care and Support	Fewer than 1,000 dwellings and one of the following: • more than 50% of income comes from the Health Service Executive and/or Tusla • more than 200 full-time equivalent employees • income per dwelling is more than €20,000 • no dwellings but has income	137

Source: AHBRA.²⁰⁸

AHBs work in tandem with local authorities to enhance the provision of social housing. They are pivotal in expanding the availability of affordable housing options. Their roles include housing delivery, tenant support, innovation and partnerships, as well as community integration. They supplement the efforts of local authorities by providing additional housing options and contributing to the overall growth of the social housing stock.

8.6.2 Analysis

AHBs, or Local Authority Housing Organisations, allow for dedicated and specialised management and delivery of housing. The Housing Commission is of the opinion that they are necessary to ensure consistent, stable and quality delivery of housing into the future.

Despite the marked expansion of the AHB sector in recent years and its increasingly important role in social housing delivery, and associated growth in the public funding provided to the sector, the DHLGH has never clarified its vision for the future role which AHBs should play in social housing provision and in the housing system

more broadly. This omission reflects a relatively hands-off approach on the Department's part to the management of the sector. Public funding has been made available to all AHBs that meet the allocation criteria, but no effort has been made to strategically allocate the available funding to actively steer the size of this sector and the organisations within it, and the location and type of accommodation supplied.

8.6.3 Recommendations & Actions

Recommendation #55:

Formulate a strategy on the role, capacity and sustainability of the Approved Housing Body (AHB) sector. The DHLGH should formulate this strategy and set out its vision for the AHB sector, including:

- a. the role of AHBs in providing social and cost-rental housing and the housing system more broadly;
- b. building capacity to grow larger AHBs and encourage large new entrants into the sector;
- c. the necessary provision of regulation and other supports.

The strategy should outline a comprehensive plan on how to achieve this vision.

207 These figures are based only on the AHBs that submitted information to AHBRA.
208 AHBRA, 'Annual Report 2021/2022', Approved Housing Bodies Regulatory Authority, 2023.

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Actions

1. Provide a comprehensive framework for the necessary support, which should include:
 - a. guidelines and staff to provide initial advice to AHB boards and senior staff considering mergers;
 - b. grant aid, legal advice and accounting support to progress mergers.
 - c. funding to enable the purchase of dwellings as part of a stock transfer where appropriate. This would be appropriate where the loss of rent revenue due to a stock transfer would undermine the financial viability of a small charity, for instance, or where investment in replacement services is required. Guidance would also be required for mergers that would increase the host organisation's gearing.
2. In its vision and strategy for the future of the AHB sector, the DHLGH needs to decide on several key matters:
 - a. The expected role of AHBs in relation to the future delivery of housing needs to be clear. The Commission is of the opinion that the role of AHBs in providing and managing social and cost-rental housing should continue to be increased.
 - b. AHBs and Local Authority Housing Organisations, as proposed, could allow, for dedicated and specialised management and delivery of housing. The Housing Commission is of the opinion that they are necessary to ensure consistent, stable and quality delivery of housing into the future.
 - c. A one-size-fits-all approach to AHBs will not deliver the strategic objectives of delivering the housing needed.
 - d. There is a need to differentiate between funding models available for small versus large AHBs. Most of the funding should be ring-fenced for larger AHBs.
 - e. Government grant funding for all social, cost-rental and affordable housing should be channelled through the Housing Agency rather than local authorities. This will allow for a programme approach where AHBs and local authority housing organisations bid for funding. This would increase accountability and end the current practice whereby local authorities deliver housing directly

but are also responsible for funding arrangements with AHBs and could be in competition for the same projects. Small AHBs without 'authorised status' could remain under the remit of local authorities.

3. Funding for renovating or upgrading dwellings transferred as part of a stock transfer or merger is likely to be necessary because of the shortage of revenue funding for the maintenance of Capital Assistance Scheme-funded dwellings. The absence of this funding would create liabilities for AHBs that take over ownership of dwellings due to mergers or stock transfers, and thereby act as a disincentive to consolidation of the sector.

Recommendation #56:

Legislate to ensure that AHB social housing is provided, retained and let in perpetuity, except in exceptional circumstances.

Actions

1. Introduce a statutory requirement that requires AHBs to retain their stock as social housing. This would be in perpetuity unless sale or transfer to another use is approved by the AHBRA.
2. Facilitate the discontinuation of mortgages between AHBs and local authorities, which are the current means whereby housing can be retained in its current use.

8.7 Scale in the Approved Housing Body Sector

8.7.1 Background & Context

The not-for-profit housing sector is a major provider of housing in many European countries and has significant potential to provide more housing in Ireland. However, the structure of the AHB sector creates concentration risks for the effective delivery of social housing.

Although the 22 largest AHBs accounted for only 7.7% of all AHBs in 2020, they owned, leased or managed 79.9% of the sector's housing stock. These organisations have also provided most new AHB social housing supply in recent years.

Notably, the three largest AHB organisations own or manage most of the stock (8,000+ dwellings in each case) and have also provided most new output in recent years. The dynamism of these organisations is enormously welcome and vital to meeting social housing supply targets, but the extent of government reliance on such a small number of AHBs for social housing supply generates concentration risks. These include the risk of one or more of these organisations developing financial challenges, changing their housing development plans, or devising plans that do not reflect government policy priorities.

Most dwellings provided by AHBs have been funded by the Capital Assistance Scheme (CAS). However, the revenue funding provided by this programme is not adequate to cover the full costs of management and maintenance. AHBs that provide CAS-funded dwellings are less likely to have a sinking fund to pay for upgrading of dwelling as they age (Campbell Tickell, 2022). Since CAS was introduced in 1984, some of the dwellings funded by this programme are now 30 to 40 years old and therefore are likely to require upgrading.

8.7.2 Analysis

The sector includes many small organisations that own between 0 and 50 dwellings. They made up 72.6% of AHBs registered with the regulator in 2020; they owned, leased or managed just 7.6% of the total housing stock of this sector in the same year (Housing Agency Regulation Office, 2020). They have no active plans to develop housing and in many cases no employees, which constrains the sector's potential to contribute to social housing delivery.

Many of these smaller AHBs have served a local need that was not being met, but as the stock has got older, and there are now more regulatory requirements, these smaller AHBs face many challenges, and many are or will find it difficult to meet the appropriate regulatory standards. There are already some concerns regarding the ongoing stock condition and management of some of these properties. In addition, since the introduction of the statutory regulator for the sector, AHBRA, several AHBs have not registered with the regulator, and the status and future of these homes is unclear.

8.7.3 Recommendations & Actions

Recommendation #57:

Put measures in place to increase the capacity of the AHB sector and encourage growth of more large AHBs to address concentration risks and enable more delivery.

Actions

1. Ensure that the funding systems support the growth and capacity of the larger AHBs.
2. Develop a comprehensive framework and funding model to support strategic mergers of significant size within the AHB sector. This should include:
 - a. Establish an appropriately sized fund to support required due diligence and legal advice for potential mergers that have the potential to increase the number of large developing AHBs.
 - b. Create a funding model to support mergers where a funding gap is identified through an appropriate business case. Gaps may exist due to stock condition, non-viable loans or other issues, and investment is required. In this case, grant funding should be available to the newly merging body to facilitate the development of these larger organisations.
 - c. A principle of not rewarding failing AHBs should be followed; where governance or other management issues have arisen, any necessary funding to support the homes and tenants into the future should be directed at an appropriate merger or stock transfer.
3. The DHLGH should examine the feasibility of providing funding, and other supports, such as provision of land. This should be put in place to attract new entrants into the Irish AHB sector that have the capacity to deliver significant numbers of dwellings.
4. The funding model needs to recognise the different size of AHBs. Growing medium-sized AHBs will need greater financial support so that they can develop and compete with larger AHBs. Medium-sized

AHBs may require different treatment when funding proposals are being assessed. This is so that they can fund more development officers and housing management staff, as they do not have the same economies of scale as larger AHBs.

5. Consideration should be given to requiring the larger AHBs to have a certain level of diversity of loan funding. The low cost of funding available from the Housing Finance Agency is an important reason why AHBs do not seek alternative sources of finance.
6. Encourage larger and developing AHBs to commission building on their own land. There is an over-reliance on acquisition and turnkey developments as the methods of provision. This may not add to the overall stock of housing.
7. Consider how the State and the AHB sector can more effectively work together to increase the delivery of housing.

Recommendation #58:

Develop a specific plan for smaller and unregistered AHBs.

Actions

1. Establish a shared services model for small AHBs that would support management and maintenance where these organisations want to continue.
2. Facilitate the merging of organisations, where such organisations are open to this and would like to transfer their stock to secure its future, or where there are performance or governance failures. This should include:
 - a. Development of guidelines to provide initial advice to AHB boards and senior staff considering mergers or the transfers of their housing stock to other AHBs.
 - b. Provision of grant aid to the new merged entities. Many organisations wishing to transfer stock or to merge will require significant investment in their stock, which small or medium-sized AHBs will be unable to take on. Without support, mergers will not be financially viable and will put the sector and tenants at risk.
 - c. Financial support and provision, through appropriate organisations, of legal advice

and accounting support to progress mergers and stock transfers.

3. Provide a clear plan for AHBs that have not registered with AHBRA.
4. Request the provision of a plan from relevant AHBs where there are active tenancies or stock. This should include an update to the DHLGH/local authorities on the status of the stock.

8.8 Finance & Funding of Approved Housing Body

8.8.1 Background & Context

The ways used to fund AHBs are particularly complex because of different systems of rent and subsidies used across this sector. The capital costs of providing AHB social housing are mostly funded by loans (see Table 8.2). The income-related rents charged are insufficient to cover debt service costs for most AHB social housing. The DHLGH thus offers a range of funding methods for AHBs. This includes direct capital funding in the case of the Capital Assistance Scheme (CAS), funding the repayment of loans under the Capital Loan and Subsidy Scheme (CLSS), and providing subsidies to AHBs, which are intended to cover debt service costs in the case of payment and availability agreements, and fees linked to the Capital Advanced Leasing Facility (CALF).

Rental income is a major source of revenue funding for housing management and maintenance in the AHB sector. Rents for most dwellings in this sector are linked to tenants' incomes and thus are unlikely to generate adequate revenue for this purpose. To address this challenge, the DHLGH provides subsidies for AHBs' management and maintenance costs (see Table 8.2). Notably, no such mechanism to supplement the gap between rental income and administration and maintenance costs is available to local authorities.

Table 8.2: Capital funding schemes for the AHB sector

	Capital Assistance Scheme (CAS)	Capital Loan and Subsidy Scheme (CLSS)	Payment and Availability Agreement (P&A) + Capital Advance Leasing Facility (CALF)	Cost-rental Equity Loan Scheme (CREL)
Years Active	1984-present	1991-2011	2011-present	2021-present
Funding	Public Grant funded up to 100% by the DHLGH via the Local Authority	Public Grant funded up to 100% by the Local Authority by way of a loan from the Housing Finance Agency. Loan is repaid by the DHLGH.	Public and private Long-term loan. Up to 30% capital advance funding provided by the DHLGH via the Local Authority; the remaining is sourced from the private sector or the Housing Finance Agency.	Public Long-term loan for cost-rental homes. Up to 45% CREL funding with 20% equity grant (subject to a combined max. of 55%) provided by the DHLGH via the Local Authority. Balance is funded by loans from the HFA.
Tenants	At least 75% and up to 100% of tenants are identified by the Local Authority. Targeted at providing special needs housing; eligible tenants are elderly, homeless, or have disabilities.	Local Authority identifies suitable tenants from its social housing waiting list in accordance with its Allocation Scheme.	Local Authority identifies suitable tenants from its social housing waiting list in accordance with its Allocation Scheme.	Selection of eligible applicants based on regulations made under Affordable Housing Act 2021.
Tenant Rent	Economic rent, determined regarding the tenant's ability to pay and the cost of managing and maintaining the property.	Differential rents – linked to the tenants' incomes.	Differential rent – linked to the tenants' incomes.	Cost rents, based on the cost of provision, financing, management and maintenance of the properties, modelled over a 40-year period.
Additional Contribution from DHLGH	CAS-RAS payment up to €55 per week (€60 for a couple) can be claimed by the tenant on application to the Local Authority.	Annual Management and Maintenance grant paid by DHLGH – €436 per dwelling; €543 in the administrative area of city councils and Cos. Fingal, Dún Laoghaire-Rathdown, South Dublin, Kildare, Meath, Wicklow.	Payment made to AHB under a P&A agreement for a period up to 30 years. The payment amount is assessed on a cost-rent basis at the outset and increases with HICP over the term. This income is used to fund the loan repayment and operational costs.	None

Source: Data sourced from The Housing Agency by The Housing Commission.

AHB social housing provision is funded primarily by loan finance and capital funding. Ownership rests with the AHB from the outset and the property title lists the AHB as the owner. There are restrictions on use which can trigger repayment of the funding provided if breached. In theory, AHBs can sell or charge higher rents at any stage but these actions may breach the conditions imposed while the property is subject to a funding agreement. AHBs are non-profit organisations, debarred by law from distributing any surplus, profit or dividend to members.

As stated previously there is a) a risk of the removal of social housing from the AHB sector in the future and b) that AHBs, because of the funding model, may have insufficient revenue to adequately maintain and upgrade its stock.

The current arrangements also mean that conditions of funding are within mortgages; while there are no repayments of these loans unless conditions are broken during the term, the treatment of these mortgages and loans from a financial and balance sheet perspective differs.

8.8.2 Analysis

In 2018 the EU Statistics Agency, Eurostat, revised the categorisation of the 14 largest AHBs for public accounting purposes. They had previously been categorised as non-profit bodies, but since 2018 they have been categorised as part of the government sector. This means in practice that all borrowing by AHBs is now categorised as part of the national debt irrespective of whether it is sourced from commercial or public sector lenders. This categorisation is unusual compared to many other Western European countries.

In most Western European countries, social housing landlords' borrowings are off balance sheet if they are not sourced from non-government lenders. This has prompted concern in the AHBs about future funding opportunities and the level of direction, control and independence they will continue to maintain over their operations. Concern has also been expressed about ability to fund the large-scale housing programmes required by the State if AHBs remain on balance sheet. If the Government seeks to restrict public borrowing in the future, it could limit AHBs' capacity to deliver new housing.

The decision to recategorise AHBs in 2018 was reached based on two considerations:

1. the level of control exercised by government over this (via, for instance, regulation and guidance), and;
2. the level of funding provided by government (over 50% of the total).

The expansion of AHB provision of cost-rental housing and the setting of social housing rents at cost recovery levels, as proposed in Recommendations #44 and #46 respectively, would address the former consideration and should therefore be central to a strategy to have AHBs recategorised as part of the non-profit sector. Decisions on the level of control appropriate for government over the AHB sector should seek to balance the objective of having AHBs recategorised in the national accounts with the imperative of protecting public investment in the sector and ensuring that this is used to deliver social housing for the public good over the long term.

By recategorising AHBs as part of the non-profit sector, their borrowing options would expand. However, balancing government control over AHBs and protecting public investment in the sector is crucial. Legislation specifying the objective of delivering social housing for the public good and safeguarding public investment can help strike this balance. Overall, the consequences involve enabling AHBs to access financing, increasing their housing delivery capacity, and promoting long-term sustainability in the housing sector.

The Commission suggests that the Government enable the recategorisation of AHBs as part of the non-profit sector in the national accounts. The setting of rents for AHB housing at cost recovery levels and the diversification of the sources of capital funding for the sector, as recommended above, would contribute to achieving this objective.

8.8.3 Recommendation & Actions

Recommendation #59: Enable off-balance-sheet financing of AHB housing.

Actions

1. The DHLGH should review and amend the current systems of funding for larger AHBs, to enable AHBs to be recategorised off the State's balance sheet.
2. Actively promote and encourage AHBs to provide cost-rental housing, to increase the level of AHB income being paid by tenants.

Section 9

Rural Housing

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Terms of Reference 6

Examine specifically the issue of rural housing and how this can be facilitated in a way that is both environmentally and socially sustainable and allows for the development of appropriate one-off housing.

9.1 Introduction

In considering long-term housing policy post-2030 and as part of its terms of reference, the Housing Commission undertook an examination of rural housing in Ireland. There is no universally accepted definition of what constitutes a rural area or rural housing. Varying descriptions are employed in national and international policy documents and statistics (see Appendix 9A). The Central Statistics Office (CSO) defines an area as being 'rural' if it is outside settlements with a population of 1,500 or more people.²⁰⁹ This definition is also referred to in the National Planning Framework (NPF).²¹⁰

The issue of rural housing is complex and crosses many different policy areas, including planning, environment, climate, agriculture, community development, transport, culture, heritage, and the islands. Policy that focuses on rural housing is often dynamic and changing, particularly in relation to the need to rapidly decarbonise society by 2050. Economic factors also need to be carefully considered, as these can influence housing availability in rural areas.

Rural communities are confronted with some unique challenges in housing which can cause high rates of outward migration and ultimately contribute to population decline. These include an ageing population, infrastructure deficits and less immediate access to public services. It is necessary to enable those who choose to live and work in rural areas to do so, while also being cognisant of the economic dependence on tourism in some locations. The development of largely dispersed one-off housing has resulted in infrastructure deficits and greater car dependence, while many

rural towns and villages continue to experience high levels of vacancy and dereliction. Some rural communities have a high proportion of holiday homes, resulting in challenges such as reliance on seasonal employment opportunities and low availability of long-term rental accommodation.

Looking beyond 2030, housing and infrastructure development in rural Ireland must be developed in a manner that considers social, economic, and environmental sustainability objectives.²¹¹ Land and infrastructure are finite resources. A balance must be struck between accommodating Ireland's growing population with affordable housing opportunities and safeguarding finite land for food production, biodiversity, forestation, habitat protection and amenity. Many of these issues are more pronounced in Ireland's island communities as compared to mainland rural localities. The specific circumstances of island communities necessitate focused attention and support to sustain their unique environment and cultural heritage.

Another important factor for consideration in rural housing policy, and indeed housing policy as a whole, is the social and familial ties that connect individuals to specific locations and communities. Historically, Irish planning policy has sought to encourage development to sustain and renew established rural communities in smaller rural towns and villages, and in wider countryside areas.²¹² The granting of planning permission for rural housing tends to be restricted to those who may depend functionally on the land, such as farmers or those intrinsic to an area by way of their personal background or family ties.²¹³ However,

209 The Census definition of an urban area is a town with a total population of 1,500 or more; therefore towns with a population of less than 1,500 are included in rural areas. The Central Statistics Office (CSO) publishes a range of publications which include an urban/rural categorisation. Sometimes this is a simple division into urban and rural areas, but in other cases there is a further subdivision based on population density. See: CSO, 'Urban and Rural Life in Ireland', 2019.

210 Government of Ireland, [National Planning Framework](#), 2018, p. 71.

211 The term 'sustainability', as discussed in the context of this report, refers to economic, environmental and social sustainability.

212 Government of Ireland, 'Sustainable Rural Housing: Guidelines for Planning Authorities', April 2005, p.4.

213 The 2005 Sustainable Rural Housing Guidelines sought to favour individuals that have spent substantial periods of their lives living in rural areas where planning permission is sought, as members of the established rural community.

in the 'Flemish Decree'²¹⁴ case, the Court of Justice of the European Union (CJEU) ruled that policies which favour locally connected planning applicants may impede the Fundamental Freedoms guaranteed by EU law. Ireland has been cautious around the material applicability of this case as it could be detrimental to local communities.

This section of the report provides a bridging point between multiple policy frameworks relevant to rural housing and offers a series of recommendations that build on and connect existing policies, and in some cases call for new actions. The Commission found that the scale and quality of housing required in rural Ireland is not being met, as is also the case in Ireland's urban areas. The housing requirement analysis undertaken by the Commission has examined the average annual housing requirements in locations outside Dublin, the rest of Leinster, Ireland's other four cities and the rest of Ireland (see Table 9.1). A key finding of this analysis is that the level of housing supply required outside of Ireland's major urban centres will be substantial in all scenarios. It is therefore critically important that rural housing policy be calibrated to meet housing requirements in rural Ireland.

IBEC estimated in 2021 that 35% of adults were seriously considering moving to a rural location due to the greater prevalence of remote working since the start of the Covid-19 pandemic.²¹⁵ Rural areas will face increased pressure to deliver more housing in the coming decades and the Commission has been cognisant of this fact in making its recommendations.

Importantly, rural housing needs to be addressed through a rural lens, and analysis of rural housing policy needs to be respectful and appreciative of the lives of those who live in towns, villages and the countryside, in a way that resists simplified categorisations or generalisations. The work of the Housing Commission has been informed by stakeholder engagements with civil society organisations, public bodies and industry representatives with first-hand knowledge of the key issues shaping the housing policy landscape and people's lived experience in rural Ireland. Input was sought from organisations and groups such as the Environmental Protection Agency (EPA), Uisce Éireann, the Irish Farmers Association (IFA), the Office of the Planning Regulator (OPR), the Department of Housing, Local Government and Heritage (DHLGH) and An Fóram Uisce, as well as from experts in the areas of rural housing, planning, built environment and water infrastructure.

The Commission has developed an integrated set of recommendations to revitalise Ireland's rural communities in a manner that is environmentally, economically and socially sustainable. These recommendations should be adopted in tandem with the recommendations set out in this report to provide a holistic response to the specific housing challenges experienced in rural Ireland.

Table 9.1: Lowest-to-highest population share and housing requirement across all scenarios by region

	Population share by scenario		Avg. annual housing requirement (000s) to 2051 by population growth scenario			
	Lowest	Highest	Lower growth		Higher growth	
Dublin	23%	30%	8.2	10.8	13.1	17.4
Rest of Leinster	24%	36%	8.6	12.9	13.9	20.8
Other 4 cities	8%	13%	2.9	4.6	4.6	7.4
Rest of Ireland	33%	34%	12.0	12.1	19.3	19.4

Source: Housing Commission.

²¹⁴ The 'Flemish Decree' was a March 2009 Decree of the Flemish Region (a federal region in Belgium) on land and real estate policy that made the purchase or long-term lease of all land in certain Flemish communes (local authorities) conditional on there being a 'sufficient connection' between the prospective buyer or tenant and the relevant commune. The Flemish Decree case refers to the successful challenge against the decree in the European Court of Justice, which ruled that it was disproportionate and contrary to EU freedoms. It is therefore not proposed to give effect to the Flemish Decree.

²¹⁵ IBEC, 'Research & Insights into Housing Demand', 2021.

9.2 Recommendations Overview

Rural Housing – Recommendations

- #60. Fully realise the commitment to develop sustainable rural communities by strengthening the design of towns and villages, facilitating housing in nodes and clusters, and revising planning and regulatory mechanisms for sustainable one-off housing in appropriate locations.
- #61. Incentivise the reuse and retrofitting of vacant and deteriorating dwellings in rural Ireland by:
 - a. prioritising and extending grants and soft supports for the reuse and retrofitting of vacant buildings for owner-occupiers and tenants;
 - b. providing additional grants to ensure that property owners receive support and advice;
 - c. enforcing vacant building and vacant site taxation, and further incentivising the reuse of existing buildings (e.g. above-the-shop spaces).
- #62. Monitor accurately the prevalence and use of second homes and holiday homes in rural Ireland.
- #63. Develop and implement a holistic approach to delivering infrastructure in rural Ireland to address the historic and endemic challenges around water and sewage management.
- #64. Provide dedicated supports to island and Gaeltacht communities to ensure their long-term viability through implementing the Our Living Islands policy.

9.3 Building Sustainable Rural Communities

9.3.1 Background & Context

Ireland's rural development has been largely dispersed and low-density, consisting mainly of one-off houses. The CSO defines one-off houses as occupied detached houses with individual sewerage systems. Using the above definition, there was a total of 442,669 one-off houses in 2016, representing 26% of all occupied dwellings in the State.²¹⁶ Almost 40% of all homes constructed since 2011 were one-off houses. One-off housing, while providing a core component of housing delivery in Ireland, poses risks for environmental and social sustainability. These include negative impacts on the quality of water courses, higher levels of CO₂ emissions due to construction activity and car-dependency,²¹⁷ and pressures on infrastructure in areas such as health, sewage, water, roads, broadband and energy, stemming from the need to cater for dispersed settlement. The issues of compact development and the cost of urban sprawl are dealt with in Section 4 and Appendix 4E of this report.

Current planning policy on the development of one-off housing is ambiguous and inequitable due to the inclusion of 'intrinsic links' and 'local needs criteria' in approval processes for one-off housing in rural areas. These specify that those wishing to apply for planning permission should have been living in the area for a minimum period or have familial ties to the area in which planning permission has been requested. Similar policies in the form of the Flemish Decree²¹⁸ have been found to be contrary to EU law, and Irish practices have resulted in an infringement notice from the EU Commission. Consideration is currently being given to the issue of new Rural Housing Guidelines. In the context of design, planning policy in Ireland is characterised by relatively weak thresholds for siting and design standards, which has implications for the broader built and natural environment. While adherence to building regulations has improved since the introduction of the Building Control (Amendment) Regulation 2014, the opt-out facility for single dwellings, as introduced

²¹⁶ CSO, 'Profile 1 Housing in Ireland', 2016.

²¹⁷ The Climate Action & Low Carbon Development (Amendment) Act (2021) sets a target to reduce national CO₂-eq emissions by 51% by 2030 and to achieve a climate-neutral economy by 2050. However, the National Development Plan proposes to increase new housing construction by 50% by 2030 and to deep-energy renovate 500,000 homes. Therefore, the overall embodied carbon intensity of new construction per m² must decrease, relative to the proposed increase in construction output; [Irish Green Building Council \(IGBC\)](#), 2021.

²¹⁸ In Belgium, a decree of the Flemish Region of 27 March 2009 on land and real estate policy linked the transfer of immovable property in certain Flemish communes to the condition that there exists a sufficient connection between the prospective buyer or tenant and the relevant commune. This decree was subsequently found to be contrary to EU law by the Court of Justice of the European Union. See: European Commission, '[The Flemish Decree on land and real estate policy is contrary to EU law](#)', 2013.

by S.I. No. 365 of 2015, has been described as a 'retrograde step'²¹⁹ and could lead to repeat building failures.

