



Towards a sustainable rental sector in Ireland

Understanding the Key Challenges and Opportunities

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clúid housing | IP

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Executive Summary

Clúid Housing and Irish Institutional Property (IIP) have commissioned KPMG Future Analytics to undertake research into the methods by which the sustainability and attractiveness of the rental sector might be improved in Ireland.

Until the early 2000s, Ireland's status as a 'homeownership' society was supported and facilitated through a range of Government policies and economic and financial tools including various tenant purchase schemes. Arguably, these trends inhibited the development of renting as a viable alternative tenure option and has led to a perception of rental as a 'stop-over' tenure on the way to homeownership, a thinking recognised and acknowledged ten years ago in the Department of the Environment, Community and Local Government's 2011 'Housing Policy Statement'. Indeed, the Statement sought to address and change this trajectory, further asserting that "the development of a vibrant, viable private rented sector – as a real alternative – is essential".

“...these trends inhibited the development of renting as a viable alternative tenure option and has led to a perception of rental as a 'stop-over' tenure on the way to homeownership...”

Indeed, the growth of the rental sector (both private rented and social housing) in Ireland in recent years has been significant, with nearly a third of all households occupying this tenure in 2016. It is clear that a major shift has occurred with regard to this tenure, for a variety of reasons, including unaffordability of homeownership, continuous inward migration, increasing student populations, increasing precarity in the labour market, and an increased demand for residential choice and flexibility. This overarching trend has also been accompanied by a growing shift towards (rented) apartment living specifically. In 2016, 72% of all apartments nationally were in the rental sector, despite making up just 12% of overall housing stock. In contrast, just 21% of all houses nationally were in the rental sector. Yet, the extent to which the rental sector has developed into a vibrant and viable 'alternative' to homeownership remains to be seen.

Housing was at the forefront of the Programme for Government 2020. It acknowledges that securing 'housing for all' is one of the greatest tasks to be faced in Ireland. With regards to the rental sector, the Government specifically states that "improving the standards, security and affordability for renters is a priority" Yet, in order to tackle the critical issues facing the rental sector, detailed analysis is required around the nuances between various housing supply channels and the specific challenges and opportunities facing these. This study aims to examine these dynamics and shed light on where interventions are most urgently required.



Executive Summary >

In seeking to explore recent trends, this study has undertaken a comprehensive review of academic and policy literature on the evolution of the rental sector in Ireland and the driving forces shaping its current trajectory (See Section 2). In doing so, it identifies and analyses the key thematic challenges and opportunities across the sector including those connected to supply, affordability, development viability, tenant security and provision of state supported / social housing.

In order to structure and guide the research, the study places particular focus on the five major cities of Ireland – Dublin, Cork, Limerick, Galway and Waterford. It also examines four further towns to further contextualise the urban centred research and provide insight into how the rental sector is performing across smaller settlements of varying size and functions (See Section 3). The towns targeted for this are Athlone, County Westmeath; Castlebar, County Mayo; Letterkenny, County Donegal; and Dundalk, County Louth. These nine settlements are profiled with a view to understanding more localised trends around tenure over time and how these relate to the national and international ‘picture’. This also provides a basis for more detailed assessment of varying levels of rental affordability across the cities and towns.

The study also presents the findings of a series of stakeholder engagement exercises (Section 4) that have been undertaken to build a more detailed understanding of the views and experiences of key stakeholders within the sector (including those currently residing in each core housing tenure in Ireland (the private rental sector, social housing and home ownership), landlords/ investors, relevant public officials and representatives from national housing bodies. This strand of the research outlines, for example, preferred and expected tenure arrangements for existing tenants (both private rented and social housing) within the sector. In doing so, it also identifies a number of key inhibiting factors to tenants viewing the rental sector as an attractive and sustainable tenure for them in the longer term. In addition, the research investigates the views of landlords and investors around the motivating and constraining influences for operating within the rental sector. It also sheds light on the diversification of the sector in more recent years with growing institutional investment in a housing market which has historically been dominated by relatively small scale ‘buy-to-let’ investors.

Section 5 then provides a detailed assessment of the various themes analysed in the preceding sections. Specifically, it examines issues surrounding supply and affordability (as discussed throughout Section 2 and Section 4) which continue to hamper efforts to develop the rental sector into a sustainable and attractive tenure. This serves to further enhance understanding of the mechanisms or interventions required to address them.



In order to structure and guide the research, the study places particular focus on the five major cities of Ireland – Dublin, Cork, Limerick, Galway and Waterford.



Executive Summary >

Section 6 builds on this analysis and details a number of key emerging recommendations. In particular, the focus is on the following:

Delivery of an appropriately scaled Cost Rental model:

For a large cohort of the population who do not qualify for social housing but also cannot qualify for a mortgage (due to insufficient income), a long-term and sustainable solution for affordable housing delivery is critical. While the introduction of the Cost Rental model is beneficial in this respect, there is an urgent need to scale this up and develop a long-term (5-10 years) programme for the roll out of cost rental at scale.

Within the 2020 Programme for Government, a stated objective is to “explore expanding Part V to encompass affordable purchase and cost rental units”. This commitment represents a positive, enabling development in terms of scaling cost rental. However, it should not displace social housing delivery. Rather, it is recommended that such an inclusion should be part of an overall expansion of the Part V requirement

However, in order to ensure the viability of such a move (and indeed the appropriate scaling of cost rental more generally), further state subsidy for the construction of affordable and cost rental housing is required.

Ensuring an effective, facilitative role for AHBs in the roll out of the Cost Rental Programme:

AHBs play a key role in addressing the challenges facing the housing sector in Ireland and delivering social and affordable homes. As this report highlights, Ireland’s largest providers of social housing are classified in the general government sector so that borrowing for local authority housing adds to the deficit and debt. The decision to re-classify AHBs in 2018 (from non-profit institutions serving households (NPISH), to the general government sector) will negatively impact the efficacy and speed of a scaled-up programme for Cost Rental if not addressed. If not rectified, funding for AHBs will continue to compete in government budgets with other high-profile projects.

The 2020 Programme for Government commits to “Work on a package of reforms with Approved Housing Bodies, to ensure that they can access finance and move off the balance sheet”. It is recommended that a clear action plan for restoring AHBs to their former classification be developed as a matter of priority.



“There is a need for longer term certainty around changes to housing regulations”

Providing for appropriate incentivisation for smaller scale landlords and mitigating against their exodus from the market:

The differing opportunities and challenges facing Ireland’s various housing delivery channels must be acknowledged and addressed. Smaller scale landlords play a crucial role within the rental sector and any potential growing exodus from the market must be mitigated against. This is particularly important to ensure that supply constraints outside of urban cores (or areas typically under served by institutional investment) are not further sharpened. Mechanisms through which smaller scale landlords can be further incentivised to remain or enter the market should be the subject of further detailed research.

Achieving a more certain regulatory environment:

There is a need for longer term certainty around changes to housing regulations. As the stakeholder engagement highlighted, current levels of uncertainty (connected to the review of the RPZs, for example) increases overall perception of risk across the sector. It also serves to hinder supply as many landlords and investors will seek to ‘wait it out’ until greater certainty is established.

As part of the review of the RPZ system in advance of December 2021, there is opportunity for a more localised and nuanced evidence-based approach to the designations - or indeed a new approach to market protections entirely. However, any regulatory changes in this regard must not further sharpen acute challenges around supply – which in turn would impact affordability. A key objective of this review process must be to establish greater certainty around regulatory changes for both landlords and tenants. A long term (5 year or greater) programme or plan for this is required.

“The differing opportunities and challenges facing Ireland’s various housing delivery channels must be acknowledge”

Undertaking a review of the Housing Assistance Payment (HAP) Scheme;

HAP should be reviewed and reformed to meet the needs of tenants and reflect the private rental market. Caps on HAP payments were last set in 2016 and rents have continued to rise since. These caps should be reviewed as a matter of priority. In addition, there needs to be a wider range of social housing options to reduce the over-reliance on the PRS.

Executive Summary >

“...our population is changing rapidly, with average households becoming both smaller in size and older as an increasing number of people live independently in their later years.”

Enhancing and facilitating the delivery of apartment stock;

This report has also highlighted a relative dearth of apartments across Ireland’s housing stock in comparison with many of its European neighbours. As the NPF highlights, our population is changing rapidly, with average households becoming both smaller in size and older as an increasing number of people live independently in their later years. While apartments may not be suitable for all cohorts of society, there is a pressing need to further deliver on apartments and smaller (1-2 bed) housing units. Moreover, further research into addressing perceptions of apartment type dwellings as longer-term homes is important in this regard.

“...there are further potential policy implications of these marked changes in the size, composition and occupancy of household.”

Recognising new and emerging housing demand drivers:

Connected to the above, emerging demographic and societal trends must be thoroughly analysed in order to understand patterns of changing demand across the rental sector. As many interviewees highlighted, many people are marrying and having children later in life and indeed larger numbers of separation and divorce are being recorded.

However, there are further potential policy implications of these marked changes in the size, composition and occupancy of households. Indeed, the societal changes related to some of these shifts (including, for example, higher rates of separation or divorce) mean that a new cohort of older people, in many cases who could be on a pension, may be increasingly entering the rental sector (both private and social) for the first time. Such a shift is important as there is an inherent assumption underlying Ireland’s pension system that people will own their own homes and will have little to no housing costs when they retire. However, if people do not own their own homes or enter the rental sector for the first time later in life, there are a variety of potential social and economic implications for other policy fields.

Addressing existing viability challenges in the market:

In addressing the previously elaborated requirement for larger scale apartment development (particularly in Ireland’s urban cores), identified viability challenges must be urgently addressed. As analysis of Ireland’s five major cities (Section 5) demonstrates, only a 1-bedroom apartment unit in Dublin City shows a positive return on overall delivery cost. Investment with all to the other units types and locations was shown to be unviable from the developer’s perspective.

As Section 5 has demonstrated, additional housing delivery costs including VAT, Local Authority contributions and professional fees account for approximately 40% of the overall project delivery cost. This in turn is contributing to increasing costs of homeownership as well as the delivery of new rental property.

To enhance overall viability from the perspective of development / developer costs, there are a number of potential measures which could be implemented, and which require further detailed analysis. For example, a reduction or abatement in the standard / normal construction VAT rate (13.5%) for housing provided for certain lower income cohorts could be considered. An alleviation in the extent of planning development contributions in areas of acute housing demand as well as regeneration areas should also be explored.

SECTION ONE | INTRODUCTION



...as the Government noted in 2016, a strong and viable private rental sector should be a key component in any healthy housing market...



Section One

SECTION ONE | INTRODUCTION



Clúid Housing and Irish Institutional Property (IIP) have commissioned KPMG Future Analytics to undertake research into the methods by which the sustainability and attractiveness of the rental sector might be improved in Ireland.



...research shows, the proportion of households within the rental sector has continued to grow as the share in home ownership has declined. In 2006, the national homeownership rate was 74.6%, in 2011 this had fallen to 69.7% and declined again to 67.6% in 2016

The growth of the rental sector (both private rented and social housing) in Ireland in recent years has been significant, with nearly a third of all households occupying this tenure. It is clear that a major shift has occurred with regard to this tenure, for a variety of reasons, including unaffordability of home-ownership, migration, increasing student populations, increasing precarity in the labour market, and an increased demand for residential choice and flexibility.

The global financial crisis has also brought about a new era of macroprudential mortgage regulations such as loan-to-value and loan-to-income restrictions. Such measures safeguard the financial system, but can lead to credit access difficulties, in particular for first time buyers. Indeed, there is now a significant cohort of the population unable to purchase homes at prevailing market prices as they cannot qualify for a mortgage. A recent report by Property Industry Ireland estimated this at 440,000 people¹.

At the same time, it is widely recognised that Ireland has an acute shortage of social and affordable housing, both private and public; with 61,880 households still waiting to be housed in social housing at the end of 2020², albeit that this is down from 91,600 in 2016. The four Dublin Authorities (Dublin City, Dún Laoghaire-Rathdown, Fingal and South Dublin) account for 43.1% of this national total. Considering the gravity of the situation during the COVID-19 pandemic along with the resultant, severe economic shock as 2020 progressed, it is likely that social housing waiting lists will increase. Moreover, just 20,676 dwellings were completed in 2020, the lowest level of supply since 2006³.

There were 8,200 people homeless in the week of the 21st - 27th December 2020 across Ireland. This figure includes adults and children. The number of homeless families has increased by 232% since July 2014 when the monthly figures started being published. With ever-increasing housing demand and very little new supply to meet the requirements in recent years, there has been extreme pressure on the rental sector in Dublin and other cities in Ireland, which has led to high rents, pressure on the state to escalate rent supplement rates, and many people who are unable to meet rising rates, causing acute homelessness.

These trends provide immense impetus to enhance our understanding of the rental sector in Ireland and to assess the functionality behind the various themes associated with this crucial fraction of the broader housing market. Indeed, as the Government noted in 2016, a strong and viable private rental sector should be a key component in any healthy housing market, providing a housing option to those who either cannot or choose not to enter the owner-occupied market. Indeed, an effective, affordable rental sector enables the housing market to adapt to the changing needs of its population and enhances labour mobility. Improvement within the rental sector is of utmost importance for Clúid and IIP in ensuring a fairer, more inclusive, and liveable Ireland. The fundamental interrelationships between security of tenure, building standards, economic viability, predictable rent increases, enhanced management practices and regulations needs to be examined to reflect on how the market and non-market provision of housing may evolve. Indeed, there remains considerable scope for further measures to increase the attractiveness of this sector for both existing and prospective tenants and those seeking to invest in rental property.

1.1 Research Aims and Objectives

The overarching aim of this research is to assess and evaluate the methods by which the sustainability and attractiveness of the rental sector might be improved in Ireland. One of the central objectives of the project is to provide a robust evidence base to aid in supporting future decisions in relation to sustainability of the sector. To achieve this, the following core tasks have been defined:

A detailed review of the academic and policy literature on the evolution of the rental sector in Ireland;

Engagement with a range of key stakeholders, including those currently residing in each core housing tenure in Ireland (the private rental sector, social housing and home ownership), landlords/investors, relevant public officials and representatives from national housing bodies; and

Comprehensive analysis of a range of key data sources to provide a picture of the current 'state of play' within the rental sector.

In order to structure and guide the research, the study is particularly focused on the five major cities of Ireland – Dublin, Cork, Galway, Limerick and Waterford. It will also examine four further towns of varying size and function in order to further contextualise the urban centred research and provide insight into how the rental sector is performing across smaller settlements of varying size and functions. The towns targeted for this are Athlone, County Westmeath; Castlebar, County Mayo; Letterkenny, County Donegal; and Dundalk, County Louth.



1. <https://www.propertyindustry.ie/Sectors/PII/PII.nsf/vPages/Publications-the-irish-equity-loan-29-06-2020/-24file/The+Irish+Equity+Loan+-+June+2020+version+3+July+2020.pdf>

2. Households currently living in local authority rental accommodation, approved housing body accommodation, accommodation provided under the Housing Assistance Payment (HAP) scheme, accommodation provided under the Rental Accommodation Scheme (RAS), accommodation provided under the Social Housing Capital Expenditure Programme (SHCEP) schemes or any household on a transfer list are not included in this total number.

3. https://www1.dafit.ie/report/ronan-lyons-2020q4-dafthouseprice?d_rd=1

The growth of the
rental sector in Ireland in
recent years has been
significant, with nearly
a third of all households
occupying this tenure.

1.2 Research Design and Methodology

A mixed-methods research design, using both quantitative and qualitative methodologies, has been used to meet the primary aim and objectives. Three complementary data collection strategies were used and are detailed below.

Literature Review

A comprehensive review of academic and policy literature on the evolution of the rental sector in Ireland and the driving forces shaping its current trajectory has been undertaken and is presented in Section 2. This seeks to examine the current national legislative and policy landscape for the rental sector, including best practices examples from a number of international contexts. Specifically, the themes identified for the in-depth analysis of the rental sector are – (i) Supply and Demand – Ongoing Trends and Implications of the COVID-19 Crisis; (ii) affordable renting; (iii) tenant security and; (iv) state-supported /social housing.

Online Surveys

Quantitative and qualitative data was collected through the use of two online exploratory surveys which were open between November 2020 and January 2021. The first survey, entitled 'Understanding key factors shaping the tenure decisions of households in Ireland' was targeted at residents of the nine aforementioned settlements – the major five cities of Ireland (Dublin, Cork, Galway, Limerick and Waterford) and four additional towns (Athlone; Castlebar; Letterkenny and Dundalk). This survey was hosted via SurveyMonkey and was advertised via a number of social media channels (including LinkedIn and Twitter

accounts connected to Clúid Housing and KPMG Future Analytics). In addition, links to the survey were circulated to the relevant Local Authorities operating within the study areas. Clúid Housing further targeted their own tenants with text and email correspondence informing them of the study.

There was a total of 696 responses to this survey. Further details of the breakdown of these respondents is outlined in Section 4 below. However, it should be noted that in terms of their current living arrangements, 61% of respondents were renting from an Approved Housing Body (AHB); 19% were renting privately; 12% were owner occupiers (with a mortgage); 5% were owner occupiers (with no mortgage); while 2% were renting from a Local Authority and just over 1% was living with parents or other family. The large proportion of AHB respondents reflects the targeted advertising of the survey by Clúid, as a commissioning partner for the study. The study records a significantly lower proportion of Local Authority tenants in particular.

The second survey, entitled 'Understanding the key motivations and constraints facing landlords and investors in Ireland' was targeted at landlords and investors with rental property located within the study areas. This was also hosted via SurveyMonkey and was similarly advertised via a number of social media channels (including LinkedIn and Twitter accounts connected to Clúid Housing and KPMG Future Analytics). In addition, links to the survey were circulated to the Irish Property Owners Association (IPOA) and Irish Institutional Property (IIP).

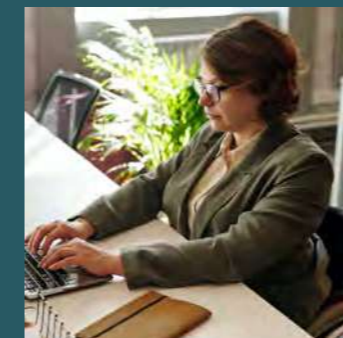
1.2 | Research Design and Methodology >



The majority of respondents were smaller scale landlords, with 71% owning less than 5 properties (and 29% of these owning one property)

There was a total of 204 respondents in this case. The majority of respondents were smaller scale landlords, with 71% owning less than 5 properties (and 29% of these owning one property). Moreover, 70% of these indicated that their rental properties are located in Dublin. Institutional landlords and investors were further targeted through a series of semi structured interviews (see Sections 1.2.3 and 4.2). Of the survey participants, 75% indicated that their rental property was not their sole means of income. Indeed, 22% further stated that their rental property generates less than 10% of their overall annual income.

As such, these survey results cannot and should not be interpreted as a representative sample of all tenants, homeowners and landlords across the various study areas. Rather, these results provide useful 'signposting' of key themes influencing the relative sustainability and attractiveness of the rental sector from the perspective of these 900 participants.



Semi Structured Interviews

In addition to the online surveys, the views of key stakeholder groups were sought. Specifically, 32 in-depth interviews which were conducted by the authors across five broad stakeholder groups; those currently residing in each core housing tenure in Ireland; Landlords and investors; Local Authorities; National Housing Bodies and Charities; and AHBs. These interviews, undertaken using a semi structured format, sought to supplement the survey data (as described previously) and to further interrogate themes emerging through both the literature review and the survey data. In this report the views of these interviewees are anonymised, with stakeholders identified only by their 'stakeholder group'.

Study Limitations

As indicated previously, the survey and interview exercises broadly captured the views of five overarching stakeholder groups. A limitation of this research is the extent to which certain sub-groups are represented within the results. For example, certain groups (such as Local Authority tenants) proved more difficult to reach and as such, are underrepresented in the data. Moreover, it is not possible to determine whether those private rental sector tenants (captured through the survey approach, specifically) are tenants of smaller scale or larger, institutional landlords. As such, the results serve not to demonstrate representative views of all stakeholders, but to highlight a number of key thematic challenges and opportunities facing the sector.



A comprehensive review of academic and policy literature on the evolution of the rental sector in Ireland and the driving forces shaping its current trajectory has been undertaken

SECTION TWO I
IRELAND'S EVOLVING RENTAL SECTOR:
Understanding the Legislative, Policy and Research Landscape



**The early
1990s marked a
transformative
period for the
Irish economy...**



Section Two

SECTION TWO I IRELAND'S EVOLVING RENTAL SECTOR: *Understanding the Legislative, Policy and Research Landscape*



In 2011, the Department of the Environment, Community and Local Government's 'Housing Policy Statement' provided the following broad assessment of the historically 'hierarchical' structure of Ireland's housing sector;

"Housing in Ireland has been characterised by a persistently hierarchical structure for several decades. This paradigm of housing has private home ownership at the top, with supported home-ownership (tenant purchase of Local Authority housing, affordable housing) next, self-financed private rented accommodation further down, and State supported rental accommodation at the bottom (rent supplement/social housing tenancies)."

This assessment is echoed in Rebuilding Ireland's 'Strategy for the Rental Sector', published in 2016, which specifically describes the evolution of the Irish rental sector;

"The rental sector in Ireland has traditionally been a residual sector in which households who would prefer either to own their own home privately or access permanent social housing must serve time on their way to their true tenure of choice. It has been perceived as a stopover and not a destination of choice, but that traditional picture is changing."

Ireland's traditional perceived status as a 'home ownership society' (Norris, 2013) has been underpinned not only by an overwhelming dominance of this tenure over time, but also by the normalisation of this situation in Irish official and media discourse (Gurney, 1999). In 1991, Ireland's rate of homeownership peaked at almost 80%. This contrasts with rates

of 65% in the UK and 39% in Sweden during the same year. However, by 2016 (the last Census period), this picture began to change, as the Irish figure fell to under 70% (the lowest rate since 1971), with some variation across the state. Indeed, urban areas recorded a rate of 59.2% and rural areas recorded a rate of 82.4% in the same year. This represents a transformative shift in patterns of home ownership; rates which were, at one time, among the highest in the developed world.

In earlier decades, Irish government policy played a significant role in promoting a high level of homeownership through the provision of subsidies including local-authority loans and mortgage interest relief⁴. Tenant purchase, whereby council housing tenants can purchase their dwellings at a significant discount on market rates (since the 1930s in rural areas and since the 1960s in urban areas), was a particularly significant way by which owner-occupation was encouraged in Ireland. Indeed, between 1990 and 2016, 43% of the 82,869 council houses built during the same period were sold to tenants (Norris and Hayden, 2018)

The early 1990s marked a transformative period for the Irish economy, with a notable rise in key economic indicators, such as GDP and numbers in employment. As the economy grew, the population increased through immigration and natural increase and average household size shrank through alterations in family structure. This, in turn, led to an increasing demand for housing; along with a need to produce a more diverse stock that would cater for different sized and types of household (Kitchin et al., 2015)

During the same period, the 1986 Urban Renewal Act introduced a range of fiscal incentives intended to encourage new private residential construction and refurbishment in selected inner-city areas (and later included new designated areas in the inner and outer city suburbs and 42 large and medium-sized towns). Until they were abolished in 2006, these incentives subsidised up to 40% of the capital cost of the units. Landlords could write off 100% of eligible construction or refurbishment costs against all of their income from rent (on any property), whereas owners-occupiers only write off 50% of the eligible costs of constructing a new dwelling, or 100% of the costs of refurbishing an existing dwelling. The impact of this was that 60% of all residential units subsidised by the Urban

Renewal Scheme between 1986 and 1996 were owned by private landlords.

It is important to note that the development of this housing stock saw the first ever major development of apartments by the private sector at scale in Ireland. Prior to that apartments had been developed sporadically (and reluctantly due to the higher cost of construction and maintenance) by city councils and in very high value locations by the private sector. Even though the incentives were ended in the mid 2000's construction of apartments continued on the back of the financial and real estate bubble facilitated by the ready availability of capital facilitated by joining the Euro, deregulation in the banking sector, and a subsequent "credit bubble".

Fuelled by this "credit bubble", increasing demand for housing created a situation whereby, in 2006, the construction sector, of which housing (mostly for home ownership) accounted for over 25% of Ireland's GDP (Sirr, 2013). The sector was also employing nearly 20% of the national workforce and had an output of over 88,000 houses, many more than was needed (by 2012, this had decreased by over 90% to 8,488 units).




The rental sector in Ireland has traditionally been a residual sector...



Kitchin et al. (ibid) further argue that this period had six important impacts:

DEVELOPMENT 

The development of a large construction boom, as developers sought to produce a large quantity of housing supply

DEBT 

A large increase in household debt, especially relating to mortgage debt

BORROWED 

A significant increase in bank indebtedness, as banks borrowed on the international markets to lend to developers

HOUSE PRICES 

A surge in house prices, especially in prime locations

LAND ZONING 

An increase in land zoning for new development and speculative acquisitions of land, leading to a dramatic increase in prices

EXPANSION 

The rapid expansion of urban sprawl and long-distance commuting

⁴ http://files.nesc.ie/nesc_reports/en/140_Homeownership_and_Rental.pdf



...the private rented sector expanded from 11.2 to 18.6 per cent of households and owner occupation fell from 77.2% to 70.8%

Byrne (2019) highlights a seventh important impact of this period, this being that as the property bubble reached its peak in the mid-2000s, growing homeownership gave way to a resurgence in the rental sector. The most intense period of change came between 2006 and 2011, when the private rented sector expanded from 11.2 to 18.6 per cent of households and owner occupation fell from 77.2 per cent to 70.8 per cent (CSO, various years). By 2016, rented accommodation had continued its upward trend with 497,111 households renting, an increase of 4.7 % on 2011.

