

Housing Ireland into the Future

**Property Industry Ireland's
Housing Policy
Position 2020**

What are the Property and Construction sector's key asks from the 32nd Government and 33rd Dáil of Ireland?



- 1. Prepare a long-term housing plan in collaboration with industry and civil society**
 - Resulting in a more informed response in the supply of social and affordable housing.
- 2. Ensure viable and affordable rents for every stage of life**
 - Stop the exodus of landlords. Between 2012 and 2018, over 39,000 landlords left the rental market. Build more social housing and reform taxation of landlords.
- 3. Support the delivery of affordable new homes**
 - Only 45% of the cost of delivering a new home is accounted for by the build cost. Make more state land available for private development, and introduce a state backed shared equity scheme and bridging finance scheme.
- 4. Encourage the use of modern methods of construction**
 - Government should support innovation in the sector by using modern construction methods as part of social housing public procurement.
- 5. Be ambitious with infrastructure investment**
 - Establish a national infrastructure commission to advise on infrastructure priorities, and provide sufficient financial support to allow state utility providers to carry out their functions, in particular Irish Water.

1. Long-term National Housing Plan



Challenge	Cause	Solution (Recommendation)	Expected Result
Ireland has periodically suffered from either an over- or under-supply of housing	There is a lack of a national consensus of the housing need in Ireland	Develop a Long-term National Housing Plan with cross party participation and support from all stakeholders - government, civil society and industry - working together	A better level of knowledge for all stakeholders about the expected level, type and location of housing demand, resulting in a more informed response in supply of social and private housing (rental and owner occupier), and to define affordable housing.
		Review the plan annually at a 2-day Housing Forum (modelled on the New Ireland Forum) chaired by An Taoiseach	
		Appoint a housing advisor to attend Cabinet and sub-committee meetings as required	Enough and appropriate homes for all residents throughout Ireland

2. Vision – Housing, Work & Well-being



Challenge	Cause	Solution (Recommendation)	Expected Result
Development of new communities reflecting the needs of its future inhabitants	New housing or apartment developments are not viable in certain locations partially due to a combination of density and housing design requirements, and appropriateness for the area	Introduce new Housing Design Standards, focussed on more dense living while respecting privacy and sustainable communities, including a reduction in the minimum back to back dimensions for housing to help deliver more smaller type units	Higher density housing developments as an alternative option to apartment development in urban locations Improved viability of smaller type housing developments in appropriate locations
Ensuring the planning process does not act as a delay to the development of housing	Prior to the introduction of the Strategic Housing Development Process, there were significant delays for larger housing developments, including as a result of most larger developments (over 100 units) being appealed to ABP	The SHD process is being amended to make it more workable and therefore enabling planning applications to be determined quicker. PII recommend that the SHD process be retained as a permanent feature of the planning process	A responsive planning process for large housing development applications

3. Viable and affordable rents for social, student & private housing for every stage of life



Challenge	Cause	Solution (Recommendation)	Expected Result
<p>There is insufficient rental properties available across the country leading to higher rents, average rents being higher than mortgage repayments, and homelessness</p>	<p>Policy decisions leading to the private rental market being used for social housing (HAP), renters unable to afford to buy, and smaller landlords leaving the market</p>	<p>An increased commitment from government to build more social houses in the short term that will be maintained to a high level and retained for social needs</p>	<p>An increase in the number and quality of rental properties available.</p> <p>A slowdown in the rate of rental increases.</p>
		<p>Maintain the number of landlords through a reform of rental income taxation and incentives to retain properties as rental properties when sold</p>	<p>An increase in the viability of landlords will lead to an increased confidence in this segment of the market and a certainty of demand for new housing development.</p> <p>Reduction in homelessness.</p>