With regard to environmental concerns, nearly half a million septic tanks are located in one-off housing across rural Ireland. In 2022, 49% of all inspections failed (560 of 1,143). If not properly built and maintained, septic tanks can contaminate household wells with bacteria and viruses, while excessive releases of phosphorus and nitrogen from domestic wastewater treatment systems (DWWTS) can pollute water bodies, exposing the population to sewage (EPA, 2022; EPA, 2023). According to the EPA, domestic wastewater puts significant pressure on the water quality of 9% (148 of 1,648) of Ireland's at-risk water bodies (EPA, 2023). Appendix 9B presents the 2022 DWWTS inspection failure rates by local authority area.

Households connected to domestic wastewater treatment systems are required to register their system with the relevant local authority. Grants are provided to repair, upgrade or replace a household's wastewater treatment system. Previously, only systems registered by 1 February 2013 were eligible for the grant, but since 1 January 2024 the grant increased from €5,000 to €12,000, and people who did not register a septic tank by 1 February 2013 were eligible to apply. The cost of upgrading a deteriorated septic tank is estimated to be between €5,000 and €16,500, therefore the increase in funding means that the grant would cover either all or the majority of the costs of upgrading septic tanks. Section 9.6 provides more information on wastewater treatment in rural Ireland.

This lack of sustainable development is contrary to the *National Planning Framework* objective of achieving compact growth and has created economic, environmental and social challenges for rural communities.²²⁰ These include:

- inconsistency in the design and quality of housing development in towns and villages throughout rural Ireland;
- a limited choice of tenure outside of towns and villages;
- increased pressure on Ireland's rural housing landscape, which is now largely characterised by

low-density development and dispersed one-off houses.

9.3.2 Analysis

The DHLGH (2023) has highlighted²²¹ the need for increased residential densities based on three social, economic and environmental considerations:

- c. the trend towards smaller average household size;
- d. the need to encourage the provision of affordable housing;
- e. the need to reduce CO₂ emissions by supporting more efficient use of energy in the residential and transport sectors.

A healthy rural community must promote sustainable, vibrant and inclusive spaces for its inhabitants. To achieve greater social and environmental sustainability, a larger proportion of housing in rural Ireland should be developed in towns and villages, not in one-off housing. This is supported by the *National Planning Framework*, which notes that the development of one-off houses in the countryside has contributed to the spatial and social imbalance of smaller rural settlements, as well as their population decline. Clustered development is a practical alternative to one-off housing and has three main benefits:

- a. Clusters have economic value in that they are an efficient and economic use of land.
- b. They create social and cultural value by establishing secure and sheltered living environments characterised by small neighbourly groups, which offer supervised places for children to play.
- c. They have townscape value in that they offer off-street parking and can match local architecture and characteristics.

The Commission is of the view that the continued development of nodes and clusters²²² will be essential to creating sustainable rural communities in the longer term. This will benefit rural communities by:

- increasing the choice of tenure available and providing alternatives to living in towns and villages as well as one-off houses;

219 DHLG, 'Report of the Expert Panel on Concrete Blocks', Department of Housing, Local Government and Heritage, 2017.

220 Department of the Environment, Climate and Communications, *Climate Action Plan 2023*, 2024. Government of Ireland, *National Planning Framework*, 2018.

221 DHLGH, 'Sustainable and Compact Settlements: Guidelines for Planning Authorities', 2023.

222 Rural nodes comprise a defined network of small settlements which provide an alternative to one-off housing in the open countryside. Rural nodes are designated for small-scale limited development, at a sustainable scale for immediate local need. A cluster development is a low-density housing scheme comprised of detached dwellings on individual sites on lands in or adjacent to a village.

- facilitating the growing ageing population by providing options for supported independent living;
- supporting community development by creating pockets of development, which are often crucial for small and medium-sized enterprises (SMEs);
- relieving pressure on land use, habitats and infrastructure caused by dispersed one-off housing and ribbon development.

The Commission notes the introduction of the Ready to Build Scheme²²³ for serviced sites for new homes, introduced as part of the Croí Cónaithe (Towns) Fund. The Commission supports the implementation of this scheme. Local authorities should be encouraged to consider the location of these sites as a transition from rural to urban on the edge of towns and villages.

It is critically important that the necessary infrastructure be developed to facilitate balanced development in rural Ireland, while also considering sustainability requirements. The delivery of compact growth in towns and villages must be ambitious and supported by high-quality design, as well as appropriate densities and diverse models of housing. There are several examples of rural towns and villages that have become vibrant and attractive locations to live in by successfully implementing townscape renewal and a community-oriented, design-led approach (see Appendix 9C).

Mixed sizes, types and tenures of housing in towns and villages must offer attractive alternatives to one-off houses and ribbon development. This must include the development of a mix of public, private, cost-rental, co-housing and cooperative models, while also promoting more compact development in the interest of environmental and social sustainability. The viability of these alternatives needs to be examined to ensure they are realistic and scalable. High-quality design of towns and villages must facilitate walkable, intergenerational and socially inclusive communities. This can be facilitated by providing high-quality and connected public spaces, developing age-friendly and mixed-use neighbourhoods, and providing access to economic, social, cultural and healthcare amenities and services. The Housing Commission recommends engaging with rural communities, using best-practice participatory design, to shape and inform the future vision of rural areas, towns and villages. While national and regional frameworks such as *Housing for All, the National Planning Framework and Regional Spatial and Economic Strategy* (RSES) can provide a supportive policy context, concerted local-

level action is required so as to ensure rural repopulation is a managed process with positive outcomes for communities. This approach would be clearly consistent with the current approach to rural development in Ireland as put forward in *Our Rural Future*, the Government's plan for rural development 2021-2025.

9.3.3 Recommendation & Actions

Recommendation #60:

Fully realise the commitment to develop sustainable rural communities by strengthening the design of towns and villages, facilitating housing in nodes and clusters, and revising planning and regulatory mechanisms for sustainable one-off housing in appropriate locations.

Actions

1. Implement high-quality designs of towns and villages:
 - a. Improve strategic infrastructure development.
 - b. Fund appropriately qualified professionals to oversee the strategic development of towns and villages, providing long-term support to local authorities.
 - c. Implement and strengthen *Town Centre First Policy* actions, including upskilling of Town Regeneration Officers and extended roll-out and implementation of Town Action Plans.
 - d. Allow for Developer Provided Infrastructure (DPI) schemes and site servicing to facilitate housing development, with strict governance of operation, maintenance and ownership.
 - e. Provide appropriate training and support to the construction ecosystem to develop low-carbon housing and aid population retention in rural towns and villages.

223 DHLGH, 'Ready to Build Scheme (Serviced Sites for New Homes)', 2022.

- f. Promote multigenerational housing strategies to reduce rural isolation among older people. Integrating generations combats loneliness and social isolation while providing informal support networks.
 - g. Increase the availability and affordability of rightsized options for older people living in rural areas. Such strategies should also recognise the need for informal support networks for ageing communities.
2. Facilitate the development of nodes and clusters in rural communities:
 - a. Identify suitable locations for nodes and clusters as part of local authority development plans.
 - b. Improve infrastructure development, including communal wells and decentralised water treatment systems.
 - c. Support the development and provision of business hubs in rural towns and villages.
 - d. Extend the Croí Cónaithe scheme to support planning and delivery of nodes and clusters of housing in rural areas.
 - e. Support and implement the Ready to Build Scheme.
 - f. Promote multigenerational housing strategies.
 - g. Revise planning and regulatory mechanisms to provide clear, consistent and equitable protocols for sustainable one-off housing in appropriate locations.
 - h. Promote the development of serviced sites and appropriate levels of low-density housing on village and town peripheries to assist the transition from one-off housing to villages and towns.
 3. Reform the planning system to provide clear, consistent and equitable protocols for sustainable rural housing:
 - a. Strengthen the environmental and planning thresholds for single housing in rural areas to rebalance the provision of new one-off housing in favour of housing provided in towns, villages, nodes or clusters.
 - b. Provide clear guidance and threshold limits in the revised forthcoming *National Planning Framework* (NPF) and *Rural Housing Guidelines* to ensure that the highest standards of siting, design and construction are achieved in any new one-off housing.
 - c. Ensure the revised NPF and *Rural Housing Guidelines* take into account land-use objectives, environmental objectives, impact on natural habitats and water courses, climate adaptation and climate mitigation.
 - d. Revoke amendments to the Building Control Regulation 2014 that allow opt-outs from the Building Control (Amendment) Regulations (BCAR) for single dwellings.
 - e. Consider amending the 'Local Needs Criteria' in planning permission policy to move towards the use of consistent and equitable selection criteria, aligning with EU Directives set out in findings related to the Flemish Decree. The new criteria should be established based on environmental and social considerations for one-off houses. Similarly, planning permission for one-off housing should not be considered on a case-by-case basis, but rather as part of a region's broader local area plan. The implementation of planning permission policy in this area should be consistent across all local authorities.
 - f. Reinstate development levies required to connect new one-off homes with roads, water and other services, as the full cost of the development of each one-off house must be reflected in the provision of the house.
4. Embed community engagement in housing planning and development in rural areas:
 - a. Strengthen and extend the roll-out and implementation of Town Centre First Plans to develop co-created vision plans for towns and villages to be great places to live and to align with the *National Planning Framework* approach to compact urban growth.
 - b. Empower communities to co-create housing and public spaces with increased access to nature, that combine active travel and age-friendly multigenerational places, with a focus on providing high-quality, climate-resilient neighbourhoods.
 - c. Ensure that planning guidance encourages landowners and developers to proactively engage with communities and individuals in the development of their communities.

- d. Encourage quality bespoke designs for diverse streetscape and placemaking.
- e. Support community-led design approaches such as co-housing, co-operative housing, community land trusts and local AHBs.

9.4 Addressing Vacancy to Create Thriving Rural Communities

9.4.1 Background & Context

It is the view of the Commission that Ireland has taken a case by case laissez faire approach to rural settlement growth. This is evident in the high vacancy rates in some rural areas. Vacancy can take many forms, be it a vacant building, a vacant home or a vacant site. A combination of factors including high rates of housing output during the Celtic Tiger period, the generous fiscal treatment of housing, very little plan-led development in rural areas, and tax incentives to encourage house building resulted in high rates of long-term vacancy in rural areas in the period following the economic crash of 2008. Many finished homes were left vacant due to a lack of appropriate electricity and water infrastructure.

Figure 9.1 displays the number of unoccupied dwellings by region, inclusive of holiday homes,

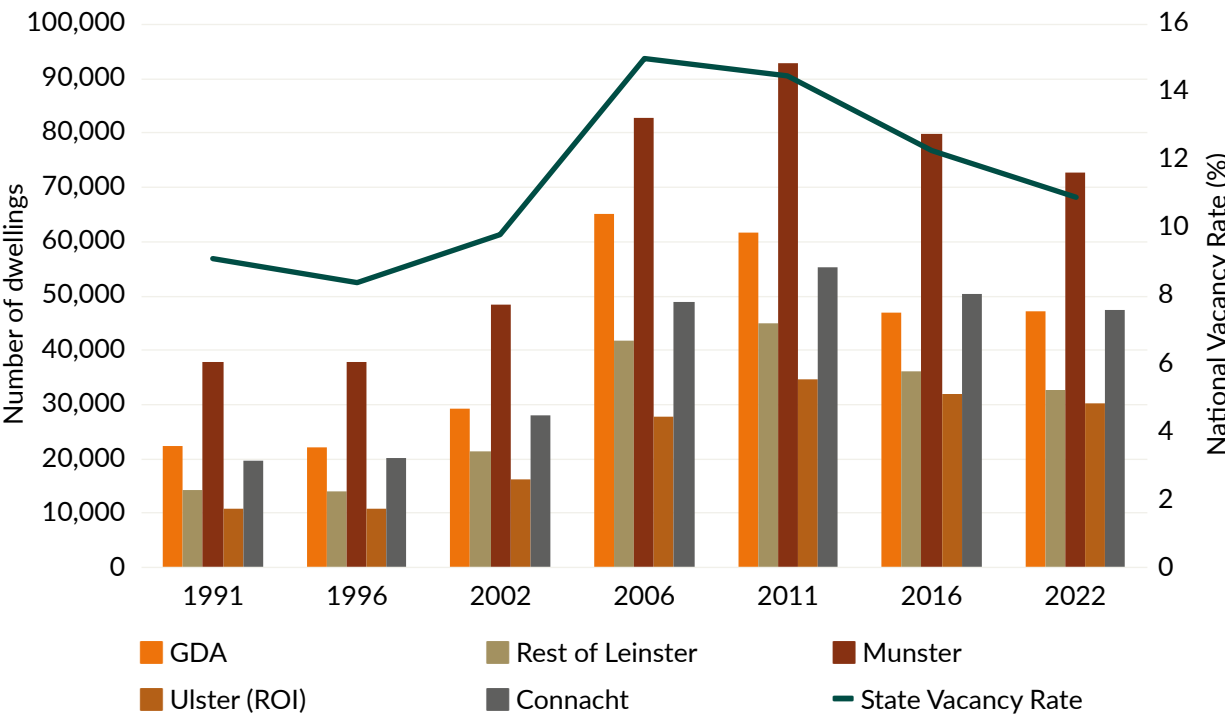
as recorded in the Census of the Population from 1991 to 2022, as well as the overall national vacancy rate over the same period. The number of vacant dwellings increased in all regions, including the Greater Dublin Area (GDA), before peaking in 2011, following which vacancy levels have gradually reduced. While the overall vacancy rate has declined in recent years, high levels of vacancy remain a serious issue.

9.4.2 Analysis

A Vacant Homes Tax (VHT) was introduced in 2023. This applies to residential properties in use as dwellings for less than 30 days in a 12-month chargeable period (the previous 12 months). The rate of VHT is three times the basic rate of Local Property Tax (LPT) which, in turn, depends on the value of the property. Any such measures must be fair and proportionate, while also acting as an effective incentive to bring vacant buildings back into use. It is also important to support better data-gathering on vacancy so that vacant tax measures are appropriately targeted, while ensuring that actions and decision-making are informed by good-quality data and evidence.

Grant schemes designed to bring vacant properties back into use have been introduced through the Croí Cónaithe (Towns) Fund.²²⁴ This is delivered by local authorities and encourages people to

Figure 9.1: Vacant properties (incl. holiday homes) by region and State vacancy rate (%)



Source: CSO, 'C2022P2 Profile 2 – Housing in Ireland', 2023.

224 The Croí Cónaithe (Towns) Fund is a grant to support the refurbishment of vacant properties in towns and villages in Ireland.

turn vacant premises into their primary private residence.²²⁵ Additional supports are available for those living on islands.²²⁶

The Commission is of the view that it is necessary to prioritise and extend grants and soft supports for the reuse and retrofitting of vacant buildings in rural areas for owner-occupiers and tenants. Such supports should be extended beyond empty dwellings, as many other long-term empty commercial and office buildings can be adapted for reuse as housing, including over-the-shop spaces. This will enhance the construction ecosystem by supporting housing development and incentivising retrofitting projects. Where feasible, housing development should be enabled by improving deteriorating structures across all rural regions, thus providing an increase in housing stock and improving the economic and social vibrancy of rural communities.

While some vacant properties in remote rural areas may take the form of derelict cottages or properties on farmland with limited renovation potential, many rural towns and villages contain vacant buildings and sites that offer potential for renovation and reuse as housing. The National Planning Framework has outlined how population decline and changing settlement patterns have resulted in the increased prevalence of building vacancy in rural towns and villages. Nationally, the proportion of dwellings that were vacant in both the 2016 and 2022 censuses stood at approximately 2%.²²⁷ While this is low by international standards, it presents opportunities to use our vacant stock. Moreover, in rural counties, this proportion was higher, varying between 4% and 7%. As noted earlier, obsolescence rates are also higher in rural than in urban areas.

The 2022 Census of the Population also found that rural properties were more likely to be vacant because the residents had emigrated to urban areas. This illustrates the effects of emigration and population decline on vacancy levels in rural Ireland, as well as the fact that many long-term vacant properties in rural regions could be brought back into use.

Often, owners are hesitant to commence work to revamp vacant or deteriorating dwellings due

to cost or timeline uncertainties and a lack of knowledge or information. The Town Centre Living Initiative found that the costs associated with reusing properties can be prohibitive. In many cases, the costs of purchase, design and regulatory fees along with refurbishment costs were 25-40% higher than the resulting capital value. The policy system should provide additional grants to ensure that property owners receive appropriate advice from the outset if undertaking a retrofit project, and to assist with the initial challenges associated with retrofitting vacant and deteriorated dwellings. Such a scheme would fund advice from a registered professional on the requirements to properly reuse and retrofit a dwelling. It would also fund a site visit and report from a registered professional, including advice on the schedule of works required for the building, while addressing any statutory requirements to ensure compliance with planning and building regulations.

9.4.3 Recommendation & Actions

Recommendation #61:

Incentivise the reuse and retrofitting of vacant and deteriorating dwellings in rural Ireland by:

- a. prioritising and extending grants and soft supports for the reuse and retrofitting of vacant buildings for owner-occupiers and tenants;
- b. providing additional grants to ensure that property owners receive support and advice;

²²⁵ One of the grants available under this scheme is the Vacant Property Refurbishment Grant. This offers a grant of up to €50,000 to refurbish a property that was built up to and including 2007 and has been vacant for at least 2 years (the grant was originally set at €30,000). A Derelict Property Top-up Grant of up to €20,000 is also available where refurbishment costs exceed the standard grant, provided there is confirmation that the property is derelict, i.e. structurally unsound and dangerous (Department of Housing, Local Government and Heritage, 2022).

²²⁶ The maximum grant for those on the islands will be 20% higher than for those on the mainland, i.e. up to €60,000 for vacant properties and up to €84,000 for derelict properties (Department of Rural and Community Development, 2023).

²²⁷ These are generally concentrated in rural regions, particularly in the northwest and along the west coast. The number of vacant dwellings recorded in Census 2022 fell by 11% compared with Census 2016. In the same period, the housing stock in Ireland grew by 5%. The vacancy rate therefore fell from 9% to 8%. See: CSO, 'Census 2022 and Vacant Dwellings FAQ', 2023.

c. enforcing vacant building and vacant site taxation, and further incentivising the reuse of existing buildings (e.g. above-the-shop spaces).

Actions

1. Extend grants and soft supports beyond empty dwellings, as many other types of vacant buildings can be adapted for reuse as housing.
2. Facilitate advisory supports involving registered professionals to assist with the retrofitting of vacant and deteriorating dwellings.
3. Adopt appropriate taxation measures to encourage the reuse of vacant buildings.
4. Ensure Local Authority Vacant Homes Officers have the required skills and resources to drive action to address vacancy. Vacant Homes Officers must be empowered to play an effective role in liaising with key personnel such as Building Control Authorities, Heritage Officers and Disability Access Officers.
5. Support better data-gathering on vacancy to ensure evidence-informed decision-making.

9.5 Second Homes and Holiday Homes

9.5.1 Background & Context

Currently, Ireland has 66,136 holiday homes.²²⁸ Many of these are in rural areas, most notably the Midwest, Southeast, Southwest and Western regions.²²⁹ Holiday homes are an important part of local communities and economies in these areas, and support jobs in the tourism and hospitality sector. The CSO describes holiday homes as dwellings that are used as seasonal holiday homes by their owners. Notably, holiday homes are not included in the 163,433 houses and apartments reported as vacant dwellings in the Census of the Population.²³⁰ (Appendix 9D provides an outline

of the distribution of holiday homes by electoral division based on census data.)

Second homes and holiday homes benefit rural areas, enhancing regional growth by helping to maintain local businesses and employment, especially in the construction and tourism sectors. However, the increased prevalence of second homes can disrupt the housing system in some rural communities. As demand for second homes increases in a particular area, the overall levels of demand for housing increase as a result, leading to increases in house prices. This can exacerbate housing undersupply issues for local people, as many may be unable to compete with more affluent buyers. When residents of rural Ireland cannot access housing in their local community, this can lead to broader societal issues and ultimately add to the decline of a locality through increased outward migration. Moreover, when homes are left vacant for many months of the year, economic activity and associated employment opportunities in the region may become seasonal. This can have serious negative impacts on household income and the financial viability of living in these regions year-round.

9.5.2 Analysis

Second homes and short-term lettings can include a variety of housing types, from Airbnbs and holiday homes to other forms of short-term rental. Each type of short-term letting has different impacts on the local economy and environment. The Commission is of the view that Irish planning policy should work to identify areas under pressure from the presence of a large number of second homes. The Commission notes that Fáilte Ireland will launch a Short-Term Letting Register to comply with EU regulatory requirements.²³¹ Once established, this system will bring more transparency to short-term rentals, and assist in promoting a more sustainable housing system and tourism sector.

The Commission is of the view that Irish planning policy should take account of areas with high numbers of second homes, but also enable a localised response to the issue. There is a strong case for national policies in areas such as mandatory safety standards and the provision of clear guidance for operators and licensing authorities. At the same time, local authorities should be able to restrict the number of second

228 CSO, 'Census of Population 2022: Preliminary Results – Housing', 2023.

229 M. Norris and N. Winston, 'Second and Vacant Homes in High Amenity Rural Areas', in: Sustainable Rural Development: Managing Housing in the Countryside, edited by Mark Scott, EPA, 2010.

230 The CSO reported 163,433 vacant houses and apartments in Census 2022. See: CSO, 'Census 2022 and Vacant Dwellings', 2023.

231 Fáilte Ireland, 'Short Term Tourist Letting (STTL) Register', 2024. See also: European Parliament, 'Short-term rentals: New EU rules for more transparency', 2023.

homes and short-term lettings in areas if there is evidence of negative impacts. Work should be undertaken to identify a strategic policy approach to support appropriate tourist accommodation options in areas with tourism activity. This strategic approach should identify ways to avoid or mitigate the potential negative effects of high concentrations of holiday homes.

To ensure a fair and transparent approach, clear and detailed guidance will be needed to allow for assessment of the impacts on local communities arising from a high concentration of second homes. A balance must be struck between the positive and negative impacts of high numbers of holiday homes, considering the economic benefits of tourism, increases in house prices above an affordable level, non-availability of housing options for local people, and a lack of economic opportunities in an area during the tourism off-season. The creation of a formalised matrix of second homes and short-term lettings would highlight the potential positive or negative impacts that each type may have on the local economy and environment. On local development plans, these should include appropriately zoned land for primary permanent housing, affordable housing and social housing. This could include Key Site Requirements for the usage of land for developing social and affordable housing. It is essential that, where land has been zoned for developing primary permanent housing, appropriate governance structures be put in place to ensure newly developed houses are not sold on the market to non-primary permanent dwellers.

9.5.3 Recommendation & Actions

Recommendation #62:
Monitor accurately the prevalence and use of second homes and holiday homes in rural Ireland.

Actions

1. Local authorities and other stakeholders should map areas under pressure from the presence of second homes and monitor the impact on affordability and accessibility.
2. Adopt Local Development Plans to develop appropriately zoned land for primary

permanent housing, affordable housing and social housing.

3. Establish a register of short-term tourism lettings in line with EU regulatory requirements and use this resource to monitor the effects of holiday homes.

9.6 Infrastructure Development

9.6.1 Background & Context

A key issue for consideration when seeking to develop sustainable rural communities is infrastructure development. *Our Rural Future: Rural Development Policy, 2021-2025* (2021) outlines the potential of remote working to revitalise rural towns. The rise in remote working allows people to live in rural communities while working in good jobs. This emphasises the importance of developing the appropriate infrastructure and facilities, such as remote working hubs. While issues such as cost pressures, environmental impacts and planning delays can impede the effective delivery of infrastructure generally, these can be more pronounced in the context of rural housing. The *National Planning Framework* notes that housing development is often hindered by a lack of services and infrastructure, and that local authorities often require more support in the provision of local infrastructure to enable development opportunities in smaller towns and villages. Local authorities need to be adequately resourced to establish long-term visionary plans for towns, to invest in the upgrading of public spaces and streetscapes, to develop smarter travel infrastructure, to provide alternative housing models, and to invest in key public buildings. This would require support from central government to ensure the provision of funding at local level for water, broadband and transport infrastructure.

9.6.2 Analysis

a. Water Infrastructure

Ireland is failing to meet the objectives of the EU Water Framework Directive (2000/60/EC)²³² which requires all EU member states to protect and improve water quality in order to achieve good ecological status by 2025 or, at the latest, by 2027. A strategic approach to rural housing development in areas such as wastewater treatment, environmental preservation and water-based home heating systems such as heat pumps is of critical importance to achieving greater sustainability and meeting the obligations of the Water Framework Directive.

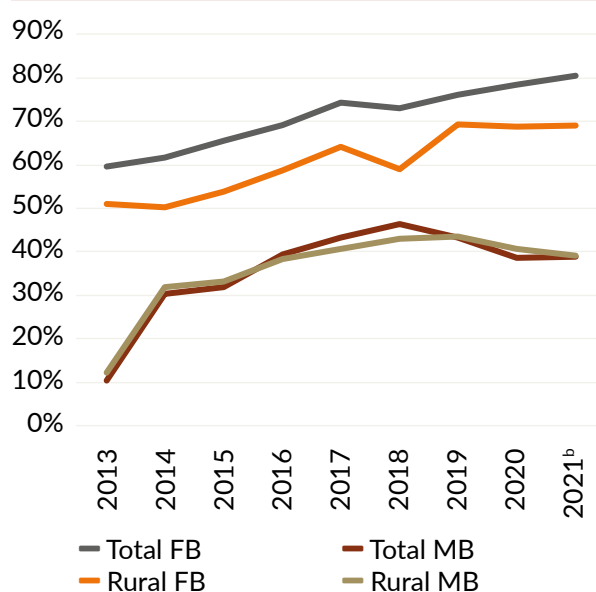
²³² European Commission, 'Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy', Official Journal of the European Communities, L:2000:327:TOC, 2000.