Today, tenure varies significantly across social groups in Ireland. The decline in home ownership has been particularly marked among the younger population; with these rates declining from over 68% of 25-34-year olds in 1991, to 42% in 2011, and to just 30% in 2016⁵. Among 35-44-year olds, homeownership rates fell from over 82% in 1991 to less than 61% in 2016. In 2014, the NESC reported that mortgage-holding was declining, in particular, among young people in the unskilled, semi-skilled and skilled manual classes, and most notably the former, a trend which continued into 2016 (as reported as part of the 2016 Census). This evidence demonstrates that a smaller overall proportion of Ireland's younger population now enter home ownership than was the case in 1991. This decrease in owner occupation raises important policy concerns and questions regarding the capacity of the younger population to purchase a home, with or without a loan/mortgage, in the future (as further discussed in Section 5).



Among 35-44-year olds, homeownership rates fell from over 82% in 1991 to less than 61% 2016.

Census 2016 also revealed significant changes within owner occupier categories (i.e. owned outright or with a loan or mortgage). The total number of households with a mortgage was 535,675 in 2016, down by 8% when compared with 2011 (583,148). In contrast, homes owned outright increased by 8% (from 566,776 to 611,877). This was a reversal of trends seen in the 2002, 2006 and 2011 censuses where owner occupiers with a loan were the largest tenure category throughout the State. Notably, the proportion owning urban homes through a mortgage or loan has fallen sharply from almost 40% in 2006 to 30% ten years later.

The trends in Ireland's tenure mix pose some challenging questions that Irish housing policy must now address. These questions are also central to the 2020 Programme for Government and its mission to deliver 'housing for all'⁶. This literature review delves into a number of key themes in order to illustrate the core challenges and highlight potential opportunities to enhance the rental sector.

5. http://files.nesc.ie/nesc_reports/en/140_Homeownership_and_Rental.pdf

6. https://www.greenparty.ie/wp-content/uploads/2020/06/2020-06-15-ProgrammeforGovernment_Corrected-Final-Version.pdf

2.1 Ireland's Growing Rental Sector



The typical profile of the private renter is younger, with a large proportion being non-Irish

In 2016, the Irish Government published its 'Strategy for the Rental Sector'⁷. Within this report, the Government outlined its understanding of the nature and scale of Ireland's housing policy challenge. Specifically, the then Minister for Housing, Planning, Community and Local Government, described the rental sector in Ireland as "broken". A strong and viable rental sector, the report asserts, can "provide a housing option to meet rising demand and it can promote flexibility and better alignment to a more mobile labour market, making it easier for individuals and families to pursue job opportunities or adapt their accommodation to changing family circumstances". Furthermore, it can also "reduce the macro-economic risks of an over-reliance on home ownership, acting as a stabiliser to mitigate boom or bust cycles". The stated ambition of the Strategy was to support the transition to a different culture of renting in Ireland, where landlords would let properties for the long-term and tenants would consider these rental properties as their long-term homes.



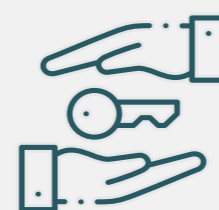
Over the past two decades, there have been a number of important legislative and policy developments related to the rental sector



⁷ https://www.housing.gov.ie/sites/default/files/publications/files/strategy_for_the_rental_sector_final.pdf

2.1 Ireland's Growing Rental Sector >

"in 2016, almost 40 per cent of households in the rental sector were non-Irish nationals. This may reflect the influx of foreign direct investment (FDI) and multi-national companies in Ireland over the past two decades"



AS DISCUSSED PREVIOUSLY

18.2%

OF ALL HOUSEHOLDS IN IRELAND RENT PRIVATELY, WHILE

9.5%

RENT FROM A LOCAL AUTHORITY OR NON-PROFIT BODY

Over the past two decades, there have been a number of important legislative and policy developments related to the rental sector. Perhaps the most significant of these was the 'Residential Tenancies Act', introduced in 2004, which sought to modernise and professionalise the sector. The Act was an important step in providing a sound legislative underpinning for the mediation of landlord-tenant relationships, setting out their roles and responsibilities in a way that had not been done before. It also provided for the establishment of the Residential Tenancies Board (RTB) as a dispute resolution service, holder of a national register of tenancies and provider of important rental market data. This service was established in order to re-direct private rented sector disputes away from the courts and to reduce costs for applicants. The same legislation also provided tenants, who had completed a six-month tenancy, with security of tenure of up to four years and limited rent reviews to one per year, although did not limit rent increases.

Thereafter, the 'Planning and Development (Housing) and Residential Tenancies Act 2016' introduced several amendments to this legislation, including extending Part 4 tenancies (after 24 December 2016) from four years to six years for tenancies commenced after that point. The 2016 legislation also introduced 'Rent Pressure Zones' (RPZs). Additional changes to the 2004 legislation were made via the 'Residential Tenancies

(Amendment) Act 2019' which, among other measures, increased notice periods required for a landlord to terminate a tenancy to longer than six months and shorter than five years. The combination of such developments has served to strengthen the overall legislative landscape and increase security of tenure for tenants.

As discussed previously, 18.2% of all households in Ireland rent privately, while 9.5% rent from a Local Authority or non-profit Body. However, the revival of the rental sector, it can be argued, has, to date, largely been an urban phenomenon. Indeed, Ireland's five major cities record substantially higher overall proportions of households within the rental sector than the state average (see Table 1 overleaf).

The typical profile of the private renter is younger, with a large proportion being non-Irish. Data from the 2016 Census show that renting is the majority tenure for those under 35 years of age. Furthermore, non-Irish nationals are proportionally more likely to be renting; in 2016, almost 40 per cent of households in the rental sector were non-Irish nationals. This may reflect the influx of foreign direct investment (FDI) and multi-national companies in Ireland over the past two decades. Many of these employees, who are, in the main, a 'creative class' of knowledge workers, often have no choice but to rent and also prefer to rent (ibid), due to the nature of their work contracts and their own national and cultural norms. As the Irish State continues to rely on FDI, notwithstanding the impacts of the current COVID-19 pandemic, demand within the private rented sector should continue into the future, particularly in larger cities like Dublin.

2.1 Ireland's Growing Rental Sector >

Moreover, in 2016, over 50% of 25-34-year olds across the state were in private rented accommodation, up from 15% in 1991 and 44% in 2011, as the cost to purchase housing grew significantly relative to wages. The proportion of the 35-44-year age group renting from a private landlord increased from 5% in 1991 to 24% in 2016. In addition to the changing housing tenure of the younger population, this period has also seen an increasing number of the younger population continuing to live at home with their parents. In 2016, 458,874 adults were living at home, increasing by 19,396 on 2011.

Between 2011-2016, the largest increase was in those renting from a Local Authority, up 11% from approximately 129,000 in 2011 to 143,000 in 2016. The number of households renting either within the Private Rental Sector (PRS) or within AHB housing rose by 2% from approximately 320,000 in 2011, to 326,000 in 2016. Nevertheless, the role of local authorities in the provision of housing has changed significantly over the last two decades. Their traditional role as the main providers of rented housing for low-income households has been reduced as AHBs have become increasingly important providers of both mainstream and special needs social housing. In addition, the state has increased its relative spend on a variety of subsidisation schemes, enabling low-income households to access accommodation in the private rented sector (see Section 5)

A notable example of this was the introduction of the 'Housing Assistance Payment' (HAP) in 2014 (which has been made available nationally since March 2017). HAP is a form of social housing support, whereby the Local Authority pays rent to a private landlord on behalf of those households assessed as having a social housing need (further explored in Section 2.5). Prior to 2014, rent supplement was the only financial support available to households with a social housing need who were renting directly from a landlord in the PRS.

The landscape of the private rented sector has thus changed considerably in Ireland in a number of respects: in terms of who is renting, and also in the blurring of lines between the private and public rented sectors due to an increased reliance on the private rented sector to house those who would traditionally have been housed by their Local Authority. The following sections elaborate on this shift, drawing on both national and international literature to highlight lessons applicable to the Irish context. Moreover, this analysis also focuses on the potential impact of the current COVID-19 pandemic on the housing sector.

Table 2.1: Household tenure across Ireland's cities, 2016

	State	Dublin	Cork	Galway	Limerick	Waterford
Social Housing (%)	9.4	13.2	17.7	11.6	9.2	13.2
Rented (privately) (%)	18.2	29.7	26.3	35.5	18.0	15.7
Owner Occupied (All) (%)	67.6	49.7	50.3	46.7	67.9	66.8



“Between 2011-2016, the largest increase was in those renting from a Local Authority, up 11% from approximately 129,000 in 2011 to 143,000 in 2016.”

2.2 Supply and Demand - Ongoing Trends and Implications of the COVID-19 Crisis



...trends have translated into increases in house prices, especially in the latter half of 2020

The 2016 Strategy for the Rental Sector characterises the difficulties facing the Irish rental sector as follows:

“Severe supply pressures, a rising cost base for providers, a more complex regulatory regime for landlords, rising rents, concerns in relation to security of tenure, examples of poor accommodation standards and an uncertain investment environment have proven to be impediments to delivering on a strong and modern rental sector that offers real choice for individuals and households while contributing to economic growth.”

As noted in a variety of publications by the ESRI and elsewhere (see McQuinn, 2017, for example), the Irish residential market has experienced unprecedented volatility over the past 25 years. A supply gap continues to be a long-standing feature of the Irish housing system and these challenges have been further sharpened in the context of the current COVID-19 pandemic. Data from Daft.ie⁸ indicates by the second quarter of 2020, the number of homes put up for sale was down 50%. While things improved in the third quarter of the year, as the economy reopened, the volume of listings in any given month never even matched the same month in 2019. For the year as a whole, just 49,000 homes were advertised - the lowest total in over five

years (Lyons, 2020). These trends have translated into increases in house prices, especially in the latter half of 2020. In Dublin, for example, where there were 20% fewer homes available to buy on the 1st of December 2020 compared to the same date in 2019, average list prices rose by 7.2% year-on-year. In Connacht-Ulster, where supply is down 30%, prices rose by 8.8%.

More recent availability in the rental market is hugely varied across the state. In Dublin, availability has surged, with a 64% increase year on year and the highest number of properties coming on stream since 2012. Such a shift has been attributed to the impact of the platforms, including Airbnb, on the State's housing market and the fact that many international workers relocated to their home country during the COVID 19 pandemic facilitated by an across the board “work from home” policy.

8. https://www1.daft.ie/report/2020-Q4-houseprice-daftreport.pdf?d_rd=1
 9. <https://www.irishtimes.com/business/economy/pandemic-reveals-impact-of-airbnb-on-irish-rental-market-1.4335784>
 10. https://www.irishtimes.com/news/ireland/firish-news/majority-of-dublin-s-airbnb-style-lets-return-to-long-term-market-1.4422915?_ga=2.197526575.1208614445.1608028434.990189008.1608028434
 11. https://www1.daft.ie/report/2020-july-housingmarket-daftreport.pdf?d_rd=1

2.2 Supply and Demand - Ongoing Trends and Implications of the COVID-19 Crisis >

“The Airbnb phenomenon is part of the so-called ‘sharing economy’, and provides an online accommodation platform connecting tourists and local homeowners.”



AIRBNB USERS GENERATED NEARLY

€275m

FOR DUBLIN'S ECONOMY IN 2016
AS 6,100 AIRBNB HOSTS WELCOMED

403k+

VISITORS TO DUBLIN FOR AN
AVERAGE OF 3.2 NIGHTS



The Airbnb phenomenon is part of the so-called ‘sharing economy’, and provides an online accommodation platform connecting tourists and local homeowners. Prior to the COVID-19 crisis, there were reportedly more than 5,000 homes in Dublin available to tourists via Airbnb alone⁹. In 2017, Airbnb published a report entitled ‘Home-Sharing: The Positive Impacts on Dublin’. According to this report, Airbnb users generated nearly €275 million for Dublin's economy in 2016, as 6100 Airbnb hosts welcomed 403,500 visitors to Dublin for an average of 3.2 nights (Airbnb, 2017).

However, there has also been increasing commentary regarding the potential for platforms like Airbnb to displace scarce permanent accommodation in high-demand cities and to exacerbate affordability pressures for low-income groups. The potentially high financial returns of offering a home or a room on Airbnb may encourage homeowners to move their property from private residential long-term accommodation to short-term letting to tourists. Indeed, in November 2020, Dublin City Council reported that, since that start of the pandemic, up to 70% of suspected illegal holiday lets in Dublin city returned to the full-time rental market.¹⁰ In Dublin, according to figures from Daft.ie, availability was almost double in August what it was a year previous, with nearly 3,000 homes on the rental market, compared to fewer than 1,600 in August 2019¹¹.

Since July 2019, holiday (or short-term letting) hosts in Ireland are subject to regulations of the ‘Residential and Tenancies (Amendment) Act 2019’. These regulations require hosts listing a room or rooms in the place where they normally reside, otherwise known as a ‘principal primary residence’ (PPR), or an entire PPR, within a RPZ, to register with the relevant Local Authority and fulfil specific obligations. The reforms underpinned by the 2019 Act are primarily designed to mitigate the impact of the use of residential homes for short-term tourism letting on the private rental market in areas of acute housing need.

In Dublin the sudden increase of supply in the rental market has impacted rents. In all but two of Dublin's 25 rental markets, according to data from Daft, rents were lower in the final quarter of 2020 than a year previously – by an average of 3.3%. According to the Daft report, there are two ways of interpreting these trends. The first is a fall in demand coinciding with rising unemployment. The second is an increase in supply – as might happen where significant numbers of short-term lettings move over to the long term rental market.

Outside of Dublin, however, the picture is vastly different. Compared to the same period a year earlier, the number of homes available to rent outside of Dublin fell by some 43%. By the final quarter of 2020, rents were 5.4% higher than the previous year. In Munster, for example, by the end of 2020, rents were 32% higher than the previous Celtic Tiger peak in 2008. Rents across Ireland's four other cities are also rising, from 3.9% in Limerick to 5.6% in Waterford.

2.2 Supply and Demand - Ongoing Trends and Implications of the COVID-19 Crisis >



At the same time, the NESC highlights the impact of the pandemic in stimulating greater willingness by policy-makers to intervene in the housing market, as evidenced by the prompt introduction of legislation to temporarily ban evictions and rent increases, and the acquisition of additional accommodation for homeless households (enacted through the 'Emergency Measures in the Public Interest (COVID-19) Act 2020'). Moreover, as shown in Beirne et al. (2020) the immediate impact on incomes during this crisis has been largely offset by the introduction of extraordinary fiscal measures in the form of the 'Pandemic Unemployment Payment' (PUP) and the 'Temporary COVID-19 Wage Subsidy Scheme' (TWSS). As a result, the direct impact of the labour market shock on housing demand may, in the short-term, be muted, according to the ESRI (2020).

A consequence of these recent Government supports may be a major increase in State provision of longer-term rental housing, which can be targeted towards providing affordable solutions for lower income households (ESRI, 2020). However, another concern, from the supply side in the rental market, is the extent to which tenant protection mechanisms and price cap limitations may, over time, feed negatively into market supply. While these protections were wholly warranted, the ESRI (2020) notes, the extent to which these measures add uncertainty and price risk for investors remains open. The impact of the risk-return calculations of both household and institutional investors may lead to lower rental supply from private sources going forward. If these impacts delay project starts now, this could intensify supply challenges in the future.

Finally, another significant impact of the pandemic and related public health measures has been a substantial increase in the number of people working from home. While the permanency of this shift to remote working remains to be seen, many companies have already signalled that employees will be given greater opportunities to work from home going forward. This may, in the medium to longer term, reduce the need for employees to live in close proximity to city centres, potentially impacting demand for housing in urban areas, where house prices and rents are currently highest.

2.2 Supply and Demand - Ongoing Trends and Implications of the COVID-19 Crisis >



A medium to longer term alteration of the composition of demand in Ireland would have serious implications for planning policy, which currently emphasises the need for compact growth (whereby growth is directed to existing urban areas) and higher density development. Nevertheless, as Lyons (2020) points out, urban centres not only offer employment opportunities, but also other benefits, including retail, leisure and other amenities, which people value. Thus, the longer-term implications of these trends for the housing market are still unclear.

Beyond the impacts of COVID-19, other demographic factors are also influencing the composition of demand in Ireland. An ageing population and increasing net inward migration led to a decline of the average household size in Ireland from 2.7 in 2016 to 2.6 in 2018. In Dublin, the average household size dropped by 0.1 to 2.6 in 2018. However, as occurred after the 2008 financial crisis, if unemployment rises as a result of the pandemic and adult children remain in the family home, delaying the formation of independent households, this trend may be reversed.

“Beyond the impacts of COVID-19, other demographic factors are also influencing the composition of demand in Ireland”

2.3 Towards Affordable Renting

Rent levels are, to a large extent, a factor of demand and supply and in the case of modern apartment building delivered by the market, arguably a function of cost and viability. In the years immediately following the 2007/8 financial crisis, the supply/demand mismatch in all housing markets across the country drove residential rents and residential purchase prices down very significantly (Department of Housing, Planning, Community and Local Government, 2016). However, as Tedin and Faubert (on behalf of the European Commission, 2020) note, a decade of subsequent under-investment in housing, following the crisis, resulted in an overall decrease in housing stock per capita. The overall composition of new housing was also inadequate in terms of meeting the increased demand for apartments in urban areas.



As a result of persistent housing shortages, house prices grew faster than household income and affordability worsened, especially for low-income tenants and house-purchasers living in and close to Dublin. This acceleration in house prices and rents has led to calls for policies to directly deal with housing affordability. It is important to understand this critical challenge and mechanisms proposed and employed to address it.

While rents fell across all counties between 2006 and 2011, there was a notable rebound in Dublin, as well as Cork and Galway cities, over the last intercensal period (2011–2016). The highest growth, between 2011 and 2016, occurred in Dublin City, where there has been an average increase of 30% in private rents. Rises in excess of 20% were also recorded in Dún Laoghaire–Rathdown (26.2%), Fingal (22.8%), South Dublin (22.7%) and Kildare (20.3%). However, in 18 counties, rents paid to landlords were still lower in 2016 than in 2006. Thus, urban areas remain the key pressure zones in terms of affordability.

However, while this rebound helped make new higher density apartment development more viable, its impact has been limited to Dublin (and specifically only some areas of Dublin) – as is further discussed in Section 5. This is important in the context of our national spatial development strategy. The ‘National Planning Framework’ (2018) aims to support ambitious growth targets to enable half (50%) of future population and employment to be focused in the existing five cities (Dublin, Cork, Limerick, Galway and Waterford) and their suburbs by 2040. To achieve this, it calls for a “significant and sustained increase” in higher density apartment type development to avoid a continuation of the outward expansion of cities and larger urban areas. Indeed, a persistent challenge is a lack of residential density in our cities.

2.3 Towards Affordable Renting >

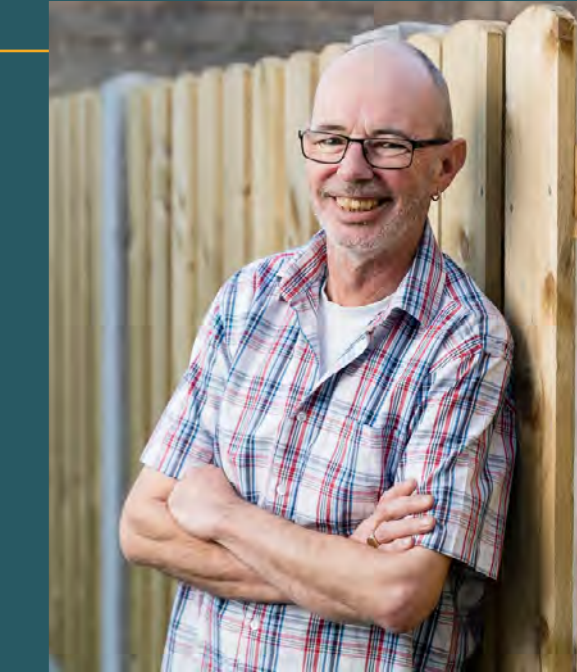
As a report by AIB¹² highlights, houses account for 60.4% of all dwellings in the Dublin City Council Local Authority area (that is, excluding the other three Local Authority areas: Dun Laoghaire–Rathdown, Fingal and South Dublin). The percentage of houses increases to around 75% if the wider definition of Dublin is used to incorporate all four local authorities. By contrast, the proportion of houses in the city of Edinburgh and Berlin are 32.4% and 10.3%, respectively, and as little as 1.3% in the City of London.

Yet, current rents still do not create a viable business case to develop modern apartments, according to some commentators (see recent SCSI¹³ and AIB analysis, for example).

Towards the end of 2020¹⁴, the RTB reported standardised average monthly rents¹⁵ of €1,308 for new tenancies and €1,049 for existing tenancies nationally. As such, the overall average rent stood at €1,256. The highest average rent at county level was recorded in Dublin (€1,758) and the lowest in Leitrim (€600). Indeed, as of Q3 2020, rents in Dublin are nearly twice the level outside Dublin at €1,758 per month as compared to €965 per month. The difference in the level of rents between

Dublin and elsewhere is notable. For example, the rent for a one-bedroom apartment in Dublin costs nearly €300 per month more than an apartment with three or more bedrooms outside Dublin¹⁶.

As the cost of housing often represents the largest single item in household budgets, the share of income it takes up matters, from both an economic and social perspective (Slaymaker et al, 2019). If housing costs are high relative to household income, this will reduce expenditure on other goods and services, which will in turn lead to lower levels of consumption and ultimately economic growth (ibid). Moreover, there is also growing scholarly evidence of a direct relationship between housing costs and health and wellbeing as well as rising societal inequality. Specifically, the trade-off between housing expenses and non-shelter necessities has been recognised as a plausible pathway that links housing affordability with poorer health (where less resources can be allocated to health promoting necessities such as healthcare access, a balanced diet, and maintenance of social networks), according to Yat-Nork Chung et al (2019).



As the cost of housing often represents the largest single item in household budgets, the share of income it takes up matters, from both an economic and social perspective (Slaymaker et al, 2019)

12. <https://aib.ie/content/dam/frontdoor/corporate/documents/real-estate-finance/aib-housing-supply-report-jul-2019.pdf>
13. https://nksocietyofchag3d3v.kinstacdn.com/wp-content/uploads/2021/01/SCSI_RealCostofNewApartmentDelivery_final.pdf
14. Quarter 3, 2020
15. The RTB uses the standardised average rent, which is a mix adjusted rent that takes account of the changing mix of properties in an area
16. [https://www.rtb.ie/images/uploads/general/RTB_Rent_Index_2020_Q3_\(WEB\)_Final.pdf](https://www.rtb.ie/images/uploads/general/RTB_Rent_Index_2020_Q3_(WEB)_Final.pdf)

2.3 Towards Affordable Renting (Continued)



Broadly, housing affordability refers to the ability of a household to cover both housing and non-housing costs from income (Corrigan et al, 2019). A number of recognised affordability metrics exist, including the housing cost to-income ratio, the mortgage repayment burden, the rental payment burden, the 'price-to-rent ratio', the 'user cost of capital' approach and the concept of residual income (i.e. the 'minimum income required to meet non-housing needs at a basic level after paying for housing'). While there is much debate in the literature on these various approaches, the housing 'cost-to-income ratio', whereby housing costs should make up no more than 30% of net income in order to be defined as affordable, is probably the most commonly utilised approach. With regard to Government policy on housing in Ireland, the concept of housing affordability is outlined in Part V of the Planning and Development Act 2000 (Act), where eligibility for affordable housing is defined on the basis of a ratio of mortgage payments to net income – over 35%.

The major advantage of the cost-to-income ratio approach lies in its simplicity and ease of comparison over time. However, Corrigan et al (2019) also highlight some commonly referenced difficulties with this approach. Firstly, this approach does not allow for any differentiation between low- and high-income households. For example, a high housing payment cost-to-income ratio for a higher income household may simply represent a household choosing to spend a higher proportion of their income on housing, due to preferences for higher quality housing (Kutty, 2005), whereas a low income household may instead be forced to spend a large fraction of their income on housing payments. Second, this approach does not take into account differences in household size and composition.

In its "National Statement of Housing Supply and Demand 2016", the Housing Agency (2017) notes that the supply shortages for affordable market housing in some regions has quickly translated into increased pressure on the private rented market and on social rental supports. They note the regional imbalance in affordability with housing costs outside Dublin classified as, at worst, "moderately unaffordable" (Housing Agency, 2017, p.29). In cities and amongst renters, they note that housing costs are becoming more problematic.

2.3 Towards Affordable Renting (Continued)



...in 2016, 33% of private rental households would be classed as facing high housing costs using this definition, compared to fewer than 15% of mortgaged households.



In 2019, the ESRI (Corrigan et al, 2019) analysed affordability in Ireland over the period 2006-2016. The authors found that in 2006, the overall share of Irish households with a housing payment to income ratio of greater than 30% was just under 13%, rising to approximately 16% in 2016. The share peaked in 2011 at 18%. With regards to tenure, of note is the fact that more households in the private rental market face high housing costs relative to those in the mortgage market. Indeed, in 2016, 33% of private rental households would be classed as facing high housing costs using this definition, compared to fewer than 15% of mortgaged households. In Dublin, 39% of private renter households faced high housing costs, compared to 19% of mortgaged households.