3. Viable and affordable rents for social, student & private housing for every stage of life



Challenge	Cause	Solution (Recommendation)	Expected Result
<p>A lack of rental options for tenants and a perceived lack of security in tenure.</p>	<p>Ireland’s rental market, and consequently legal framework, did not develop to the levels seen by most European countries and still has low levels of rental stock.</p>	<p>Increase the amount of permitted private build-to-rent schemes.</p>	<p>Cost of renting to fall (by ensuring more competition), fall in homelessness due to new supply, whilst also encouraging the professional landlord to invest in such developments which would be more efficient to manage and maintain.</p>
		<p>Government to encourage institutional investment in the rental market to attract long term capital.</p>	<p>More secure tenancies because of commercial interest to keep good tenants in situ and commercial landlords cannot end tenancies for use of property by family members.</p>

3. Rental market



Well-meaning but unhelpful initiatives such as a rent freeze should not be considered.

A rent freeze, while beneficial to current tenants in the short-term, would have a lasting effect on the market by disincentivising investment and would result in a lack of available properties

4. Deliver affordable homes



Challenge	Cause	Solution (Recommendation)	Expected Result
<p>There are insufficient homes of all types available to purchase at the right price for many people who traditionally would have been home-purchasers</p>	<p>The cost of new housing remains more expensive than what can be afforded by families in many locations because of a range of factors. This lack of viability has resulted in a lack of supply in some areas of the country.</p>	<p>LDA should make land available to the private market for housing development. This land could be provided on the requirement that housing be provided at an affordable level.</p>	<p>A continued and sustained increase in the number of houses being built to reach the expected annual demand of 35,000 per annum, or as deemed required by the Long-term National Housing Plan.</p> <p>New homes being placed on the market that are affordable to purchase by the average household.</p>

4. Deliver affordable homes

Challenge	Cause	Solution (Recommendation)	Expected Result
<p>There are insufficient homes available to purchase at the right price for many people who traditionally would have been home-purchasers (linked to above)</p>	<p>Central Bank rules have constrained the ability of many people to borrow a sufficient mortgage to become home-owners.</p>	<p>Develop a shared equity model for newly constructed homes to help people on medium to low incomes to own their own home.</p>	<p>The shared equity model will enable buyers on lower incomes to purchase homes and still remain within the Central Bank lending limits.</p>
	<p>A lack of capable demand contributes to a dampening in confidence of home-builders and limits the supply of new homes.</p>	<p>Improve the viability of housing development by decreasing the amount the state adds to the cost of new homes through taxation and levies.</p>	<p>Less pressure on the rental market.</p> <p>A continued and sustained increase in the number of houses being built to reach the expected annual demand of 35,000 per annum, or as deemed required by the Long-term National Housing Plan.</p> <p>New homes being placed on the market that are affordable to purchase by the average household.</p>

4. Deliver affordable homes



Challenge	Cause	Solution (Recommendation)	Expected Result
The requirement for cash as development bonds is a barrier and cost to housing development	County Councils are not universally accepting bonds provided by insurance companies	Councils should be required to accept the CCM bond without the option to refuse and require cash only	Freeing up developers working capital to provide more housing to Local Authorities and Housing Associations

4. Deliver affordable homes

Challenge	Cause	Solution (Recommendation)	Expected Result
<p>There is insufficient mobility in the second-hand home market meaning that people are living in accommodation that is not suitable for them (under or over occupied)</p>	<p>There is no debt product on the market that people can access that would allow them to borrow in the short term to purchase a new home before they release the equity in an existing property.</p> <p>There is also a lack of purpose-built housing for older people, and this market cannot develop without the support of bridging finance.</p>	<p>Government to establish a fund to provide bridging finance to people moving home</p>	<p>Increased number of transactions in the market that would reflect people being given the option to move to more suitable accommodation</p> <p>Providing the option to downsize and release equity would also create a certainty in demand for purpose built housing for older people</p>