In Ireland, there are currently around 500,000 septic tanks, and each year nearly half of inspections fail (EPA, 2022; EPA, 2023). A total of 170,000 septic tanks are co-located with a water well, which may create risks for cross-contamination. Private wells serve 720,000 people in Ireland (17% of population).²³³ One in 20 wells fail to meet the required E coli standard upon inspection. They are often poorly constructed (65%) and the water supply is not appropriately treated (72%).²³⁴ Addressing such issues can be cost-prohibitive for some households that may be unable to make required investments in the absence of adequate state support. Findings from the House Providers Survey highlighted that a lack of water or wastewater supply was considered a significant constraint to land being made available for housing development in rural settings. These factors are often more pronounced in the context of rural housing than in higher-density urban settings, as rural-specific challenges and complexities may arise in areas such as environmental protection, diseconomies of scale and funding shortfalls.

b. Connectivity

Broadband and public transport connectivity is also a challenge in rural Ireland. According to data from Eurostat, in 2022 80.5% of all households in Ireland were connected to the internet via a fixed broadband connection, but only 69.1% of households in rural areas. By contrast, the share of households connected via mobile broadband is roughly comparable in rural areas to that for the country as a whole (see Figure 9.2). It is acknowledged that broadband strength in rural Ireland is varied, with the Government's National Broadband Plan (NBP) seeking to deliver high-speed broadband services to all premises in Ireland. This includes 560,000 premises and 1.1 million people (DECC, 2020). In 2022, an additional 109,000 were passed by the national broadband fibre network, up from 32,000 that were served in 2021.

Figure 9.2: Fibre broadband (FB) and mobile broadband (MB) connectivity (%) - total households and rural households



Source: Eurostat, Household Internet Connectivity, 2023.²³⁵

As noted earlier, the number of people relocating to a rural location has increased due to the greater prevalence of remote working since the Covid-19 pandemic. This further emphasises the importance of developing appropriate infrastructure and facilities, such as remote working hubs, where new demand is arising that may not be accommodated by the current connectedhubs.ie network.

c. Public Transport

Transportation plays a critical role in the viability of a community. It allows for access to food, healthcare, education and employment. It also increases rural residents' ability to access recreational and entertainment activities which promote community engagement. Efficient and affordable transportation is an important driver in economic growth in rural areas and helps ensure that people can obtain services and participate in public life.

Rural residents rely more on personal vehicles for transportation than those living in urban areas due to a lack of public transport options. However, greater use of cars as a means of transportation results in more emissions. The Eastern and Midland Regional Assembly has outlined the need to invest in public transport to address road capacity issues.²³⁶ It calls for sustainable transport links that facilitate travel not just to Dublin city centre

²³³ EPA, 'Private Wells', 2000.

²³⁴ EPA, 'E. coli found in 1 in 20 private water supplies, says EPA', 2022.

²³⁵ Break in series in 2021.

²³⁶ EMRA, 'Regional Spatial & Economic Strategy', 2020.

but to other regional destinations. Moreover, it emphasises how investment in walking and cycling infrastructure will improve the liveability of towns, villages and cities. High-quality public transport options in rural areas are also necessary to support the preceding recommendation on increasing population densities in towns and villages. The Sustainable Residential Development guidelines²³⁷ state that higher densities require service by existing or planned high-quality public transport.

9.6.3 Recommendation & Actions

Recommendation #63:
Develop and implement a holistic approach to delivering infrastructure in rural Ireland to address the historic and endemic challenges around water and sewage management.

Actions

1. Prioritise connections to existing water and wastewater infrastructure over private wells and septic tanks where possible.
2. Provide clarity on the role of local authorities and Uisce Éireann in the delivery and administration of water systems in rural areas.
3. Update rural water programmes and planning to take account of existing infrastructure and asset condition.
4. Consolidate and expand group water schemes.
5. Encourage greater transparency in Uisce Éireann's capacity registers, including information on population growth and network capacity.
6. Implement and scale up community and catchment-level nature-based solutions and protection measures to attenuate runoff, improve water quality in surface waters and reduce pollution.
7. Integrate the requirements of the Water Framework Directive (WFD) with local authority planning application processes.

8. Roll out a dedicated education and awareness campaign in conjunction with the EPA for the 160,000 dwellings that have a household well and septic tank co-located on site to address risks arising from poorly serviced private wells.

9.7 Supporting Island and Gaeltacht Communities

9.7.1 Background & Context

Ireland's offshore islands and their communities, as noted in the Our Living Islands policy (2023), are an integral part of the fabric of rural Ireland, are home to approximately 3,000 people and some of our most vibrant and culturally distinctive communities, are popular destinations for tourists, artists and those interested in nature, history and heritage, and are an integral part of the State's heritage with a special significance in Irish culture.²³⁸

However, many factors affecting housing supply are amplified on the islands, causing supply and affordability issues and ultimately leading to population decline in island communities. Key issues include:

- availability of suitable land and planning permission difficulties;
- meeting statutory requirements of environmental designations;
- the cost of renovating dilapidated properties;
- the high construction costs on the islands due in part to the cost of transporting materials and equipment to island sites;
- difficulty in attracting contractors to work on island projects due to the uncertainty of changing sea and weather conditions and higher labour costs for construction crews who are often required to stay overnight on an island;
- occupation of many holiday homes only at particular times of the year;
- limited availability of social housing.

The availability of an appropriate mix of suitable housing options is key to revitalising island populations and ensuring the sustainability of thriving island communities. Any imbalance between housing demand and supply can inhibit such development, potentially making it more difficult for younger generations to remain on the islands and to attract new residents from the mainland. The opportunity to build or refurbish a

237 DHLGH, 'Sustainable Residential Developments in Urban Areas: Guidelines for Planning Authorities', 2009.

238 DHLGH, 'Sustainable and Compact Settlements Guidelines for Planning Authorities – Proposed Policy Approach', 2023.

house on an island, particularly for young people who have grown up there, can contribute strongly to the long-term future of an island community.

The term 'Gaeltacht' describes the regions of Ireland in which the Irish language is, or was until recently, the primary spoken language of the majority of the community. The Gaeltacht regions are recognised in government orders and successive governments have acknowledged that particular legislation, structures and funding are required to ensure the viability of the Gaeltacht communities.²³⁹ According to the Census of the Population, there were over 6,600 (+7%) more people living in Gaeltacht areas in April 2022 than in April 2016, bringing the total Gaeltacht population to more than 106,000 people. Six of Ireland's inhabited islands are in the Gaeltacht.²⁴⁰

9.7.2 Analysis

Consultation with island communities suggests there are dilapidated houses on most islands that, if renovated, could help meet housing demand. It is suggested, for example, that owners have not been able to afford renovation costs, with properties subsequently becoming derelict. Moreover, where houses have been vacant for many years, it can be difficult to ascertain ownership, title and succession.

As previously noted, construction costs are also generally higher on the islands than on the mainland due in part to the cost of transporting materials and equipment to island sites. It can also be difficult to attract contractors to work on island projects due to the uncertainty of changing sea and weather conditions and higher labour costs for construction crews who are often required to stay over from the mainland. On this basis, many grant schemes already provide for higher rates or additional top-up payments to be granted for island-based projects, and will be extended to other grant schemes, particularly in relation to vacant and derelict properties.

Many island communities highlighted the number of holiday homes that may be occupied for only part of the year, including by people whose principal residence is on the mainland. The demand for holiday homes is cited as a cause for house price inflation, further driving many islanders out of the property market when houses do eventually become available. During the consultation, there was also mention of limited social housing, which can also make it difficult for families and individuals to remain on, or move to, the islands. Allocating social housing on the mainland in lieu

of accommodation on the islands can further exacerbate the population decline.

Gaeltacht areas, both on the islands and the mainland, have specific housing policy concerns. Many young people have to move out of the Gaeltacht as they are unable to obtain planning permission in their own area. There is also a general shortage of social housing in Gaeltacht areas.²⁴¹

9.7.3 Recommendation & Actions

Recommendation #64:

Provide dedicated supports to island and Gaeltacht communities to ensure their long-term viability through implementing the Our Living Islands policy.

Actions

1. Implement the Our Living Islands policy.
2. Support and resource the renovation of vacant dwellings on islands and in Gaeltacht regions.
3. Increase housing supports to promote development and retrofitting on islands and in Gaeltacht regions.
4. Address housing stock issues due to second homes and holiday homes.
5. Broaden the choice of tenure options available to include private rental, private ownership, social housing and cost-rental.
6. Promote the development of social and affordable housing options for island and Gaeltacht communities through local authorities and AHBs.
7. Develop a National Policy for Housing Planning in the Gaeltacht.

²³⁹ Údarás na Gaeltachta, *The Gaeltacht*.

²⁴⁰ CSO, 'Census 2022 Results Profile 8 – The Irish Language and Education', 2023.

²⁴¹ Conradh na Gaeilge, 'Polasaí Náisiúnta do Phleanáil Tithíochta sa Ghlaetacht: Moltaí', 2020.

Section 10

Building Sustainable and Socially Inclusive Communities

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Terms of Reference 1

Examine and report on maintaining a sustainable housing supply and providing balance and choice of tenures, having regard to social, environmental and economic objectives.

10.1 Introduction

In considering long-term housing policy post-2030, the Housing Commission has considered the question of how to build sustainable and socially inclusive communities. The Commission's terms of reference specifically seek an examination of how to maintain a sustainable housing supply and provide balance and choice of tenure, while having regard to social objectives. While the issues of environmental and economic sustainability are dealt with in other sections of this report, this section considers how housing policy can enable the creation of socially sustainable and inclusive communities. This section also considers measures to support and integrate specific groups into our society.

The Commission emphasises the need to develop the necessary physical and social infrastructure in tandem with housing to create sustainable communities. Infrastructure such as schools, healthcare facilities, parks and community centres foster a sense of belonging and wellbeing within neighbourhoods. These facilities provide shared spaces for social interaction through education, recreation, and healthcare, which are vital for a well-functioning community.

Where residents can access services within walkable neighbourhoods, reliance on private vehicles is reduced, carbon emissions are lowered, and urban sprawl is minimised. Building the proper social and physical infrastructure alongside housing is essential to create vibrant and sustainable communities where people can live, work and thrive. By focusing on social inclusion and participation in our society, we can foster a sense of belonging, equal access to opportunities and active community engagement.

Mixed-tenure housing within our developments and communities is key to supporting a more sustainable and integrated society. The term mixed-tenure development usually refers to residential developments where different residential tenures are provided. This is where owned, private rented, social and affordable housing are mixed and integrated together. 'Integrated tenure' is where properties of different tenure types are side-by-side, and the tenure type is not visually distinguishable from the style of building.

Mixed tenure, by creating communities comprised of different economic groups, has been seen as a solution to combat some of the social problems associated with mono tenure. It is thought to foster social interaction between diverse groups, thereby increasing the individual 'life chances' of residents and fostering an inclusive community. By committing to mixed-tenure housing, we can create inclusive, vibrant communities where residents thrive together.

The recommendations and actions in this section also deal with a range of social issues that housing policy can address, including social integration and inclusion, integration of immigrants, homelessness, and the specific housing needs of groups such as members of the Traveller community, people with disabilities and older people. The Commission stresses that socially sustainable communities cannot be successfully achieved if minority groups or individuals with specific housing needs are disadvantaged by their housing circumstances.

10.2 Recommendations Overview

Sustainable and Socially Inclusive Communities – Recommendations

- #65. Develop social infrastructure and amenities in tandem with housing.
- #66. Ensure that housing policy encourages integrated and inclusive communities.
- #67. Reform the local authority social-work service to better identify and meet the needs of vulnerable tenants and applicants for housing.
- #68. Integrate housing and homelessness plans, funding and strategies to ensure a consistent whole-of-government approach.
- #69. Implement specific measures to end child homelessness.
- #70. Implement the Lisbon Declaration in relation to addressing homelessness.
- #71. Increase the supply of social housing that better matches the size of homeless households and households in need of social housing.
- #72. Establish a new International Protection Support Service and end Direct Provision, as agreed by government.
- #73. Ensure that appropriate Traveller-specific accommodation is delivered.
- #74. Implement the *National Housing Strategy for Disabled People*.
- #75. Increase the supply of supported social housing and expand provision of care and support services for tenants living in general-needs social housing to meet the needs of disabled people and an ageing population of renters.
- #76. Address the housing needs of people as they age, recognising that we have an ageing population.

10.3 Creating Sustainable Communities

10.3.1 Background & Context

Creating sustainable communities is a well-established goal of housing policy in Ireland. *Quality Housing for Sustainable Communities Guidelines* (2007)²⁴² sets out objectives in providing quality, sustainable housing development. The National Planning Framework (NPF) establishes the policy objective of planning ‘for a more diverse and socially inclusive society that targets equality of opportunity and a better quality of life for all citizens, through improved integration and greater accessibility in the delivery of sustainable communities and the provision of associated services’.²⁴³ Key policy priorities for the housing sector under the NPF include building resilience through adaptability and accessibility of housing stock, and ensuring integration to deliver vibrant communities.

The 2024 *Sustainable Residential Development and Compact Settlements Guidelines for Planning Authorities* sets out policy and guidance in relation to planning and developing urban and rural settlements, with a focus on sustainable residential development and the creation of compact settlements.²⁴⁴ The guidelines expand on the NPF in relation to the creation of settlements that are compact, attractive, liveable and well designed. There is a focus on the renewal of settlements and on the interaction between residential density, housing standards and placemaking to support the sustainable and compact growth of settlements.

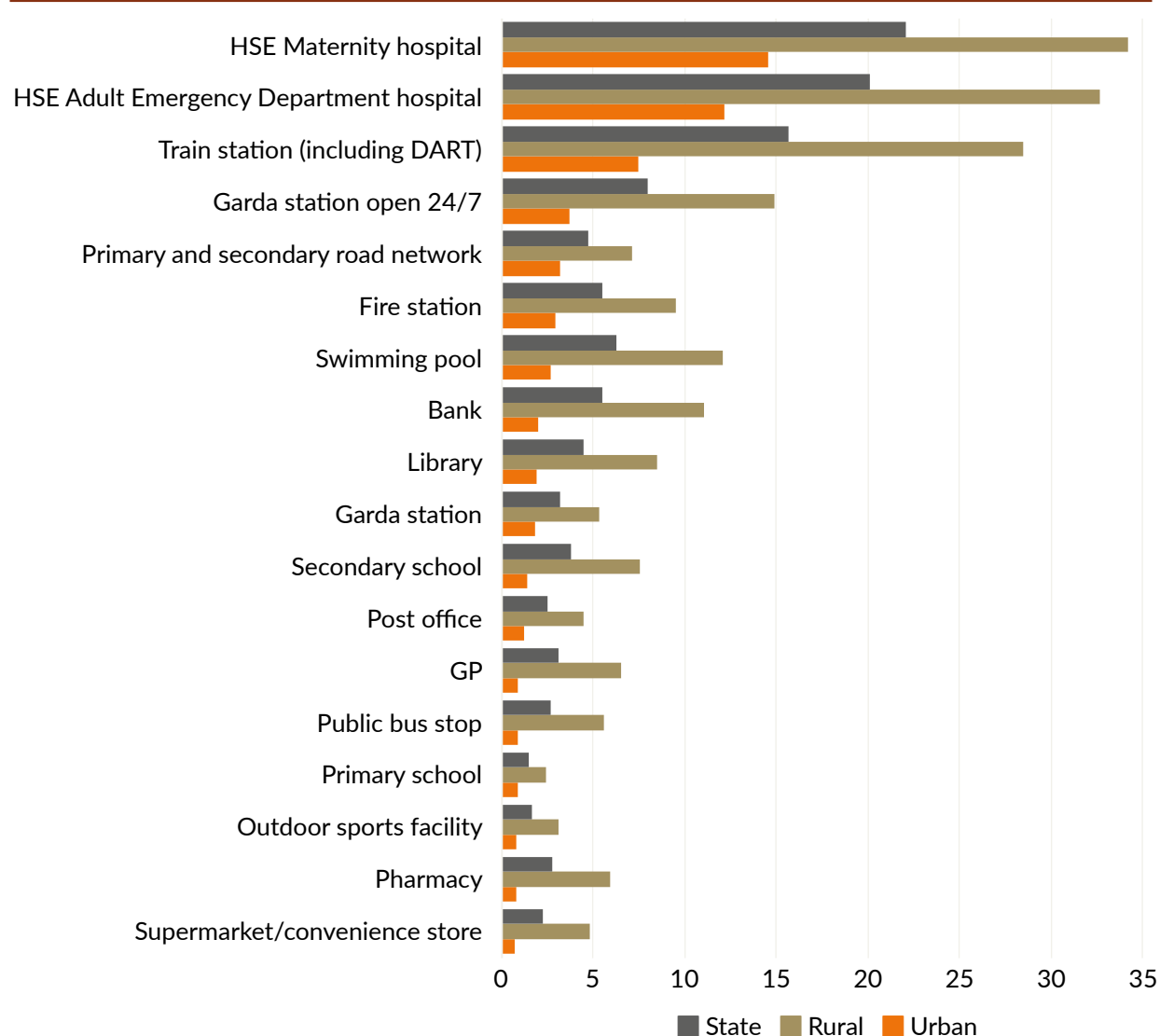
10.3.2 Analysis

The Commission emphasises the need for essential services to be planned for and developed in tandem with housing. Integrating social and physical infrastructure into housing development helps to create more sustainable communities. Infrastructure development should ensure that residents have access to essential services and good-quality amenities within a reasonable distance from their homes. Ireland’s settlement pattern has resulted in key services being located at a distance from housing, particularly in rural areas (see Figure 10.1).

242 Department of the Environment, Heritage and Local Government, ‘*Quality Housing for Sustainable Communities*’, 2007, p.7.

243 Government of Ireland, ‘*National Planning Framework*’, 2018, p.84.

244 DHLGH, ‘*Sustainable Residential Development and Compact Settlements Guidelines for Planning Authorities*’, 2024.

Figure 10.1: Average distance (km) of residential dwellings to everyday services, by state, urban and rural area

Source: CSO, 'Distance to Everyday Services'.

To achieve sustainable communities, key services need to be developed in tandem with housing. This can be achieved through compact settlements in urban and rural areas. Transport-oriented development presents an opportunity to achieve greater density by providing public transport options near housing development.²⁴⁵ Greater accessibility and connectivity of key services enhances the quality of life of residents, promotes inclusivity and avoids the need for environmentally unsustainable and time-consuming forms of transportation.

In addition to creating social and environmental benefits, providing physical and social infrastructure in tandem with housing brings economic benefits. Well-planned infrastructure will attract businesses to invest and become established in an area, contributing to local job

creation and sustainable forms of economic activity. It is critically important that physical and social infrastructure is designed in a way that is accessible to all members of the community in a fair and equitable manner, including minority groups, individuals with specific support needs and those with additional accessibility needs.

As noted earlier, mixed -tenure is also essential to achieving sustainable and inclusive communities. The social and economic benefits of mixed tenure are well documented. These are summarised in Table 10.1.

²⁴⁵ NESC, 'Transport-Orientated Development: Assessing the Opportunity for Ireland', 2019.

Table 10.1: Benefits associated with mixed tenure housing

Economic and Service Impacts	Community Effects	Social and Behavioural Effects	Overcoming Social Exclusion
• Better public services • Improved quality and quantity of private services • Increased economic activity	• Increased social interaction • Enhanced sense of community and place attachment • Reduction in mobility and greater residential stability	• Reduction in anti-social behaviour • Better upkeep of properties and gardens • Raised employment aspirations • Enhanced educational outcomes	• Reduction in area stigma • Increased connectivity with other places • Diverse social networks

Source: The Housing Agency.²⁴⁶

Social mixing can be achieved in practice through a variety of ways, including neighbourhood regeneration, building of social housing, affordable housing, private rental, and housing for sale together. Housing policy should ensure the achievement of mixed-tenure developments and avoid socio-spatial segregation. This should include the provision of social housing through mixed-tenure developments.²⁴⁷

An additional key enabler of sustainable communities is urban regeneration. An Urban Regeneration and Development Fund (URDF) was set up under the National Development Plan (2018-2027) with the aim of delivering more compact and sustainable development through urban regeneration.²⁴⁸ The scheme part-funds regeneration projects in Ireland's five cities and large towns. These schemes support the regeneration of urban centres, but also drive greater densification by supporting the development of brownfield sites which might be otherwise constrained due to viability concerns. The Commission notes a study published by the Land Development Agency (LDA) examining urban regeneration international case studies and associated best practice.²⁴⁹ Sustainable urban regeneration initiatives are those that succeed in areas such as:

- Sustainable energy
- Sustainable mobility
- Social and economic values / wellbeing
- Green infrastructure

Some examples of approaches to achieving sustainable urban regeneration include transit-

oriented development, diverse housing districts, carbon-neutral social housing, low-impact brownfield development and socially integrated mixed-use developments. The Commission supports the application of these approaches to achieve sustainable urban regeneration in Ireland.

Case Study – Vienna Housing

In the Vienna model of cost-rental housing, community wellbeing and support play a crucial role. Some key aspects of the system used in Vienna are outlined below.

Local government in Vienna ensures the provision of community services within its cost-rental housing system by:

1. Taking an integrated approach:

- Vienna's housing model emphasises an integrated approach that goes beyond merely providing cost-rental homes.
- Community workers, often known as housing managers, are integral to this approach.

2. Employing community workers:

Community workers in Vienna's housing developments perform several functions:

- **Tenant support:** They assist residents with various needs, including understanding lease agreements, resolving disputes, and accessing social services.
- **Social cohesion:** Community workers foster a sense of belonging and social cohesion among residents.

²⁴⁶ Hayden, A. and Jordan, B., 'Rebuilding the Irish Neighbourhood: How can we make mixed tenure communities work?', 2018.

²⁴⁷ Housing Agency, 'Social Housing in Mixed Tenure Communities', 2021.

²⁴⁸ DHLGH, 'Urban Regeneration and Development Fund', 2020.

²⁴⁹ Land Development Agency, Sustainable Urban Regeneration: Good Practice Analysis, 2023.

- **Conflict resolution:** They mediate conflicts and promote harmonious living within the community.
- **Community events:** They organise events, workshops and activities that bring residents together.
- **Quality of life:** The presence of community workers contributes to the overall quality of life in Vienna's housing developments. Their proactive engagement ensures that residents feel supported and connected.

3. Providing funding and promoting sustainability:

- Local government in Vienna allocates resources to employ community workers through its housing budget.
- The cost is justified by the long-term benefits of community wellbeing and reduced social tensions.

In summary, Vienna's commitment to community wellbeing within its cost-rental housing model exemplifies how housing policies can enhance resident's lives 'beyond mere housing'. Ireland can learn from Vienna's approach by integrating community workers into the housing system. Prioritising community support alongside housing leads to more sustainable and thriving neighbourhoods.

Immigration

Historically, Ireland has experienced high levels of emigration, as large numbers of young people sought employment opportunities overseas. Following Ireland's rapid economic development from the 1990s onwards, levels of emigration fell. Ireland began to see high levels of net inward migration in the mid-2000s before the effects of the economic crash resulted in a return to net outward migration from 2010 onwards (see Appendix 2C). The strong performance of the Irish economy in recent years has led to low levels of unemployment and a shortage of workers in many key areas. While EU citizens have an automatic right to live, work and study in Ireland, workers from non-EU countries can obtain employment permits to work here in areas where skills shortages exist.

Ireland's economy and labour market are open to internationally mobile labour, as individuals with key skills have the opportunity to live and work here. As is true for Irish emigrants living

abroad, these individuals bring vital skills and labour resources, which are essential to the proper functioning of the Irish economy and Irish society. One fundamental requirement of immigrants that come to live in Ireland is good-quality housing that is affordable. In the absence of an adequate supply of affordable housing, the growth potential of the Irish economy will be constrained.

The Housing Commission has estimated Ireland's housing requirements to mid-century and emphasises the need to provide enough housing to meet the needs of future immigrants to Ireland (see Section 2). It is critical that we provide housing both for people and families currently living in the country and for immigrants. The housing system must plan to meet this need.

An important consideration in this context is how housing policy can ensure that Ireland is a welcoming and attractive place to live and work. Integrating immigrants into our country to create sustainable and inclusive communities involves action by national and local government, state agencies, businesses, and communities. Fostering mutual understanding and respect between diverse groups supports the building of a more socially cohesive and inclusive society. Promoting an inclusive and welcoming society requires:

- ensuring sufficient and adequate housing for both our existing people and immigrants;
- recognising diversity as a strength rather than a challenge, while encouraging appreciation for different cultures, languages and backgrounds;
- creating an environment where immigrants feel they belong, and encouraging connections, friendships and a sense of community;
- ensuring that immigrants of all ages and genders feel accepted and valued;
- addressing any biases or stereotypes that may hinder integration;
- removing barriers and offering opportunities for immigrants to actively participate in community life;
- highlighting the positive contributions to our society that immigrants have made and will continue to make;
- ensuring adequate and fair access to housing-related services, as well as in areas such as education, social services, and healthcare.

Social work services in local authorities

The local authority social work service was reviewed in 2021.²⁵⁰ At the time of writing, this

²⁵⁰ Housing Agency, 'Review of Local Authority Social Workers and Personnel Employed to Assist Travellers with their Accommodation Needs', 2021.

service was focused specifically on Travellers in the vast majority of local authorities; only two large urban local authorities (Dublin City Council and South Dublin County Council) provided a broader social work or housing welfare service for their other tenants or applicants for housing. The review proposed a substantial programme of reforms, including the transformation of generic social work services.

Such a reformed service would provide local authorities with the capacity to conduct needs assessments of tenants and applicants for housing and refer them on to other services if necessary to ensure that their care and other support needs are met. This reform plan would ensure expansion and better management of care and support services for social housing tenants. Implementation of the recommendations of the review is essential.

The extension of access to all local authority tenants and clients who require social work intervention is a necessary and timely response to the rising number of vulnerable clients in this sector due to increased homelessness and additional legislative demands placed on local authorities, particularly in relation to child protection and adult safeguarding.

10.3.3 Recommendations & Actions

Recommendation #65:

Develop social infrastructure and amenities in tandem with housing.

Actions

1. Develop essential services in tandem with new housing.
2. Create compact and integrated communities in urban and rural areas to ensure closer proximity to key services.
3. Employ urban design practices that encourage social interaction within neighbourhoods.
4. Provide good-quality residential amenities in tandem with housing to support placemaking and the growth of sustainable communities, including appropriately integrated play and recreation spaces.
5. Ensure the designation of points of contact within local authorities to coordinate the effective development of physical and social infrastructure.