In an attempt to curb the rate of rent inflation across the state, rent controls were enacted in December 2016, which limited the rate of increase in rents to 4% per annum in areas designated as RPZs. RPZs, which can be classified at the Local Authority or local electoral area (LEA) are designated as follows: the annual rate of increase in the average amount of rent for the area must be more than 7% in at least 4 of the 6 quarters leading up to the date of the proposal, and the average rent for the area in the last quarter should be above the average national rent in the last quarter. Changes brought in in June 2019 meant that rents in some counties outside Greater Dublin could be compared to average rents excluding Dublin rents. A number of exemptions are available for landlords, including in the event of a substantial renovation of the property or of the property not being rented in the previous two years.

While rent controls are a feature of many housing markets internationally, and were used historically in an Irish context, the explicit inflation cap introduced by these measures represented a marked policy shift for the sector. Initially, in December 2016, five Local Authorities (the four Dublin Local Authorities and Cork City) were designated as RPZs. By 2019, a further 16 local electoral areas around the country were declared RPZs and, as of April 2020, five additional local electoral areas met the designated criteria for RPZs – Mallow, Killarney, Athy, Tullamore and Mullingar. It must be noted, however, that there was a temporary nationwide (temporary) rent freeze and ban on evictions as a result of the COVID-19 crisis.

2.3 Towards Affordable Renting (Continued)

“...the study explored the extent to which inflation at the property level reached the 4% limit permitted under the legislation. The authors found that the share of properties whose annualised rental increase was greater than 4% decreased from 73.2% in Q4 2016 to 42.5% in Q3 2018 in RPZ areas”

In 2019, the RTB commissioned the ESRI to undertake a study into trends in rental prices in Ireland before and after the introduction of RPZs. This study¹⁷ found that price inflation in RPZs had fallen relative to other areas since the introduction of the legislation. The magnitude of the moderation in inflation nationally has been in the order of 2-3 percentage points per annum, when comparing the seven quarters since the introduction of the RPZs in those areas to the seven quarters before. Furthermore, the study explored the extent to which inflation at the property level reached the 4% limit permitted under the legislation. The authors found that the share of properties whose annualised rental increase was greater than 4% decreased from 73.2% in Q4 2016 to 42.5% in Q3 2018 in RPZ areas. From this econometric assessment, the likelihood of a tenant receiving an increase above 4% fell by approximately 23 percentage points after the introduction of the legislation. These figures suggest that two-in-five tenants in RPZ areas still face rates of increase above 4% per annum. However, the study notes that, due to date gaps, it is not possible to determine whether this is due to non-

compliance with the scheme or due to use of valid exemptions. The authors of the ESRI study conclude that, to fully evaluate the effect of the scheme, data on all existing and new tenancies should be collated on an ongoing basis, to build a full picture of the rental sector.

A number of other measures of addressing affordability have been proposed and explored in Ireland in recent years. A report by National Economic and Social Council (NESC), titled 'Social Housing at the Crossroads: Possibilities for Investment, Provision and Cost Rental' (June 2014)¹⁸, indicated a stark difference between the operation of the for-profit and cost rental system.

In recent years, there has been much interest in Ireland in the concept of cost-rental accommodation and the so-called 'Vienna model'. The Vienna Model of housing involves large-scale provision of affordable housing on a non-market basis. Housing is provided both directly by the City of Vienna and by limited-profit housing associations (LPHAs). LPHAs are private associations

that have benefited from moderate public subsidies, conditional on providing affordable accommodation. The activities of LPHAs are regulated by legislation which requires rents to be set on the basis of costs. Costs include repayment and interest for loans as well as a regulated return on the equity of the LPHAs.

Both NESC and NERI have previously proposed a European style cost rental system to enable the increased supply of homes for households on low to middle incomes. The NESC publication (2014) stated,

“... 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’.”

Cost rental is defined by Kemeny as 'all rental housing, irrespective of ownership, the rents of which cover only actual incurred costs of a stock of dwellings (1992:34). The basic idea of cost rental is that a social-housing provider raises the finance to provide accommodation and charges rents that are sufficient to cover current and capital costs. Due to the maturation process, these costs tend to fall, in real terms, over time, allowing cost-based rents to fall also (with stock built decades previously providing a subsidy to the more expensive new build stock in many contexts).

¹⁷ <https://www.esri.ie/publications/trends-in-rental-price-inflation-and-the-introduction-of-rent-pressure-zones-in>
¹⁸ http://files.nesc.ie/nesc_reports/en/138_Social_Housing.pdf
¹⁹ <https://www.irishtimes.com/news/ireland/irish-news/state-s-first-cost-rental-scheme-to-provide-350-new-homes-by-end-of-2021-1.4436259>

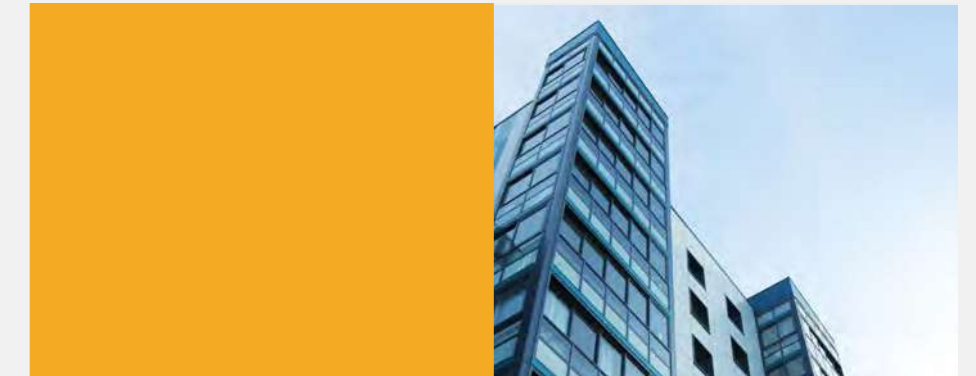
2.3 Towards Affordable Renting (Continued)



The '2020 Programme for Government' set out its intention to develop such a model in the Irish context, as follows:

“Develop a cost rental model for the delivery of housing that creates affordability for tenants and a sustainable model for the construction and management of homes. In doing this, we will be informed by international experience of the delivery of cost rental, such as the 'Vienna Model'.”

Most recently, in December 2020, the current Minister for Housing Darragh O'Brien announced a "call for proposals" for Ireland's first cost-rental tenancies, entitled the 'Cost Rental Equity Loan' (CREL) scheme, in which tenants pay rent that covers the cost of delivering, managing and maintaining the homes only¹⁹. The scheme will provide long-term loans on "favourable terms" to AHBs to cover up to 30% of the development or acquisition cost of cost-rental homes. Government funding of €35 million has been made available for the scheme under Budget



2021, forming part of a larger allocation of €468 million for all housing affordability measures. As there are a couple of pilot projects at development stage, in Enniskerry Road, Sandycove, Dublin (50 cost rental units), and on St. Michael's Estate, Inchicore, Dublin (330 units), cost rental is not an entirely new concept in Ireland, but this represents the first dedicated funding stream for the model, which will facilitate its development at-scale.



...it is estimated that 45% of housing in Vienna is classified as social or affordable.

2.3 Towards Affordable Renting (Continued)

“...given the cost base for development in Ireland, in particular in urban areas, some commentators believe that even where serviced land is provided for free, the rents that a public or affordable housing body needs to charge to recover their costs are still not affordable. Indeed, as a report by AIB (2019)...”

Across Europe, cost rental providers use a mix of financing sources, the most predominant of which is private borrowing. Other sources that are used across different countries include equity provided by the social-housing providers themselves, low-interest public loans, and grants. However, as the NESG (2014) notes, a feature of social housing in other European countries is that the major social-housing providers are not classified as within the general government sector, as defined by Eurostat and applied in EU fiscal policy rules.



2.3 Towards Affordable Renting (Continued)

“...if social housing within the public system is to be reclassified as outside the general government sector, it would need to be organised as either a public corporation or a quasi-corporation.

This means that their borrowing does not add to the general government deficit or debt. This differs significantly to the situation in Ireland where, since 2018, the largest providers of social housing are classified in the general government sector and thus their borrowing for Local Authority housing adds to the deficit and debt. This is important on the basis that, in difficult economic circumstances, —such as those that prevailed in the mid-2000s— Ireland's high government debt level sets severe limits on borrowing to fund public-housing provision.

The NESG (ibid.) further asserts that, if social housing within the public system is to be reclassified as outside the general government sector, it would need to be organised as either a public corporation or a quasi-corporation. This could take the form of a new public institutional entity or entities for the provision of social housing. An advantage of such a dedicated organisation, with a clear focus on the provision of housing, referenced is potentially improved management performance, in a number of aspects.

Moreover, as the NESG (2020) asserts, providing public land is also an important method of supporting the development of cost-rental accommodation, on the basis that cost-rental providers may not be in a position to purchase land in areas of high housing demand. The cost-rental pilot projects in Ireland to date have been supported with free public land. If public land is provided to a non-government body for cost-rental accommodation, it should be leased to ensure its permanent allocation to cost rental, according to the NESG.

The cost of finance, and hence rents that can be charged in cost-rental projects, also represents a key aspect of consideration. Within the Austrian context, this has been critical, with the LPHAs in Vienna benefitting from the provision of land at reasonable prices by the city's land agency. The Housing Fund agency in Vienna provides an ongoing annual supply of moderately priced land for affordable housing. This is a vital condition underpinning the consistent annual provision of affordable housing on public land, in a manner that is not subject to speculative forces. Today, it is estimated that 45% of housing in Vienna is classified as social or affordable.

In line with this, and within the Irish context, the 2020 Programme for Government states:

“Mindful of the need to properly manage and utilise state owned lands, the Government will legislate to establish the Land Development Agency (LDA) on a statutory basis, as a matter of urgency. It will be tasked to work with government departments, local authorities, state agencies and other stakeholders to assemble strategic sites in urban areas and to ensure the sustainable development of social and affordable homes for rent and purchase.²⁰”

The NESG (2020) purports that closing the supply gap will be supported by empowering the Land Development Agency and local authorities, by targeting funds for the preparation of strategic sites, and by managing under-utilised sites more effectively.

However, given the cost base for development in Ireland, in particular in urban areas, some commentators believe that even where serviced land is provided for free, the rents that a public or affordable housing body needs to charge to recover their costs are still not affordable. Indeed, as a report by AIB (2019) notes,

“The existence of a shared equity scheme is not a remedy for the housing market. Initiatives to reduce the overall cost of delivering new units to the market should continue to ensure a sustainable housing delivery model²⁰.”

In the absence of any other form of state subsidy other than free land this will pose a challenge to scaling the Cost Rental movement in Ireland. In Vienna, the city's old stock which has been fully paid off provides a subsidy to the new expensive modern stock, bringing new rents down to more affordable rates.

19. https://mkosocietyofchag3d3vkinstacdri.com/wp-content/uploads/2021/01/SCSL_RealCostofNewApartmentDelivery_final.pdf

“Initiatives to reduce the overall cost of delivering new units to the market should continue to ensure a sustainable housing delivery model.”



2.4 Tenant Security

“Research commissioned by the RTB in 2019 found that awareness of the restrictions appears to be relatively limited among tenants. Only roughly half of tenants (48%) surveyed indicated that they were aware of restrictions...”

Legislative provisions formally define the rights of tenants to occupy dwellings and the length and terms of their tenure. In much discourse on secure occupancy, the nature of provisions for the duration of tenancies and the grounds for termination are seen to lie at the heart of the matter and they clearly are critical, along with rental supply conditions and rental costs. Indeed, the predictability, frequency and scale of rent increases are cited as critical to the maintenance of secure occupancy.

Indeed, much of the literature in this arena distinguishes between the concept of ‘security of tenure’ and the concept of ‘Secure Occupancy’. Secure occupancy is often referred to as a ‘multidimensional concept’ which focuses on the ways in which the actual security experienced by tenants is ‘shaped by the interaction of legislation/regulation in a variety of domains, government policies, market factors and the everyday practices of various actors, underpinned by cultural norms about rental housing...’ (Hulse and Milligan, 2014: 643). Research undertaken by Threshold (2020)²¹ further asserts that in order

to understand the issue of security and how it impacts tenants it is thus important to move beyond narrow and legalistic definitions of security of tenure to a broader understanding of the multidimensional sets of factors that shape the experience of ‘home’ in the PRS. In reference to the Irish context, this report (ibid) states:

“Typically, those jurisdictions which have had a strong emphasis on homeownership within the overall housing system, and where private renting played a very marginal role during the latter part of the 20th Century, are characterised by cultures of renting that emphasise the temporary and transitory nature of this form of housing (Threshold, 2020: 16).”

Nevertheless, a number of developments within the Irish legislative sphere have taken place in recent years. The Residential Tenancies Act 2004 provided tenants with the right to remain in rented accommodation for up to 4 years, following an initial 6-month period. This right is known as security of tenure and applies to both periodic and fixed-term tenancies. The Planning and Development (Housing) and Residential Tenancies Act 2016 extended a Part 4 tenancy (security of tenure) from 4 years to 6 years. This applies to all tenancies created from 24 December 2016. While this extension certainly represented progress, this still falls short of the indefinite leases found in many European countries with large, stable rental sectors, that offer a lifetime housing option. In the social housing sector, tenancies are periodic but secure in the sense that they can only be broken if the tenancy agreement is breached. Moreover, and in line with the Residential Tenancies Act, all tenancies must be registered with a tenant board, which is empowered to mediate or adjudicate in order to resolve disputes between landlords and tenants.

2.4 Tenant Security



The importance of security of tenure was emphasised in NESC’s 2015 report, ‘Ireland’s Rental Sector: Pathways to Secure Occupancy and Affordability Supply’, which set out a vision and strategic reform agenda for Ireland’s rental sector. However, it also highlights the fundamental relationship between security of tenure and the regulation of rents. Indeed, these two features are intimately related. For example, in the absence of a binding rule for the adjustment of rents for sitting tenants, a landlord could easily circumvent tenure security by a sufficiently drastic rent increase (economic eviction), according to the NESC (2015). Similarly, the International Union of Tenants (2015)²² have argued that without, strong rent control legislation, security of tenure will not work.

While the introduction of the RPZs (a form of Rent Predictability Measure) in 2016 aimed to address issues regarding rent certainty, the extent to which they are achieving their aims remains to be seen. As highlighted previously, due to a lack of data, it is currently not possible to determine whether any recorded increases above 4 per cent per annum is due to non-compliance with the scheme or due to the use of valid exemptions. Research commissioned by the RTB in 2019²³ found that awareness of the restrictions appears to be relatively limited among tenants. Only roughly half of tenants (48%) surveyed indicated that they were aware of restrictions on rent increases in their area. As Byrne and McArdle (on behalf of Threshold, 2020) note, policy implementation and regulation for the private rental sector in Ireland can be conceptualised, to a significant degree, as tenant-led. Indeed, tenants must play an active role in challenging perceived breaches of their rights and of the legislation, for example, by registering a dispute with the RTB.

The agency of tenants is thus an important issue in understanding the effectiveness of policies. Hence, tenant awareness of restrictions, such as the RPZs and their associated rights, is important. Moreover, as Threshold (2020) highlight, there have also been suggestions that the general lack of availability of property in the rental market operates as a coercive force limiting tenants’ ability to challenge infringements of the legislation, and, as such, enforcement. This report (ibid.) further notes that RPZ legislation was predicated on the assumption that tenants would be in a position to demand information with regard to the rent of a previous tenancy (in the case of a new tenancy) and to contest a rent increase beyond the 4% cap. However, there does not appear to be any evidence to suggest that tenants are in fact in a position to do this, in part because of their fears around security of tenure (ibid). Indeed, serious supply constraints mean that tenants are left with weaker ‘bargaining power’.



“The agency of tenants is thus an important issue in understanding the effectiveness of policies. Hence, tenant awareness of restrictions, such as the RPZs and their associated rights, is important.”

22. https://www.threshold.ie/assets/files/pdf/security_and_agency.threshold_old_brochure_2-compressed.pdf

22. https://ec.europa.eu/futurium/en/system/files/ged/briefing_note_on_security_of_tenure_and_rent_stabilisation_and_rent_control_iut_2018.pdf

23. https://www.rtb.ie/images/uploads/Comms%20and%20Research/Landlord_and_Tenant_Experiences_of_Rent_Pressure_Zone_Measures.pdf





Improve the security of tenure for tenants, through legislating for tenancies of indefinite duration,

2.4 Tenant Security >



Under its most recent amendment, the Residential Tenancies Amendment Act 2019 further modified the RPZs by extending RPZ designations until 2021 and tightening permitted exemptions. For instance, a definition of 'substantial change' has been set out, which makes it clear that minor refurbishments or renovations, or works designed to bring a dwelling up to the minimum standards established by legislation, do not represent grounds for exemption. While this development certainly enhances and strengthens the legislative landscape, the potential issues created by supply constraints (as indicated above) will likely remain.

The 2019 RTB research also shows that half of all surveyed tenants (51%) living in RPZ areas indicate that they feel "fairly secure" in their tenancy, with a further 28% feeling "very secure". However, the study also recorded frustration amongst landlords concerning RPZs and associated restrictions, with the majority (55%) believing RPZ restrictions to be unfair. The report asserts that many landlords were frustrated about being 'stuck in a situation' where they were charging below-market rent on the basis of having offered favourable rents in the past and, therefore, unable to garner the full value from their property.

Within the literature on security of tenure and 'secure occupancy', there is also significant commentary regarding the length of leases and the ability of tenants to view the rental sector as a long-term option. In line with this, the 2020 Programme for Government states its intention to:

"Improve the security of tenure for tenants, through legislating for tenancies of indefinite duration, increasing RTB inspections and enforcement, and examining incentives for long-term leasing".

Tenancies of 'infinite duration', as highlighted here, are a feature of many European housing systems. Indeed, in several countries, such as Germany and Sweden, the sale of a property is not classed as a reason for ending a tenancy and property is commonly sold with tenants in place. Yet, at the same time, smaller scale landlords in Ireland often cite difficulties regarding regaining access to properties over time as a potential disincentive to further investment in rental property. However, as the NESC (2015)²⁴ argues, there should be a move away from what it deems to be a 'dualist' debate on the rental sector. Indeed, it asserts that we need policies that provide tenants with more secure occupancy while also creating supply-side supports to increase the availability of affordable rental housing.

Within this context, it is also important to note the more recent emergence of purpose-built 'Build to Rent' (BTR) or so called 'multifamily' properties in Ireland. While individual landlords still dominate the private rental sector, this picture is slowly starting to change. Indeed, Dublin is now recognised as one of the top 10 destinations for cross-border multifamily investments in Europe according to the "Capital Flows into European Multifamily Housing" research published by CBRE in 2019²⁵. These schemes are managed and serviced in an institutional manner by an institutional landlord. In 2019, the Department of Finance reported that 4.6% of all tenancies nationally are held by such institutional landlords.

BTR projects have been established as a specific use class under the Planning and Development Regulations 2001 (as amended). Under 'Specific Planning Policy Requirement 7', specific planning conditions may be attached – for example, the development remains owned and operated by the institutional entity for a minimum of fifteen years. The sale of these assets does not trigger a tenancy termination, as has traditionally been the case in Ireland. The concept of 'Build to Rent' is one that is firmly established in many international contexts, including the US, where it is now regarded as a mainstream sector. More recently, BTR has gained popularity in Europe and in the UK but is as yet only at an embryonic stage in the Irish market.

24. http://files.nesc.ie/nesc_reports/en/141_Irelands_Rental_Sector_MainReport.pdf

25. <https://www.cbre.com/research-and-reports/Capital-Flows-into-European-Multifamily-Housing>



...planning permission applications for apartments have exceeded those for houses

2.4 Tenant Security >



IN CHAPELIZOD, THE PERCENTAGE OF THE APARTMENT STOCK RENTED OUT BY A COMPANY WAS

52%

WHILE IN TALLAGHT-SPRINGFIELD, IT WAS

40%

There are three channels by which BTR investors typically invest in residential property; purchase existing buildings, develop the building directly to hold on completion, or purchase a new building via a forward purchase agreement. The UK experience shows that initial BTR investment tends to focus on purchasing existing stock. Once familiarity with the market is achieved, firms then begin to forward fund and forward purchase new stock²⁶.

In 2019, for the first time in the history of the state, planning permission applications for apartments have exceeded those for houses, particularly so in Dublin where 86% of all planning permissions last year were for apartments. Countrywide, apartments accounted for a record 51% of all planning permissions sought. Yet, many of these new apartment developments are not being built for individual buyers but are increasingly being sold 'en masse' to property development companies for renting.

As such, Ireland may be moving closer to its European neighbours in terms of longer-term apartment rental. Indeed, in 2016, a total of 72% of all apartment stock nationwide was in the private rental sector (see Section 3 for further detail of breakdown by city). In terms of absolute figures, in 2016, there were just 314,000 houses in the rental sector compared to 146,000 apartments (despite houses forming the vast majority of total stock nationwide). Such a trend is in line with the vision set out in the 'Sustainable

Urban Housing: Design Standards for New Apartments Guidelines for Planning Authorities' (2018) which states that:

"Given the gap between Irish and European averages in numbers of households living in apartments and the importance of addressing the challenges of meeting the housing needs of a growing population in our key cities and towns and by building inwards and upwards rather than outwards, apartments need to become more and more the norm for urban housing solutions"²⁷.

The growing 'professionalisation' (Department of Finance, 2019) of the sector which has accompanied the influx of institutional landlords and investors does pose opportunities for longer term tenancies in Ireland. Yet, at the same time, the Department of Finance (2019) research also found that such ownership (particularly of apartments) may be significantly more concentrated in some areas, especially the city centre in Dublin. The research analysed the number of apartment tenancies controlled by companies in areas of Dublin known as "electoral divisions". It found that in some areas of Dublin, significant numbers of apartment tenancies were owned by companies. In Chapelizod, the percentage of the apartment stock rented out by a company was 52%, while in Tallaght-Springfield, it was 40%.

26. <https://assets.gov.ie/6348/140219142846-5a166a1e-e85f42379335fb5c21dd666cb.pdf>

27. <https://www.opri.ie/wp-content/uploads/2019/08/2018-Design-Standards-for-New-Apartments-1.pdf>

2.4 Tenant Security >

Furthermore, the report (ibid) highlights previous analysis showing that BTR investment tend to supply apartments at the premium end of the market, which can often be unsuitable for people on average or modest incomes (although it should also be noted that institutional investors do have tenants in situ that avail of HAP). Given the location of much BTR investment to-date, the relative expense of building apartments as opposed to suburban houses and the ancillary services often offered in BTR complexes, it is likely that this trend will continue. Institutional investment is thus unlikely to have a direct impact on increased affordability, the report asserts, but may, through enhanced supply, place downward pressure on rents by reducing competition between prospective tenants at lower price points.

Yet, it is important to situate this analysis with further consideration around viability (as discussed in Section 2.3 and further explored in Section 5). Indeed, as analysis by the SCSL²⁸ and AIB²⁹ highlight, the viability of apartment construction remains challenging in many parts of Dublin and this continues to constrain the supply of new residential units in the capital. Moreover, the viability of large-scale apartment construction outside of Dublin does not, for the most part, currently exist, according to AIB. Essentially, the costs of developing medium- to high-density apartments are still too high, which in turn limits their viability to a small number of locations and to a limited pool of purchasers.

The Department of Finance report (2019) finds that the impact of institutional investors in the national property market is still marginal (though far more pronounced at local level in some cases). At the same time, it asserts that "such investors are the driving force behind a significant increase in the supply of new apartments in Dublin". It also argues that institutional investment "provides an opportunity to professionalise the sector, to realise economies of scale, and to improve regulatory and taxation compliance standards".

28. https://mksocietyofchag3d3v.kinstacdn.com/wp-content/uploads/2021/01/SCSL_RealCostofNewApartmentDelivery_final.pdf

29. <https://aib.ie/content/dam/frontdoor/corporate/documents/real-estate-finance/aib-housing-supply-report-jul-2019.pdf>

30. <https://www.irishbuildingmagazine.ie/2020/07/13/cluid-housing-announc-es-record-social-housing-delivery/>

31. <https://rebuildingireland.ie/>



2.5 State-Supported /Social Housing



If the extent of this privatisation had not occurred, Norris (2020) argues, Irish social housing stock would be the same size as Denmark or Austria today.



For most of the period since social housing was first built in Ireland in the late 19th century, local authorities have been its main providers. Since then, local authorities have provided 365,350 council housing units in total, with these dwellings accounting for 22.2% of the total Irish housing stock, according to 2016 figures (Central Statistics Office, various years; Norris, 2016). However, the last three decades have also seen a significant reduction in the traditional role of council housing as the primary source of accommodation for low-income renters. In 1994, council housing tenants accounted for 73.2% of the low-income renting households in receipt of government housing supports. By 2016, this had fallen to just 53% (Norris and Hayden, 2018).

In part, this development reflects the decline in council housing output following the sharp contraction in the funding available to this sector, after the economic crisis commenced in the late 2000s. Total public funding for new council housing fell by 94% between 2008 and 2013. It also reflects longer term factors such as the tradition of selling council housing to tenants, or 'tenant purchase', which dates back to the 1930s (as described in Section 2.0.) If the extent of this privatisation had not occurred, Norris (2020) argues, Irish social housing stock would be the same size as Denmark or Austria today.