4. Deliver affordable homes

Challenge	Cause	Solution (Recommendation)	Expected Result
<p>There is a piecemeal and ineffective approach of incentivising the efficient use of land and property</p> <p>Local and special development levies are adding to the cost of new home development.</p>	<p>Separate property tax, derelict site levies, vacant site levies and commercial rates are in place for effectively the same purpose using a similar basis of value.</p> <p>Development levies are being used to fund new infrastructure in local areas that cost only new home purchasers but benefit all homes in the area.</p>	<p>Introduce a universal Site Value Tax to replace the existing property value taxes and development levies.</p>	<p>Reducing the cost of land as the retention for inefficient uses is disincentivized across all property types. A bridging finance mechanism (above) is an essential prerequisite to avoid hardship scenarios.</p> <p>Decreasing development levies will increase viability and reduce the cost of new home construction.</p>

4. Deliver affordable homes



Challenge	Cause	Solution (Recommendation)	Expected Result
Despite the benefit to society and lower energy costs, the cost of building energy efficient new homes makes improving environmental standards unaffordable for some and these homes unviable to develop	The materials and labour requirement for more energy efficient homes increases the cost of construction compared to the current minimum standards.	Introduce Government backed incentive schemes that reduce the cost of constructing more energy efficient buildings and in turn promote a longer term more sustainable built environment e.g. offsets against VAT	A greater proportion of highly energy efficient new homes being built and being part of the housing stock

5. Modern methods of construction

Challenge	Cause	Solution (Recommendation)	Expected Result
<p>Increasing the use of modern methods of construction in Ireland, and help Ireland to become a world leader in modern methods of construction to accelerate the delivery of housing stock, reducing the demand on scarce resources and in support of a more socially and environmentally manner.</p>	<p>Due to the scale of the Irish market and risks involved in investing in offsite construction methods, there has been a slow take-up of modern methods of construction. Modern methods of construction have the opportunity to decrease both cost and construction time if designs are standardised, and if scale is provided.</p>	<p>Government should commit to a considerable social and affordable housing build programme using modern methods of construction. This would require a reform of procurement methods to facilitate and encourage the use of universal design-types.</p>	<p>Increased use of modern methods of construction not only in public but also private housing developments and thereby</p> <ul style="list-style-type: none"> • Enhance productivity • Improve quality and life cycle costs • Reduce costs • Promote a more diverse workforce • Reduce waste, energy consumption and carbon footprint • Support investment in innovation

6. Sustainability and Public Procurement



Challenge	Cause	Solution (Recommendation)	Expected Result
Current public procurement rules do not adequately take into account the benefits of environmental and social well-being when selecting successful tenders	An over focus on cost alone means that tenders that are more environmentally sustainable are being ruled out of public procurement	Reform public procurement to give an increased weight to environmental and social commitments in tenders	Government selecting an increased number of socially responsible tenders that take account of more than financial cost

7. Infrastructure investment

Challenge	Cause	Solution (Recommendation)	Expected Result
There is a need for a greater prioritisation of infrastructure projects and speed up their delivery.	Decisions on infrastructure investment is overly politicised and does not necessarily take into account the interests of the nation as a whole	Establish a National Infrastructure Authority (similar to Infrastructure Australia) to research and advise national and Local Government, industry and the community on infrastructure investments and reforms that will benefit all	Better allocation and an open approach to infrastructure investment decisions and costs
Lack of responsiveness by Irish Water to new development is delaying home construction, also preventing developers from planning ahead and submitting planning for future developments.	Insufficient funding is available to Irish Water to support its activities	In light of the policy decision not to introduce a universal water charge based on polluter pays principle, Government should commit additional funds to Irish Water to allow it to carry out its functions	An improvement in the length of time it takes to develop homes and release homes into the market.

7. Infrastructure investment

Challenge	Cause	Solution (Recommendation)	Expected Result
There are sites available for development close to existing population centres that cannot be built upon because of a lack of services and infrastructure	Lack of investment in public infrastructure to open up unviable or inaccessible sites	Increase funding for investment to provide access and essential services to sites that can genuinely provide housing. This should include <ul style="list-style-type: none">• Luas at Cherrywood should continue on to Bray and connect to Dart / rail services• Dublin Airport rail link• regional road infrastructure including in Galway (ring road) and Cork (Dunkettle)	Increased housing development and greater use of existing infrastructure.