6. Invest in urban regeneration to revitalise urban centres and create vibrant communities, including increased investment in brownfield regeneration to address viability challenges (see Section 3).
7. Pursue transport-oriented development, with a view to encouraging use of public transport and reducing reliance on cars.
8. Ensure that housing development achieves people-friendly streets and spaces, considering the need for a safe and accessible built environment. This should include facilitating access and passage for pedestrians of varying abilities and for cyclists.
9. Preserve the architectural, cultural, and environmental heritage of locations where new housing development takes place.

Recommendation #66:

Ensure that housing policy encourages integrated and inclusive communities.

Actions

1. Promote mixed-tenure development in cities, towns and villages.
 - a. Enable the achievement of an appropriate mix of tenure types and income groups within housing developments.
 - b. Pursue measures to avoid mono-tenure developments and the segregation of minority groups.
2. Ensure fair and equitable access to housing.
 - a. Ensure that frontline services are provided in a manner that avoids discriminatory treatment. This should include providing cultural awareness training for staff.
 - b. Allocation processes for social housing, cost-rental housing and support services should be fair and equitable.
3. Foster the integration of minority ethnic communities by creating inclusive neighbourhoods.
 - a. Develop and integrate local and national community integration plans.

- b. Facilitate the integration of minority groups and cohorts of the population that may be at risk of social isolation. The education sector is an exemplar in this regard.
- 4. Provide community workers for social and cost-rental housing developments.
- 5. Local authorities, AHBs and the LDA should provide community workers and housing managers to support community development in social and cost-rental housing, like the approach taken in Vienna.

Recommendation #67:

Reform the local authority social-work service to better identify and meet the needs of vulnerable tenants and applicants for housing.

Actions

1. The DHLGH should work with local authority chief executives and social work representatives to formulate a joint vision for a new role for social-work services.
2. A reformed social-work service should be available to all local authority tenants, applicants for housing and other clients who require social-work intervention, such as people who are homeless and HAP claimants.
3. A clearly defined threshold and criteria for referral to this service should be established and referrals should be made solely based on need.
4. Travellers should have equitable access to the local authority social-work services based on need in the same way as any other clients, but they should not be obliged to use this service. Current arrangements for the automatic referral of Travellers to a dedicated Traveller social worker based on their ethnicity should be discontinued.
5. The social workers required in each local authority should reflect both the number of potential service users and service needs and demands.

10.4 Homelessness in Ireland

10.4.1 Background & Context

Homelessness refers to the circumstances of individuals and families that lack a stable, safe, affordable, and permanent place to live. There is no universally accepted definition of homelessness. The legal definition of homeless in Ireland is set out in the Housing Act 1988:

'A person shall be regarded by a housing authority as being homeless for the purposes of this Act if –

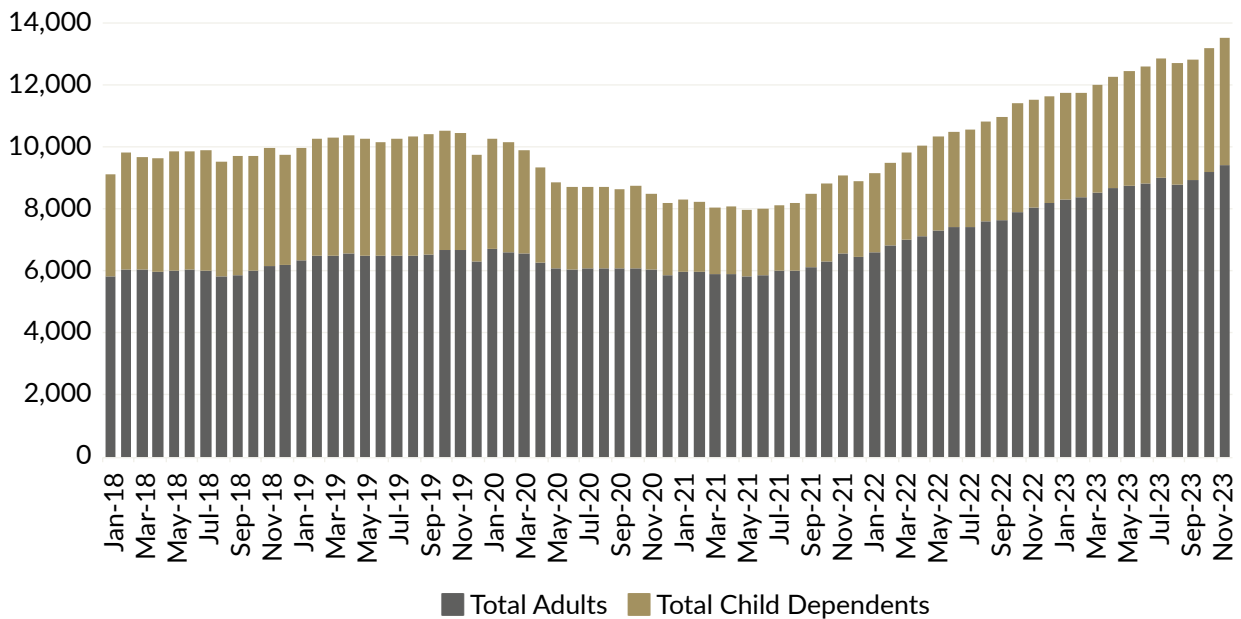
(a) there is no accommodation available which, in the opinion of the authority, he, together with any other person who normally resides with him or who might reasonably be expected to reside with him, and reasonably occupy or remain in occupation of, or

(b) he is living in a hospital, county home, night shelter or other such institution, and is so living because he has no accommodation of the kind referred to in paragraph (a),

and he is, in the opinion of the authority, unable to provide accommodation from his own resources.'

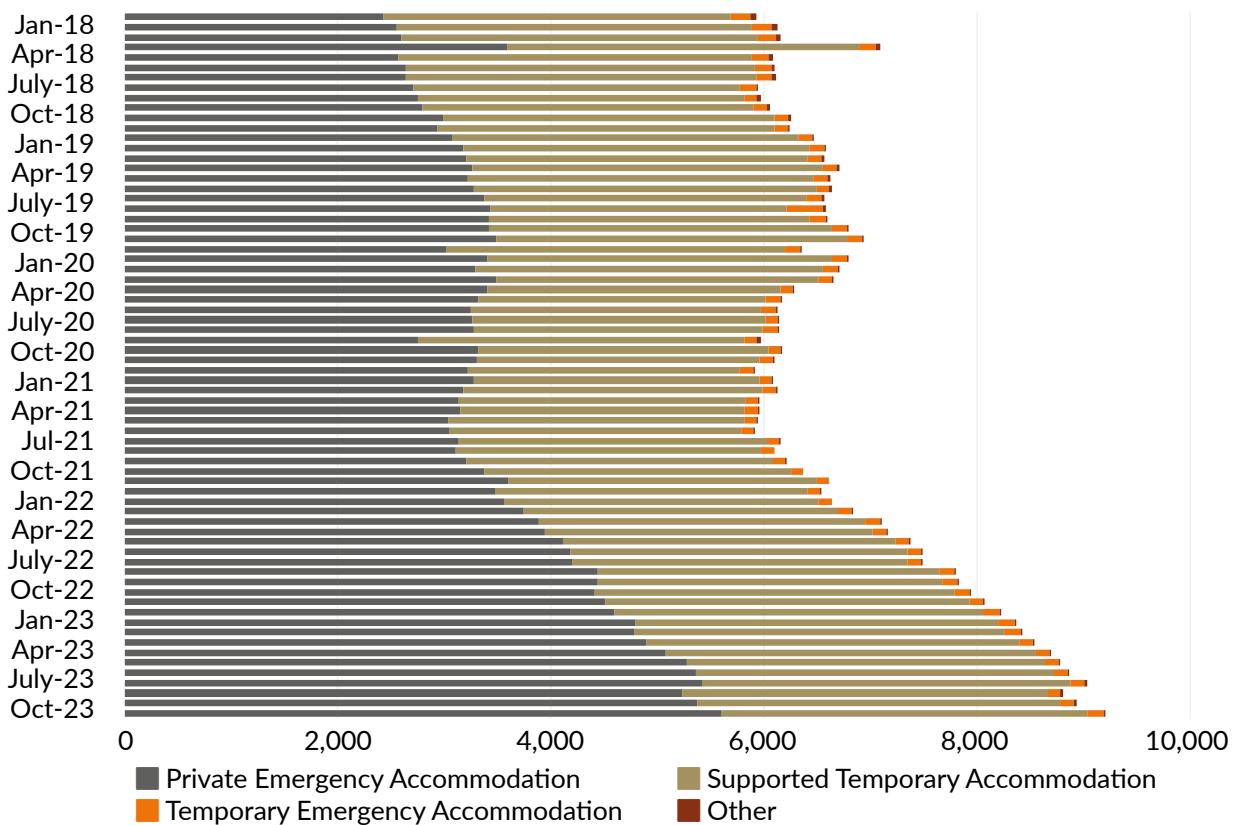
Homelessness is a complex social issue that is multi-faceted and can result from a combination of factors including financial hardship, family breakdown, mental health challenges, substance dependence and abusive relationships. While homeless individuals may struggle to maintain stable accommodation for a variety of reasons, at a fundamental level homelessness is caused by broader structural problems such as economic factors or a lack of affordable accommodation.

Ireland has experienced record levels of homelessness in recent years. The number of adults and children who were homeless at the end of November 2023 was 13,514, of whom 4,109 were children. Figure 10.2 shows the increase in the number of adults and child dependents accessing emergency accommodation in recent years.

Figure 10.2: Number of homeless adults & children

Source: DHLGH, 'Homelessness Report'.

Emergency accommodation for homeless people is funded by local authorities. A majority of individuals accessing homeless services are accommodated in private emergency accommodation (see Figure 10.3). This may include hotels, B&Bs or other residential facilities used on an emergency basis. Most others accessing homeless services are accommodated in supported temporary accommodation. This is provided by specialist non-governmental organisations that work with homeless people. Most homeless people who access emergency accommodation do so in Dublin. However, homelessness affects all regions across Ireland (see Appendix 10A).

Figure 10.3: Homeless accommodation provision by type of accommodation

Source: DHLGH, 'Homelessness Report'.

Government policy on homelessness

Housing for All is both a housing strategy and a homelessness strategy. This integrated approach to housing and homelessness is consistent with the preceding national housing strategy, *Rebuilding Ireland*. Whereas in the past homelessness strategies tended to focus almost exclusively on providing emergency accommodation, an integrated strategy can make clear linkages between increasing the supply of housing and meeting the needs of people experiencing homelessness. This enables government to focus on exits to permanent housing and the prevention of homelessness for people in existing accommodation. Despite the availability of increased social housing stock since the inception of *Housing for All*, there has been no corresponding increase in allocations to people who are homeless. In addition to *Housing for All*, there is a dedicated *Youth Homelessness Strategy* (see Appendix 10B).

Housing First

Housing First is a key government programme designed to address long-term homelessness. It is intended for people who experience rough sleeping and long-term users of emergency homeless accommodation with complex needs in areas such as mental health and addiction. Based on an international best-practice model, Housing First moves people who are homeless directly into permanent housing and provides them with intensive wraparound tenancy and health supports to assist them to retain their home. The Housing First National Implementation Plan 2022-2026 aims to provide an additional 1,319 Housing First tenancies by the end of 2026. It sets out annual targets for every local authority in the country. Housing First has worked well in Ireland since being introduced, with a success rate (i.e. tenancy retention rate) of over 85%. This compares favourably with similar programmes in other countries.

The Lisbon Declaration

On 21 June 2021, the Minister for Housing, Local Government and Heritage, with Government support, signed the Lisbon Declaration on the European Platform on Combatting Homelessness.²⁵¹ This declaration commits all signatories, including Ireland, to work towards the ending of homelessness by 2030, so that:

- No-one sleeps rough for lack of accessible, safe and appropriate emergency accommodation.
- No-one lives in emergency or transitional accommodation longer than is required for

successful move-on to a permanent housing solution.

- No-one is discharged from any institution (e.g. prison, hospital, care facility) without an offer of appropriate housing.
- Evictions should be prevented whenever possible and no-one is evicted without assistance for an appropriate housing solution, when needed.
- No-one is discriminated against due to their homelessness.

10.4.2 Analysis

It is important that Ireland clearly sets out how it intends to achieve the ambitious target in the Lisbon Declaration of ending homelessness by 2030. Ireland's approach to achieving the aims of the Lisbon Declaration should involve the alignment of four interconnected pillars:

- increasing housing supply and taking immediate actions to address the housing deficit;
- preventing homelessness from occurring in the first place due to evictions and discharges from institutions;
- providing emergency accommodation for those who become homeless;
- helping people to exit homelessness by providing them with secure affordable homes.

While the root causes of homelessness are complex and multi-faceted, the Commission regards Ireland's worsening homelessness crisis as having been exacerbated by insufficient levels of social housing supply over the period since the housing bubble and economic crash. Adequate availability of social homes is critical to enable individuals and families who live in emergency accommodation to permanently exit from homelessness.

By providing a secure and affordable place to live, social housing helps to break the cycle of homelessness, offering a stable foundation for individuals to address other challenges. Substantially increasing the supply of social housing is of critical importance in addressing Ireland's homelessness crisis over the coming years and would be the best means of achieving the aims of the Lisbon Declaration.

While there is a clear need for increased provision of social housing to address homelessness in Ireland, it is of critical importance that such housing be affordable and appropriate to the needs and preferences of tenants. Social housing projects

²⁵¹ European Commission, 'Lisbon Declaration on the European Platform on Combatting Homelessness', 2021.

should be planned and designed to integrate residents into communities, fostering a sense of belonging and reducing the social isolation that can be associated with recovery from homelessness.

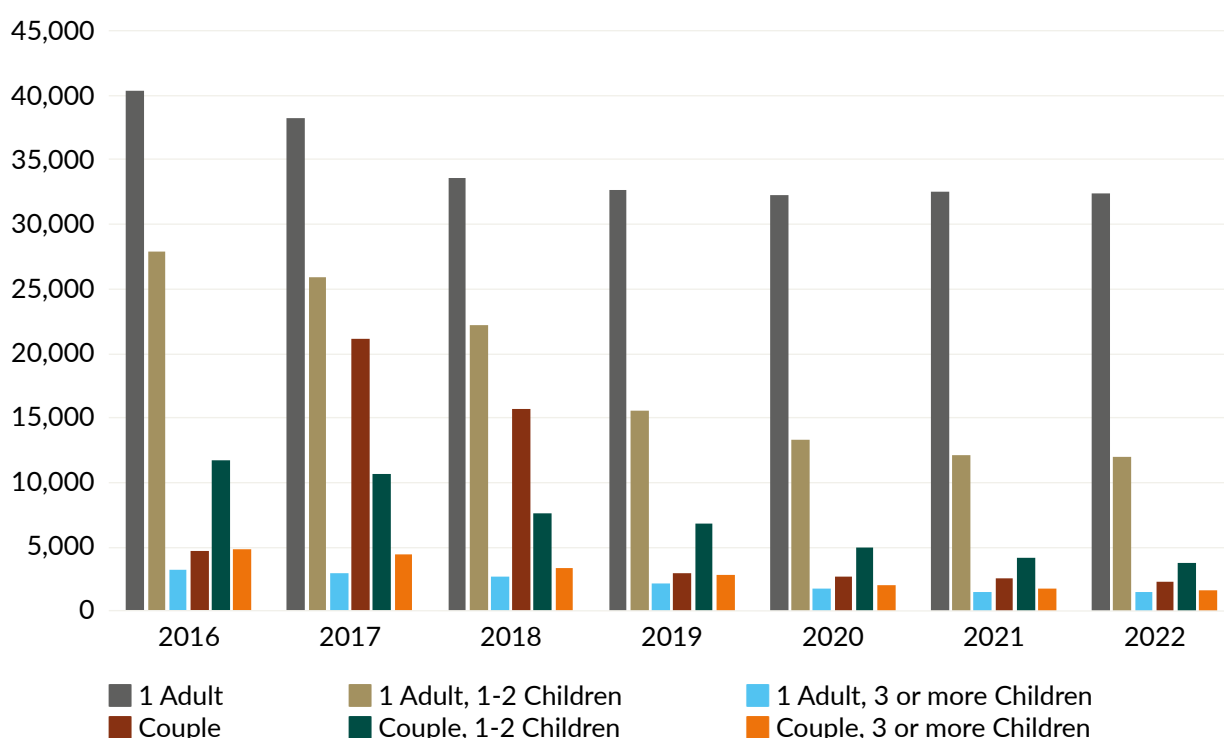
The profile of new social housing output should also closely match the size of households that are homeless and those on the social housing waiting list. Figure 10.4 shows that the type of social housing currently provided does not reflect the needs of households on the waiting list for access. There is a shortage of appropriately sized dwellings for smaller one- and two-person households and larger 5+ person households, and for those with care or support needs.

In 2021, 12.5% of the dwellings provided contained one bedroom, 35% two bedrooms, 42% three bedrooms and the remainder four or more bedrooms. This points to a marked undersupply of one-bedroom social homes and large 4+ bedroom dwellings, compared to need.

Most of the stock of social housing consists of dwellings with three or more bedrooms, while single-person households accounted for 54.9% of the households on waiting lists for social housing in 2020. Single-person households also account for the majority of those accommodated in emergency accommodation for homeless people. The number of large households in need of social housing has declined, while the proportion of single-person households on social housing waiting lists has risen.

The proportion of those on the waiting list due to being homeless or living in emergency accommodation, requiring separate accommodation and having a disability has also increased. It is important to ensure that there is adequate availability of one- and two-bedroom dwellings for people on the social housing waiting list to align with societal needs and to ensure the efficient allocation of resources when investing in new social housing stock.

Figure 10.4: Social housing need by household composition



Source: Housing Agency, various years.²⁵²

²⁵² Data sourced by the Housing Commission. The household definitions used in the assessment of social housing need have changed on three occasions since 1991. The current definition of housing need is referenced in [Section 23 of the Social Housing Assessment Regulations 2011, S.I. 84/2011](#).

In addition to supplying social housing that matches the needs of residents, it is also necessary to improve the administrative processes associated with allocating social housing. The allocation process for local authority and AHB social homes is inefficient and must be streamlined to avoid delays and the underuse of social housing stock. Delays in allocating social housing for people who are exiting homelessness are disruptive, putting the transition to more secure accommodation at risk. While local authorities have specific waiting lists for homeless people, the degree of prioritisation that homeless people are given in the allocation of social housing can vary across local authorities. This can result in inconsistencies and a lack of fairness in the allocation of social housing to homeless people. It is critical that people who are homeless and are most at risk be appropriately prioritised when it comes to apportioning allocations from increases in social housing provision, and that there be greater consistency in doing so across local authorities.

Implementation of Housing First

The alignment of funding by the DHLGH, the Department of Health and the Health Service Executive (HSE) presents a key challenge for implementing Housing First. While funding for homeless services provided by the DHLGH to local authorities under the terms of Section 10 of the Housing Act 1988 has been available to fully fund housing and tenancy supports, there have been some challenges in securing sufficient 'Section 39' health funding through the HSE to provide the full complement of health supports required.

There is no dedicated budget line for this purpose in the HSE Service Plan and there is no commitment of multiannual funding. As Housing First tenants may need support for the rest of their lives, the provision of a sustainable health funding model for Housing First is essential for its growth and its continuity for existing tenants.

As the beneficiaries of Housing First are predominantly one-person households, the main challenge for delivering Housing First is the provision of one-bed properties in the community. Despite increasing social housing supply, the availability of one-bedroom properties remains limited. This presents a challenge to Housing First service providers in terms of securing sufficient access to properties to meet their Housing First targets. In this regard, the DHLGH has examined the pipeline of one-bed properties through the Housing Delivery Action Plans.

The DHLGH has also supported initiatives to expand the availability of one-bed properties, including through market acquisitions by the Housing Agency Acquisition Fund and the Targeted Leasing Initiative. However, a greater focus on the supply of one-bed properties is required to ensure there is a sufficient supply of appropriate homes.

10.4.3 Recommendations & Actions

Recommendation #68:

Integrate housing and homelessness plans, funding and strategies to ensure a consistent whole-of-government approach.

Actions

1. Integrate and coordinate cross-Departmental service plans, budgets and strategies on homelessness.
2. Establish a dedicated budget line in HSE Service Plans for support services for homeless people.
 - a. This should include multiannual budgetary planning and investment programmes.
 - b. Ensure adequate funding and capacity for health services and support services for homeless people.
 - c. Gather data on the causes of homelessness and the effectiveness of interventions to address homelessness.
3. Align the strategic policy aims and objectives of future national strategies and plans with a homelessness dimension.
4. Support and implement the Youth Homelessness Strategy.
 - a. Properly resource the Youth Homelessness Strategy and set more ambitious targets.
 - b. Invest in organisations and programmes that prevent youth homelessness.
 - c. Integrate support services in areas such as education, counselling and job training for young people who have experienced homelessness or may be at risk of entering homelessness.

Recommendation #69:**Implement specific measures to end child homelessness.****Actions**

1. Ensure adequate provision of housing and other supports for children and parents in need of a home.
 2. Increase the availability of affordable housing options for families, ensuring that housing costs are manageable for parents.
 3. Prioritise meeting the needs of children who are homeless in the allocation of social housing. This can be achieved through extending the local authority social-work service. Local authority social workers could do assessments to identify cases for priority access to social housing.
 4. Allocate additional resources to fund support services for children who experience homelessness, including education and counselling supports.
 5. Strengthen family support services, particularly health, education, and childcare assistance, for families with children that experience homelessness.
 6. Provide advice and counselling supports to families that experience financial hardship or who may be at risk of losing their home.
 7. Review the legal definition of homelessness. This should ensure that families and children living in inadequate or intolerable conditions are not omitted.
- b. Provide permanent housing solutions for homeless individuals and families so that no-one lives in emergency or transitional accommodation for longer than is required.
 - c. Ensure adequate spare capacity is maintained to facilitate the housing of individuals who have been newly discharged from institutional settings.
 - d. Avoid evictions where possible and provide housing solutions to meet the needs of individuals and households that become homeless due to eviction.
 - e. Ensure fair access to housing and equitable treatment for people who have experienced homelessness.
 2. Increase substantially the supply of social and affordable housing to address homelessness by the end of the decade.
 3. Develop new policy coordination initiatives on homelessness, including cross-Departmental coordination and increased investment.
 4. Leverage EU initiatives such as the European Platform on Combatting Homelessness to gain insights on successful approaches to addressing homelessness in other European countries. This should include the sharing of information on best practices and identifying efficient and innovative approaches.

Recommendation #70:**Implement the Lisbon Declaration in relation to addressing homelessness.****Actions**

1. Implement the key measures in the Lisbon Declaration.
 - a. Ensure adequate availability of accessible, safe and appropriate emergency accommodation so that no-one sleeps rough.

Recommendation #71:**Increase the supply of social housing that better matches the size of homeless households and households in need of social housing.****Actions**

1. Ensure that new social housing output closely matches the household sizes and needs of people who are homeless, especially by providing one- and two-bed homes and larger, family-sized properties. The social housing delivery programmes of local authorities and AHBs should provide an appropriate share of one- and two-bedroom homes, in line with local needs.
2. Provide an appropriate level of large dwellings to accommodate the relatively

small number of large households in need of social housing with five or more bedrooms. This should be a particular focus in urban settings.

3. Develop the Housing Need and Demand Assessment (HNDA) process to identify the requirements in relation to homeless households, including the types and sizes of homes required.
4. Reform the planning and funding approval processes for social housing. This is crucial to ensure that the size of dwellings aligns more closely with actual need.
5. Enable the conversion of larger social homes into smaller homes where appropriate.

10.5 Refugees and International Protection Applicants

10.5.1 Background & Context

The emergency accommodation system has experienced capacity constraints due to additional demand for services from individuals seeking international protection and asylum. The refugee crisis brought about by the invasion of Ukraine has resulted in unprecedented levels of demand for emergency accommodation services across Europe. As of late 2023, 4.27 million non-EU citizens who had fled Ukraine had temporary protection status in EU countries.²⁵³ Ireland has played its part in this effort, with 96,338 arrivals from Ukraine to Ireland by 8 October 2023.²⁵⁴

While Ukrainian refugees can obtain protection through the EU's temporary protection framework,²⁵⁵ international protection applicants go through the standard application process. In 2022, a total of 13,651 first-time applications for asylum were received by the Irish International Protection Office, a 415% increase on the total number of applications made in 2021.²⁵⁶ A further 13,277 applications were made in 2023.²⁵⁷

Migrants who come to Ireland seeking international protection (asylum-seekers) are housed in direct provision centres. The system of direct provision centres and the international protection system have been subject to a major review. In early 2021, the White Paper to End Direct Provision and to Establish a New International Protection Support Service

(the White Paper) was agreed by Government and published. Underpinning this reform is a commitment that the new system will provide accommodation, health, education, income support and other service needs, and will be both professional and grounded in a human rights-based approach. Ireland, as a member of the UN and the EU, is committed to providing safe, lasting refuge to those who seek protection due to war, persecution and migratory pressures. The White Paper sets out the need for a new permanent, professional and applicant-centred system of accommodation and support for those seeking international protection status, which will enable the State to fulfil its international commitments now and into the future.

10.5.2 Analysis

In 2022 and 2023, the context in which the reform of the international protection system was to take place changed fundamentally. There has been a substantial increase in the number of people coming to Ireland seeking international protection, as well as an unprecedented number of refugees resulting from the war in Ukraine. This has changed the context of how the White Paper is to be implemented. Ukrainian refugees have come to occupy many of the same types of premises that might otherwise be used to house international protection applicants, in particular hotels, B&Bs and guest houses.

As a result of unprecedented levels of demand, the emergency accommodation sector has been mobilised to meet immediate accommodation needs. The fact of capacity constraints in the system can result in asylum-seekers being housed in inappropriate settings, and shortcomings in areas such as availability of local services and community engagement. If the asylum system is to function effectively in the longer term a strategy and a process of reforms are needed to facilitate this. The system must transition from an emergency response phase to a more sustainable and policy-appropriate phase. This should lead to the fostering of integrated communities through long-term investment and planning, while drawing on lessons learnt internationally.