Since the 1980s, governments have increasingly relied on other sources of housing for low-income households, which have included: not-for-profit AHBs and the private rented sector, via government subsidy schemes including Rent Supplement and HAP. Indeed, in recent years, AHBs have played an increasingly significant role in housing provision. In 2019, they contributed around 40% of new social housing across all delivery channels (new-build, acquisitions and leasing) (Clúid, 2020³⁰). Total new provision by AHBs increased from just over 1,300 homes in 2015 to over 4,000 homes in 2019, and AHBs now have over 40,000 homes under management. The AHB sector is also committed to developing cost or affordable rental homes. Two AHBs, Respond and Túath, are involved in Ireland's first cost-rental development on Enniskerry Road in Dun Laoghaire-Rathdown (as discussed previously).

According to Hearne and Murphy (2017), rental support schemes have represented the primary response mechanism to the social housing deficit and homelessness crisis in Ireland. 'Rebuilding Ireland³¹', the government's action plan to tackle the housing shortage, published in 2016, provides a clear picture of the Irish government's commitment to fostering conditions favourable to private investment in housing. This housing plan relies on the private rental sector as the primary mechanism for resolving the social housing deficit and the homelessness crisis, the authors (ibid.) argue. Under Rebuilding Ireland, 61% of all social housing provision between 2016 and 2021 will be sourced within the private rental sector via HAP.

2.5 State-Supported /Social Housing >



Specifically, the Rental Accommodation Scheme (RAS) and the HAP permit tenants to access housing in the private rental sector in Ireland. HAP was first piloted in 2014 and, under its terms, local authorities provide a full rent payment to private landlords on behalf of claimants. In return, like mainstream social housing tenants, HAP claimants pay local authorities an income-related rent. RAS had been introduced prior to this in 2004. RAS targets long-term recipients of Rent Supplement (of more than 18 months) and who are assessed as being in long-term housing need. It enables local authorities to enter into long-term leasing arrangements with private landlords, to lease accommodation for the purpose of subletting to these tenants who (like mainstream social housing tenants) pay an income-related rent and continue to live in the RAS subsidised housing if they gain employment (Norris and Coates, 2010).

RAS is currently due to be phased out. According to Norris and Hayden, (2018) council tenants, and, to a lesser extent, AHB tenants, enjoy much greater benefits than their counterparts in these government subsidised private rented accommodation.

In contrast to RAS, under HAP, the Local Authority is not responsible for the sourcing of housing. Rather, households source their own accommodation in the private rented sector and enter into a HAP tenancy agreement with the private landlord. As is common with RS, some HAP recipients make 'top-up' payments directly to their landlords, beyond the amount of HAP being paid on their behalf. A commonly cited criticism of the HAP scheme relates to its relative lack of security of tenure. In contrast to the private rental sector, security of tenure in the social housing sector is well protected by the provisions of the Housing

Acts 1966 (and 2014) and social housing tenancies are generally lifetime in nature, and evictions can only take place in very limited and prescribed circumstances. This explains why families' preference is for a council house (Local Authority social housing) as it is seen as the only way to provide a long-term secure home (Hearne and Murphy, 2017). Although it should be noted that legal security of tenure is still absent in this case.

2.5 State-Supported /Social Housing >

**in 2016,
33% of
private
rental
households
would be
classed as
facing high
housing
costs**

Nevertheless, the authors (ibid) highlight that HAP, in theory, offers some useful features, particularly homeless HAP, which offers 50% more with respect to rent than the general HAP limits. However, it is also acknowledged that rent increases in the private rental sector tend to erode this competitive advantage over time. This is a point also raised by Hearne (2020), who purports that an increasing reliance on HAP in Ireland signals a *"significant departure in the nature of social housing delivery in Ireland towards a privatised, market-orientated approach"*. In Hearne's view, this is impactful in two ways – the first being an increase in housing distress and the second a rising cost for the state. In addition, HAP tenants, similar to RAS tenants, are, in many instances, subsequently removed from social housing waiting lists, effectively masking the true scale of the housing need.

HAP is also, in general, a more expensive delivery mechanism than direct build social housing. Under HAP, after a typical borrowing period, it is the private rental sector landlord who accumulates an asset via State payments. In contrast, in a direct social build scheme, the State gains an asset at the end of the borrowing period, which can remain in the social housing stock and can be used either as collateral for future borrowing or as a revenue generator³² (although only in the absence of tenant purchase). In 2019, the Government confirmed that net exchequer expenditure on HAP between 2014-2019 amounted to €503 million³³. The number of households in HAP has risen every year since the scheme started in 2014 and stood at 57,630 by 2019. More than four in ten (44%) HAP tenants spent less than a year on the Local Authority Housing waiting list before entering the scheme. In addition, the proportion of new HAP households who have been referred from homeless services rose steadily from 3.1% in 2014 to 21.1% by 2019³⁴.

At the end of the Rebuilding Ireland programme, according to the Department of Public Expenditure and Reform³⁵, the aim was to have reached a point where build, acquisition and leasing programmes will be delivering more than HAP and RAS annually, as part of the process to deliver a sustainable and balanced supply of social and affordable housing.

As detailed earlier, the role of local authorities as the main source of housing for low income households has reduced significantly since the 1980s. Since then, AHBs have come to play an increasingly important role in social housing provision and reliance on central government subsidies to enable low-income households to rent in the private rental sector has increased. Research undertaken by Norris and Hayden (2018) shows that many of central government policy makers and local government officials interviewed for their study welcomed this increasing diversification of housing options low income households. However, the effectiveness of the current system was noted to vary significantly across rural and urban contexts. Indeed, in many cities where housing supply was much lower and house price and rent pressures stronger, Local Authority officials reported that low income earners, in general, and housing subsidy recipients, in particular, had great difficulty in securing private rented accommodation. Thus, again, supply is underscored as a critical challenge within the sector.

32. <https://www.housingeolasmagazine.ie/hap-not-value-for-money/>

33. [http://www.budget.gov.ie/Budgets/2020/Documents/Budget/Housing%20Assistance%20Payment%20\(2014%20-%202019\).pdf](http://www.budget.gov.ie/Budgets/2020/Documents/Budget/Housing%20Assistance%20Payment%20(2014%20-%202019).pdf)

34. <https://www.cso.ie/en/csolatestnews/press-releases/2020pressreleases/pressstatement-social-housinginireland-analysisofhap2019/>

35. [http://budget.gov.ie/Budgets/2020/Documents/Budget/Housing%20Assistance%20Payment%20\(2014%20-%202019\).pdf](http://budget.gov.ie/Budgets/2020/Documents/Budget/Housing%20Assistance%20Payment%20(2014%20-%202019).pdf)

2.5 State-Supported /Social Housing >

In seeking to work towards addressing some of the issues highlighted within this section, Norris and Hayden (2018) recommend a range of management and administrative reforms within the social housing sector. This would include a requirement for local authorities to ring fence income from rents for council housing. The authors (ibid) also argue that, in view of the very long social housing waiting lists, high levels of homelessness and the challenges associated with replacing stock purchased by tenants, the tenant purchase scheme should be suspended until the severe shortage of council housing is resolved, at least in urban areas where social housing need is most acute.

The findings of the most recent Social Housing Needs Assessment (2020) further highlight trends which will impact levels of demand. 52% of those in housing need are single adult households and 24% are lone parent households. Yet, 61% of existing Local Authority stock is 3-4 bedrooms.

The 2020 Programme for Government³⁶ reflects certain ambitions for change within the sector. Firstly, it states an intention to increase the social housing stock by over 50,000 over the next five years, the majority of which is to be built by local authorities, AHBs and State agencies. Moreover, the role of the Land Development Agency (LDA) is emphasised with respect to ensuring the sustainable development of social and affordable homes for rent and purchase. Specifically, and with regard to the LDA, the stated intention is to ensure that the public housing rental stock on public lands is under the control of local authorities, AHBs, or other similar bodies. Significantly, the Programme also confirms its intention to "Reduce our reliance on the use of HAP for new social housing solutions, as the supply of social and public housing increases".



61%

OF EXISTING LOCAL AUTHORITY
STOCK IS 3-4 BEDROOMS.

2.6 Summary and Key Conclusions



Despite an intense policy focus on housing and the rollout of a range of initiatives over the past decade, Ireland's housing system still faces a range of significant challenges

This section has explored the legislative and policy landscape underpinning the evolution of Ireland's rental sector. It has also sought to contextualise these developments through a review of scholarly literature focused on both the Irish and international contexts. Specifically, this analysis has centred on a number of key themes as follows; (i) Supply and Demand – Ongoing Trends and Implications of the COVID-19 Crisis; (ii) Affordable Renting; (iii) Tenant Security and; (iv) State-supported /Social Housing.

Despite an intense policy focus on housing and the rollout of a range of initiatives over the past decade, Ireland's housing system still faces a range of significant challenges. Indeed, as highlighted throughout this review, unaffordable rents, weak supply and poor security of tenure, not to mention homelessness, continue to represent major difficulties for housing policy in Ireland.

Housing was at the forefront of the Programme for Government 2020. It acknowledges that securing 'housing for all' is one of the greatest tasks to be faced in Ireland. With regards to the rental sector, the Government specifically states that "improving the standards, security and affordability for renters is a priority"³⁷ Yet, in order to tackle the critical issues facing the

rental sector, further detailed analysis is required around the nuances between various housing supply channels and the specific challenges and opportunities facing these. This study aims to examine these dynamics within the forthcoming sections. Section 3, which follows this review, first sets out a detailed exploration of key trends 'on the ground' across Ireland's cities and towns. Following this, Section 4 further interrogates key emerging trends as part of detailed analysis of the outcomes of the stakeholder engagement exercises. Section 5 then provides a comprehensive assessment of the rental sector in Ireland; including an analysis of affordability and related impacts on supply. Finally, Section 6 concludes the report with a summary of key findings and a number of core recommendations.

36. https://www.greenparty.ie/wp-content/uploads/2020/06/2020-06-15-ProgrammeforGovernment_Corrected-Final-Version.pdf
37. [file:///C:/Users/aoifedoyle/Downloads/130911_fe93e24e-dfe0-40ff-9934-def2b44b7b52%20\(1\).pdf](file:///C:/Users/aoifedoyle/Downloads/130911_fe93e24e-dfe0-40ff-9934-def2b44b7b52%20(1).pdf)



SECTION THREE I

OVERVIEW OF THE STUDY AREAS:*Charting the Development Trajectory of Ireland's Rental Sector*

**...five main
cities, namely,
Dublin, Cork,
Limerick,
Galway and
Waterford...**



Section three

SECTION TWO | OVERVIEW OF THE STUDY AREAS



As indicated previously, the overarching aim of this research is to assess and evaluate the methods by which the sustainability and attractiveness of the rental sector might be improved in Ireland. The previous section has provided a detailed review of the policy, strategic, legislative and academic literature focused on the Irish rental landscape.

It is now necessary to look at the 'on-the-ground' evidence base to further understand and examine the rental sector.

In order to structure and guide this research, the study is particularly focused on the five major cities of Ireland – Dublin, Cork, Galway, Limerick and Waterford. It also examines four further towns in order to further contextualise the urban centred research and provide insight into how the rental sector is performing across smaller settlements of varying size and functions. The towns targeted for this are Athlone, County Westmeath; Castlebar, County Mayo; Letterkenny, County Donegal; and Dundalk, County Louth.

The NPF is the Government's high-level strategic plan for shaping the future growth and development of our country out to the year 2040. By 2040 it asserts that there will be approximately an extra one million people living in our country. This population growth will require hundreds of thousands of new jobs and new homes. To guide this growth, the plan sets important growth targets for Ireland's towns and cities. Indeed, National Policy Objective 2a sets a target of 50% of future population and employment growth will be focused in the existing five cities and their suburbs.

3.1 Study Areas

The detailed research focus is on nine locations across Ireland, the five main cities, namely, Dublin, Cork, Limerick, Galway and Waterford, and four key towns/settlements of varying size and function that are deemed to be broadly representative of the rental sector as a whole, these being Athlone, Castlebar, Dundalk and Letterkenny, as set out in Table 3.1.

Table 3.1: List of Study Areas

Cities	Key Towns/Settlements
Dublin City	Athlone, Co. Westmeath*
Cork City	Castlebar, Co. Mayo
Limerick City	Dundalk, Co. Louth
Galway City	Letterkenny, Co. Donegal
Waterford City	

The NPF states that a major new policy emphasis on renewing and developing existing settlements will be required, rather than continual expansion and sprawl of cities and towns out into the countryside, at the expense of town centres and smaller villages. The target is for at least 40% of all new housing to be delivered within the existing built up areas of cities, towns and villages on infill and/or brownfield sites. The rest of our homes, the plan outlines, will continue to be delivered at the edge of settlements and in rural areas.

Historically, low-density housing development has been a feature of Ireland's housing landscape in cities, towns, villages and the countryside. To avoid urban sprawl and the pressure that it puts on both the environment and infrastructure demands, increased residential densities are required in our urban areas, according to the NPF.

This will, "... necessitate a significant and sustained increase in urban housing output and apartment type development in particular, if we are to avoid a continuation of the outward expansion of cities and larger urban areas³⁸".

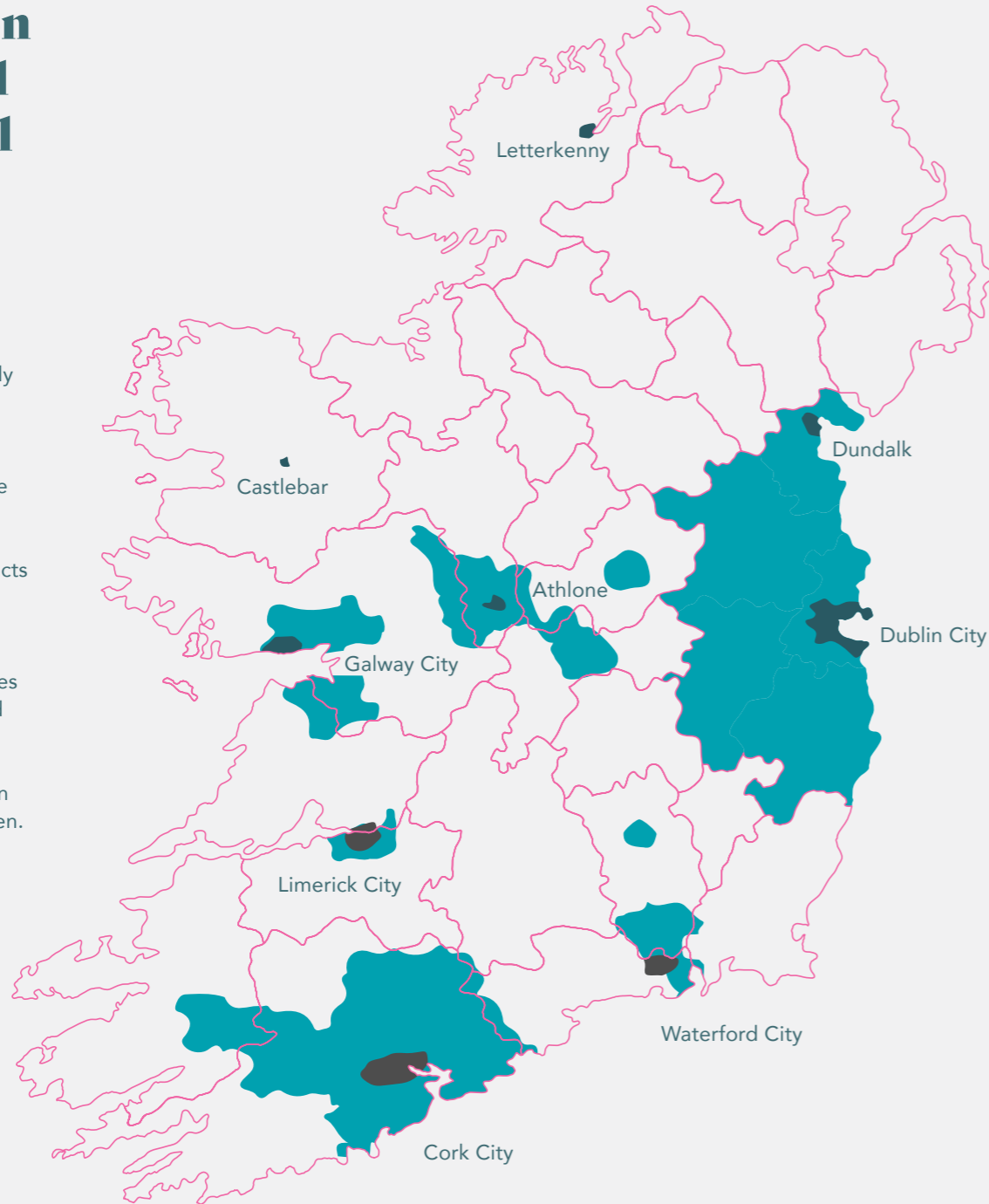
This section aims to trace key national and local demographic and housing trends in order to build a 'picture' of the study areas and to more comprehensively understand their varying development trajectories. This provides important contextualisation for further detailed analysis of rental sector dynamics across the settlements as set out in Section 5.



3.1 Study Areas >

Figure 3.1:
Illustration of Focused Locational Analysis

The four towns were selected as being broadly “representative” of the wider rental market outside of the main cities of Ireland. They are distributed across the county to a degree that would dampen the impacts that being in proximity to cities would have on the local rental market. Each of the selected cities and towns are illustrated in Map 3.1 and there is a very good national geographical distribution of the analysis undertaken.



■ Study Area
■ Rent Pressure Zones

39. Omits values for “Bed-sits” and “Not Stated”.

40. Missing percentage points are indicative of data referring to “bed-sits” and “not stated” census fields.

3.2 National Profile

Census 2016 results show that Ireland’s population stood at 4,761,865 in April 2016, representing just over a 1% growth rate per annum as can be seen from Table 3.2. There were 200 urban settlements across the country, which together accommodated 63% of Ireland’s population. Beyond the five cities (Dublin, Cork, Limerick, Galway and Waterford) 29% of Ireland’s population live in towns and villages with at least 1,500 or more people. The Census data further indicates that smaller towns and villages (1,500-10,000 population) experienced less than half the national average rate of population growth between 2011 and 2016. Those with more than 5,000 people had a combined net loss of population during that time, when the national population grew by almost 4%.

Moreover, and as the NPF highlights, currently, 7 out of 10 households in the State consist of three people or less, with an average household size of 2.75 people. This is expected to decline to around 2.5 people per household by 2040. Household sizes in urban areas tend to be smaller than in the suburbs or rural parts of the country. In Dublin city, one, two and three person households comprise 80% of all households.

As discussed in Section 2, Ireland has historically been perceived as a ‘homeownership society’ with a preference for the typical house-type provision over apartment living. When we look at the census data from the CSO over the last 15 years we can see that this sentiment is reflected in the figures that are set out in Table 3.3 and Table 3.4. However, it should be noted that apartment living has been on the increase in later years with the overall percentage change from 2006 to 2016 being just under 44%.



There were 200 urban settlements across the country, which together accommodated 63% of Ireland’s population

Table 3.2: National Population Growth 2006-2016

	2006	2011	2016	2006-2011 % Change	2011-2016 % Change	2006-2016 % Change
Population	4,239,848	4,588,252	4,761,865	8.22%	3.78%	12.31%

Source: CSO

Table 3.3: National Dwelling Type³⁹ Profile 2006-2016

Dwelling Type	2006	2011	2016	2006-2011 % Change	2011-2016 % Change	2006-2016 % Change
House	87.23%	87.20%	86.69%	12.21%	2.32%	14.80%
Apartment	9.52%	10.77%	11.83%	26.96%	13.12%	43.62%
Total ⁴⁰	96.75%	97.97%	98.52%	12.24%	2.93%	15.53%

Source: CSO

3.2 National Profile >

Table 3.4: National Tenure⁴¹ Profile 2006-2016

Occupancy	2006	2011	2016	2006-2011 % Change	2011-2016 % Change	2006-2016 % Change
Owner Occupied	74.67%	69.72%	67.60%	-4.96%	-2.12%	-7.08%
Rented - Private	9.94%	18.51%	18.24%	8.58%	-0.27%	8.31%
Rented - Other ⁴²	10.67%	8.73%	9.42%	-1.94%	0.69%	-1.25%
Total ⁴³	95.28%	96.96%	95.26%	-	-	-

Source: CSO

Table 3.5: Dwelling Type and Tenure Analysis 2011-2016

Dwelling Type and Tenure	2011	2016	2011-2016 % Change
All households	1,649,408	1,697,665	2.93%
Owner Occupied	1,149,924	1,147,552	-0.21%
Rented – Private	305,377	309,728	1.42%
Rented – Other ⁴	143,975	159,943	11.09%
House	1,438,345	1,471,650	2.32%
Owner Occupied	1,104,137	1,104,851	0.06%
Rented – Private	189,570	191,844	1.20%
Rented – Other ⁴	112,752	122,376	8.54%
Apartment	177,587	200,879	13.12%
Owner Occupied	40,756	37,581	-7.79%
Rented – Private	106,044	111,849	5.47%
Rented – Other ⁴⁴	26,918	33,733	25.32%

Source: CSO

41. Omits values for "occupied free of rent" and "Not Stated".

42. "Rented from a Local Authority" and "Rented from a Voluntary Body".

43. Missing percentage points are indicative of data referring to "occupied free of rent" and "not stated" census fields

44. "Rented from a Local Authority" and "Rented from a Voluntary Body"

As Table 3.3 indicates, as of 2016 census over 86% of the national housing stock is a house dwelling type with just over 11% were apartments, and in the same year over 67% of the population were homeowners with 28% being utilised as a form of rented dwelling, as can be seen from Table 3.4. The remaining 5% is classified as "Occupied free of rent" or "Not Stated" (figures not included in Table 3.4). Utilising data from the CSO allows for further insights into this in the form of a cross-tabulation of dwelling type and tenure, as shown in Table 3.5. Overall, between 2011 and 2016, the level of renting has increased dwelling type.



Table 3.6: Tenure by Dwelling Type 2016

Dwelling/Occupancy	%	Absolute
All households		1,697,665
Owner Occupied	67.60%	1,147,552
Rented	27.67%	469,671
House		1,471,650
Owner Occupied	75.08%	1,104,851
Rented	21.35%	314,220
Apartment		200,879
Owner Occupied	18.71%	37,581
Rented	72.47%	145,582

Source: CSO



Looking at the national housing stock for 2016 in greater detail (as set out in Table 3.6) we can see that apartments are disproportionately represented in the rental sector. Over 72% of all apartment stock is part of the rental sector despite constituting less than 12% of the overall national housing stock, as illustrated in Table 3.3.

As previously stated, almost 87% of the national housing stock is in the house type category (Table 3.3) and as Table 3.6 shows, 21% of this category is part of the rental sector. In terms of absolute figures, in 2016, despite being the vast majority of national housing stock there were only just over 314,000 houses in the rental sector compared to almost 146,000 apartments.

With the significant differences between the proportions of houses and apartments available for rent, it is clear that there is still a preference for the house type category when it comes to home ownership preference. With this preference in mind the CSO reported that in 2016 the age at which home ownership became the majority tenure category was 35 years of age⁴⁵.

45. <https://www.cso.ie/en/releasesandpublications/ep/p-cp1hii/cp1hii/tr/>

3.3: City Profiles



This section profiles the five major cities of Ireland to further contextualise the national analysis presented previously.



Dublin City Profile

Population Growth

2006		1,010,694
2011		1,110,627
2016		1,173,179

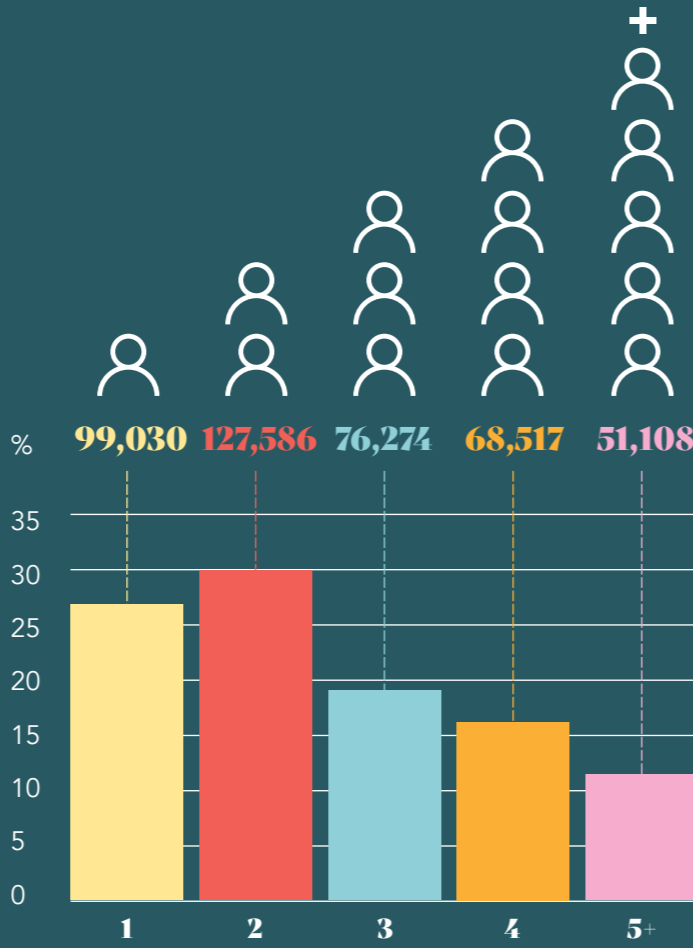
No. Households and Average Household size

2006	373,123	-	2.71
2011	411,813	10%	2.62
2016	422,515	3%	2.69

Dublin City⁴⁶ Tenure by Dwelling type

	2011	2016	11-16 %
All households	207,847	211,591	2%
Owner Occupied	107,552	105,273	-2%
Rented - Private	66,613	62,865	-6%
Rented - Other	62,865	27,928	5%

Persons per Household



House

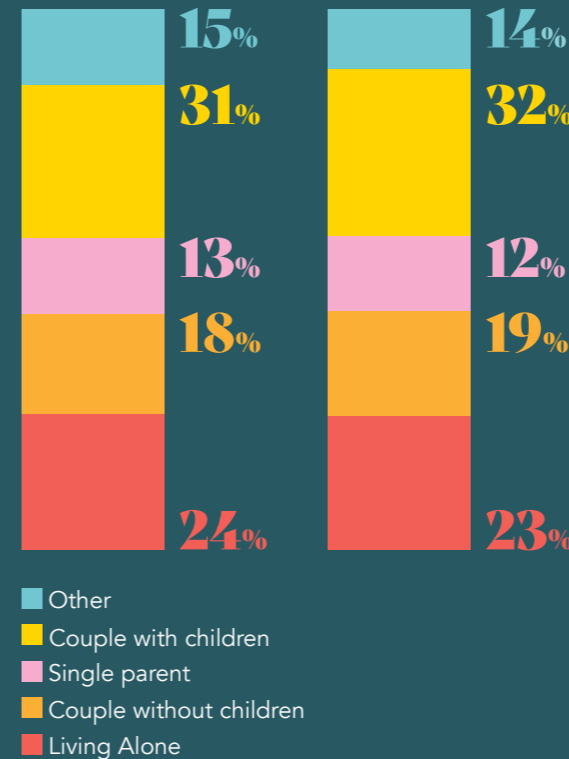
Owner Occupied			
Rented - Private			
Rented - Other			
Apartment	65,497	72,526	11%
Owner Occupied	12,212	10,902	11%
Rented - Private	39,514	39,613	0.25%
Rented - Other	12,706	14,238	12%

46. Data from the CSO which uses LA boundary area, source: <https://data.cso.ie/table/E1015>

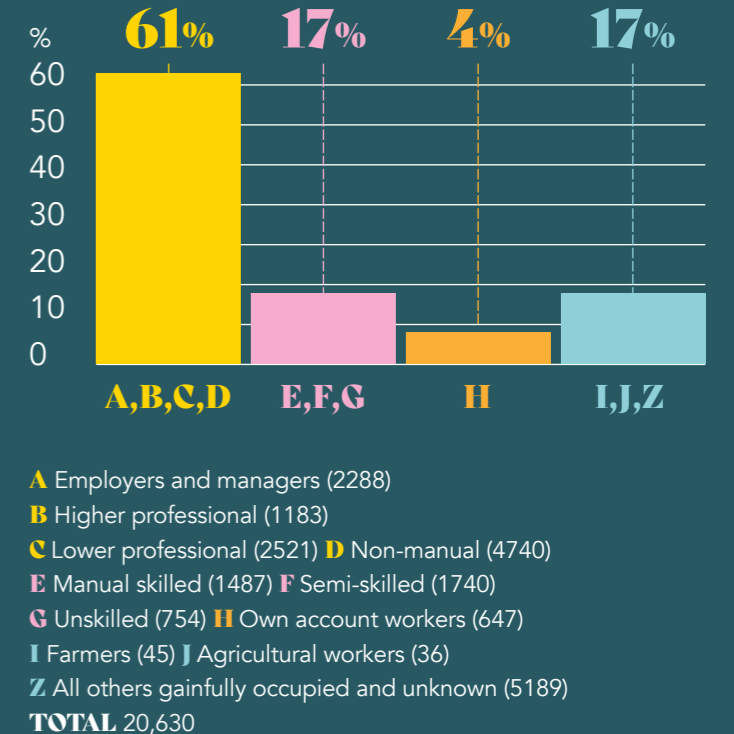
Tenure	2006	2016	06-16 %
Owned	65%	59%	-6%
Private Rented	15%	25%	10%
Social Rented	16%	11%	-5%

Dwelling Type	2006	2016	06-16 %
House/Bungalow	75%	72%	-4%
Flat/Apartment	20%	26%	6%
Other/Not Stated	4%	2%	-2%

Family Type



Socio-economic group



Industry of Employment

Agriculture forestry and fishing	809	1
Building and construction	19,337	3%
Manufacturing industries	34,698	14%
Commerce and trade	153,747	22%
Transport and communications	65,380	11%
Public administration	28,796	8%
Professional services	125,534	18%
Other	107,650	24%

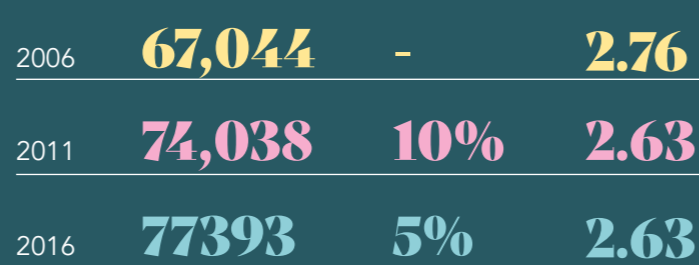
Total
535,951

Cork City Profile

Population Growth



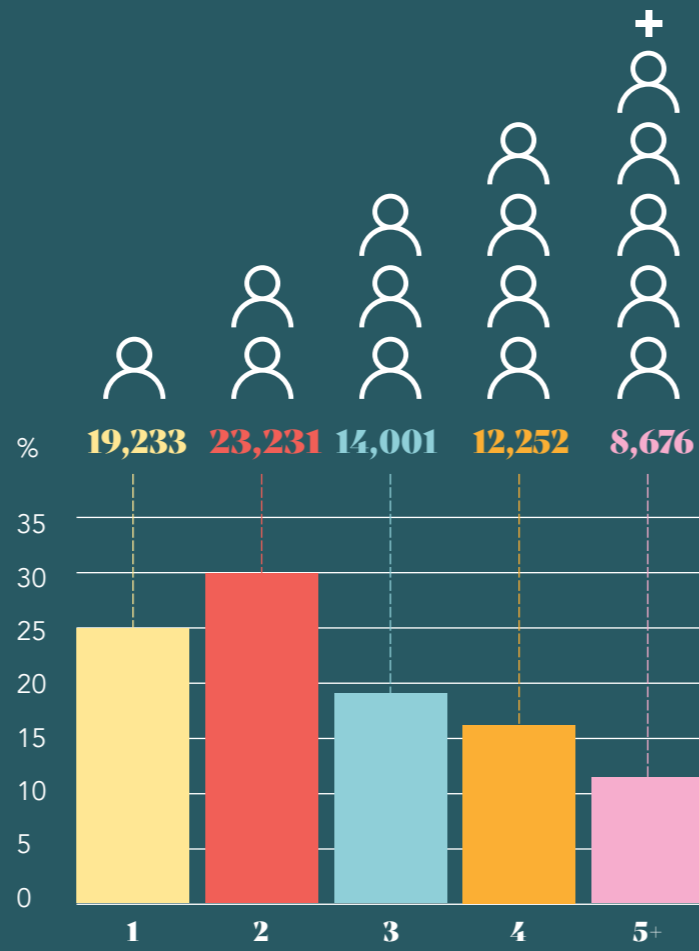
No. Households and Average Household size



Cork City⁴⁷ Tenure by Dwelling type

	2011	2016	11-16 %
All households	47,110	49,370	5%
Owner Occupied	25,105	24,840	-1%
Rented - Private	12,727	12,988	2%
Rented - Other	7,876	8,748	11%
House	38,079	38,907	2%
Owner Occupied	24,406	24,160	1%
Rented - Private	6,768	6,695	1%
Rented - Other	6,157	6,604	7%
Apartment	7,767	9,530	23%
Owner Occupied	601	596	1%
Rented - Private	5,526	6,047	9%
Rented - Other	1,539	1,973	28%

Persons per Household

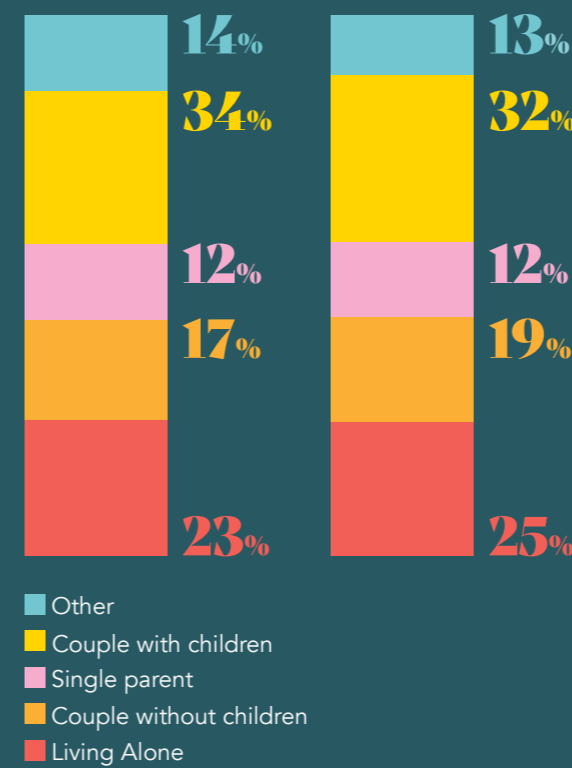


Section three Overview of the Study Areas

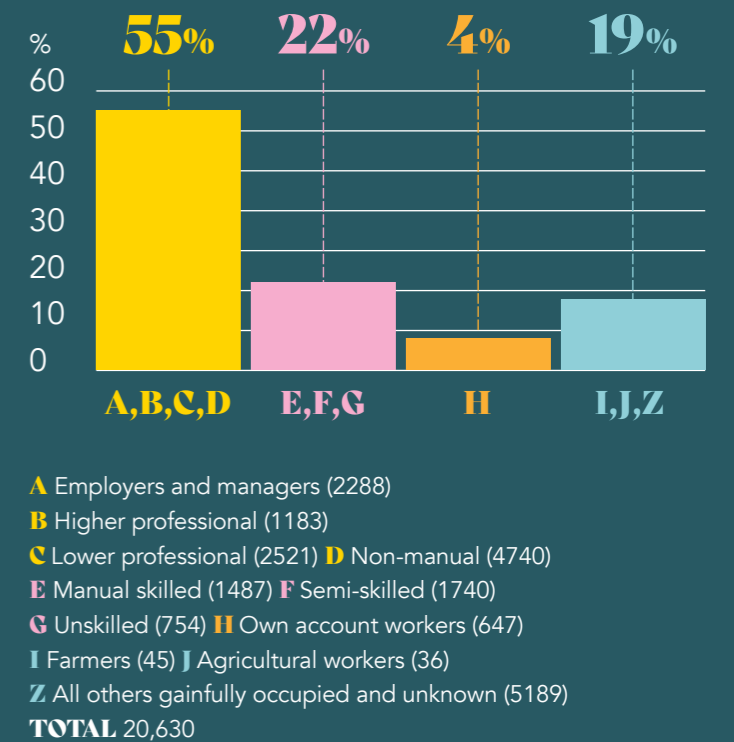
Tenure	2006	2016	06-16 %
Owned	64%	58%	-6%
Private Rented	14%	24%	10%
Social Rented	17%	14%	-5%

Dwelling Type	2006	2016	06-16 %
House/Bungalow	86%	83%	-3%
Flat/Apartment	11%	15%	5%
Other/Not Stated	3%	2%	-1%

Family Type



Socio-economic group



Industry of Employment

Agriculture forestry and fishing	373	1
Building and construction	3,508	3%
Manufacturing industries	13,374	14%
Commerce and trade	20,933	22%
Transport and communications	8,567	11%
Public administration	3,866	8%
Professional services	22,242	18%
Other	15,621	24%

Total
88,484

⁴⁷ Data from the CSO which uses LA boundary area, source: <https://data.cso.ie/table/E1015>

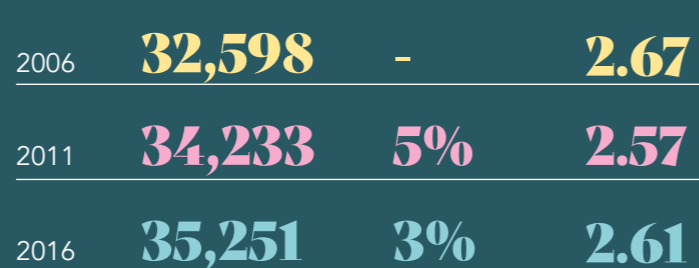


Limerick City Profile

Population Growth



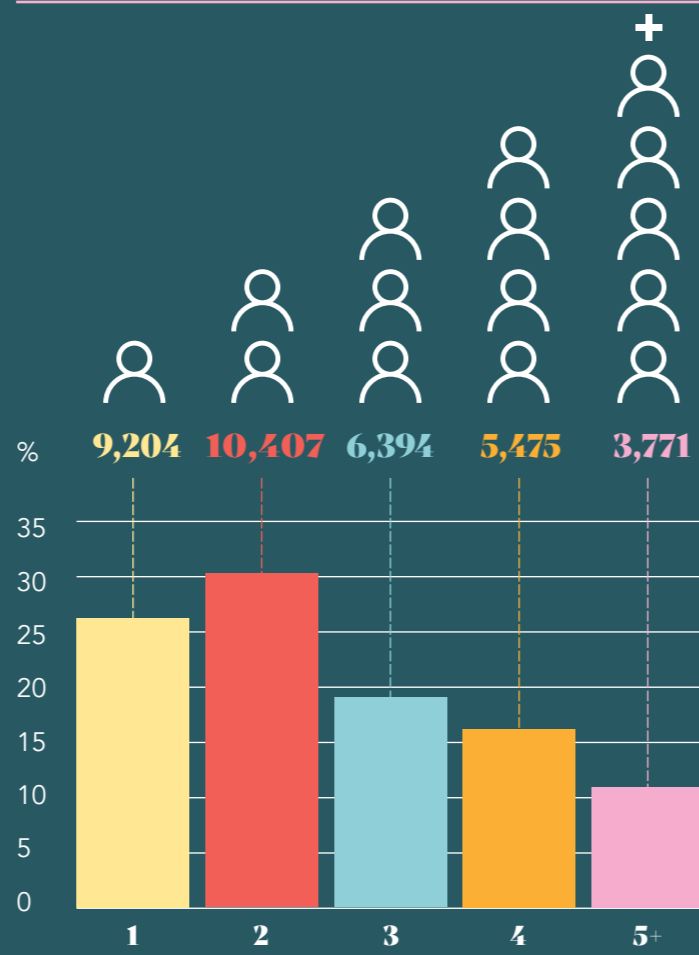
No. Households and Average Household size



Limerick City⁴⁸ Tenure by Dwelling type

	2011	2016	11-16 %
All households	69,421	71,022	2%
Owner Occupied	49,223	48,229	-2%
Rented - Private	12,455	12,787	3%
Rented - Other	5,642	6,564	16%
House	62,260	62,954	1%
Owner Occupied	48,254	47,300	-2%
Rented - Private	8,052	8,270	3%
Rented - Other	4,565	5,111	12%
Apartment	5,898	7,068	20%
Owner Occupied	761	741	-3%
Rented - Private	4,101	4,309	5%
Rented - Other	917	1,302	42%

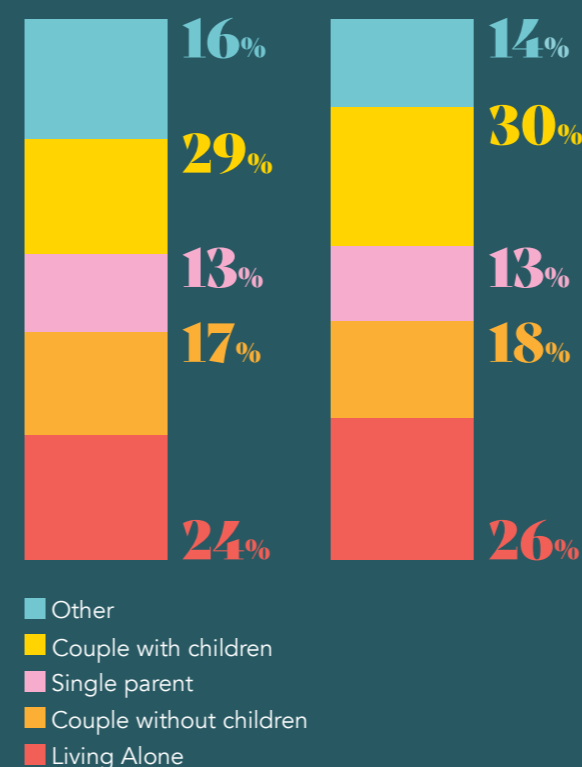
Persons per Household



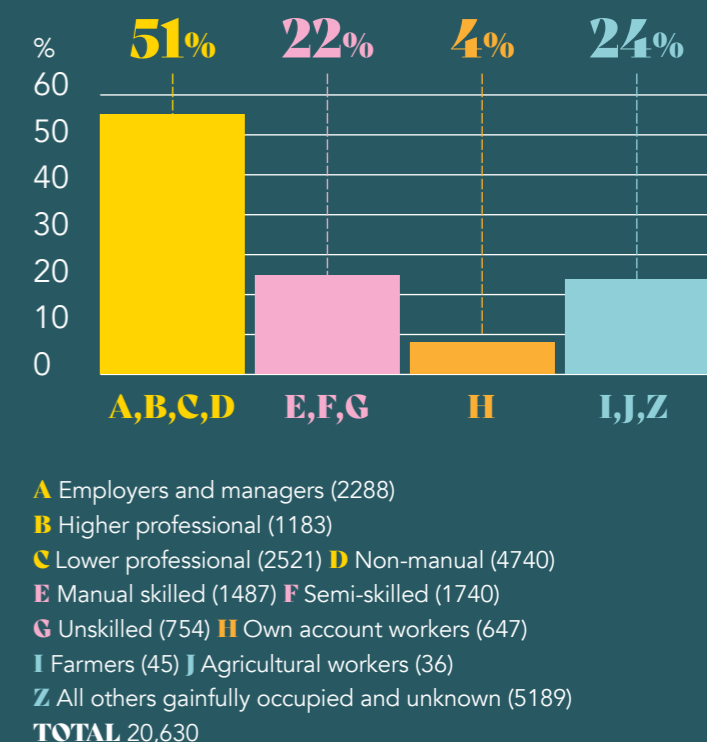
Tenure	2006	2016	06-16 %
Owned	63%	57%	-6%
Private Rented	16%	26%	10%
Social Rented	16%	12%	-5%

Dwelling Type	2006	2016	06-16 %
House/Bungalow	83%	81%	-2%
Flat/Apartment	14%	18%	3%
Other/Not Stated	3%	2%	-1%

Family Type



Socio-economic group



Industry of Employment

Agriculture forestry and fishing	122	0.3%
Building and construction	1,154	3%
Manufacturing industries	4,923	14%
Commerce and trade	8,321	23%
Transport and communications	3,139	9%
Public administration	1,549	4%
Professional services	9,173	26%
Other	7,607	21%

Total
35,988

⁴⁸ Data from the CSO which uses LA boundary area, source: <https://data.cso.ie/table/E1015>



Galway City Profile

Population Growth

2006		67,999
2011		76,778
2016		79,934

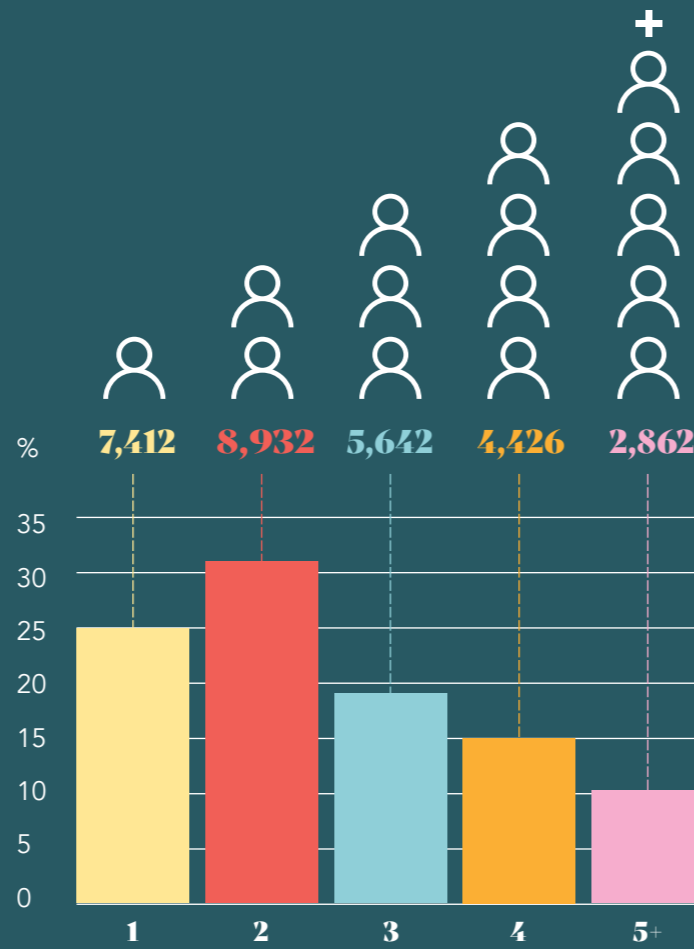
No. Households and Average Household size

2006	25,452	-	2.67
2011	28,117	10%	2.57
2016	29,274	4%	2.58

Galway City⁴⁹ Tenure by Dwelling type

	2011	2016	11-16 %
All households	27,697	28,827	4%
Owner Occupied	13,520	13,465	-0.4%
Rented - Private	10,390	10,241	-1%
Rented - Other	2,997	3,350	12%
House	21,061	21,341	1%
Owner Occupied	12,596	12,568	-0.2%
Rented - Private	5,887	5,646	-4%
Rented - Other	2,173	2,241	3%
Apartment	6,018	6,824	13%
Owner Occupied	865	851	-2%
Rented - Private	4,292	4,424	3%
Rented - Other	734	1,024	40%

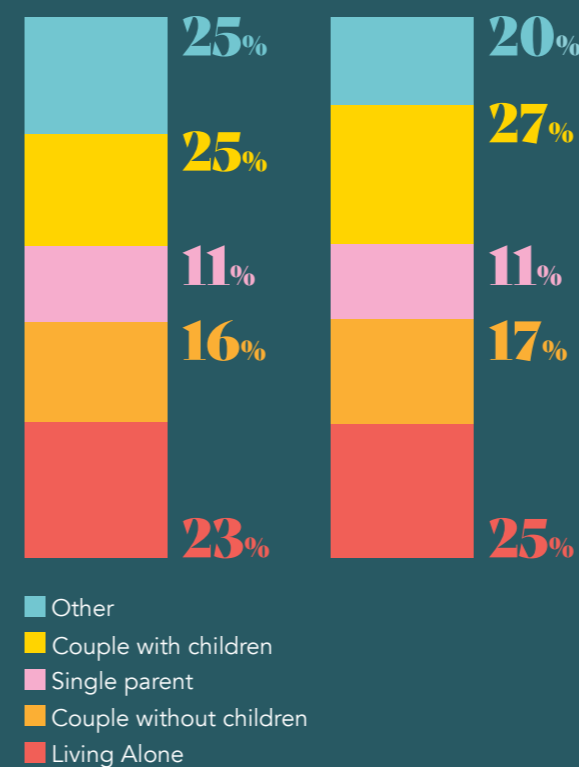
Persons per Household



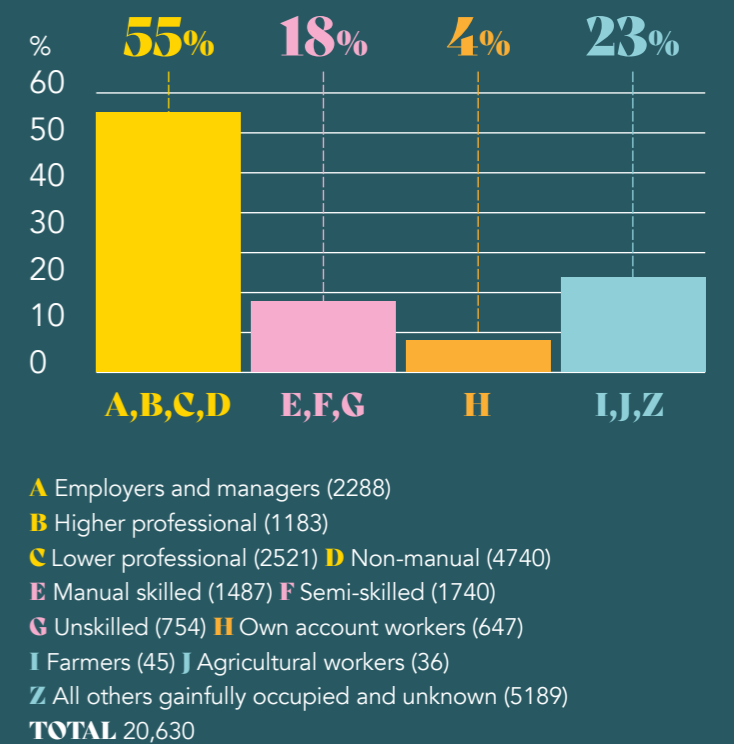
Tenure	2006	2016	06-16 %
Owned	52%	47%	-5%
Private Rented	25%	35%	10%
Social Rented	18%	12%	-6%

Dwelling Type	2006	2016	06-16 %
House/Bungalow	76%	74%	-1%
Flat/Apartment	21%	23%	2%
Other/Not Stated	3%	2%	-1%