To promote a welcoming and inclusive society, the United Nations High Commissioner for Refugees (UNHCR) Integration Handbook states that 'an environment that promotes solidarity, diversity

²⁵³ See: Eurostat, 'Temporary protection for persons fleeing Ukraine – monthly statistics', 2023.

²⁵⁴ See: CSO, 'Arrivals from Ukraine in Ireland Series 11', 2023.

²⁵⁵ The EU Council activated the Temporary Protection Directive (2001/55/EC) on 4 March 2022 to provide immediate protection in EU countries for people displaced by the Russian invasion.

²⁵⁶ European Migration Network, 'Annual Report on Migration and Asylum 2022'; European Union: 'European Migration Network, Report, 2023.

²⁵⁷ International Protection Office, 'Statistical Report, December 2023'.

and openness is essential for resettlement to grow sustainably. The arrival of refugees can trigger positive social and economic changes, transform civic culture and local institutions, and promote social cohesion, particularly when local communities are engaged in welcoming them.²⁵⁸

In welcoming refugees to Ireland, it is critical to promote social cohesion and achieve integrated communities. Achieving these objectives requires actions at both the community and governmental level. Government has a key role in fostering a welcoming environment by setting the overall legislative and policy approach, and by providing funding to support capacity-building activities in receiving communities.

As integration occurs at the local level, it is critical that communities be prepared to welcome and support groups that seek refuge in Ireland. It is incumbent on us to ensure that we provide the level of housing required for everyone, while promoting integration and inclusivity. It is also critical that there be an appropriate level of investment in communities that are providing homes and supports.

Addressing the housing needs of all groups is a vital element of a sustainable housing system. This is true for international protection applicants and refugees, as well as for other groups in society. Refugees and asylum-seekers should be housed in a manner that enables integration into the wider community, and they should be able to live their lives in a fulfilling way. This necessitates the provision of appropriate accommodation and essential services. Children in particular need to be able to develop and grow in a normal way. The implementation of the model and principles set out in the White Paper for the international protection system is essential to creating a sustainable housing system for all.

The White Paper should remain the primary basis for reform of the international protection accommodation system. It is the realisation of a commitment in the 2020 Programme for Government to end the Direct Provision system and replace it with a new International Protection Support Service, centred on a not-for-profit approach. There is a danger that the change of circumstances observed over the last two years may create a perception that the White Paper is no longer a suitable basis for reform of the system. It is therefore imperative that the new model set out in the White Paper be reviewed to ensure that it is realisable in practice.

10.5.3 Recommendation & Actions

Recommendation #72:

Establish a new International Protection Support Service and end Direct Provision, as agreed by government.

Actions:

1. Review and amend as necessary the approach to implementing the White Paper to End Direct Provision and to Establish a New International Protection Support Service.
2. Make the new model set out in the White Paper and relevant guiding principles central to any revised approach.
3. In relation to children, the 'best interests' principle needs to be the primary consideration governing decisions in the design, location and management of accommodation sites and settings.
4. Establish a new agency to take responsibility for accommodation provision and the delivery of integration supports. This should be a medium-term objective. In the meantime, the Government needs to expedite the development of a new system.
5. Ensure a level of spare accommodation capacity is available to respond to unforeseen crises and emergency situations.

10.6 Traveller-specific Accommodation

10.6.1 Background & Context

In 2017 the Government conferred official recognition on Travellers as an ethnic group, acknowledging the uniqueness of their culture and identity. Irish Travellers are protected from discrimination by the Equality Act 2010 and the Human Rights Act 1998. Nevertheless, they still experience housing inequity compared to the total population. The 2022 Census enumerated 32,949 Irish Travellers usually resident in the State, which equates to 9,448 households. Figure 10.5 below shows that the numbers of Irish Travellers and Irish Traveller households have increased at each census since 2011.

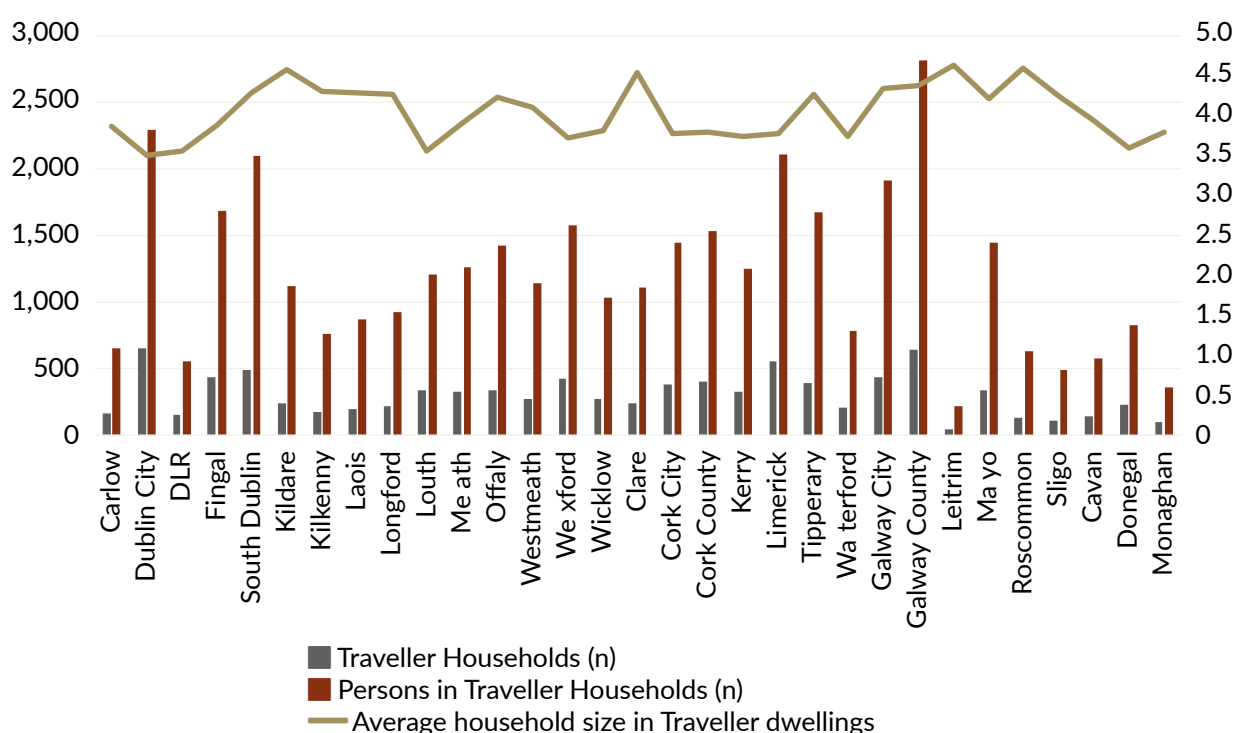
258 'Promoting welcoming and inclusive societies', UNHCR Integration Handbook.

Figure 10.5: Irish Travellers enumerated in the 2011, 2016 and 2022 Censuses (n)

Source: CSO, Irish Travellers Data, 2022.

The average size of Traveller households is larger than for the total population, averaging four people per household compared to the average size of 2.75 for the total population. Figure 10.6 provides a breakdown of the average number of people per Traveller household in the 31 local authorities.

Figure 10.6 shows that the largest numbers of Traveller households were in Dublin, Limerick and Galway. Dublin City had the smallest average household size at 3.5, followed by Louth, Dún Laoghaire-Rathdown and Donegal at 3.6 each. The largest household sizes were in Leitrim, Roscommon and Kildare, at 4.6, and Clare at 4.5. Table 10.2 provides the drawdown for Traveller-specific accommodation for each local authority between 2018 and 2022. The levels of drawdown for Traveller-specific accommodation have been inconsistent over time and across local authorities.

Figure 10.6: Number of Irish Traveller households, persons living in households and average household size in Traveller dwellings, 2022

Source: Housing Agency, 'Summary of Social Housing Assessments', 2022.

Table 10.2: Traveller-specific accommodation spending by local authority

	2018	2019	2020	2021	2022
	€	€	€	€	€
Carlow	0	381,898	206,986	0	43,723
Cavan	0	94,500	13,114	518	117,616
Clare	13,250	669,389	174,032	954,403	423,644
Cork City	180,250	42,319	1,504,850	520,881	1,751,577
Cork County	0	184,745	133,684	55,496	355,809
Donegal	52,775	0	245,598	89,531	531,711
Dublin City	744,400	895,197	2,066,977	351,661	1,560,112
Dún Laoghaire-Rathdown	1,099,940	32,834	747,750	371,077	568,397
Fingal	886,957	848,957	486,858	3,423,575	814,257
Galway City	0	0	861,334	2,005,132	647,735
Galway County	267,032	670,440	1,107,714	284,443	697,261
Kerry	62,538	75,131	15,773	80,165	2,733,143
Kildare	29,510	360,231	261,110	32,588	219,305
Kilkenny	60,067	408,856	125,638	145,184	635,088
Laois	0	0	192,520	129,826	1,207,103
Leitrim	54,306	0	375,635	0	379,689
Limerick	470,997	1,424,782	2,370,922	2,284,555	133,949
Longford	0	0	0	406,014	201,661
Louth	3,810	341,863	287,087	15,000	270,661
Mayo	0	0	215,951	591,614	387,204
Meath	0	91,790	58,845	927,111	965,435
Monaghan	54,745	0	423,201	413,028	558,271
Offaly	10,999	692,329	499,833	246,126	361,604
Roscommon	102,274	73,843	148,168	96,829	1,108,296
Sligo	282,883	1,131,397	1,193,489	86,345	561,328
South Dublin	1,284,101	106,719	284,390	358,873	407,616
Tipperary	42,003	0	156,731	873,547	2,51,098
Waterford	472,726	77,562	14,549	173,817	200,039
Westmeath	0	0	114,326	0	0
Wexford	0	52,870	30,382	113,610	217,399
Wicklow	88,783	0	180,305	469,014	489,107
Total	6,264,346	8,657,652	14,497,652	15,599,963	20,599,645

Source: DHLGH, Traveller Accommodation, 2023.

Table 10.2 shows that spending on Traveller-specific accommodation has increased from just €6,264,346 in 2018 to €20,599,645 in 2022. However, spending by local authorities on Traveller-specific accommodation can vary considerably. Kerry County Council spent €2.7m on such accommodation in 2022, the largest of any single local authority. By contrast, Westmeath County Council did not draw down any funds for Traveller-specific accommodation in four out of five years over the 2018-2022 period. While the full national spend of the Traveller accommodation budget has been achieved for the years 2020, 2021 and 2022,²⁵⁹ there continue to be considerable problems in relation to the supply and delivery of Traveller-specific accommodation.

10.6.2 Analysis

The Traveller Accommodation Expert Review, published in 2019, identified persistent and serious problems in relation to the supply of affordable, good-quality and culturally appropriate accommodation for Travellers. Although the Expert Group acknowledged that the number of Traveller families living in mainstream social housing had increased in recent years, it raised concerns that homelessness among this population remained extremely high.

In addition, the Expert Group highlighted an increase in the numbers of Traveller households sharing accommodation and living in overcrowded conditions in recent years, together with a longstanding weak record of delivery of Traveller-specific accommodation (such as halting sites and group housing schemes) by local authorities and AHBs. Due to the latter factor, there is an undersupply of accommodation that is appropriate for the Travellers' culture of nomadism and extended family living.

The Expert Group's analysis of the primary causes of these problems concluded that the funding for Traveller accommodation provided by central government is broadly sufficient and that the legislation that underpins the provision of accommodation for Travellers – the Housing (Traveller Accommodation) Act 1998 – was well designed and robust. However, it identified marked deficits in the implementation of these policies, as evidenced by the failure of local authorities to deliver a considerable proportion of the Traveller-specific accommodation they have planned for, and to draw down the funding provided by the Department of Housing Local Government and Heritage (DHLGH) for this purpose. It also highlighted very low delivery of Traveller-specific accommodation by AHBs.

The Expert Group made 32 recommendations to address these implementation deficits. These address four key themes:

- Delivery reflecting need – to address deficiencies in how information is gathered and used
- Planning – to remove any potential delays and obstacles in the planning system that impede delivery of accommodation
- Capacity and resources – to increase resources and delivery capacity
- Governance – to strengthen governance arrangements

In 2021 a Programme Board, consisting of representatives from the DHLGH, local authorities and Traveller representative groups, was established to oversee the implementation of the recommendations in the Traveller Accommodation Expert Review. The quarterly reports issued by the Programme Board since then reveal strong progress in this regard. It initially focused on 24 of the Expert Group's recommendations. According to its April 2023 report, to date 10 of these 24 recommendations had been implemented, and good progress made on implementing 10 others.

The annual Summary of Social Housing Assessments (SSHA) records data on requests for Traveller-specific accommodation. Prior to 2022, local authorities recorded the number of households they identified as Traveller, rather than the number that specifically required Traveller accommodation, leading to an overestimation in the amount of Traveller-specific accommodation required.

In response to a recommendation by the Traveller Accommodation Expert Review, a Traveller identifier was added to the SSHA in 2022. This allows more accurate recording of the specific accommodation requirements of Travellers who identify as such. A total of 124 households identified as Travellers in the 2022 SSHA. Table 10.3 provides information on their accommodation requirements.

²⁵⁹ Minister for Housing, Local Government and Heritage, 'Traveller Accommodation', 2023.

Table 10.3: Preferred housing options of Travellers, 2022

Preferred Housing Options	No. of Households	%
Standard local authority or AHB housing	96	77.4
No housing option specified	16	12.9
Halting site/bay in permanent residential caravan park	4	3.2
Traveller group housing	4	3.2
Private rented accommodation	4	3.2
Total	124	100

The Traveller identifier will help to inform the amount of Traveller accommodation needed in each local authority area. While the implementation of the recommendations of the Expert Review is very welcome, the long and sustained record of low levels of delivery of Traveller-specific accommodation suggests that concerted action to compel delivery of this type of accommodation is required. Notably, the Traveller Accommodation Expert Review recommendations intended to achieve this have not yet been implemented. This should be addressed by the DHLGH.

10.6.3 Recommendation & Actions

Recommendation #73:
Ensure that appropriate Traveller-specific accommodation is delivered.

Actions

1. Implement Recommendation B2 of the Traveller Accommodation Expert Review: 'Put in place the legislative provisions to suspend the reserved function of elected members for approval of Part 8 proposals for Traveller accommodation, and also to suspend the reserved function relating to the agreement to dispose of land for the purposes of developing Traveller accommodation and provide these as executive functions. This suspension should be reviewed after five years.'
2. Implement Recommendation D1 of the Traveller Accommodation Expert Review: 'Establish a National Traveller Accommodation Authority that would oversee the implementation of policy on the provision of accommodation for Travellers

and of appropriate funding and staff to enable the authority to fulfil its functions.'

3. Ensure that the size of new social housing more closely reflects the size of homeless households and those on the social housing waiting list. This would help to address the high levels of homelessness among Traveller families. The Expert Group reported that, due to their relatively large size, many Traveller families had difficulty in securing suitable HAP-funded accommodation and suitable social housing. For this reason, Traveller families are over-represented in emergency accommodation for homeless people and tend to remain longer in this accommodation than smaller households.
4. Expand the numbers of community liaison officers employed by local authorities to work with Travellers. These staff could take responsibility for some of the support services formerly provided by the local authority social workers to this community.

10.7 Housing for People with Disabilities

10.7.1 Background & Context

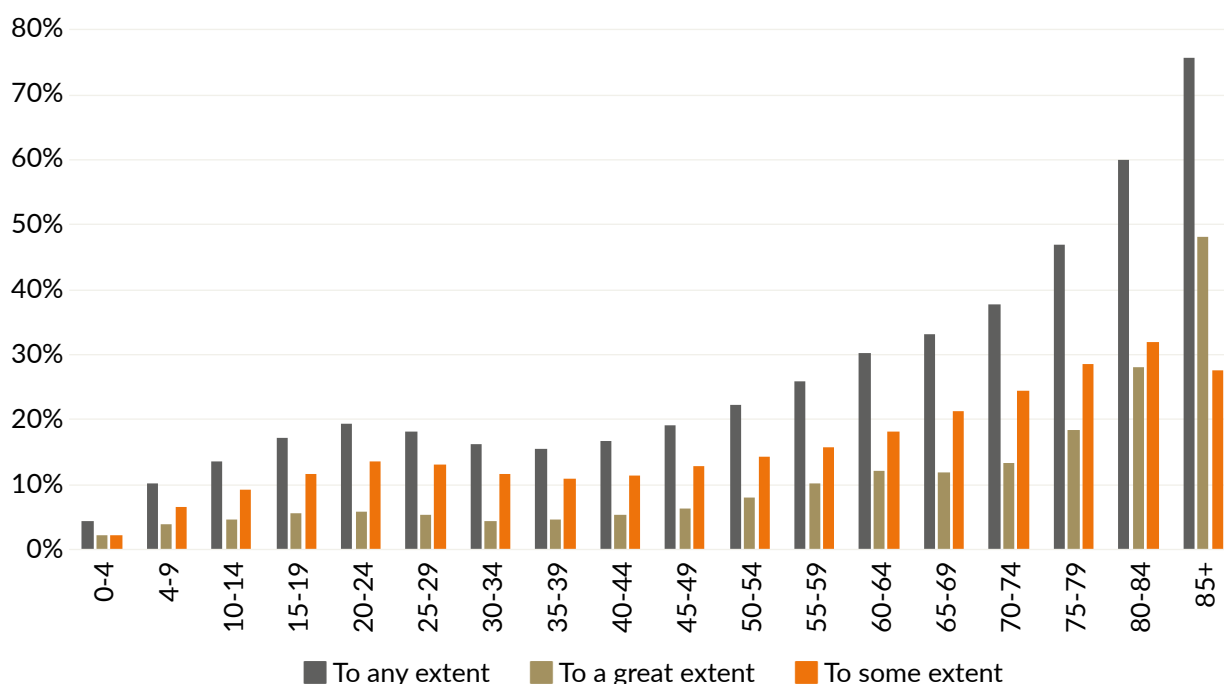
In the 2022 Census of the Population, 13.6% of the total population reported that they had a long-lasting condition or difficulty 'to some extent', while a further 7.9% reported that they had a long-lasting condition or difficulty 'to a great extent'. Overall, 21.5% of the population reported having a long-lasting condition or difficulty to any extent, i.e. either to some extent or to a great extent. While one in five people in Ireland report having a long-lasting condition or difficulty, the prevalence of disability can vary considerably for different age cohorts.

While 4.2% of children under the age of four have a long-lasting condition or difficulty, the prevalence of disability in the population rises considerably for older age cohorts. Just over three

quarters of people over the age of 85 report having a long-lasting condition or difficulty to either some or a great extent (see Figure 10.7).²⁶⁰ In addition to these long-lasting conditions or difficulties, the prevalence of disability is also measured in the Census with reference to difficulty doing everyday tasks such as dressing, bathing or getting around inside the home (see Appendix 10C).

access to housing with integrated support services. (More details on the NHSDP are provided in Appendix 10D.) The 'Themes, Outcomes and Actions' of the NHSDP are informed by the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD), which promotes, protects and ensures the full and equal enjoyment of all human rights by disabled people (see Appendix 10E).

Figure 10.7: Prevalence of disability by age group, Census 2022



Source: CSO, Census of the Population.

The National Housing Strategy for Disabled People, 2022–2027 (NHSDP)

The *National Housing Strategy for Disabled People, 2022–2027* (NHSDP), published in January 2022,²⁶¹ is the second dedicated national housing strategy for disabled people. It is aimed at building on the work achieved under the *National Housing Strategy for People with a Disability 2011–2016* (extended to 2021). This new strategy aims to provide the framework for delivering housing for disabled people through mainstream housing policy.

The vision for the strategy is to facilitate disabled people to live independently with appropriate choices and control over where, how and with whom they live, thereby promoting their inclusion in the community and further enabling equal

Housing Adaptation Grants for older people and people with a disability in private housing

The DHLGH provides funding for local authority expenditure for adaptation grants for older people and people with a disability in private sector housing. These grants are 80% funded by the DHLGH, with a 20% contribution from the resources of each local authority. Three distinct grants are available.²⁶² The Housing Adaptation Grant for People with a Disability assists people with a disability to have necessary adaptations, repairs or improvement works carried out to make their accommodation more suitable for their needs. The grant covers works such as:

- adding ramps or other ways to access a home;

²⁶⁰ For those aged between 80–84, 31.9% of people in this age bracket have a disability to some extent, while a further 27.9% have a disability to a great extent. For those aged 85+, 27.9% have a disability to some extent, while a further 48.1% report having a disability to a great extent.

²⁶¹ Government of Ireland, *National Housing Strategy for Disabled People 2022–2027*, 2022.

²⁶² In addition to the Housing Adaptation Grant for People with a Disability, the Mobility Aids Grant is available to fast-track grants to cover a basic suite of works. The Housing Aid for Older People Grant assists older people living in poor housing conditions to have necessary repairs or improvements carried out.

- extending a home to create more space, for example, adding a downstairs bedroom;
- adding accessible bathroom facilities, such as an accessible shower or a ground-floor bathroom or toilet;
- installing a stair lift;
- installing grab rails;
- installing a fixed track hoist.²⁶³

The maximum grant available under the Housing Adaptation Grant is €30,000, or 95% of the cost of the work (whichever is less). The amount of money available depends on the level of household income for the previous tax year. A key issue in relation to the grant is the maximum grant values available. In many cases, these grants have become insufficient to meet the costs involved in carrying out adaptation works due to the cost pressures that have arisen in the construction sector.

Supported social housing

While in past decades many people with disabilities may have had their housing needs met through health-funded service providers, under the NHSDP people with disabilities will have better access to social housing through local authorities. Most supported social housing is provided by AHBs that specialise in providing this type of housing. The capital costs associated with this are funded by the Capital Assistance Scheme (CAS).

The CAS is used for providing capital funding for delivering housing to cater for specific priority groups, including older people, homeless people, and people with a disability. At 1,597 in 2020, people with an intellectual disability made up the largest group of people with a disability obtaining funding under the CAS; at 1,550, those with a physical disability were the next largest group. The Commission notes that, when compared to households on the social housing waiting lists, output under the CAS scheme currently falls well short of need.

10.7.2 Analysis

Accessibility is critical to facilitate disabled people to participate in society on an equal basis and to live independent lives in their own homes in the community. This includes ensuring the accessibility of people's homes and of the broader built environment through applying Universal Design principles (see also Section 10.8), and access to services and supports where people need them to facilitate independent living. Greater provision of fully wheelchair-accessible dwellings and age-

friendly housing designs in general-needs housing estates should be pursued to enable greater mixing of tenants with different support needs than is the norm currently.

As the Irish population continues to age, the prevalence of disability will continue to increase as more people reach an age at which they are likely to acquire a disability. At the same time, many young people with a disability are unable to live independently in the community due to a lack of appropriately accessible housing and adequate support services (see Appendix 10F).

In the absence of appropriate housing options and supports, disabled people continue to experience barriers to their full and equal participation in society. It is necessary to increase investment in accessible housing and support services to cater to the specific housing needs of people with a disability across all age cohorts.

The proportion of the Irish population aged over 65 will reach one million by 2031. If home ownership rates continue to decline and more households rent for their lifetime, it is likely that social housing landlords will accommodate more older people than is the case currently. This means that in the future more social housing tenants are likely to have care needs. However, in the current model, with specialist organisations that only provide supported housing, the availability of support services for tenants living in mainstream social housing, and particularly for those who have low support needs, is restricted. In addition, supported housing is provided separately from general-needs social housing and there is a lack of flexibility in addressing the changing care needs of social housing tenants over their lifetime. If a resident in a general-needs social housing estate develops a support need, they may not have the option of remaining in their home if they access the support services required.

In addition to housing management and maintenance costs, AHBs that own dwellings funded by the CAS scheme must fund support and care services for tenants. However, these costs are not funded by the CAS scheme. Instead, AHBs that provide housing for people with disabilities source funding from the Health Service Executive (HSE), and those accommodating formerly homeless people source funding from local authorities. A key challenge for these organisations is that they are funded to provide long-term housing but receive only short-term funding for support services. As a result, funding for support services can only be secured and managed over the short term and is often inadequate to meet the level of need.

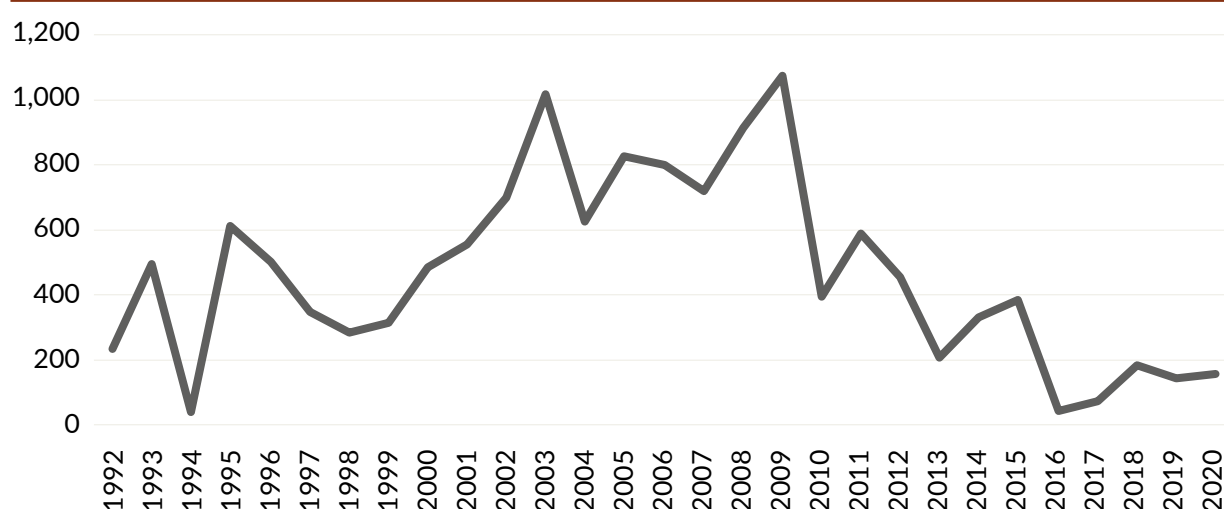
²⁶³ This is a ceiling or wall-mounted track with a sling attached to it, which means users can be mechanically lifted and moved to different places along the track.