Family Type



Socio-economic group



Industry of Employment

Agriculture forestry and fishing	181	0.5%
Building and construction	988	3%
Manufacturing industries	5,192	15%
Commerce and trade	7,284	21%
Transport and communications	2,959	8%
Public administration	1,288	4%
Professional services	9,278	26%
Other	8,375	24%

Total
35,545

49. Data from the CSO which uses LA boundary area, source: <https://data.cso.ie/table/E1015>

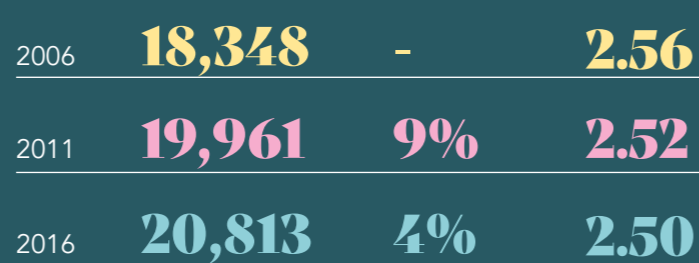


Waterford City Profile

Population Growth



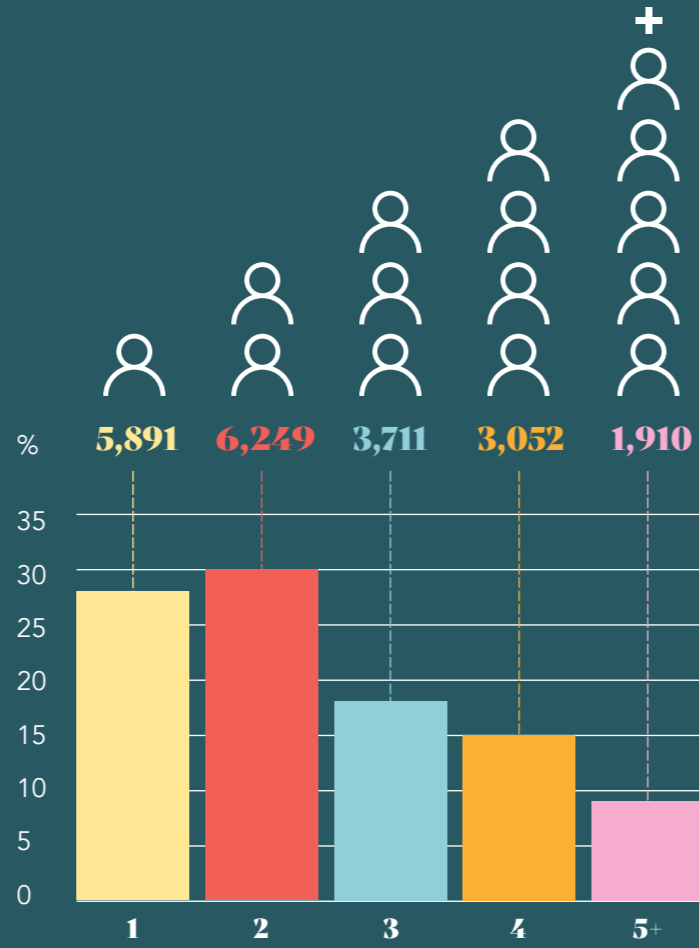
No. Households and Average Household size



Waterford City⁵⁰ Tenure by Dwelling type

	2011	2016	11-16 %
All households	27,697	28,827	4%
Owner Occupied	13,520	13,465	-0.4%
Rented - Private	10,390	10,241	-1%
Rented - Other	2,997	3,350	12%
House	21,061	21,341	1%
Owner Occupied	12,596	12,568	-0.2%
Rented - Private	5,887	5,646	-4%
Rented - Other	2,173	2,241	3%
Apartment	6,018	6,824	13%
Owner Occupied	865	851	-2%
Rented - Private	4,292	4,424	3%
Rented - Other	734	1,024	40%

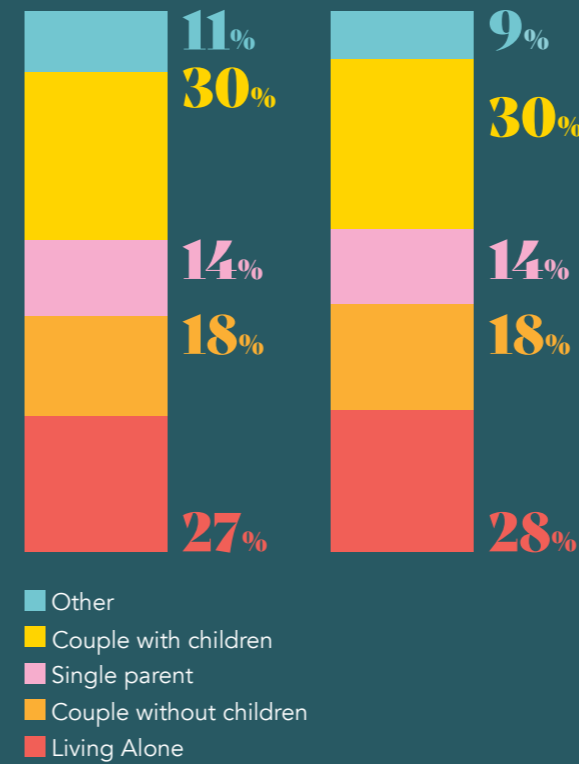
Persons per Household



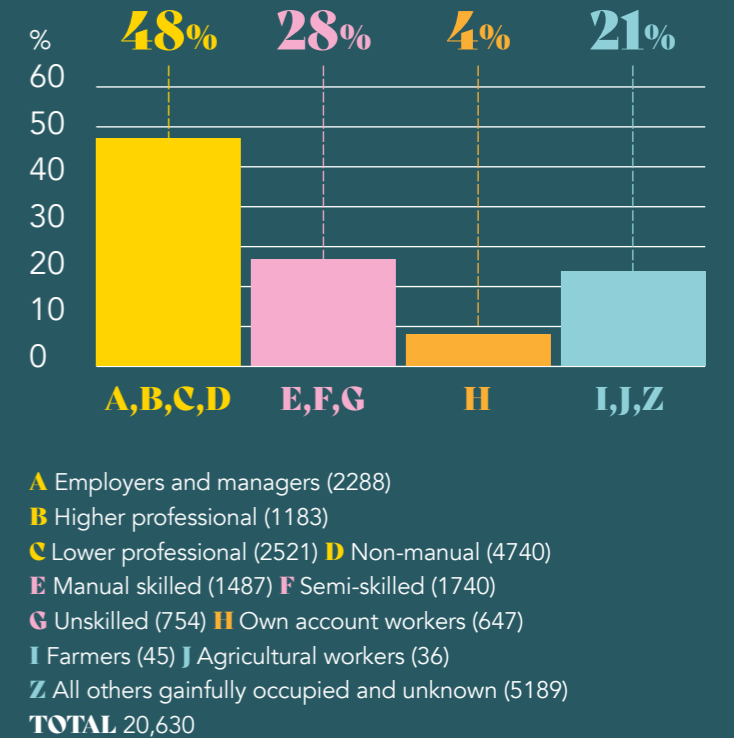
Tenure	2006	2016	06-16 %
Owned	62%	55%	-6%
Private Rented	13%	21%	8%
Social Rented	20%	19%	-1%

Dwelling Type	2006	2016	06-16 %
House/Bungalow	86%	87%	0.8%
Flat/Apartment	10%	12%	1%
Other/Not Stated	4%	2%	-2%

Family Type



Socio-economic group



Industry of Employment

Agriculture forestry and fishing	131	0.6%
Building and construction	738	4%
Manufacturing industries	3,614	18%
Commerce and trade	4,510	22%
Transport and communications	1,246	6%
Public administration	773	4%
Professional services	5,476	27%
Other	4,126	20%

Total
20,614

50. Data from the CSO which uses LA boundary area, source: <https://data.cso.ie/table/E1015>




3.4 Selected Towns/Settlements Profiles



This section profiles the four towns which comprise our additional study areas - Athlone, Castlebar, Dundalk and Letterkenny.

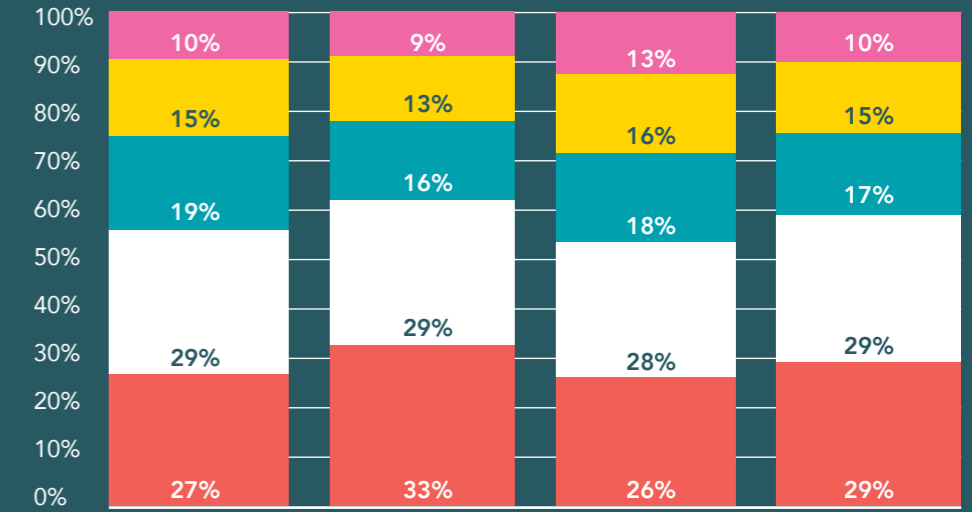


Town Profiles

Population Growth	Athlone	Castlebar	Dundalk	Letterkenny
2006 	16,859	11,315	34,522	16,910
2011 	20,153	12,318	37,816	19,588
2016 	21,349	12,068	39,004	19,274

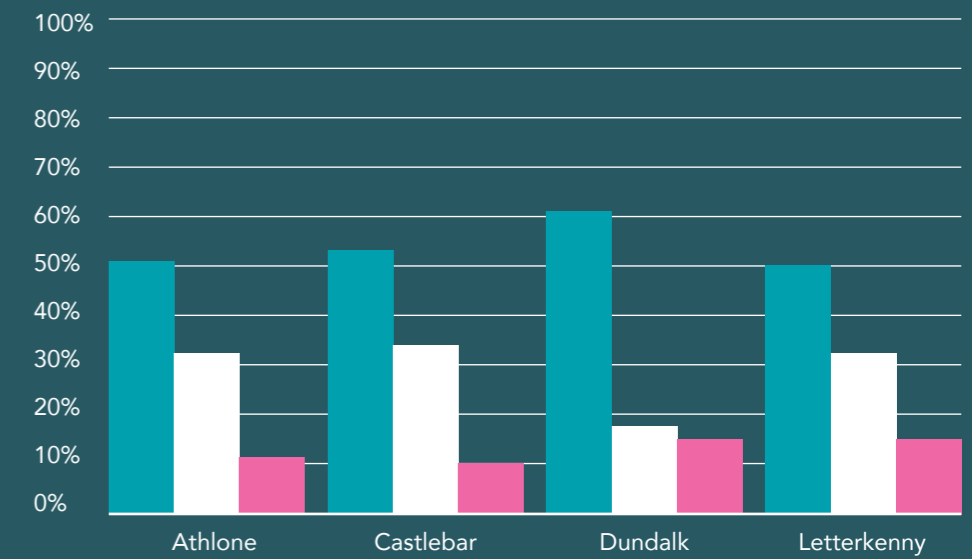
Persons per Household

- 1 Person
- 2 Person
- 3 Person
- 4 Person
- 5+ Person



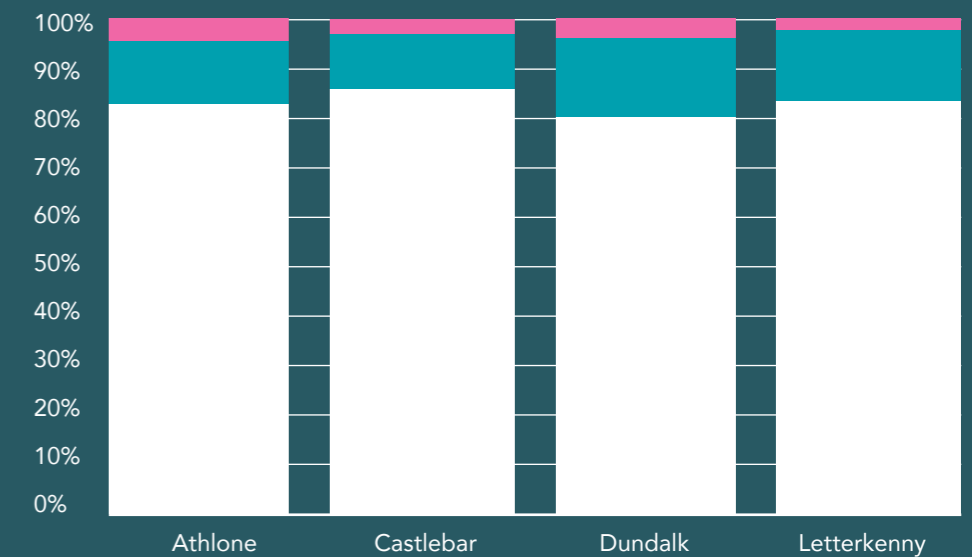
Tenure

- Owner Occupied
- Rented - Private
- Rented - Other



Dwelling Type

- House/Bungalow
- Flat/Apartment
- Other/Not stated



3.5 Evolving Ireland – Changing trends



This analysis demonstrates that the most abrupt change took place between the 2006 and 2011 census.

As set out in Section 2, the growth of the rental sector (both private rented and social housing) in Ireland in recent years has been significant, with nearly a third of all households occupying this tenure. It is clear that a major shift has occurred with regard to this tenure, for a variety of reasons, including unaffordability of home-ownership, migration, increasing student populations, increasing precarity in the labour market, and an increased demand for residential choice and flexibility.

This analysis demonstrates that the most abrupt change took place between the 2006 and 2011 census. We can see from Figure 3.2 that, nationally, the proportion of the population classified as owner occupiers reduced from 74.6% to 69.7% and those within private rented accommodation increasing from 9.9%, in 2006, to 18.5% in 2011.

This shift towards the rental sector between 2006 and 2011 continued into 2016 and is still ongoing. From 2011-2016 there was a further decline, nationally, in the proportion of owner occupiers from 69.7% to 67.6%.

This shift towards the rental sector between 2006 and 2011 continued into 2016 and is still ongoing. From 2011-2016 there was a further decline, nationally, in the proportion of owner occupiers from 69.7% to 67.6%.

Figure 3.3 and Figure 3.4 illustrate the intercensal change (2011-2016) that took place with regard to tenure by dwelling type. We can see from Figure 3.3 that the largest changes was seen in the form of higher percentages of households in private and social rented accommodation, 1.20% and 8.54% increases respectively.



FROM 2011-2016 THERE WAS A FURTHER DECLINE, NATIONALLY, IN THE PROPORTION OF OWNER OCCUPIERS FROM

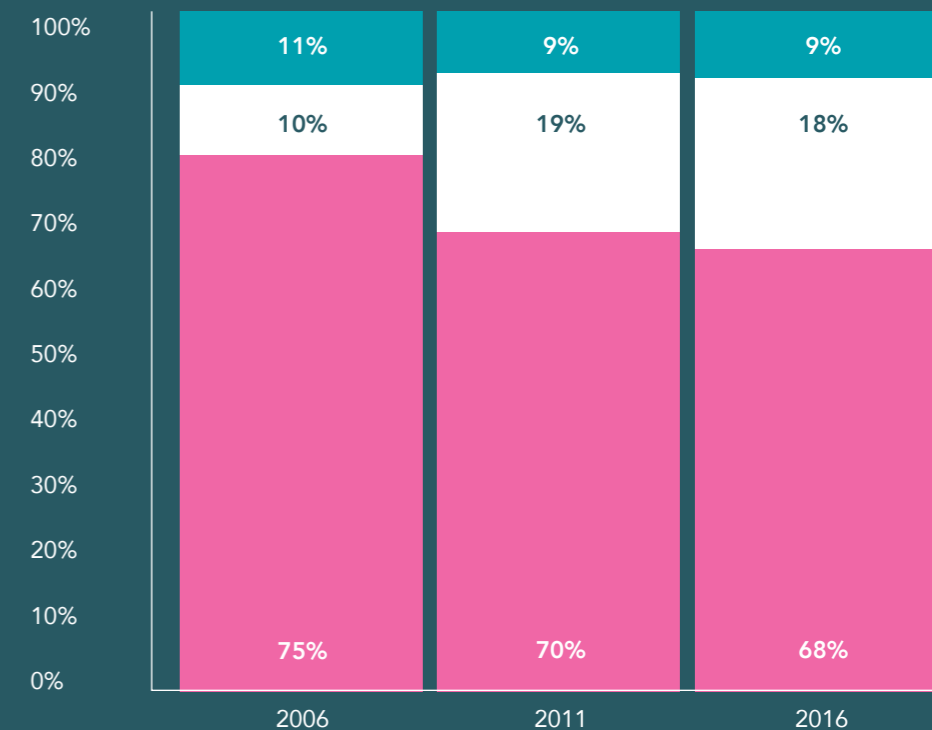
69.7%
TO
67.6%

3.5 Evolving Ireland – Changing trends >

Figure 3.2:

Change Over Time in National Occupancy 2006-2016

Owner Occupied
Rented - Private
Rented - Other*

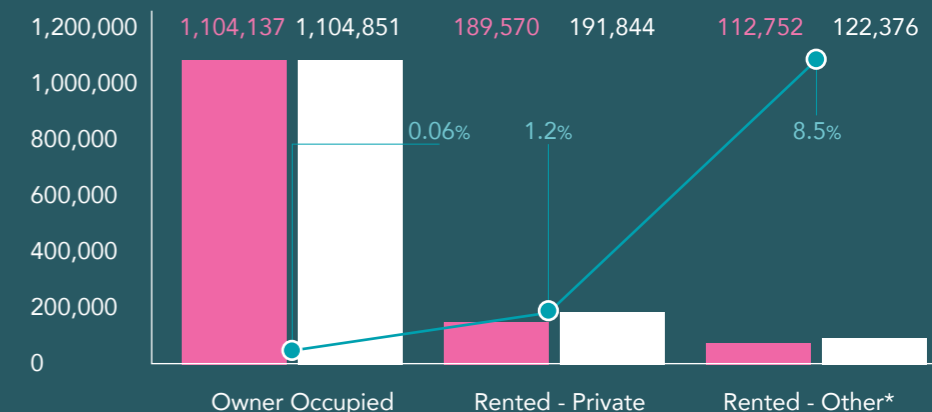


Source: CSO

Figure 3.3:

Change in Tenure for Houses 2011-2016

2011
2016
2011-2016 % Change

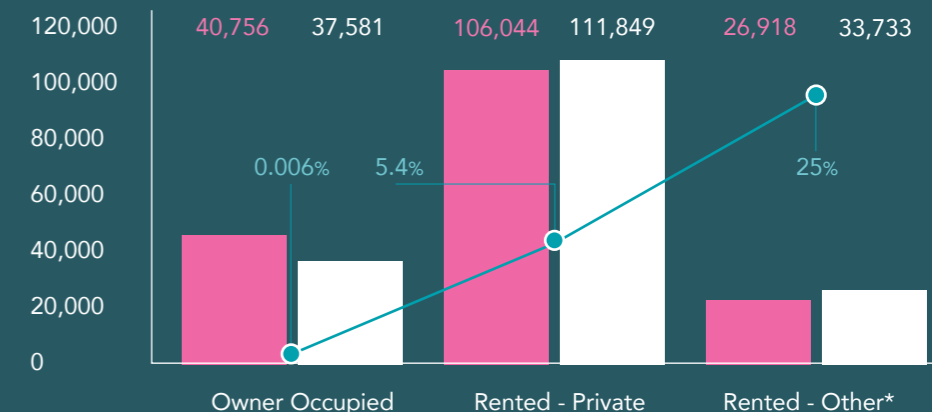


Source: CSO

Figure 3.4:

Change in Tenure for Apartments 2011-2016

2011
2016
2011-2016 % Change



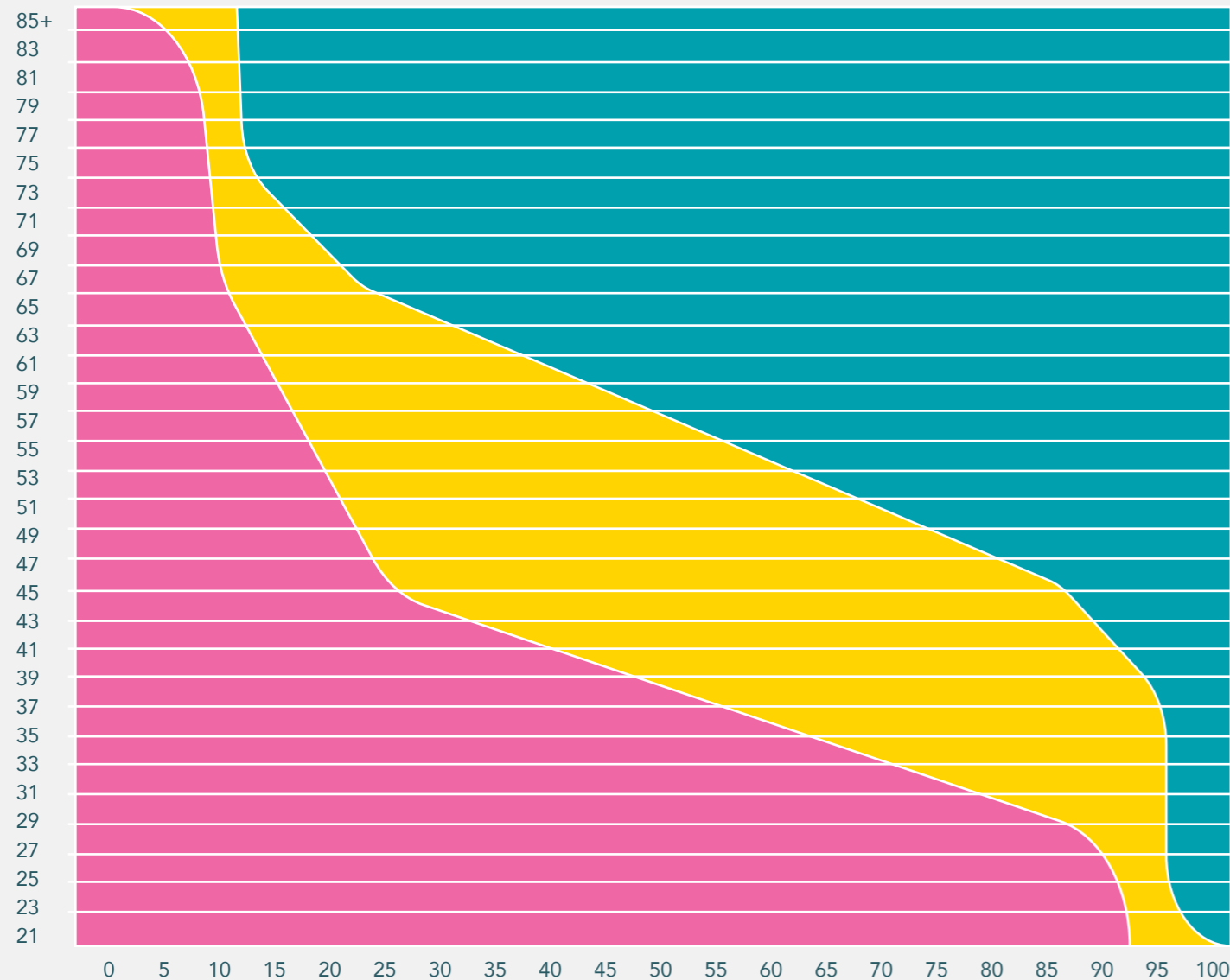
Source: CSO

3.5 Evolving Ireland – Changing trends >

Figure 3.5:
**Figure 3.5:
Tenure Status
by age of
householder,
2016**⁵²

Rent
Own with mortgage or loan
Own outright

Source: CSO



As shown in Figure 3.4 that there has been an even more dramatic change in apartment occupancy, with a decrease of 7.79% in owner occupancy and an increase of 5.47% in the population in private and 25.32% in social rented accommodation.

These changes are on the foot of the fundamental shift in occupancy that was seen between 2006 and 2011. The CSO reported that in 2016 the age at which home ownership became the majority, in terms of percentage of households by tenure, was 35 years of age, as shown in Figure 3.5. This has changed dramatically over the last two decades, in 2002 the age was 26 years, in 2006 it was 28 and by 2011 it had shifted to 32 years of age⁵¹.

51. <https://www.cso.ie/en/releasesandpublications/ep/p-cp1hi/cp1hi/tr/>
52. Age profile of home ownership - <https://www.cso.ie/en/releasesandpublications/ep/p-cp1hi/cp1hi/tr/>

3.5 Evolving Ireland – Changing trends >

To briefly contextualise these trends, it was reported that in 2019 that 70% of the EU population lived in households classified as owner occupiers⁵³. This is just slightly above the 2016 rate recorded for Ireland (67.6%). Yet, national rates differ quite significantly. In Romania, 96% of the population owned their own home while in Germany, renting is almost equal with 49 % of the population being tenants. Austria (45 %) and Denmark (39 %) follow.