Despite the clear need to ramp up funding and delivery of accessible housing, investment in the CAS scheme has been below historical levels in recent years. The output of CAS-funded dwellings increased steadily throughout the 1990s and early 2000s, from 233 dwellings in 1992 to a high of 1,076 dwellings in 2009. However, output declined following cuts to central government funding for this programme after the economic crash and has failed to recover since then (see Figure 10.8). This suggests that output of supported housing is below the level of need for people with disabilities, as identified in the social housing need assessments.

AHBs cannot use P&A with CALF, disabled people have even less access to social housing.

For social housing tenants who have low support needs, provision should be made for funding the care and support services they require separately from housing provision. This would enable all local authorities and AHBs to accommodate housing applicants in this category and to better meet the needs of their tenants who require care or support during their tenancy. This could be achieved by linking rents to the costs of service provision, but also include the cost of care services for those with low support needs. A housing allowance

Figure 10.8: AHB social housing output under the Capital Assistance Scheme, 1992–2020 (n)



Source: DHLGH, various years.

An average of 455 new CAS-funded dwellings per annum were delivered between 2010 and 2020. Households that include a person with a disability rose from 4.4% of the total in the 2013 assessment of social housing need to 8.2% in 2020 (see Appendix 10G).

Along with continued housing delivery by local authorities, there is a need to build capacity in the AHB sector to increase the delivery of housing for disabled people. This will require a change in policy on the availability of funding for AHBs to deliver specific housing for disabled people. There is overreliance in policy on the use of the CAS and barriers to the use of Payment and Availability Agreements with the Capital Advance Leasing Facility (P&A with CALF). This scheme is available for general housing only. The review of the latter has moved away from a connection with market rents to an operational cost which enables the provision of added features to properties but allows for the project to still be viable. *Housing for All* has a split of 60:40 for new-build delivery funding between local authorities and AHBs. If

subsidy should be provided for those who cannot afford these costs. This would enable local authorities and AHBs, where required, to fund the commissioning of support services from an external service provider.

Social housing applicants who have high support needs require a comprehensive needs assessment and care package. This could be provided through a reformed local authority social-work service. Such applicants are likely to require supported housing provided by specialist providers. However, HSE funding for the costs of providing care and support services, which is provided under the terms of Sections 38 and 39 of the Health Act 2004, should also be reformed to address deficiencies in how such services are funded.

There are actions in the NHSDP implementation plan which seek to improve the level of cooperation and collaboration between the housing and health sectors. This includes establishing Regional Interagency Groups, extending the Mental Health Tenancy Sustainment Service, and developing interagency protocols to

facilitate cooperation between key stakeholders. Delivering suitable housing in conjunction with the necessary health and social care support is fundamental.

10.7.3 Recommendations & Actions

Recommendation #74:

Implement the *National Housing Strategy for Disabled People*.

Actions

1. Facilitate disabled people to participate in society on an equal basis and to live independent lives in their own homes in the community.
2. Ensure adequate provision of accessible housing for disabled people by setting local, needs-based targets for all social housing providers.
3. Adopt a Universal Design approach to delivering housing for disabled people.
4. Ensure adequate provision of wheelchair-liveable housing.
5. Review the maximum grant limits and income thresholds of the Housing Adaptation Grants for disabled people.
 - a. The limits and thresholds should be reviewed in line with construction sector inflation, and expenditure levels should be sufficient to meet increased demand.
 - b. Reform of the scheme should include streamlining the application and decision-making process.
6. Apply Universal Design principles to the wider-built environment to ensure accessibility to all.
7. Enhance monitoring of National Housing Strategy for Disabled People (NHSDP) implementation to ensure timely delivery of the actions and targets contained in the strategy.
8. Facilitate inter-agency collaboration and whole-of-government actions to deliver on the commitments of the NHSDP.

Recommendation #75:

Increase the supply of supported social housing and expand provision of care and support services for tenants living in general-needs social housing to meet the needs of disabled people and an ageing population of renters.

Actions

1. Deliver suitable housing for disabled people in conjunction with the necessary support services to facilitate independent living.
2. Review the Capital Assistance Scheme and ensure that it is adequately funded.
 - a. Increase funding under the scheme to meet current levels of unmet demand and expected future increases.
 - b. Identify and eliminate barriers to the take-up of this funding.
 - c. Increase supply of accessible housing for disabled people.
3. Build capacity within the AHB sector to increase delivery of housing for disabled people.
4. Reform funding structures to provide greater flexibility to the AHB sector to access funding to invest in housing for disabled people.
5. Enable local authorities and AHBs to charge higher cost rents to cover the additional costs of providing or commissioning care and support services for social housing tenants. Tenants in receipt of care and support services would therefore receive a higher subsidy to cover this higher rent. This should enable local authorities and AHBs to accommodate more tenants with support needs in mainstream social housing and to ensure that tenants who require support needs can remain living in their homes.

10.8 Housing for Older People

10.8.1 Background & Context

Ireland's population is ageing; the number of people over the age of 80 will increase substantially in the years ahead. As our population ages, it is necessary to plan and invest now to ensure that there are enough age-appropriate housing options for older people in the future. Providing suitable housing that is safe, secure, and comfortable enables older people to continue to live in the community, live independently, and age in place. The availability of age-friendly homes creates choice for older people. Such housing can be an attractive option for people who are over 80, or indeed for those who have not yet reached the age of retirement. Some people may seek to 'rightsize', taking advantage of the opportunity to live in a home that is appropriately sized and better suited to their needs. This results in better use of the housing stock, as younger families with children and teenagers can obtain larger dwellings as these are vacated. In the cases of people aged over 80, an age-friendly home may be a good option as such individuals may need a safer and more accessible home environment.

Ageing-in-place, independent living and Universal Design are some key features of housing policy for older people. Ageing-in-place is defined as remaining living independently in your home and community as you age, which has a positive impact on a person's physical and mental wellbeing and overall quality of life. Age-friendly housing refers to highly accessible housing and includes Universal Design features that enhance the safety and security of the home environment for individuals with mobility impairments, geriatric syndromes, or cognitive impairments. Key features of a Universal Design home include being well connected to local amenities, being easy to approach and enter, and having accessible and adaptable toilets and bathrooms (see Appendix 10H).²⁶⁴

One of the guiding documents on housing policy for older people is the *Housing Options for Our Ageing Population* policy statement²⁶⁵ jointly published by the DHLGH and the Department of Health. It provides a framework whereby government facilitates and promotes a variety of housing options for older people, including housing with varying scales of support services. These range from homes that have been designed or modified to enable people to live fully independent lives, to various forms of sheltered housing with tailored levels of support services. The policy statement also promotes putting in place measures to ensure that sustainable housing is provided in the right locations to enable older people to age in their community as they wish.²⁶⁶

Housing Options for our Ageing Population's key principle is to support older people to live in their own home with dignity and independence and to ensure greater choice by developing a range of housing options suited to the needs of older people. To deliver on this, Age-Friendly Housing Technical Advisor roles have been developed in each local authority. These specialists provide advice to the local authority, to private sector organisations interested in providing age-friendly housing and to the public.

These advisors play a key role in delivering the Healthy Age Friendly Homes Programme.²⁶⁷ Arising from Action 1.3 of *Housing Options for our Ageing Population*, the Age Friendly Homes website²⁶⁸ was set up by Age Friendly Ireland. It provides resources, guidance, and information on housing for older people. It is jointly funded by the DHLGH, the Department of Health, the Housing Agency, and Age Friendly Ireland. (For further details on the policy statement, see Appendix 10I).

The Government's *Housing for All* strategy includes actions aimed at supporting housing for older people. Pathway Two (eradicating homelessness, increasing social housing delivery, and supporting social inclusion) is the most relevant when it comes to housing options for older people. The plan includes actions relating to capital funding for housing for older people and increasing the housing options available to them to facilitate ageing-in-place.

²⁶⁴ Age Friendly Ireland, 'Ten Universal Design Features to include in a Lifetime Adaptable and Age Friendly Home', 2021, p.2. See also: Centre for Excellence in Universal Design, 'Universal Design Guidelines for Homes in Ireland', 2015.

²⁶⁵ Government of Ireland, 'Housing Options for Our Ageing Population Policy Statement', 2019.

²⁶⁶ The joint policy statement was prepared against the backdrop of research published by the CSO in 2018 showing that Ireland's population of people aged 65+ would reach more than 1.6 million by 2051.

²⁶⁷ Healthy Age Friendly Homes Programme.

²⁶⁸ www.agefriendlyhomes.ie.

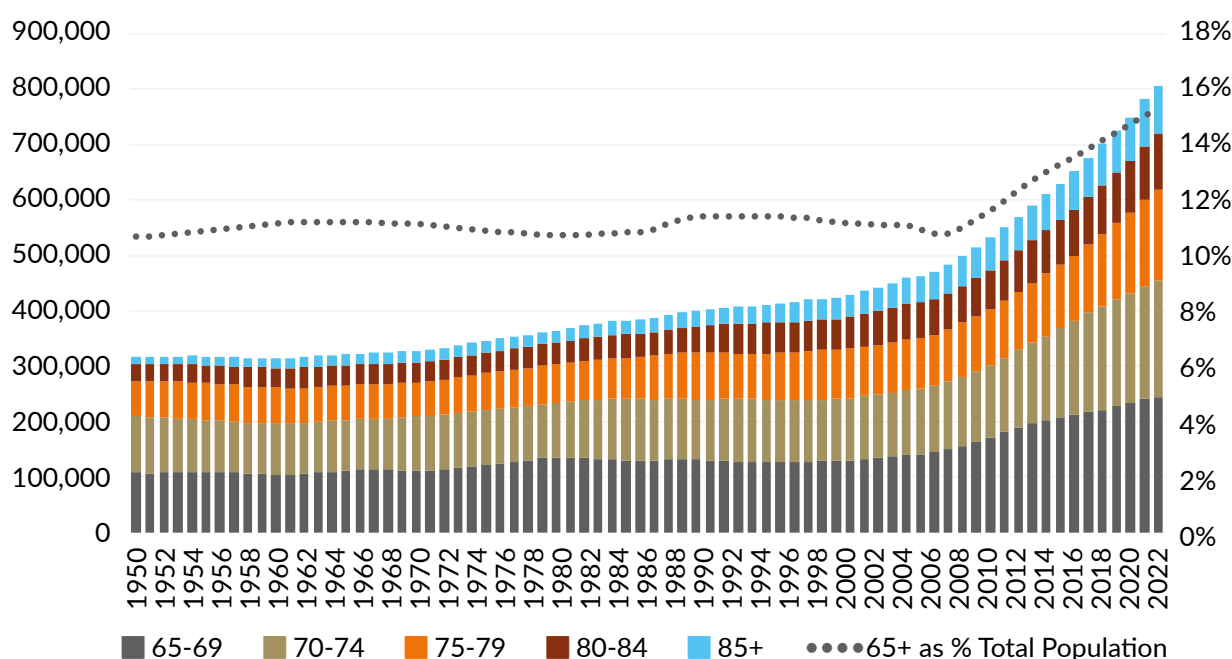
Housing Policy Objective 6 includes several objectives to increase and improve housing options for older people. *Housing for All* commits to creating 'a new national policy on rightsizing to highlight the potential of rightsizing for households that no longer fully occupy their current privately owned accommodation and exploration of options to support and incentivise rightsizing on a voluntary basis'. The Commission highlights the issue of conveyancing in this context, and the fact that some households who wish to rightsize are unable to do so due to their inability to secure bridging finance. Such issues should be resolved; they require a dedicated policy response to realise the benefits of rightsizing.

10.8.2 Analysis

There are currently over 800,000 people aged 65+ in Ireland.²⁶⁹ The share of the Irish population aged 65+ has increased from 10.7% in 1950 to reach over 15% by 2022 (see Figure 10.9).²⁷⁰

The fact that Ireland's population of older people is growing is a sign of progress and success, as this phenomenon is mainly driven by increased life expectancy. The increasing population of older people means that the housing system must plan to meet the needs of this age cohort into the future. Figure 10.10 shows the projected population aged 65 years and over for the years 2021, 2031, 2041 and 2051. The total population of over-65s is projected to double to 1.6 million by 2051.²⁷¹ There is a clear trend of people living longer, with over 300,000 people aged 85+ expected to be living in Ireland by 2051. This would amount to a near fourfold increase in the number of people aged 85+ in Ireland over the 2021 to 2051 period.

Figure 10.9: Population of persons aged over 65 in Ireland

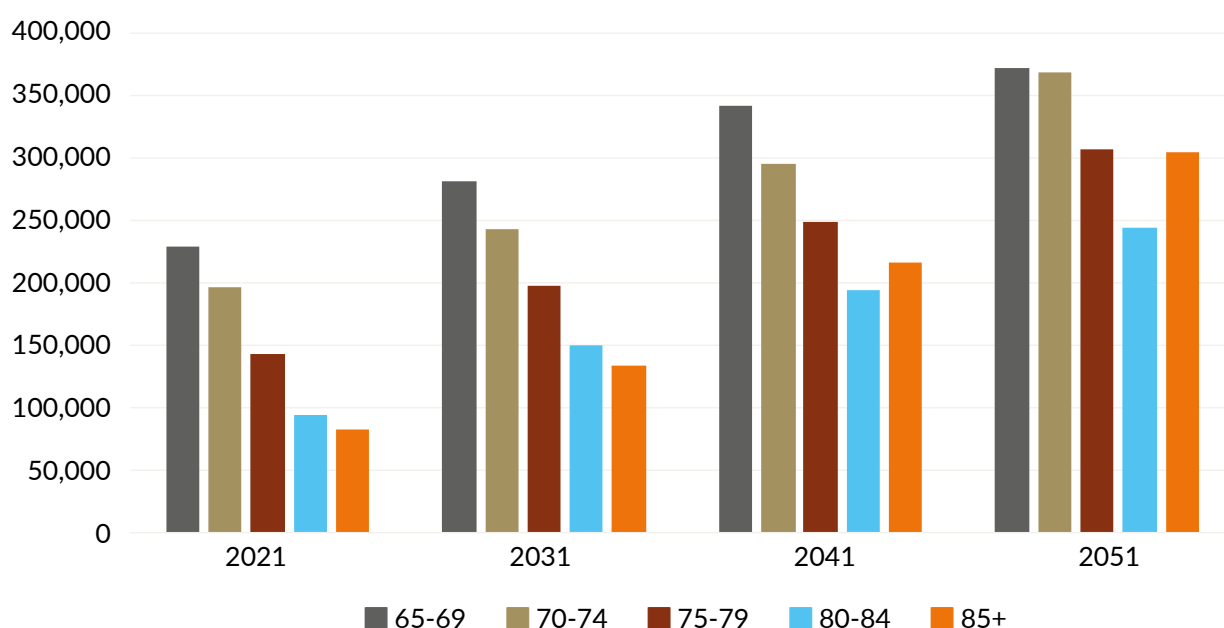


Source: CSO, 'Population Estimates'.

269 CSO, 'Older Persons Information Hub', Central Statistics Office, 2023.

270 CSO, [Population Estimates](#), 2023.

271 CSO, 'Older Persons Information Hub', 2023.

Figure 10:10: Projected population for older age cohorts

Source: CSO, 'Projected Population aged 65+', MIF2, 2020.

In 2016, the Irish Longitudinal Study on Ageing (TILDA) published a report on the 'Housing conditions of Ireland's older population'.²⁷² It found that 92% of middle-aged and older adults in Ireland lived in an owner-occupied home. The majority owned their homes outright (83%). Only 8% lived in rented accommodation, with two-thirds of these renting from local authorities. Over half of adults aged 50 years and over experienced some housing problem. The most reported problems were damp and mould, structural problems, and heating difficulties. While most middle-aged and older adults lived in owner-occupied homes, housing can be a heavy cost burden for renting households in this age cohort.²⁷³

It is necessary to prepare for a future where there will be increased demand for appropriate housing options for older people. The housing system must supply age-friendly homes to enable older people to choose housing options that suit their needs and preferences. This should include providing appropriately sized dwellings to enable rightsizing for those who choose to pursue this option. As is clearly acknowledged in *Housing for All*, not all older people will want to rightsize, and the option to do so is voluntary and based on the preferences of individuals. Some households may prefer to adapt their existing home to make it more appropriate to their needs.

While purpose-built age-friendly housing achieves a higher level of safety and accessibility as compared to adapting a standard home, the best option for some individuals will be to adapt their existing home. For others, the option of rightsizing to live in a purpose-built age-friendly home will be preferable. To support the aim of ageing-in-place, in Budget 2023 the Government committed €67 million to fund 12,300 grants to adapt the homes of older people and people with a disability.

Ageing-in-place and Universal Design

Above all else, an age-friendly home should be secure and safe. Age-friendly homes are designed to be highly accessible, with features that enable older people to age-in-place and live independently. A 2018 study by the Housing Agency found that providing support to enable older people to live in the community is preferable in terms of quality-of-life outcomes.²⁷⁴ The same study also found that enabling people to maintain their independence reduces the demand for more costly forms of care. The Commission supports the eight key recommendations set out by the Housing Agency to address the housing needs of people as they age (see Appendix 10J).

272 Orr, J., Scarlett, S., Donoghue, O. and McGarrigle, C., 'Housing conditions of Ireland's older population: Implications for physical and mental health', TILDA, 2016.

273 The CSO has published data relating to tenants whose rent is over 35% of their disposable income. Those aged over 65 and renting from a private landlord are likely to be spending more than 35% of their disposable income on rent. See: Central Statistics Office, 'The Rental Sector in Ireland 2021', 2022.

274 Housing Agency, 'Thinking Ahead: Independent and Supported Housing Models for an Ageing Population', 2018.

Universal Design supports the ageing-in-place policy. The availability of housing options that are safe and appropriate for older people avoids the need to rely on forms of care that are less preferable and more costly. This transition must be public policy-led, and the adoption of Universal Design should be adequately funded and supported. The Commission notes the work of the National Standards Authority of Ireland (NSAI) on developing a Technical Standard on Universal Design Dwellings.²⁷⁵ This is a welcome initiative which will enable greater adoption of Universal Design.

Ireland is not alone in the need to address the challenge of an ageing population. Many advanced economies in Europe and East Asia have significantly older populations than Ireland and have done far more to cater to the specific housing needs of older people. It is important that what is being done in other jurisdictions is monitored and understood to identify solutions that might be applicable here.

10.8.3 Recommendation & Actions

Recommendation #76:
Address the housing needs of people as they age, recognising that we have an ageing population.

Actions

1. Facilitate older people to continue to live in their homes and in their communities. This should include investment in the adaptation of existing housing stock where appropriate, as well as investment in new age-friendly housing.
2. Ensure adequate availability of age-friendly homes to provide appropriate housing options for older people. Increase investment through local authorities and the AHB sector to supply accessible housing stock to meet the housing needs of older people, having regard to current and future demographic change.
3. Enable rightsizing through increased investment in age-friendly housing and the introduction of additional incentives in this area.
4. Develop a dedicated policy response to the issue of bridging finance to enable rightsizing.
5. Support the adoption of Universal Design housing to meet the specific housing needs of older people. An appropriate percentage of new homes should conform to these standards.

275 NSAI, 'Call for experts in the development of a standard on "Universal Design Dwellings : Requirements and Recommendations"', 2023.



Section 11

Environmental Sustainability in the Construction Sector

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Terms of Reference 1

Examine and report on maintaining a sustainable housing supply and providing balance and choice of tenures, having regard to social, environmental and economic objectives.

Terms of Reference 2

Examine and report on the cost and quality of housing, the drivers of cost (including embodied carbon compliance), how costs may be addressed and how compliance may be achieved in the longer term, having regard to international comparators and benchmarks.

11.1 Introduction

Environmental sustainability is included as one of the issues to be examined by the Housing Commission under its terms of reference. In the era of climate change, climate action in the housing sector is essential to achieving Ireland's broader environmental goals and ensuring that its housing stock is sustainable into the future. The Climate Action Plan²⁷⁶ is the framework through which the Government has set targets to reduce Ireland's greenhouse-gas emissions, and the housing sector must play a leading role in this. The Climate Action and Low Carbon Development (Amendment) Act 2021²⁷⁷ commits to achieving net zero carbon by 2050 and a 50% reduction in carbon emissions by 2030.

According to the Irish Green Building Council (IGBC), the construction and built environment sectors account for approximately 37% of Ireland's total carbon emissions.²⁷⁸ This 37% of emissions is comprised of operational emissions associated with energy used to heat, cool and light up buildings (23%); the remaining emissions (14%) consist of embodied carbon emissions from the production and transport of construction materials, the construction process itself, and the maintenance, repair and disposal of buildings and infrastructure. Given the large share of total emissions accounted for by the construction and built environment sectors, it is critical that Irish housing policy be ambitious in seeking to reduce carbon emissions.

In 2015, the United Nations and all its member states adopted the 2030 Agenda for Sustainable

Development, which included 17 Sustainable Development Goals (SDGs). Affordable housing and the inclusion of different social groups are seen as part of meeting the SDGs. In the context of environmental sustainability, SDGs 7, 11 and 13 are particularly relevant:

- **SDG 7:** Ensure access to affordable, reliable, sustainable and modern energy for all.
- **SDG 11:** Make cities and human settlements inclusive, safe, resilient and sustainable.
- **SDG 13:** Take urgent action to combat climate change and its impact.

An environmentally sustainable housing supply is one that minimises its impact and the impact of its occupants on the climate, on waste and on the local environment during its construction and throughout its lifetime. Ireland has committed, under legislation, to transition to a climate-resilient, biodiversity-rich, environmentally sustainable and climate-neutral economy by 2050. To achieve climate targets, the Irish housing sector must dramatically reduce its consumption of fossil fuels.

Additionally, Ireland aims to reduce greenhouse-gas emissions by 51% by 2030, compared to 2018 levels. These ambitious targets are essential to meet international obligations under the United Nations Framework Convention on Climate Change (UNFCCC) Paris Agreement, which aims to limit global temperature increases to well below 2°C above pre-industrial levels, preferably below 1.5°C.

²⁷⁶ Department of the Environment, Climate and Communications, [Climate Action Plan](#), Government of Ireland, 2024.

²⁷⁷ [Climate Action and Low Carbon Development \(Amendment\) Act 2021](#).

²⁷⁸ IGBC, 'Building a zero carbon Ireland', Irish Green Building Council, 2022.

The Climate Action and Low Carbon Development Amendment Act 2021²⁷⁹ established carbon budgets as interim milestones to achieve these environmental goals. Carbon budgets have been allocated to different sectors. According to the Environmental Protection Agency (EPA), in 2022 the residential sector was responsible for 10% of Ireland's greenhouse-gas emissions.²⁸⁰ The sector is required to reduce its emissions by 40% from 2018 levels by 2030 (see Table 11.1).

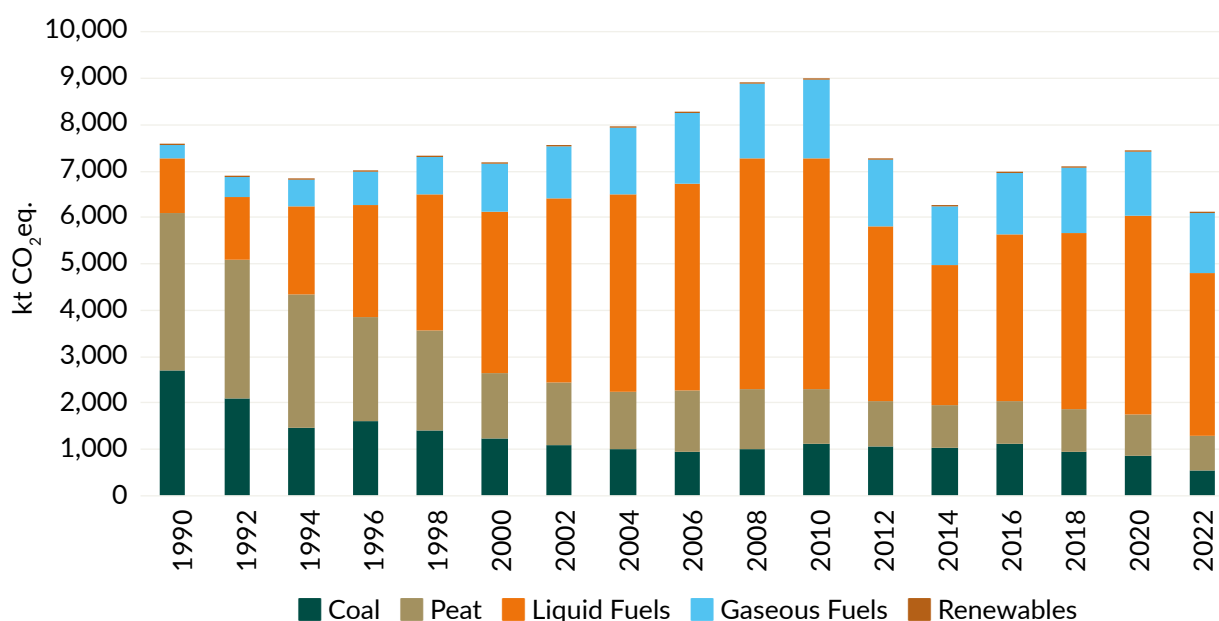
This demanding reduction target requires immediate action. Fossil-fuel dependence in the Irish energy system, including electricity, heat and transport, currently stands at approximately 90%. To achieve compliance with carbon budgets, this dependence must decrease to 49-54% by 2030.

Table 11.1: Emissions targets by sector in Ireland to 2030

(MtCO ₂ eq)	2019 baseline	Sectoral emissions ceilings for each 5-year carbon budget period		Emission in final year of 2026-2030 carbon budget period compared to 2018 baseline	Reduction in emissions final year of 2016-2030 carbon budget period compared to 2018 baseline
Sector	2018	2021-2025	2026-2030	2030	2030
Electricity	10	40	20	3	-75%
Transport	12	54	37	6	-50%
Built Environment – Residential	7	29	23	4	-40%
Built Environment – Commercial	2	7	5	1	-45%
Industry	7	30	24	4	-35%
Agriculture	23	106	96	17.25	-25%

Source: 'Government announces sectoral emissions ceilings', Dept. of Taoiseach, 2022.

Figure 11.1: Residential emissions by fuel type, 1990–2022



Source: Environmental Protection Agency.

²⁷⁹ Climate Action and Low Carbon Development (Amendment) Act 2021.

²⁸⁰ EPA, 'Greenhouse Gas Emissions – Residential', Environmental Protection Agency, 2023.

The reduction in fossil-fuel dependence has implications for the construction of new residential dwellings, particularly in terms of building standards related to renewable energy and energy efficiency. Additionally, it necessitates changes in the siting of residential dwellings to optimise low-carbon services.

Cost-effective solutions are critically important to Ireland's approach to reducing carbon emissions in the housing sector. To achieve climate targets, Irish households must dramatically reduce their consumption of fossil fuels (see Figure 11.1). Households must be supported, enabled and facilitated to do this. Housing policy can most effectively contribute to this goal in three ways:

1. **Energy efficiency** – reduce the energy consumed by homes through energy efficiency measures.
2. **Decarbonisation** – reduce the greenhouse-gas emissions of energy consumed by homes through 'fuel switching', i.e. swapping out fossil fuels for renewable energy sources.
3. **Embodied carbon** – reduce the emissions released from the process of building homes, producing materials, transporting them and erecting them.

The Energy Performance of Buildings Directive made it a requirement for EU countries to develop long-term renovation strategies aiming to facilitate the cost-effective transformation of existing buildings into nearly zero-energy buildings (NZEBs).²⁸¹ Each EU member state transposed the directive, interpreting its requirements for domestic building standards. Ireland's implementation of the directive through Part L of the Building Regulations means that Ireland is one of three EU member states where national NZEB requirements are more demanding than the EU Commission's benchmark range. Therefore, current building standards in Ireland with respect to the insulation values of the building fabrics (Part L) are more than sufficient to allow decarbonisation of the housing stock. Moreover, reducing energy demand across society reduces the overall costs of decarbonisation and reduces energy bills for householders.

However, every incremental improvement in the energy efficiency of the building fabric and air impermeability entails additional cost. Analysis by Coyne and Denny (2021) suggests that the energy consumption of a housing unit is not determined by its Building Energy Rating (BER), with similar energy consumption levels seen across different BER grades.²⁸² Therefore, the source of energy remains key in determining the level of greenhouse-gas emissions.

Building size and household size were both found to be significant determinants of energy consumption in homes. This emphasises the need for more focus on decarbonising the sources of energy used in homes, rather than relying on the energy efficiency of the home itself to reduce emissions. The provision of a variety of home sizes to suit different needs would also be important to avoid excess emissions due to oversized homes.

Amid concerns about the affordability and viability of housing supply, the Commission recommends that a technical review of the most affordable way to achieve zero carbon new homes be undertaken. Furthermore, stated plans to review building regulations in Ireland should not lead to a further tightening of standards for the insulation performance of the building fabric. Instead, more emphasis should be placed on the aim of achieving decarbonisation. Additionally, the construction sector needs to receive clear guidance in a timely manner on likely future developments in building standards.

This section of the report examines key issues related to the environmental sustainability of Ireland's construction sector. These include emissions reduction targets, whole-of-life carbon assessment, district heating, timber-frame housing, compact growth and biodiversity. In line with its terms of reference, the Commission has analysed the specific issue of embodied carbon compliance, with particular consideration of how Ireland compares to other comparator countries in its approach to achieving compliance with its climate obligations in the longer term. When examining Ireland's energy efficiency standards, the Housing Commission's analysis has found that alternative approaches to meeting climate targets could result in cost efficiencies while ensuring continued compliance.

281 'Nearly Zero Energy Building' means a building that has a very high energy performance. The nearly zero or very low amount of energy required should be covered to a large extent by energy from renewable sources, including from renewable sources produced on-site or nearby. SEAI, 'Nearly Zero Energy Building Standard', Sustainable Energy Authority of Ireland, 2023.

282 B. Coyne and E. Denny, 'Mind the Energy Performance Gap: testing the accuracy of building Energy Performance Certificates in Ireland', 2021, p. 1-28.

11.2 Recommendations Overview

Environmental Sustainability in the Construction Sector – Recommendations

- #77. Meet emission reduction targets for the new residential construction sector.
- #78. Publish housing guidelines that address and cross-reference the *Climate Action Plan* with reference to the *National Planning Framework* and the *Town Centre First* policy, and link to their identified targets and actions.
- #79. Address the energy efficiency deficit in the housing stock through sufficient funding and supports.
- #80. Promote and enable through legislation the wider adoption of district heating as a lower-carbon source that can reduce the cost of residential heating and help meet climate goals in applicable areas when applied at scale.
- #81. Support and deploy more widespread use of timber in housing construction and reform the building control system accordingly.
- #82. Ensure that state policy supports compact housing growth, which is essential to achieving the transition to a low-carbon society.
- #83. Support biodiversity measures in the development of residential areas.

11.3 Meeting Ireland's Climate and Environmental Targets

11.3.1 Background & Context

Ireland is legally obligated under domestic legislation and international treaty to reduce its greenhouse-gas emissions. The *Climate Action & Low Carbon Development (Amendment) Act* (2021) sets out a legally binding target of a 51% reduction in national CO₂eq emissions by 2030

and an overall target of a climate-neutral economy by 2050.²⁸³

Under the *National Development Plan* (NDP), construction is set to increase in the coming decade. The plan proposes a 50% increase in new housing construction by 2030 as well as the deep energy renovation of 500,000 homes. Moreover, the plan proposes the construction of schools, healthcare, new roads, broadband, water and rail infrastructure. The reduction target of 51% must be achieved despite this increase in construction activity. Therefore, the overall embodied carbon intensity of new construction per m² must decrease in proportion to the increase in construction.²⁸⁴

To achieve climate targets, Irish households must dramatically reduce their consumption of fossil fuels. Ireland's current approach to reducing emissions in the housing sector may not be the most cost-effective approach to meeting climate-change targets. Alternative approaches could reduce the cost of meeting climate targets while reducing the cost of building homes. A resource needs to be identified to develop possible alternative approaches.

Additionally, there are longer-term concerns about the condition of rental stock, in particular with regard to energy efficiency. *Housing for All* committed to introducing minimum BER (Building Energy Rating) standards for private rental properties by 2025. However, research by the CSO linking BER and Residential Tenancies Board (RTB) data shows that achieving a minimum BER standard of E by 2025 for private rental properties in Ireland could require upgrading around 9% of the rental stock within a short timeframe. The study found that 35.6% of rental properties had either a D or E BER rating while 8.9% had an F or G rating.²⁸⁵ Figure 11.2 shows the BER ratings of Approved Housing Body (AHB), local authority and Housing Assistance Payment (HAP) housing. It shows that HAP tenants, in particular, are much more likely to live in low BER (D to G) housing. In contrast, almost half (47.1%) of the AHB housing stock has BER A rating (CSO, 2022).²⁸⁶

The reason for the discrepancy in BER ratings is that most HAP houses are older stock while a huge proportion of AHB houses have been constructed in recent years.

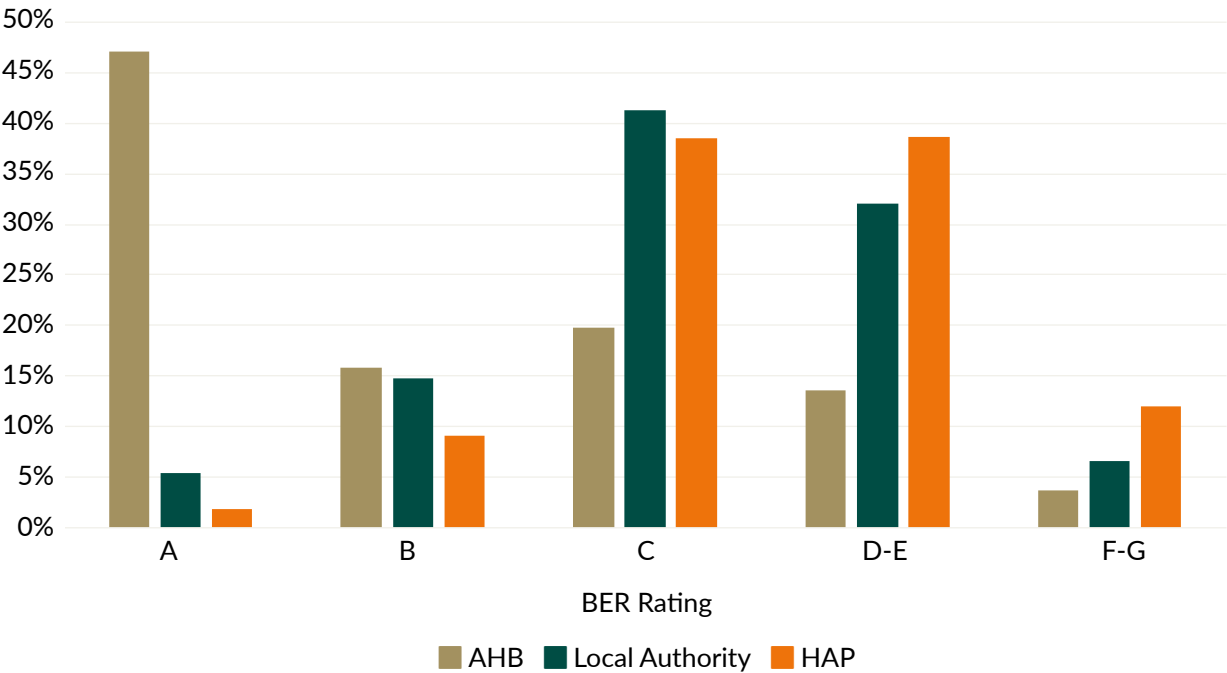
283 IGBC, 'National Net Zero Whole Life Carbon Roadmap for the Built Environment in Ireland, Preliminary Recommendations: Vision for 2050', Irish Green Building Council, 2021.

284 *Ibid.*

285 NESCC, 'Private Rental in Ireland', National Economic & Social Council: Council Report, no. 159, February 2023.

286 <https://data.cso.ie/table/HAP30>

Figure 11.2: BER rating of AHB, local authority and HAP housing, 2022



Source: CSO, BER ratings by tenure, 2022.

Initial RTB data on the number of registered exemptions from RPZ rent increases because of substantial changes to the nature of the property, including energy efficiency works, shows limited uptake of this exemption. O'Toole (2019) found that only 36 properties had registered exemptions for significant changes to the dwelling, which would include significant energy changes. More recent data from the RTB shows that, over four years, only 460 dwellings were registered for exemption for substantial change.²⁸⁷

11.3.2 Analysis

The *National Retrofit Plan* aims to achieve the equivalent of 500,000 homes having a BER rating of B2 by 2030, as well as the installation of 400,000 heat pumps.²⁸⁸ It is the Commission's view that this target will be extremely challenging to meet considering the severity of Ireland's housing shortage and capacity constraints (see Section 3 and 5 of this report). It will be particularly difficult to meet this target in older parts of the private rented stock. For instance, if deep retrofits of existing dwellings are necessary, occupants will have to move out to facilitate this.

There is the additional challenge of where the occupants will live while the retrofit takes place. This will be particularly challenging for HAP claimants. Landlords will be able to increase the rent after renovation, which could create affordability challenges for tenants. It is the view of the Commission that output of new social housing should be increased (as recommended in Section 8.3); this would facilitate the retrofit of the social housing stock and enable HAP tenants to move out of low BER-rated private rented dwellings.

In addition to retrofitting housing stock, it is also necessary to reduce greenhouse-gas emissions in the residential sector. There is an opportunity to do this through tax incentives. Budget 2024 introduced a new rented residential relief. Under this measure landlords will be able to set aside a fixed amount of €3,000 in 2024, rising to €4,000 in 2025 and €5,000 in 2026/2027, which will be liable for tax at the standard rate rather than at the higher 40% rate. This benefit is subject to the property being available to rent for four years. The change means that, for 2024, landlords will see their tax bill fall by €600.²⁸⁹ This will increase to €800 in 2025, and to €1,000 in 2026 and 2027. Overall, landlords that avail of the scheme will save €3,400 in tax over the next four years.

287 RTB, 'Rent Pressure Zone exemption notices received by the RTB from Q3 2019', Residential Tenancies Board, 2023.

288 Government of Ireland, *National Retrofit Plan*, 2022.

289 2024 will not be accounted for until November 2025 when landlords' tax returns are filed for 2024.

In a survey of local authority housing stock published by the National Oversight and Audit Commission, it was reported that almost 40% of local authority owned homes at the time of the survey had been built less than 20 years previously, a further 30% were between 20 and 40 years old, 15% were 40 to 60 years, and 16% were built over 60 years ago.²⁹⁰ This is likely to have implications for the energy efficiency of these homes. In 2021 the Government launched the Energy Efficient Retrofit Programme (EERP), which aims to retrofit 500,000 homes to a B2 (BER)/Cost Optimal Equivalent standard by 2030. Of these, 36,500 are expected to be local authority-owned homes, the retrofitting of which will be grant-funded by the Department of Housing, Local Government and Heritage.

The Housing Alliance, a collaboration of six of Ireland's largest Approved Housing Bodies, recently completed research funded by the Housing Agency which focused on the delivery of climate resilience and decarbonising the sector to align with national targets.

Embracing renewable energy sources and enhancing energy efficiency brings several benefits from an economic perspective. Lower energy bills translate to increased disposable income for households, promoting financial well-being. They can also open up economic opportunities in construction, technology and related sectors. This stimulates job growth and innovation, fostering economic development in line with environmental goals. (Note, however, that properties with better energy efficiency also tend to entail higher rents.)

This transition also has various social benefits. Addressing the performance of buildings, both new and existing, leads to healthier living conditions. Improved insulation, heating and ventilation reduce the health risks associated with cold, damp and mould, which are more prevalent in poorly ventilated homes. Transitioning away from fossil fuels in heating also improves indoor air quality and reduces the health risks associated with indoor pollutants. Fossil-fuel heating further compounds the problem because of carbon dioxide, carbon monoxide gases and particulate matter²⁹¹ that decrease indoor air quality.²⁹²

These impacts are usually felt more by socio-economically disadvantaged households. Reducing these impacts not only improves lives but can also bring substantial cost savings to the health system. Fewer cases of respiratory and cardiac conditions result in reduced medical expenses and improved overall public health. Therefore, any decarbonised home must also be a healthy home in terms of comfort, humidity, warmth and air quality. This is the goal for new and existing dwellings.

A key point for consideration is how Ireland compares to European comparators in terms of carbon reduction and energy efficiency standards. The Buildings Performance Institute Europe (BPIE)²⁹³ published a policy briefing which includes a comparative analysis of nearly zero-energy building (NZEB) standards across EU countries and an evaluation of the level of ambition of member states' NZEB standards.²⁹⁴ Differences in renewable energy requirements within NZEB standards are summarised in Table 11.2. These standards apply to new builds.

290 NOAC, 'A Review of the Management and Maintenance of Local Authority Housing', National Oversight and Audit Commission, p. 8, 2017.

291 This includes smoke and soot, but also invisible particulate matter.

292 IERC, 'Creating Shared Value for all: The multiple benefits of a retrofit renovation wave in Ireland', International Energy Research Centre, 2021.

293 BPIE, 'Nearly Zero: A review of EU Member State Implementation of New Build Requirements', Buildings Performance Institute Europe, June 2021.

294 *Ibid.*

Table 11.2: Summary of renewable energy requirements within NZEB standards

Country/Region	Was NZEB legislation in place for public buildings by January 2019?	Was NZEB legislation in place for all buildings by January 2021?	Is there a numerical indicator of primary energy use expressed in kWh/m ² per year?	Are renewable energy requirements clearly specified?
Austria	✓	✓	✗	✓
BE – Brussels	✓	✓	✓	✗
BE – Flanders	✓	✓	✗	✓
BE – Wallonia	✓	✓	✓	✗
Bulgaria	✗	✗	✓	✓
Croatia	✓	✓	✓	✓
Cyprus	✓	✓	✓	✗
Czechia	✓	✓	✓	✗
Denmark	✓	✓	✓	✓
Estonia	✓	✓	✓	✗
Finland	✓	✓	✓	✗
France	✓	✓	✓	✓
Germany	✗	✓	✗	✓
Greece	✗	✗	✓	✓
Hungary	✗	✗	✓	✓
Ireland	✓	✓	✓	✓
Italy	✓	✓	✗	✓
Latvia	✓	✓	✓	✗
Lithuania	✓	✓	✓	✓
Luxembourg	✓	✓	✗	✗
Malta	✓	✓	✓	✗
Netherlands	✓	✓	✓	✓
Poland	✓	✓	✓	✗
Portugal	✓	✓	✗	✓
Romania	✓	✓	✓	✓
Slovakia	✓	✓	✓	✗
Slovenia	✓	✓	✓	✓
Spain	✗	✓	✓	✓
Sweden	✓	✓	✓	✗

Source: BPIE, 2021.

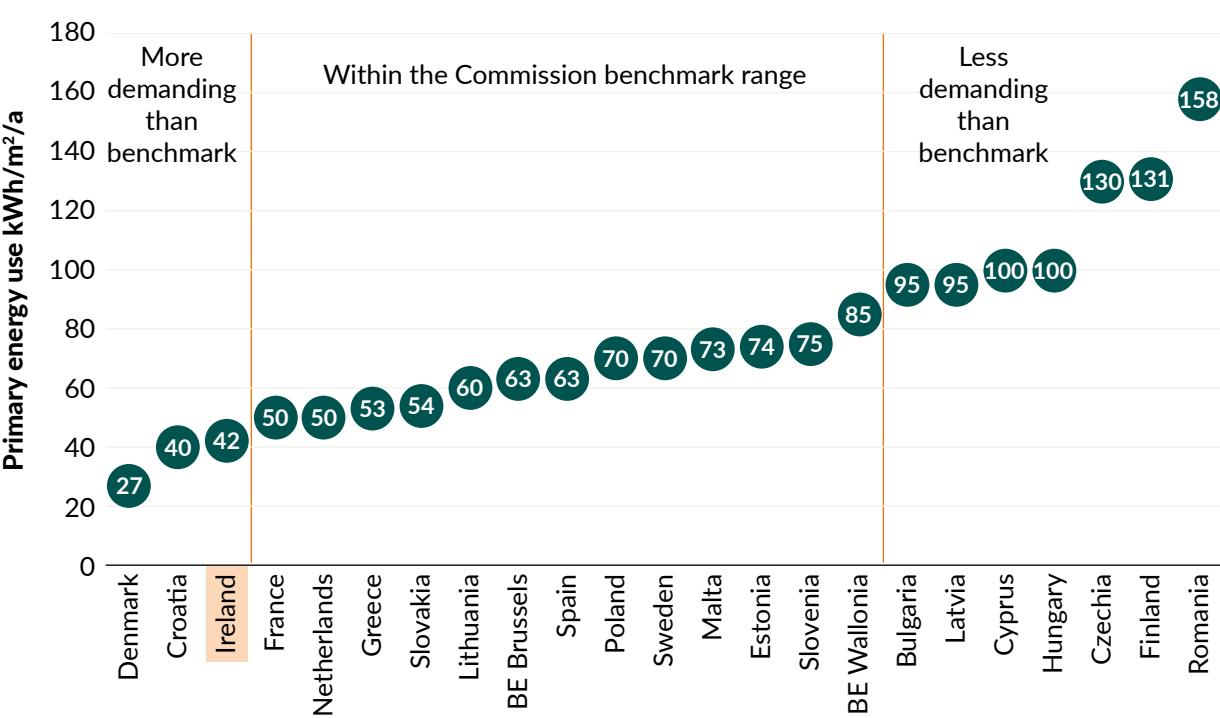
Only 8 EU member states complied with all four of the requirements listed in Figure 11.2: Croatia, Denmark, France, Ireland, Lithuania, Netherlands, Romania and Slovenia. The rest failed to adequately address at least one of the provisions. The analysis also found that 21 member states and 2 Belgian regions (Brussels-Capital Region and Wallonia) published values, or a range of values, specifying the primary energy requirement for single family houses. These results are summarised below:

- 13 member states fall within the Commission's benchmark range of 50-90 kWh/m²/a.
- 3 are lower (i.e. more demanding) than the benchmark: Denmark, Croatia and Ireland.
- 7 are higher (i.e. less demanding) than the benchmark: Bulgaria, Latvia, Cyprus, Hungary, Czechia, Finland and Romania.

The *Climate Action Plan 2024* (CAP) sets out detailed actions to reduce greenhouse-gas emissions in the housing sector, both in the short and medium term.²⁹⁵ It provides an important supervisory and advisory function in this regard on a regular basis. Some of the key targets included in the latest CAP for the housing sector are:

- a move from the supply of new housing that is NZEB currently to Zero Emission Buildings (ZEB) by 2030;
- the equivalent of 500,000 dwellings retrofitted to BER B2 by 2030;
- reduction in demand due to energy efficiency responses.

Figure 11.3: NZEB kWh/m² per year values for single family homes in the EU



Source: BPIE, 2021.

295 Government of Ireland, *Climate Action Plan 2024*, 2024.

The actions recommended to achieve these targets are regularly updated. The 2024 actions are supported by the Housing Commission:

- Provide a record budget allocation for SEAI residential and energy upgrade schemes to support widescale improvement in the energy efficiency of the existing housing stock.
- Support and accelerate the design, development and implementation of apprenticeships meeting green skills needs.
- Increase the number of one-stop shops and BER assessors.
- Continue the rollout of the Social Housing National Retrofitting Programme.
- Promote initiatives aimed at reducing residential energy consumption.

11.3.3 Recommendations & Actions

Recommendation #77:
Meet emission reduction targets for the new residential construction sector.

Actions

1. Plan and implement the IGBC Roadmap to achieve net zero whole-of-life carbon targets for all new housing by 2050.
2. Introduce whole-of-life carbon targets to the design of all new housing through the building regulations and planning processes.
3. Prioritise compact urban growth over new one-off houses.

Recommendation #78:
Publish housing guidelines that address and cross-reference the *Climate Action Plan* with reference to the *National Planning Framework* and the *Town Centre First* policy, and link to their identified targets and actions.

Actions

1. Ensure that the built-environment profession and construction industry lead, advise and design within climate targets.
2. Ensure housing guidelines are consistent with the *Climate Action Plan* through coordination and cross-referencing of guidance to ensure consistency.
3. Undertake a technical review of the most affordable way to achieve zero-carbon new homes.

Recommendation #79:
Address the energy efficiency deficit in the housing stock through sufficient funding and supports.

Actions

1. Follow the four-pillar approach of the *National Retrofit Plan* by focusing on: (i) driving demand and activity; (ii) financing and funding; (iii) supply chain, skills and standards; and, (iv) governance.
2. Support energy upgrades of the existing housing stock, phased over a period of time.
3. Support a realistic transition, initially to a minimum BER E requirement, for all rented dwellings over the next five years, that takes into consideration the implications for the rental sector. A planned and realistic transition to BER B2 for rental dwellings should be in line with the transition of owner-occupied housing to this rating through the provision of supports.
4. Address the energy efficiency deficit in older stock in the rental sector through a combination of grant and tax-based incentives and the introduction of support for retrofitting of low-BER private rented dwellings. This would encompass low-interest loans for retrofitting of low-BER private rented housing. This programme would also have to include specific measures to deal with dwellings owned by low-income private landlords (e.g. pensioners) who may not have capacity to service these loans.

5. Formulate a plan to retrofit (or demolish and replace in some cases) the less energy-efficient local authority housing stock nationwide and provide the required funding and additional support for retrofitting high-density dwellings (e.g. flats, complexes, maisonettes), which are largely concentrated in Dublin and Cork cities.
6. Develop additional trained construction and technical resources to drive the adaptation of existing and vacant building stock.

11.4 District Heating

11.4.1 Background & Context

Current building standards in Ireland require low energy consumption, but also a minimum level of renewable energy supply. While Ireland exceeds the EU's required performance on building standards for energy efficiency, it is towards the bottom of the EU table in terms of the share of renewables used for heating and cooling in existing dwellings. In its National Heat Study (2022), the SEAI identified, as the two main solutions to decarbonising heat in Ireland, heat pumps and district heating, primarily for rural and urban areas, respectively. Essentially, where there is a high enough heat demand within a defined area, district heating can be more economical than heat pumps.

Where heat demand is not high enough or spread over too large an area, heat pumps are the best solution to decarbonisation. Only air-source heat pumps are currently being supported for broad deployment. Both technologies need appropriate conditions to be cost-effective. Air-source heat pumps only work efficiently in homes with sufficient insulation, whereas district heating is only an efficient solution where there is a sufficient concentration of heat demand to justify the infrastructural investment.

District heating systems have been around for decades. Sweden installed its first district heating system in the 1960s. The largest district heating system in Ireland was installed for the Ballymun development in Dublin in the late 1960s. Another substantial district heating system was installed in the late 1990s in the west end of Temple Bar in Dublin, linked to a plant in Dublin City Council's Civic Offices, serving a large number of apartment buildings, hotels and offices.

District heating systems can be developed by the public or private sector, or in various types of partnership arrangements. The recently developed Tallaght district heating system is owned and operated by South Dublin County Council on a

not-for-profit model. Design, construction and subsequent operations and maintenance of the Tallaght scheme are contracted with Fortum, a Finnish multinational energy-supply company, for a period of 10 years. At time of writing, a district heating system is being installed in a large residential development in Shanganagh in Dublin, undertaken by the Land Development Agency in conjunction with Dún Laoghaire-Rathdown County Council. This uses a generation plant using air-sourced heat pumps.

The essential feature of district heating is a network of insulated pipes that carries heat, usually in the form of hot water, to buildings. The network is connected to one or more heat sources and to a final point of heat demand, whether public, commercial, or residential buildings. The network of pipes between buildings is the defining feature of a district heating system. Due to the necessity to lay a network of pipes, the economic feasibility of district heating in any location is largely determined by the heat demand density. Sufficient density is normally achieved through a mix of large customers, such as public buildings like hospitals, commercial buildings such as hotels, and a level of density of residential buildings.