Yet, as is the case in many European countries, there are also quite considerable differences in ownership rates between urban and rural areas. The rate in Irish rural areas fell from 84% in 2011 to 82% in 2016 while the percentage of urban homes owned (outright or with a loan) has fallen from 61.6% to 59.2% in 2016.

In terms of dwelling type, living in a house or apartment also differs among the Member States, and also varies depending on whether you live in a city or a rural area⁵⁴. In the EU in 2019, 53 % of the population lived in a house, while 46 % lived in an apartment (1 % lived in other accommodation, such as houseboats, vans etc.). Ireland recorded the highest share of the population living in a house, followed by Croatia and Belgium (both 78 %) and the Netherlands (75 %). The highest shares for apartments were observed in Latvia (66 %), Spain (65 %), Estonia (61 %) and Greece (59 %). In cities, 72 % of the EU population lived in an apartment and 28% in a house. As this study shows, Ireland's urban areas continue to have significantly lower overall proportions of apartment stock than our European neighbours. This trend must change if we are to meet our National Planning Framework growth targets for cities and move away from the unsustainable expansion and sprawl of cities and towns out into the countryside, at the expense of town centres and smaller villages.

Key findings



The percentage of households in the private rental sector increased from 9.9%, in 2006, to 18.2%, in 2016.



Between 2006 and 2016 the proportion of the national housing stock that are apartments increased by 2.3%. (140,000 to 201,000).



Of the national housing stock in 2016 68% was “owner occupied” and 28% was a form of rented accommodation.



72% of all apartment stock are used by the rental sector in 2016.




21% of all houses are used by the rental sector in 2016.



In 2016, 35 is the age at which home ownership becomes the majority in the tenure category.

53. <https://ec.europa.eu/eurostat/cache/digpub/housing/bloc-1a.html>
54. <https://ec.europa.eu/eurostat/cache/digpub/housing/bloc-1a.html>

SECTION FOUR | STAKEHOLDER ENGAGEMENT



...the primary driver for doing so was their inability to afford to purchase their own home.

Section four

SECTION FOUR | STAKEHOLDER ENGAGEMENT

The overarching aim of this research is to assess and evaluate the methods by which the sustainability and attractiveness of the rental sector might be improved in Ireland.



“This analysis demonstrates that the most abrupt change took place between the 2006 and 2011 census.”

This necessitates a detailed understanding of the views and experiences of key stakeholders within the sector, including those currently residing in each core housing tenure in Ireland (the private rental sector, social housing and home ownership), landlords/investors, relevant public officials and representatives from national housing bodies. In order to glean these insights, this study undertook a series of stakeholder engagement exercises, as elaborated within this section.

In order to structure and guide the research, as indicated in Section 1, the project is particularly focused on the five major cities of Ireland – Dublin, Cork, Galway, Limerick and Waterford. It also examines four further towns in order to further contextualise the urban centred research and provide insight into how the rental sector is performing across smaller settlements of varying size and functions. The towns targeted for this are Athlone, County Westmeath; Castlebar, County Mayo; Letterkenny, County Donegal; and Dundalk, County Louth. As such, the stakeholder engagement exercises were informed by this spatial focus.

A detailed Stakeholder Engagement Plan (SEP) was developed to guide and facilitate this strand of the research; identifying key stakeholders and outlining the proposed approach to the engagement process and dissemination strategy.

Section four | Stakeholder Engagement >

Specifically, this stage of the research comprised of the following core elements:



The core stakeholder groups are outlined in Table 4.1 together with the means of engagement pursued. In total, across all groups, the study collated the views of 932 participants.

Online Public Survey:

Understanding key factors shaping the tenure decisions of households in Ireland

Online Landlord and Investor Survey:

Understanding the key motivations and constraints facing landlords and investors in Ireland; and

Interviews:

A series of semi structured interviews with key stakeholders including tenants, landlords/investors, national property bodies, relevant public officials, government departments and representatives from the social housing.

Table 3.2: National Population Growth 2006-2016

Stakeholder Group	Sub-Groups	Means of Engagement
Those currently residing in each core housing tenure in Ireland	Private rental Social housing (AHB and Local Authority Housing) Home ownership	Conducted via an online survey (and supplemented through interviews)
Landlords/investors	Institutional Landlords and Investors Smaller Scale Landlords and Investors	Conducted via an online survey (and supplemented through interviews)
Local Authorities	Dublin City Council Galway City Council Cork City Council Limerick City and County Council Waterford City Council Donegal County Council Louth County Council Mayo County Council	Semi structured interviews
National Housing Bodies and Charities	The Residential Tenancies Board Irish Council for Social Housing Housing Alliance Threshold	Semi structured interviews
AHBs	Tuath Circle	Semi structured interviews



As outlined in Section 1, the survey and interview exercises broadly captured the views of five overarching stakeholder groups. A limitation of this research is the extent to which certain sub-groups are represented within the results. For example, certain groups (such as Local Authority tenants) proved more difficult to reach and as such, are underrepresented in the data. Moreover, it is not possible to determine whether those private rental sector tenants (captured through the survey approach, specifically) are tenants of smaller scale or larger, institutional landlords. As such, the results serve not to demonstrate representative views of all stakeholders, but to highlight a number of key thematic challenges and opportunities facing the sector.

This section presents the results stemming from the two online surveys undertaken between November 2020 and January 2021.

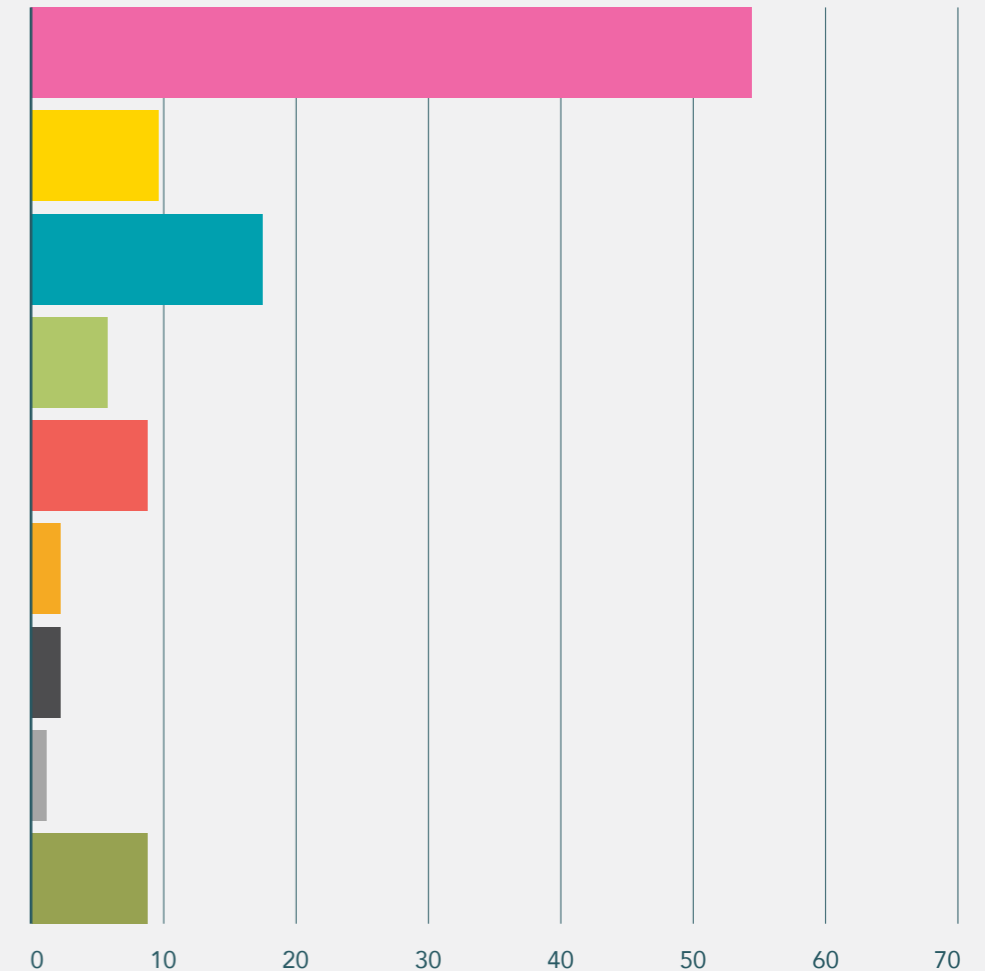


There was a total of 620 responses with the following broad geographical breakdown

Public Survey:
Understanding key factors shaping the tenure decisions of households in Ireland

Figure 4.1:

In which city or town do you currently live?



The first survey, entitled 'Understanding key factors shaping the tenure decisions of households in Ireland' has been targeted at residents of the nine aforementioned settlements – the five major cities of Ireland and four additional towns. There was a total of 696 responses with the following broad geographical breakdown (see Figure 4.1):

The majority of respondents (57%) indicated that they currently live in Dublin; 16% live in Galway; 9% in Cork; 6% in Waterford; 3% in Limerick; with the remaining 8.5% living across the four towns. In terms of their current living arrangements, 61% of respondents were renting from an AHB; 19% were renting privately; 12% were owner occupiers (with a mortgage); 5% were owner occupiers (with no mortgage); while 2% were renting from a Local Authority and just over 1% was living with parents or other family. It should be noted that the large proportion of respondents within the AHB sector reflects the targeted advertising of the survey by Clúid, as a commissioning partner for the study.

53% were living in houses (with 43% of these living within a house with 3+ bedrooms) while 13.5% resided in a 1-bedroom apartment; 26% in a 2 bedroom apartment and 7% in a apartment with 3+ bedrooms. The remaining 0.5% were living in a studio or bedsit. 21% of respondents indicated that live alone.

4.1 Online surveys >

In terms of their preferred tenure arrangement over the next 5-10 years, 34% would like to become a homeowner, with the same percentage indicating that their preference is to stay renting with a local authority or AHB. Only 1.5% would like to remain within the private rental sector. However, when asked what their expected tenure arrangement over the same period would be, a lower proportion (24%) believed they would become a homeowner. 6% believe they will remain in the private rental sector, while 40% felt that they would remain renting with a local authority or AHB. See Figures 4.2 and 4.3 for further detail on this breakdown.

Figure 4.3

Over the next 5-10 years, what is your preferred tenure arrangement?

- Become a homeowner
- Continue to be a homeowner
- Remain renting - private
- Start renting - private
- Remain renting - local authority
- Start renting - local authority
- I don't know

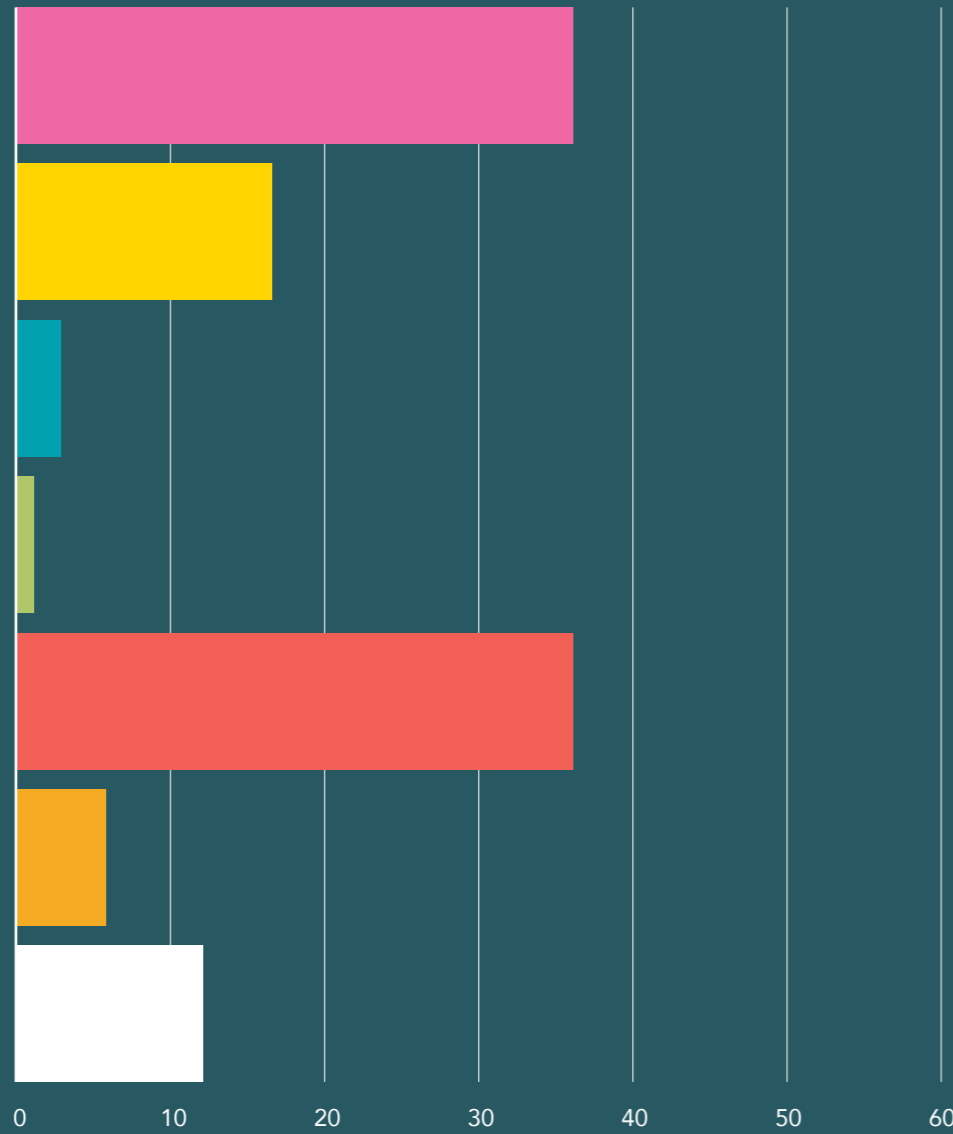
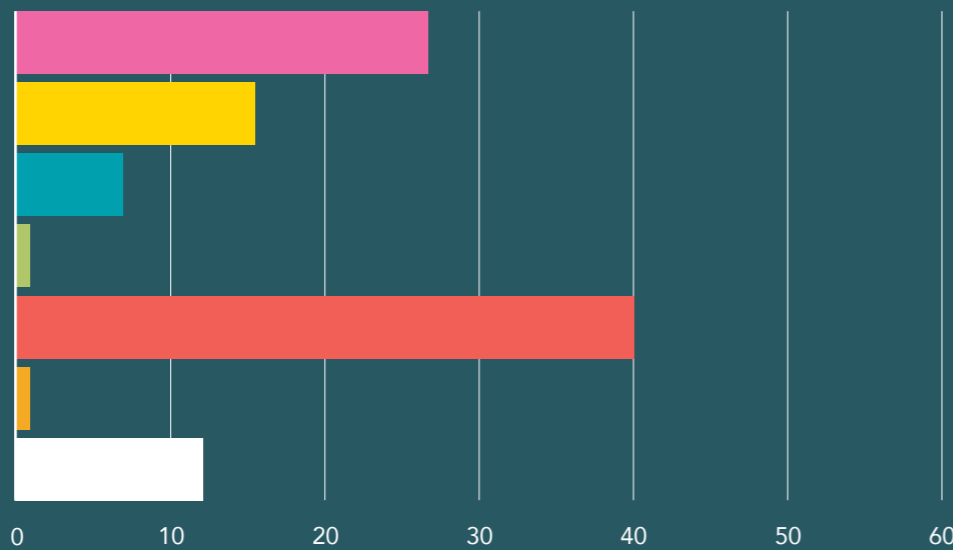


Figure 4.3

Over the next 5-10 years, what is your expected tenure arrangement?

- Become a homeowner
- Continue to be a homeowner
- Remain renting - private
- Start renting - private
- Remain renting - local authority
- Start renting - local authority
- I don't know



Among those who were currently renting, the majority (77%) indicated that the primary driver for doing so was their inability to afford to purchase their own home. The second most commonly referred to driver was not planning to live in the same area indefinitely (10%). For those who currently own their own home, 53% referred to the ability to control what you do with your living space as a primary driver, with a further 22% indicating that the ability to 'build up wealth' that can be passed along to family as an important motivating factor.

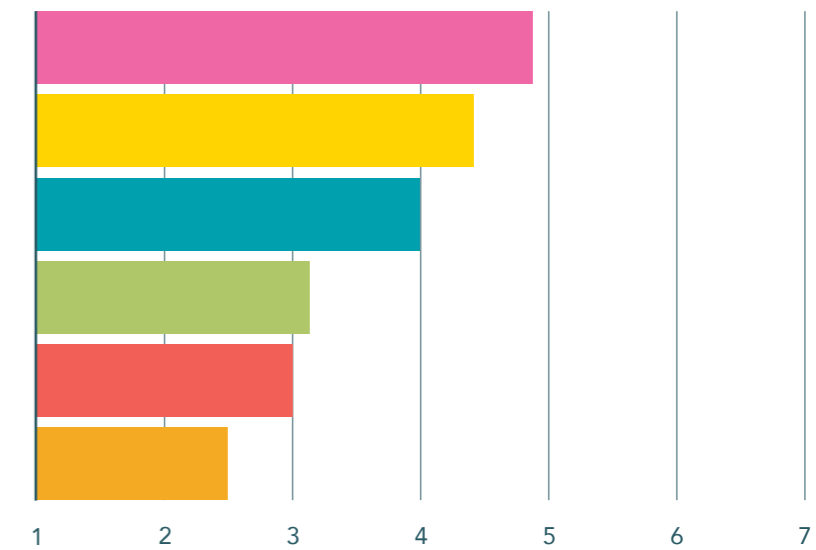
In terms of the factors which would discourage respondents from renting long term in Ireland, the majority (45%) indicated 'uncertainty around rent increases over time' as their primary concern. For 25%, their primary concern was the 'higher long-term cost of rent in comparison to average mortgage payments'. 17% were most concerned by a 'lack of security in potential lease length'.



Figure 4.4:

What factors (if any) would discourage you from renting long term in Ireland? Please rank the three most important factors

- Uncertainty around rent increases over time
- Higher long-term cost of rent vs average mortgage
- Lack of security in potential length of lease
- Ability to personalise my living space
- Less financial security than home ownership
- Lack of asset for retirement/to pass on to family





4.1 Online surveys >

What factors do you feel would enhance the sustainability and attractiveness of the rental sector for tenants in Ireland?

For those planning to purchase their own home over the next 5-10 years, 56% indicated that they would prefer to buy a house over any other dwelling type (with 34% of these specifying a 3-bedroom house). Just over 5% indicated their preference for an apartment, with a further 34% stating this question is not applicable to them.



The final portion of the survey allowed for qualitative responses. The following question was posed to participants – “What factors do you feel would enhance the sustainability and attractiveness of the rental sector for tenants in Ireland?” and 413 of the participants provided feedback. A thematic analysis of the responses was undertaken, and six primary themes were identified as follows: affordability; quality of accommodation; security of tenure; supply; flexibility and freedoms for tenants; and tenant protections. A selection of responses under each theme are set out in Table 4.2 below, with further detailed discussion presented in Section 6.

Affordability

“Allow a proper rent to buy scheme for younger people, I’m 34 and single, I don’t expect to ever be able to own my own home. My landlord is decent and said I can redecorate, but it’s not my home. I pay my rent on time each week. Having to get a large deposit together while paying rent is ridiculous. First time buyers should be given a proper chance to buy a place... €900 plus a month is crazy money for a single person to be able to pay and save on”

“The complete lack of availability of houses, the ridiculous prices and leases are all not designed for a family. I work full time and would desperately love to buy but can’t get in the property ladder due to finances of being a single parent and a previous cancer diagnosis...My rent is €1800 & my landlord’s mortgage is €700, he has many houses. That is fundamentally wrong!”

“Mortgage rates need to be lowered and the cost of renovating idle/derelict properties needs to be augmented to help first time buyers buy currently unused sites and properties”.

Quality of Accommodation

“Decrease rent prices. Currently majority of all our wages are paying rent to a house but yet we would fail to get a mortgage with our incomes”
“Fair and attainable rent prices. Currently rent prices in Galway city reduce workers to having to work full hours to pay rent with very little left for someone to be able save for future plans”

“Availability of quality living accommodation that can be acquired at a reasonable cost. This can be reflected in the person’s income, allowing a standard of living that improves the lives of those renting, resulting in financial security that can pay for children’s education. This can enhance communities, societies, and generate revenue for the economy which can Improve the cities social and economic structure”.

“Fixed rental and affordable leases in order to save for a deposit. Also, efficient homes with affordable electricity Bill’s, the cost of heating my home is extremely high. I have spent many evenings left cold or had to go to bed early evening because I cannot afford to put the heating on”.

“There are no incentives for landlords to improve accommodation or make it more energy efficient”
“Lower prices and better standard of rental accommodations. It’s just sad, ridiculous to see property in outrageous state and pay for it the whole monthly payment”

“A minimum standard in terms of maintaining a building both internally and externally. Some rentals are in terrible condition and are not maintained adequately. A balance around rents to be paid and rental income to be received. Also, buildings should not be allowed to sit empty and fall into disrepair during a housing crisis”

Security of Tenure

“Tenure insecurity in properties bought for short-term investments or for the future use of family members makes renting very unattractive”.

“Create a clear difference between long term rentals, i.e. expected to last many years, and midterm rental - differentiate between accommodation for people renting for life, versus “temporary” accommodation for people who might want it for 6 months or 2 years, but who do not have any intention to stay there, people who want to rent for the flexibility that it provides”
“greater certainty of rent amount for longer leases”

“Rent controlled areas coupled with security of tenure (similar to mainland Europe) would attract a much higher percentage of cohorts renting. Affordable tent & security of tenure would allow for long term planning of life. If these factors were rectified it could then become a tenure of choice”.

“That landlords cannot sell rented houses while occupied”



Supply

“Encourage landlords to enter the rental sector. At this time owning residential property for rental is not a good investment and as a result, landlords will not stay and as a result tenants have little security of tenure”

“Legislation to ensure properties purchased (especially apartments) are released to the market for rental. Many are held vacant as the cost of funds for funds is so low that there is no need to get rent payment to cover cost of funds. Many are held vacant waiting for rent levels to reach higher levels in order to maximise returns, as opposed to being used for residential accommodation (which would have been the expectation when planning was granted)”

“The councils having adequate supply of public housing instead of relying on subsidising people who require public housing into the private market. Tax measures to prevent the holiday rental sector from affecting the supply of private rentals. Tax measures to prevent properties from sitting empty to exacerbate scarcity and increase prices”

“Availability in the area we want to live. We bought a very run down/poor quality house near our children’s school because we didn’t want to move them and there was nowhere to rent in the locality, it has stretched us financially. Having lived in northern Ireland, east England, Germany the quality of housing in Dublin is very poor for the price of costs by comparison”.

Flexibility and
Freedoms for
Tenants

“More freedoms for tenants in properties. (E.g. A right to repaint the interior of a property without the need to consult the landlord)”

“More availability of unfurnished properties with the ability to personalise”.

“Flexibility for a tenant to decorate their home, without any structural changes! This would improve and enhance the property for the landlord”

“Option to purchase home after a certain tenancy period”

“Allow tenants’ rights and responsibilities to increase emotional investment in where they live- big driver in decreasing antisocial behaviour”

“Rent control also being able to transfer from 1 county to another if circumstances change I rent from Clúid in Dublin I am from Galway and would love to move back there as all my family are there but I would have to privately rent for 2 years before being put on housing list so I’m left here with no family support”

Tenant Protections

“Better security against abusive landlords. Deposits should be held in a trust instead of in the landlords account for the duration of the lease”

“Need for “An enforcement body that deals quickly and effectively with poorly behaving landlords and doesn’t place the burden of enforcing landlord-tenant law on tenants themselves”

“More housing bodies like Clúid - your rent is calculated on your earnings therefore it does not discourage you from seeking better employment for fear of not being able to afford your rent. Previously we rented privately and received Rent allowance however when my husband received a small increase in his salary we automatically fell in to a different category whereby all of a sudden a huge chunk of our rent allowance was no longer covered. This ultimately meant my husband couldn’t stay in that job because we were so short that we actually ended up with more money with him not working after rent was counted up”



**More
availability of
unfurnished
properties with
the ability to
personalise**



...trends have translated into increases in house prices, especially in the latter half of 2020

Summary and Key Findings

In terms of their preferred tenure arrangement over the next 5-10 years, 34% of all survey respondents indicated that they would like to become a homeowner, with the same percentage indicating that their preference is to stay renting with a local authority or AHB. Only 1.5% would like to remain within the private rental sector. However, when asked what their expected tenure arrangement over the same period would be, a lower proportion (24%) believed they would become a homeowner. 6% believe they will remain in the private rental sector, while 40% felt that they would remain

renting with a local authority or AHB. However, it should be noted (as was indicated in Section 1) that 61% of respondents were renting from an AHB; 19% were renting privately; 12% were owner occupiers (with a mortgage); 5% were owner occupiers (with no mortgage); while 2% were renting from a Local Authority and just over 1% was living with parents or other family. The large proportion of AHB respondents reflects the targeted advertising of the survey by Clúid, as a commissioning partner for the study. The study records a significantly lower proportion of Local Authority tenants in particular.