The source of heat can vary. Decades ago, district heating systems were supplied by fossil-fuel plants or boilers. Today in the EU, an increasing share of district heating is supplied by renewable energy, or waste energy sources such as waste incinerators.

Germany, Poland, and Sweden have the biggest district heating markets in Europe. Other western European countries such as Denmark and Finland have made efforts to further expand the use of renewable sources in district heating (Energy Monitor, 2020).²⁹⁶ However, in Ireland the use of district heating remains very limited.

11.4.2 Analysis

District heating systems have continued to evolve over the decades, improving in efficiency and reducing greenhouse-gas emissions. Implementing a district heating network requires substantial investment and infrastructural development. It is imperative to have the critical precursors in place, as set out in the Planning and Development Bill 2023. It defines district heating systems, refers to them under local authority development, and allows planning authorities to carry out works such as placing, constructing, laying, and connecting the required infrastructure. It also provides for licensing of use by third parties. The enabling legislation is critical to the deployment of district heating at scale.

296 Energy Monitor, 'Europe makes progress integrating renewables in district heating', 2020.

Where the aim is to decarbonise existing homes, district heating, where conditions allow, can offer many advantages; the upfront cost for the consumer is low, disruption when connecting the home is minimal, and, in developing the network, a different and small pool of labour is drawn on, thus reducing the competition for labour with home builders. Given its systemic efficiencies and flexibility in connecting to different heat sources, district heating can provide a stable low-cost heat supply to customers and should be deployed where conditions allow.

More certainty and confidence in the deployment of district heating is needed. Efforts at local and central government level need to be accelerated to identify locations where district heating should be deployed. When these have been identified, a supporting policy environment is required, whereby government policy and funding support the economics of district heating, e.g. with government support for air-source heat pump deployment in those locations.

Where there is sufficient demand, district heating can efficiently provide zero-carbon heat to homes at a lower upfront cost to the developer and homeowner, with less competition between home-building and home retrofit for labour and skills.

The SEAI's National Heat Study (2022) identified both district heating and heat pumps as important technologies to help Ireland meet its greenhouse-gas emission reduction targets.²⁹⁷ Among the many benefits that district heating can offer, two are very relevant for the housing sector;

1. District heating reduces the cost to the developer of building a zero-carbon home.
2. District heating reduces the competition for labour between building new homes and retrofitting existing homes.

As part of the *Climate Action Plan 2023*, the Government set a target for delivery of 2.7 TWh of district heating, or 10% of building heat demand, by 2030.

SEAI analysis, as part of its National Heat Study (2022), suggested that up to half of Ireland's building stock could be efficiently connected to district heating systems. However, this would require the installation of approximately 1,000km of pipe trench along Irish roads to move the heat from central locations to buildings that would use the heat. This would require an estimated investment of between €2.7 billion and €4 billion. Given the scale of upfront costs and complexities involved, efforts should be made to prioritise new developments of scale.

In August 2023, the District Heating Steering Group set out a number of recommendations to increase the adoption of district heating in Ireland, which are supported by the Housing Commission:

- Draft legislation to underpin the sector
- Industrial facilities to supply waste heat to district heating where the total energy input is at least 1MW
- Provide for a single technical standard that facilitates growth and interconnectivity of district heating
- Take a centrally planned approach to the development of district heating
- Provide for predominantly market-based district heating systems, with supports consistent with other decarbonised heat sources

11.4.3 Recommendation & Actions

Recommendation #80:

Promote and enable through legislation the wider adoption of district heating as a lower-carbon source that can reduce the cost of residential heating and help meet climate goals in applicable areas when applied at scale.

Actions

1. Legislate and regulate for the provision of district heating infrastructure.
2. Formally identify additional locations to introduce district heating in order to offer more certainty to housing providers.
3. Leverage excess heat supply sourced from large energy users, such as data centres. Such actors can play a larger role in supplying their excess heat to support district heating schemes.
4. Make supports available to housing providers in relevant and designated areas to ensure new builds are ready for district heating.
5. Enable synergies with industries that can integrate effectively with district heating networks. Industries such as hospitality can avail of a sustainable form of central heating.

²⁹⁷ SEAI National Heat Study, 2022.

6. Audit and evaluate the potential for additional district heating in high-potential locations, including the Dublin District Heating Scheme.²⁹⁸

11.5 Use of Timber in Housing Construction

11.5.1 Background & Context

Considerable attention is given to the emissions from residential homes over their lifetime, particularly with respect to the emissions due to heating homes. However, the process of building homes (producing the materials, transporting them, and erecting them) also gives rise to emissions. These emissions are referred to as the embodied carbon, or embedded carbon, of buildings. The European Commission has stated its intention to address embodied emissions in the planned revision to the Energy Performance in Buildings Directive.²⁹⁹ This will include reflecting embodied carbon in BER certificates. The sum of embodied and operational carbon emissions of buildings, together with disposal or recycling costs at end of life, is known as the whole life-cycle emissions of buildings. Achieving high standards on the whole life-cycle emissions would be a route towards qualifying for green finance for residential development.

Given the current emissions associated with construction in Ireland, it is possible for the sector to make a strong contribution to climate action, not only through controlling and reducing emissions but also through creating stores of carbon. The UN recognises the potential of harvested wood products such as timber-framed construction to lock away carbon dioxide for many decades.

Harvested wood products produced from Irish timber would represent a net negative in the account of Ireland's greenhouse-gas emissions, making a strong contribution to Ireland's efforts to get to net zero emissions by 2050. Harvested wood products represented just (-) 0.96 Mt of CO₂ in 2021. This is coming from the shorter-term storage of Irish timber products being converted to products such as pallets, as well as some longer-

lived products made from sawn wood. But the current figure is very far off the potential available in this category if timber-frame construction using Irish timber is strategically pursued.

11.5.2 Analysis

The construction and built environment sectors account for 37% of Ireland's greenhouse-gas emissions annually. This is a sector which will need to grow and expand its capacity in the years ahead if Ireland is to meet the housing requirements of its population (see Section 2). This presents a challenge, as the expansion of housing delivery will result in an increase in sectoral emissions unless the carbon efficiency of the sector can be substantially improved.

Over a third of the Irish construction sector's emissions come from the manufacture, transport, installation, and eventual disposal of building materials. For example, delivery of goods to roadworks and building sites represented 16% of freight vehicle kilometres and 19% of tonne-kilometres in Q3 2022. The production of cement in Ireland alone produced 2-3 metric tons of carbon dioxide equivalent (MTCO₂e) in 2021.³⁰⁰ This represents as much as 5% of total Irish greenhouse-gas emissions. As the rest of the economy decarbonises, these embedded emissions will rise in importance.

Timber-frame construction is not encouraged by the building regulations Guidance Documents.³⁰¹ It is effectively prohibited in medium-rise construction (i.e. four storeys and above). This is despite the proven safety, durability, and dependability of timber-frame housing. It is important to ensure that building standards do not act as a barrier to the use of cost-effective emission-reduction strategies such as the wider use of timber-frame buildings. The IGBC has noted in its Building Zero Carbon Ireland Roadmap 2022 Annual Review³⁰² that 'Technical Guidance Document B must be reviewed to address the limit placed on timber construction above three storeys'.

The Climate Advisory Council also notes the importance of timber-frame construction in Ireland to support commitments in the Climate Action Plan and has recommended that 'the

²⁹⁸ Dublin City Council, 'Dublin District Heating System (DDHS)'.

²⁹⁹ The Commission has communicated that the EPBD 'will address carbon emissions over the full lifecycle of a building, through mandatory calculation and disclosure of this information for new construction, to inform citizens and business and raise awareness. This approach builds upon experiences from several Member States and will be gradually introduced (starting with large buildings of over 2000 m² as of 2027 and applying to all buildings after 2030) to allow enough time for data to be available'. European Commission, 'Questions and Answers on the revision of the Energy Performance of Buildings Directive', European Commission, 2021.

³⁰⁰ 2.1Mt from industrial processes of cement alone; 1.2Mt from fuel combustion in cement and lime production together. EPA National Inventory Report 2023.

³⁰¹ Department of Housing, Local Government and Heritage, 'Technical Guidance Documents', Government of Ireland, 2020.

³⁰² IGBC, 'Building a zero carbon Ireland', Irish Green Building Council, 2022.

DHLGH should clarify the building regulations, amend where necessary and provide guidance to Councils on alternative building materials and their appropriate use in construction.³⁰³

As part of its work, the Housing Commission examined the question of how Ireland compares to other countries in its approach to embodied carbon compliance in the residential sector. It notes that Denmark, Finland, France, the Netherlands, and Sweden have the most advanced national policy models for reducing whole-life carbon (WLC), while Ireland's is comparatively less developed. However, Ireland is among the most ambitious EU member states in terms of nearly zero-energy buildings (NZEB) standards. (A summary of the findings of this comparative analysis is provided in Appendix 11A.)

Outside the European Union, other jurisdictions, such as Canada, have also recognised the benefits of timber-frame residential construction in reducing embedded carbon and have reformed their building regulations to encourage more widespread take-up. Through strategic investments, scientific expertise and changes in regulatory building codes, Canada has over 500 mid-rise buildings either completed, under construction or at design stage, and has become the world leader in tall wood construction (generally defined as a building over six storeys high).³⁰⁴

The rise in mass timber³⁰⁵ construction in Canada has been attributed to progressive building codes, innovative building systems, growing numbers of designers and builders with expertise, and increasingly affordable products and systems, among others.³⁰⁶ As a result, timber-framed construction 'is one strategic way Canada can reach its 2030 climate change target while creating jobs for Canadians and opportunities for Canadian businesses'.³⁰⁷

The research on other jurisdictions' approach to embodied carbon in the residential sector demonstrates that Ireland must increase the use of timber in construction. In November 2023, an Interdepartmental and Industry Steering Group on Timber in Construction was appointed. It will examine the potential obstacles to increasing the use of timber, including regulatory and standardisation challenges.³⁰⁸ This aim is

supported by the Forestry Programme, launched in September 2023, which incentivises landowners to plant new forests for timber.

11.5.3 Recommendation & Actions

Recommendation #81:

Support and deploy more widespread use of timber in housing construction and reform the building control system accordingly.

Actions

1. Amend the building control system to minimise impediments to the adoption of the use of timber in housing construction.
2. Incentivise and financially support the use of timber in housing construction, including higher-rise buildings.
3. Mandate Enterprise Ireland to provide development supports aimed at encouraging the adoption of timber in housing construction.
4. Improve the operation and efficiency of the tree-felling licence regime.

11.6 Compact Housing Development

11.6.1 Background & Context

The *National Planning Framework*³⁰⁹ is the Government's strategic plan for shaping the future growth and development of Ireland out to the year 2040. The framework aims to guide public and private investment, with the intention of preparing Ireland for anticipated changes and challenges in the coming years, including population growth of one million over the two decades to 2040. It sets out goals in the form of National Strategic Outcomes, including compact growth, sustainable mobility and the transition to a low-carbon and climate-resilient society. It also

303 CCAC, 'Annual Review', Climate Change Advisory Council, 2023.

304 Government of Canada, 'Greening our built environments with wood', 2020.

305 Mass timber is a new category of wood product, comprised of multiple solid wood panels nailed or glued together. It provides exceptional strength and stability and is a low-carbon alternative to concrete and steel.

306 Government of Canada, 'Mass timber construction in Canada', 2023.

307 Government of Canada, 'Greening our built environments'.

308 Department of Agriculture, Food and the Marine, 'New Steering Group on timber will examine increasing the use of timber in construction', 2023.

309 Government of Ireland, *The National Planning Framework*, 2018.

sets 10 strategic investment priorities, including housing and sustainable urban development, rural development, environmentally sustainable public transport, and climate action. A target was set for compact growth such that 40% of future housing development would be within and close to the existing ‘footprint’ of built-up areas.

Compact growth is essential to reducing the distance people need to travel for work, education, services, and leisure activities, promoting sustainable options like walking, cycling and public transport. However, the standards for housing layout design often hinder compact growth. These outdated standards, some dating back over a century, prioritise car-based requirements such as parking and high-speed road design, making it expensive to develop housing that aligns with people’s desire for individual homes. Combined with past shortcomings in transportation infrastructure, this results in low-density development and limited housing typologies, which ultimately hinders progress toward more compact and sustainable urban environments. Section 4.3 of this report examines housing standards and compact housing, focussing on density ranges.

11.6.2 Analysis

Spatial planning and high-density development have long been understood to have a strong influence on greenhouse-gas emissions (see Appendix 11B). At a basic level, the degree of compact growth and settlement determines the distance people have to travel to access employment, education, services, society and recreation. In turn, the distance determines whether active travel options like walking and cycling are feasible. Sustainable residential development can reduce both transport demand and the cost of providing low-carbon services such as public transport. The Commission has undertaken an analysis of the economic costs of urban sprawl (see Appendix 4E). The environmental costs associated with urban sprawl are additional to the economic and financial costs examined in the Commission’s analysis.

Achieving compact growth is the enabler for sustainable spatial development. It is essential to emphasise that compact growth should not mean smaller dwellings or high-rise buildings, but rather building within cities and towns on brown/ infill sites. It also does not mean building on public green space. Compact growth can only work where regulations permit it and where an excellent urban realm and services are readily accessible.

In general, building standards that support compact growth will also reduce the overall emissions produced directly and indirectly by the housing system. The ‘Sustainable Residential Development and Compact Settlement Guidelines for Planning Authorities’ sets new policy in relation to planning and development of urban and rural settlements. The guidelines focus on sustainable development and compact settlements, and there is a renewed focus ‘on the renewal of existing settlements and on the interaction between residential density, housing standards and quality urban design and placemaking to support sustainable and compact growth’.³¹⁰

The focus on compact urban development has positive implications for sustainable transportation. It reduces the need for long-distance travel and encourages active transportation options like walking and cycling, contributing to both emission reductions and healthier lifestyles. Transit-oriented development optimises land use, making more efficient use of available land capacity, which can lead to more sustainable and efficient urban planning and development.

11.6.3 Recommendation & Actions

Recommendation #82:
Ensure that state policy supports compact housing growth, which is essential to achieving the transition to a low-carbon society.

Actions

- 1. The Government should address the poor economic incentives for urban brownfield/ infill development, taking account of the real economic, environmental, and social costs of urban sprawl.
- 2. Develop communities with high accessibility through sustainable modes of transport that are planned from the start, even on greenfield sites.
- 3. Revise and champion planning policy to consider changing living, working and mobility patterns. This review should promote high-quality compact, climate-resilient development.

310 Department of Housing, Local Government and Heritage, ‘Sustainable Residential Development and Compact Settlements’, 2024. More information on the guidelines can be found in Section 4.3 of this report.



11.7 Biodiversity

11.7.1 Background & Context

Ireland has signed up to and been a member of the United Nations Convention on Biological Diversity (CBD) since 1996. The principal aims of the CBD are the conservation of biological diversity, the sustainable use of its components, and the fair and equitable sharing of benefits arising from the use of genetic resources. The Wildlife Acts and the Habitats regulations are the main national legal instruments that protect biodiversity in Ireland directly. These relate to the protection of particular species, including breeding birds and mammals, through Natura sites. Another key part of the regulatory framework to protect biodiversity is the requirement for environmental impact assessments (EIAs) for relevant projects, which includes assessment of impacts on biodiversity and ecosystems.

A key issue in the context of biodiversity is invasive plant species – species that have been introduced, either intentionally or unintentionally, and end up thriving in the Irish natural environment. The issue of invasive plant species touches on many aspects of housing policy. Such invasive species can become problematic if they proliferate, outcompeting native species and adversely affecting animal and human life.³¹¹

The *National Biodiversity Plan* includes the objective that harmful invasive alien species be controlled and that there be reduced risk of introduction or spread of new invasive species.³¹² Housing policy can be leveraged to ensure that the spread of unwanted invasive plant species is controlled and reduced. Clúid Housing provides the following guidance³¹³ on dealing with the risk of invasive species during the construction phase of new developments:

“Prior to any construction facilitation works or site clearance, the area shall be surveyed by a suitably qualified professional to identify if any invasive or reportable species are present. Invasive species should be fully removed before any works begin on site, in compliance with the most current industry guidelines.”

Supporting biodiversity and creating space for nature can also create positive synergies. A 2020

report by the World Bank noted the potential use of natural materials and materials that reflect heat, e.g. green roofs, cool roofs, cool pavements, etc, which can reduce the urban heat island effect and thus reduce carbon emissions from energy required for cooling.³¹⁴ The UK’s National House-Building Council (NHBC) Foundation and the Royal Society for the Protection of Birds (RSPB) produced a guidance document for developers in the UK, suggesting the following potential synergies:³¹⁵

- Nature adds character and quality of place and helps improve the liveability of that place.
- Existing natural features retained within the development footprint, be they veteran trees, old hedgerows, or ponds, provide a context and character for the development and provide continuity of habitat for local wildlife.
- Creating space for nature provides enjoyable recreational space, through which the value of homes can be increased.
- Retaining soils and adapting planting/seed mixes to suit them rather than importing soil should cause fewer plant failures and reduce soil handling.
- Sustainable Drainage Systems (SuDS) that use soft landscape features, such as lower green areas designed to control run-off, have lower installation and maintenance costs than hard engineered solutions and can furthermore support wildlife.
- Locally adapted native species are more durable, so have lower long-term maintenance costs.

11.7.2 Analysis

Housing developments should take place in appropriate locations that do not jeopardise the health and resilience of key ecosystems. However, housing can play a positive role in environmental sustainability. Appropriate planting or landscaping in outdoor space in residential developments can allow space for nature; for example, by planting of native trees or shrubs or designating ‘no mow’ areas.

Where space is limited, green walls and green roofs can still offer room for nature. Greater provision of guidance and advice on how to support wildlife in new developments would be welcome. There

311 Examples include Japanese Knotweed, *Rhododendron ponticum*, *Buddleia* and Giant Hogweed. See: National Biodiversity Data Centre, ‘Ten Most Unwanted Species’, 2023.

312 Department of Culture, Heritage and the Gaeltacht, *National Biodiversity Action Plan 2017-2021*, 2017.

313 Clúid Housing, ‘*Landscaping and Biodiversity Guide for New Developments*’, Clúid Housing, 2023.

314 ESMAP, ‘*Primer for Cool Cities: Reducing Excessive Urban Heat*. Energy Sector Management Assistance Program (ESMAP) Knowledge Series’, no. 031, vol. 20, World Bank, 2020.

315 J. Day, P. Stephens and N. Symes, ‘*Biodiversity in new housing developments: creating wildlife-friendly communities*’, The National House-Building Council Foundation and the Royal Society for the Protection of Birds, 2021.

is also a need for greater coordination between central government, local government, state agencies and semi-state entities to address the issue of invasive plant species.

11.7.3 Recommendation & Actions

Recommendation #83:
Support biodiversity measures in the development of residential areas.

Actions

1. Provide information and supports to households to enable them to foster biodiversity in the home environment.
2. Enforce EU regulations to preserve biodiversity.
3. Provide support and guidance to ensure that housing development is supportive of native animal and plant life, while playing a role in controlling unwanted species.
4. Include sustainability and biodiversity as criteria in ex-ante planning and evaluation of major projects.
5. Highlight the importance of sustainable drainage, nature-based solutions, active travel and biodiversity protection and enhancement.



Abbreviations

Term	Explanation
AHBRA	Approved Housing Bodies Regulatory Authority
AHB	Approved Housing Body
BCAR	Building Control (Amendment) Regulations 2014, S.I. No. 9/2014
BCMS	Building Control Management Systems
BER	Building Energy Rating
BIM	Building Information Modelling
CALF	Capital Advance Leasing Facility
CAS	Capital Assistance Scheme
CCAC	Climate Change Advisory Council
CPD	Continuing Professional Development
CPO	Compulsory Purchase Order
CSEP	Critical Skills Employment Permit
CSO	Central Statistics Office
CWMF	Capital Works Management Framework
DEPNDR	Department of Public Expenditure, National Development Plan and Reform
DHLGH	Department of Housing, Local Government and Heritage
DHSCT	Dublin Housing Supply & Coordination Taskforce
ED	Electoral Division
EGFSN	Expert Group on Future Skills Needs
EPA	Environmental Protection Agency
ESRI	Economic and Social Research Institute
FTB	First Time Buyer
GCCC	Government Construction Contracts Committee
GDA	Greater Dublin Area
GFC	Global Financial Crisis
GIS	Geographic Information System
HAP	Housing Assistance Payment
HDOE	Housing Delivery Oversight Executive
HDSGs	Housing and Disability Steering Groups
HDZs	Housing Delivery Zones
HHS	Household size
HISCo	Housing Infrastructure Services Company
HNDA	Housing Need and Demand Assessment
HSTs	Housing Supply Targets
HTB	Help-to-Buy
IFA	Irish Farmers Association

Term	Explanation
IGBC	Irish Green Building Council
IGEES	Irish Government Economic and Evaluation Service
IIP	Irish Institutional Property
ISIF	Irish Strategic Investment Fund
KPI	Key Performance Indicator
LAP	Local Area Plans
LDA	Land Development Agency
LGMA	Local Government Management Agency
LPT	Local Property Tax
LVS	Land Value Sharing
MMC	Modern Methods of Construction
MUDs	Multi-unit Developments
NAMA	National Asset Management Agency
NDFA	National Development Finance Agency
NDP	National Development Plan
NESC	National Economic and Social Council
NHSDP	National Housing Strategy for Disabled People
NPF	National Planning Framework
NZEBs	Nearly zero-energy buildings
OGP	Office of Government Procurement
OMCs	Owners' Management Companies
OPR	Office of the Planning Regulator
P&A	Payment and Availability Agreements
PPP	Public Private Partnership
PRS	Private Rental Sector
RAS	Rental Accommodation Scheme
RPZs	Rent Pressure Zones
RDF	Rural Regeneration and Development Fund
RSES	Regional Spatial and Economic Strategy
RSPB	Royal Society for Protection of Birds
RTB	Residential Tenancies Board
RTI	Rent-to-Income Ratio
RZLT	Residential Zoned Land Tax
SCSI	Society of Chartered Surveyors Ireland
SEAI	Sustainable Energy Authority of Ireland
SHD	Strategic Housing Development
SSB	Second and Subsequent Buyer
UD	Universal Design
UDZ	Urban Development Zone
UNFCCC	United Nations Framework Convention on Climate Change
WFD	EU Water Framework Directive (2000/60/EC)

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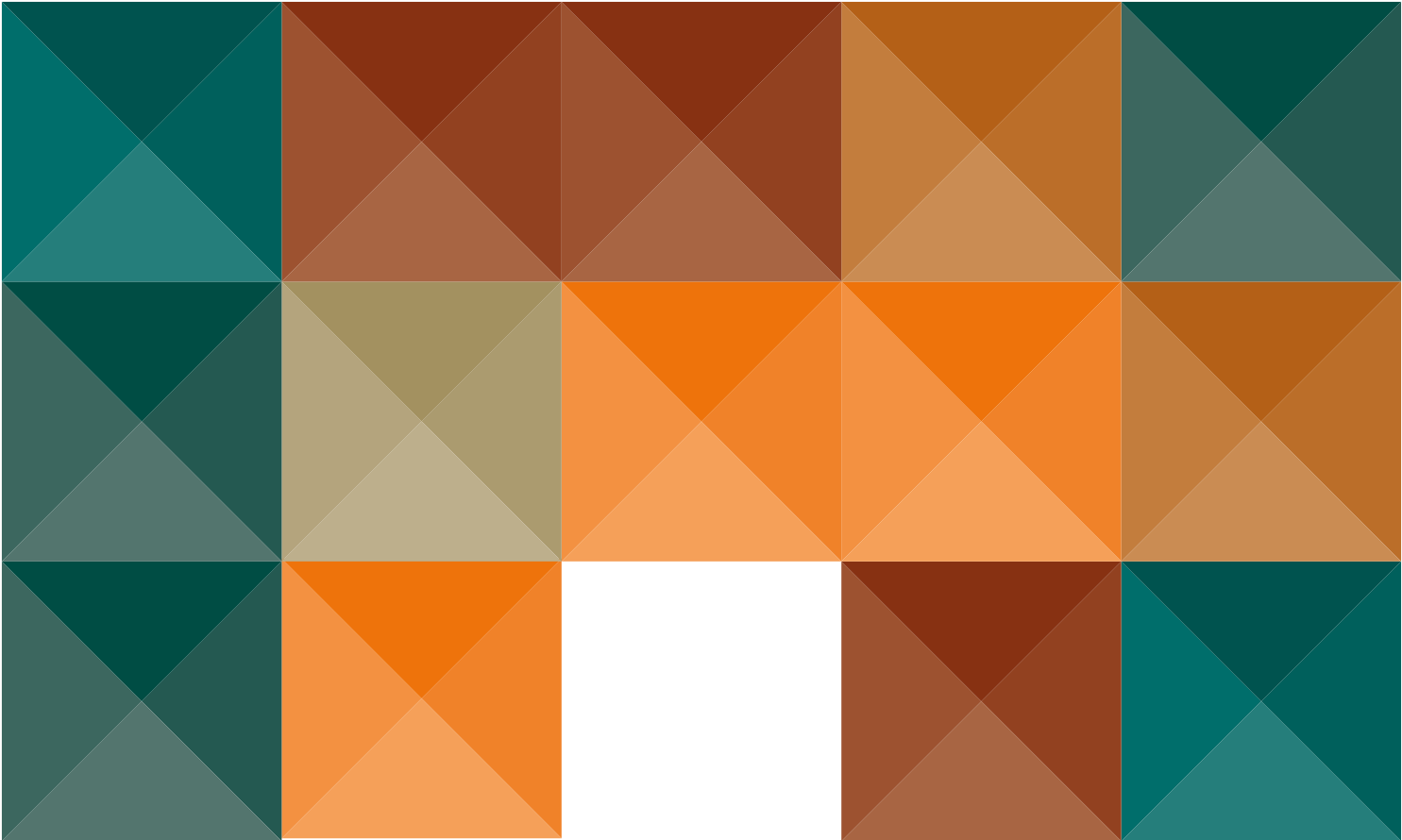
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An Coimisiún Tithíochta
The Housing Commission