It is thus important to delve deeper into these results. Of those currently in the private rental sector, almost 76% of respondents indicated their preference to become a homeowner over the next 5-10 years. Only 8% wished to remain within the private rental sector. However, in terms of their expected tenure arrangements, only 53% believe they will enter homeownership. 30% believe they will remain in the private rental sector. For 76.7% of these respondents, their primary stated motivation for renting within the private sector is that "I cannot afford to purchase my own home". In terms of the type of property they would like to purchase (if they had capacity to do so), 80% indicated that would prefer to buy a house. Only 7% indicated that they would prefer to buy an apartment. The remaining respondents indicated that they 'did not know' or the option was 'non applicable'.

4.1 Online surveys >

Of those renting with an AHB, 28% expressed their preference to become a homeowner over the next 5-10 years. 54% wish to remain renting from an AHB. The remaining respondents stated, 'I don't know'. In terms of their expected tenure arrangements over this period, 22% expected to purchase a home while 64% expect to remain renting from an AHB.

While those renting with an AHB were largely satisfied with their tenure arrangement, those within the private rental sector were comparatively less so. Indeed, as the responses within Table 4.2 show, many feel 'stuck' or 'trapped' within the private rental sector due to their inability to qualify for a mortgage. This perception of being 'trapped' is largely linked with the stated unaffordability of the private rental sector, particularly when compared to costs associated with monthly mortgage payments.

It is important to contextualise these results with similar studies undertaken in recent years. For example, in March 2019 the Department of Housing, Planning and Local Government and the Department of Finance published a report entitled 'The Housing Aspirations and Preferences of Renters'⁵⁵. The results of this study were based on survey conducted in August 2018 with 750 respondents who were renting at the time of the study (in the private rental sector; from a Local Authority or were living with parents or other family members – although the results do not distinguish between

these groups). Within this case, 86.5% of respondents expressed a preference for homeownership. Household sovereignty, stability and planning for life-cycle events such as the raising of children and retirement seem to be important motivations in these cases.

In 2020, Threshold⁵⁶ published its annual 'Tenant Sentiment Survey'⁵⁷ of 150 tenants within the private rental sector who has previously used its services. These results indicated that 85% of respondents rent because they cannot afford to buy, cannot get a mortgage or cannot get social housing. Only 15% of tenants said they rent out of choice. Moreover, 91% said that they found it difficult or extremely difficult to find rental accommodation.

Based on the results of these various studies, it is apparently that 'renters' must not be perceived as a group with homogenous needs, preferences or experiences of the sector. As highlighted within this analysis, levels of dissatisfaction are highest amongst tenants within the private rental sector, with the perceived unaffordability of same the primary driver of this. As such, the majority of these tenants would prefer to own their own home. The two primary reasons listed for this preference are 'higher long-term cost of rent in comparison to average mortgage payments' and 'uncertainty around rent increases over time'. However, one respondent (currently renting within the private sector) indicated that

"My ideal tenure would be public housing where I rent for life and rent is based on my income. But I will reluctantly have to become a homeowner, despite affordability issues"

In 2020, Knight Frank⁵⁸ published its 'Dublin PRS Occupier Study'. For the study, Knight Frank partnered with Daft.ie (Dublin's biggest residential lettings website) to survey those actively searching for rental accommodation in Dublin. The survey recorded 1,200 responses. The largest proportion of respondents (33%) indicated that they have been searching for accommodation for longer than two months (although it is noted that this is down on 49% in 2019). Lack of a sufficient mortgage deposit was the biggest reason (51%) for renting rather than buying for all tenant groups. This survey also specifically sought to enquire about the appeal of professionally managed private rental sector schemes. Security of tenure and reliability of dealing with management were cited as the most appealing aspects for those looking to rent in such a scheme.

"While those renting with an AHB were largely satisfied with their tenure arrangement, those within the private rental sector were comparatively less so."

⁵⁵ <https://igees.gov.ie/wp-content/uploads/2019/03/The-Housing-Aspirations-and-Preferences-of-Renters.pdf>

⁵⁶ Threshold is a national housing charity, and are the only specialist advice and advocacy service for tenants facing housing problems in the private rented sector (PRS) in Ireland

⁵⁷ https://www.threshold.ie/assets/files/pdf/threshold_survey_2020_v3_1.pdf

⁵⁸ <https://www.knightfrank.ie/wp-content/uploads/2020/11/Dublin-Occupier-Study-2020.pdf>

4.1 Online surveys >

As such, in some cases homeownership is not necessarily a preferred tenure, but one that is viewed as necessary due to the perceived difficulties around remaining in the private rental sector. It should also be noted that a large number of tenants within the AHB sector, while stating that they are happy with their current living arrangements, also expressed a desire to purchase their current AHB rented accommodation in the future (referring to the option that Local Authority tenants have availed of). The majority of these respondents indicated that 'owning gives you control over what you do with your living space like renovations / décor' and that this would be a primary motivation for owning. Others mentioned a desire to 'pass on' the property to their children.

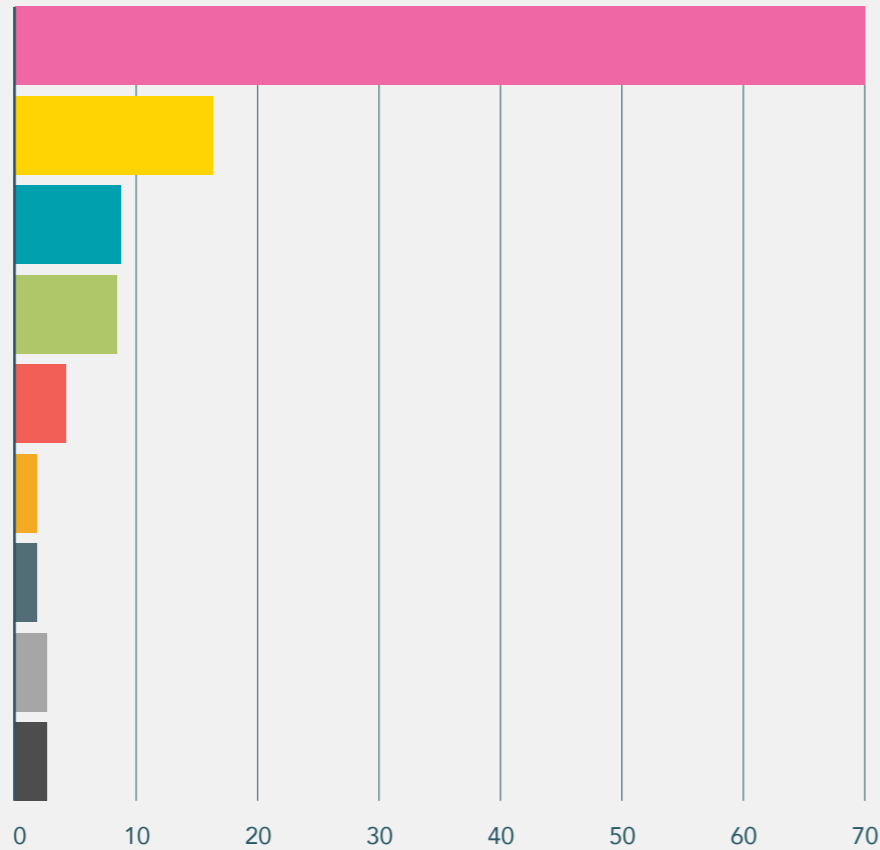
Landlord and Investor Survey: Understanding the key motivations and constraints facing landlords and investors in Ireland

The second survey, entitled 'Understanding the key motivations and constraints facing landlords and investors in Ireland' has been focused on landlords and investors with rental property located within the study areas. There was a total of 204 participants; with the majority of these (70%) indicating that their rental property or properties are located in Dublin (see Figure 4.5 for full geographical breakdown)

Figure 4.5

In which city or town do you own rental property (or have investment interest)?

- Dublin
- Cork
- Galway
- Limerick
- Waterford
- Castlebar
- Athlone
- Letterkenny
- Dundalk



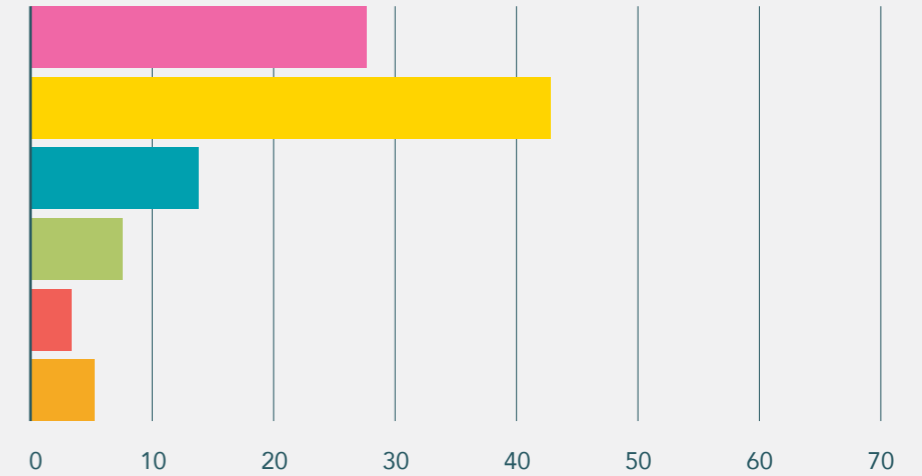
The second survey, entitled 'Understanding the key motivations and constraints facing landlords and investors in Ireland' has been focused on landlords and investors with rental property located within the study areas. There was a total of 204 participants; with the majority of these (70%) indicating that their rental property or properties are located in Dublin (see Figure 4.5 for full geographical breakdown)

4.1 Online surveys >

Figure 4.6

How many rental properties do you own?

- 1
- 2-5
- 6-10
- 11-25
- 26-50
- 50+



The majority of respondents were smaller scale landlords, with 71% owning less than 5 properties (and 29% of these owning one property). Institutional landlords and investors were targeted through a series of semi-structured interviews (see Section 4.2). Of the survey participants, 75% indicated that their rental property was not their sole means of income. Indeed, 22% further stated that their rental property generates less than 10% of their overall annual income.

95% indicated that their rental property/properties are being used for long term (greater than 6 month) leases. The primary motivating factor for 53% of respondents was the greater stability offered by this type of investment (in rental yield). Qualitative feedback around the benefits of long- and short-term rental investments was also provided. For some participants,

short term rental investments are perceived as "less prone to the ever-changing legislation". Moreover, the option of selling or 'reclaiming' the property if the investment 'does not work out' was cited by a number of respondents. This was cited in the context of discussions around the need for longer term tenancies. While the majority of respondents saw greater benefit in longer term leases for both tenants and landlords, particularly around the predictability of the income, fears around 'bad tenants' and a perceived lack of options to address this is a significant concern.

In terms of the primary motivations for investing in rental property in Ireland, the two most important factors, as indicated by respondents, are 'as a long-term investment to supplement annual income' and as 'retirement income'. In terms of the factors which would discourage respondents from further investing in rental property, 62% indicated that 'protections tend to favour tenant over the landlord' and this was rated as their primary concern.

As with the previous survey, the following question was posed to participants – "What factors do you feel would enhance the sustainability and attractiveness of the rental sector for landlords in Ireland?" and 143 of the participants provided feedback. They key themes and a selection of quotes across the various responses are set out below.



4.1 Online surveys >

What factors do you feel would enhance the sustainability and attractiveness of the rental sector for landlords in Ireland?

As with the previous survey, the following question was posed to participants – “What factors do you feel would enhance the sustainability and attractiveness of the rental sector for landlords in Ireland?” and 143 of the participants provided feedback. The key themes and a selection of quotes across the various responses are set out below.



Regulation Complexity / Need for Certainty and Stability

“Any new legislation (e.g. indefinite tenancies) should not apply retrospectively to existing rented properties/tenancies. At least this would mean that new Landlords know what they are getting into and existing landlords wouldn’t suffer the loss of capital value on their investment. (They could still sell to the open market)”

“Significantly reduce government interference in the market. Restrictions placed on market forces have not produced the desired outcomes. The harm caused to pre-existing property owners has driven many out of the market, reducing the ability of the market to provide sufficient volume of properties for the growing population”

“Landlords the only cohort of taxpayers who were not supported in any way during COVID 19 emergency yet government agencies directed tenants to consult landlords re inability to pay rent. Landlords were supposed to starve whilst not be being allowed to get rid of tenants who won’t pay rent”

Investment Incentives and Tax Reliefs

“Less attitude towards “passive income” and more tax benefits to the landlord. We would invest in solar panels etc if there was more of an investment incentive”

“Better tax reliefs, that is, same treatment as corporate investors. Also write off of costs over a shorter term (now 8 years). Financial help with retrofitting properties for Climate change upgrades”

“Tax incentives for people who give reasonable rents or update properties to a high standard or for long term leases”
“Make all costs tax deductible, like normal business and make it more inviting as an investment”

“Tax breaks for small landlords. Unless a person is a cash buyer there is little/no profit to be made for many years/decades. This means that it is a very risky business to get into for the average person, sets them up for stress & failure and makes it very unattractive”
“Equal status to other forms of investment

Income / Rental properties as pension

“Categorise Rental Income as Active Income for purposes of Pension Investments”

“Make it easier to have rental property as a pension. Tax as a business ie 12%. Reduce inheritance tax if property is kept as a rental property. Property tax should be allowed as an expense”

and taxes. Tax is too high and cannot claim for full expenses and losses”.

“Energy efficiency is not encouraged in rental properties - no added benefit for owner. Tenants have to pay additional energy costs, grant aid for increasing energy efficiency e.g. write off cost say over 2 or 3 years”

“Tax breaks for competitive rentals. For example, allowing rental income be taxed at a lower rate if rented at say 25% below market rates”.



Greater protections for landlords / Equity in Protections

“If tenants renege on their responsibilities, there should be quicker response time to deal with issues. RTB goes on for months and months”

“Make the sector more fairly weighted between landlord and tenant. Those landlords who are happy to enter in long term leases (10 years or more) should be incentivised and rewarded for doing so - tax breaks etc. Many landlords are under renting and there no mechanism in the legislation to balance this out”

“Make the regulations fair for both tenant and landlord. You should be able to remove a tenant immediately for a serious offence. Landlords are not interested in entering a market with so many complications and a poor return on their investment. The rental sector has become a political football for votes”

“Greater control over the tenure - difficult to get rid of a tenant who doesn't want to leave. Currently it feels as if the law is entirely on their side”.

“Equal rights for landlords as tenants. Landlords are not getting a fair deal. Income tax is crippling”

“Certainly, standards of safety etc. should be for everyone. It's ironically unfair, for instance, that landlords pay RTB and the RTB just sides with the tenant. As private investors we don't owe anyone a house that we bought with our own savings, having sacrificed to do that”.

Efficacy of Rental Pressure Zones

“The 4% increase per annum doesn't work. Normally Irish landlords put the rent up to market rent when a tenant leaves. I don't like putting rent up every year for good tenants so I'm getting behind.”

“The RPZ is a very blunt instrument. It does not allow for the difference of rents at the time it was imposed. This regulation has made the rental sector much less attractive.”

“We rent our properties at below market rent and usually get long term tenants. However, when the 4% cap came in and tenants changed, we could not catch up. As a result, we increased all rents in Waterford in anticipation of a similar cap.”

“One of my properties which was at an artificially low level out of sympathy to the tenant, was caught in the RPZ rent restrictions.”

“Reviewing taxation and rent restrictions, many landlords cannot increase the rent to market levels thus favouring tenants in situ vs prospective tenants, promotes tenants informally/unofficially subletting.”

A Tiered Market Approach / Different Lease 'Categories'

“We need a 3 tier market: 1 - Air BnB (1 Night to 1 Month); 2 - People Who want flexible furnished accommodation (1 Month to 1 year or more); 3 - People who want a home, (potentially forever). The lack of a differentiation between groups 2 and 3 overly regulates the market for landlords by applying provisions suitable for sector 3 to sector 2. It also increases the costs for sector 3, those who want to rent long term, by forcing them to compete with sector 2 for accommodation.”

“Different types of Leases. Short Term. Medium term. Long Term. Clearly stated from the beginning.”

Anti-Landlord Narratives and Perceptions

“Government narrative is quite anti-landlord. Assumption seems to be (particularly from opposition parties) that landlords are greedy and lazy and are blamed for lack of supply. Government needs to take charge of social and affordable housing policy ”

4.1 Online surveys >

4.1 Online surveys



70% of respondents indicated that their rental properties are located in Dublin.

Summary and Key Findings

There was a total of 204 respondents to this survey. The majority of respondents were smaller scale landlords, with 71% owning less than 5 properties (and 29% of these owning one property). Only 5.4% (or 11) participants owned more than 50 properties.

70% of respondents indicated that their rental properties are located in Dublin. Of the survey participants, 75% indicated that their rental property was not their sole means of income. Indeed, 22% further stated that their rental property generates less than 10% of their overall annual income. However, in terms of the primary motivation for purchasing the property/properties, almost 36% stated that it was to form or supplement their retirement income.

For many of the survey participants, there is a perception that there has been an ‘erosion of landlords rights’ and ‘increasing and unpredictable changes’ to regulations over time which has impacted the costs associated with being a landlord. This, many asserts, has led to the rental sector becoming an ‘unviable’ business for many smaller scale landlords in particular. Moreover, ‘negative media perceptions’ of landlords in Ireland ‘stigmatised’ the sector, in many participants view. A particular source of frustration for respondents was the introduction of rent controls in 2016. Specifically, many stated that they had opted to keep rent low for ‘good tenants’ over the years, something they feel they are being ‘punished for’ now.

Several participants mentioned that a ‘fairer tax system’ is needed which recognises ‘all legitimate expenses incurred in renting a property’. Many also mentioned their desire to see rental income categorised as active income for the purposes of pension investments.



...negative media perceptions’ of landlords in Ireland ‘stigmatise’ the sector,...

4.2 semi-Structured Interviews

This chapter examines the views of key stakeholder groups (as illustrated in Table 4.4 below). It draws primarily on 32 in-depth interviews which were conducted by the authors. The first category (those currently residing in each core housing tenure in Ireland), in which 8 interviews were conducted, intends to supplement the data collated through the online surveys (which recorded 696 participants). Similarly, the second group (Landlords/investors) intends to supplement the data collated based on the responses of 204 participants in the online landlord/investor survey which garnered responses from smaller scale landlords in particular. To protect their anonymity, participants are identified only by the broad thematic title of their stakeholder group. This discussion is organised around the themes raised most commonly in the interviews.



Group Number	Stakeholder Group	Sub-Groups	Number of Interviews
1	Those currently residing in each core housing tenure in Ireland	Private rental Social housing (AHB and Local Authority Housing) Home ownership	3 residing in the PRS 5 residing in AHB housing
2	Landlords/investors	Institutional Landlords and Investors Smaller Scale Landlords and Investors	5 Institutional landlords/investors 2 smaller scale landlords 1 property management company representing smaller scale landlords
3	Local Authorities	Dublin City Council Galway City Council Cork City Council Limerick City and County Council Waterford City Council Donegal County Council Louth County Council Mayo County Council	8 LA interviews
4	National Housing Bodies and Charities	The Residential Tenancies Board Irish Council for Social Housing Housing Alliance Threshold	6 interviews
5	AHBs	Tuath Circle	2 interviews

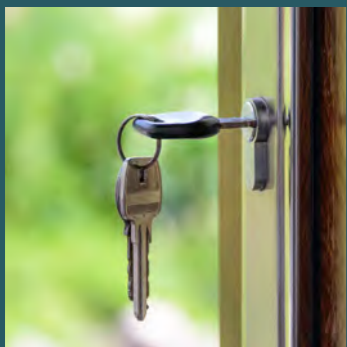
4.2 semi-Structured Interviews >

... many interviewees indicated that Ireland can still largely be thought of as a 'homeownership society'...

Shifts in trends around homeownership and the growth of the rental sector

The following question was posed to all interviewees
"Notwithstanding current high levels of homeownership in Ireland; why do you think there has been a shift away from these traditional patterns and a growth in the private rental sector?"

Many interviewees expressed a view that rental must be seen as its own distinct component of the housing market rather than a 'stopover' on the route towards homeownership. Historically, the rental sector has been viewed as a transitional, less desirable tenure and there is a cultural emphasis on ownership, respondents affirmed. This cultural 'push' towards ownership has also been enshrined in legacy legislative and policy developments over time. Specifically, many interviewees made reference to the use of tenant purchase schemes specifically and the impact this had on overall stock.



However, all remarked on the contraction in this tenure in more recent decades and the parallel growth of the rental sector. The drivers referred to this were varied, with many respondents mentioning the labour market and the changing nature of work; trends towards people staying in education longer; a (primarily younger) population seeking greater flexibility in their living arrangements; and a perceived temporality around city centre living. The most frequently referred to drivers were changes in household composition over time (with growing rates of divorce and people marrying and having children later in life mentioned specifically), and changes to the mortgage market. Indeed, almost all respondents referred to the macro prudential rules and their impact on a cohort of 'trapped renters' who could sustainably repay a mortgage but who couldn't qualify for one in the first instance.

Yet, at the same time, many interviewees indicated that Ireland can still largely be thought of as a 'homeownership society', given that the state still has very high levels of ownership in comparison to many other European countries. However, all agreed that current trends around the growth of the rental sector are likely to continue. The primary reason for this, all respondents agreed, was ultimately a lack of choice, with many people 'forced' to remain in this sector due to their inability to qualify for a mortgage. Yet, this idea of being 'forced' to remain in a 'less desirable' tenure is connected to a multitude of challenges facing the sector at present, the respondents confirmed (as is discussed in the following section).

Some Local Authority interviewees also referred to the relative immaturity of the rental sector in Ireland. In particular, the development of purpose-built rental properties was highlighted as a relatively new phenomenon; occurring only within the past decade at scale. Similarly, and connected to this, the influx of 'institutional' landlords and investors was mentioned as a recent development.

4.2 semi-Structured Interviews >

Key Challenges Facing the Rental Sector in Ireland

Within this section, two overarching challenges referred to by all stakeholder groups are presented first. These core challenges relate to 'supply' and 'affordability'. Thereafter, challenges specific to different stakeholder groups are detailed and discussed. It should be noted that many of these challenges are interrelated and as such cannot be analysed in isolation. Moreover, many can be viewed as drivers for the overarching challenges referred to. It should also be noted that mechanisms to address many of these issues (as is discussed within this section) require a holistic approach. Any efforts to enhance affordability for example, cannot be at the expense of supply.

Supply

The greatest challenge facing the rental sector currently is supply, according to all of the interviewees. Indeed, the ongoing 'supply gap' was mentioned as a 'feature' or 'key characteristic' of the Irish housing system over time. In particular, the limited new provision of housing for sale and social housing has greatly increased the demand for private rental accommodation, respondents agreed, a situation which has been exacerbated the COVID-19 crisis. One local authority interviewee further elaborated that this challenge is two-fold – related to the provision of new supply; and also, the renovation and improvement of existing stock.

According to most interviewees, the drivers of supply issues are primarily a lack of available, affordable and 'shovel ready' land; challenges around potential returns for developers (related to construction costs – as discussed in the Sections hereafter); a lack of adequate disincentives around hoarding of land;

and an uncertain and complex regulatory environment.

Many interviewees also referred to the 'substantial number' of smaller scale landlords in the Irish market and the dynamics of a changing sector with new institutional investment in rental property an ever-growing trend. In particular, many interviewees referred to an apparent exodus of smaller scale landlords from the market in more recent years, owing to a range of challenges (discussed in Sections hereafter). Yet, the view of many interviewees is that the increase of institutional investment in Ireland will help to 'professionalise' and 'mature' the sector, in line with other international contexts. Specifically, one interviewee mentioned the 'higher levels of quality' and 'greater provision of services' typically associated with institutional rental supply. This, they assert, could help to 'raise the bar' for quality across the sector as renters grow to 'expect more'.

Yet, many Local Authority interviewees expressed a view that smaller scale landlords and institutional investors do not 'compete' for the same market. In general, costs associated with institutional property tend to be higher and as such, only certain cohorts of the population will be able access this. The potential 'danger' with a growing number of smaller scale landlords leaving the market, some interviewees argued, is that supply will dwindle in areas typically less serviced by the institutional market. In turn, this could mean that supply will be particularly badly impacted outside of Ireland's main urban cores, where institutional investment interests tend to be higher. It may also serve to further intensify challenges for lower income households, creating further demand for social housing.

Challenge



The greatest challenge facing the rental sector currently is supply, according to all of the interviewees

4.2 semi-Structured Interviews >

In terms of Local Authority and AHB delivery channels, various challenges to supply were also mentioned. For Local Authorities, the primary issues discussed were a lack of funding (related to borrowing constraints); a lack of suitable Local Authority owned land in close proximity to urban centres and amenities; and a lack of availability of affordable land for purchase in the 'right locations'. Other interviewees also highlighted that not all rental income is allocated to Local Authority housing stock (with some of it typically going to other Local Authority services); further exacerbating budgetary constraints. In addition, many Local Authority interviewees referred to 'difficulties in securing Part 8' due to local opposition from elected members and the public to some social housing projects. Some also noted a 'disinterest' or 'concerns' from landlords around leasing to a local authority.

In light of these challenges, some interviewees felt that there was 'more of a role' for voluntary bodies (AHBs) for social housing provision. Many referred to the 'professional' nature of such bodies and the 'benefits' stemming from the use of an 'institutional vehicle' to secure housing. In particular, many local authority interviewees pointed to the success of AHBs in the area of specialist provision (with particular references made to housing for older cohorts of the population as well as those with disabilities). In terms of difficulties facing this channel of delivery, many interviewees referred to the 'plethora' of such bodies in Ireland, which may 'dilute' their effectiveness over time. While some of the larger AHBs have been very successful, one interviewee stated, the sheer numbers of smaller ones reduce overall efficiency and coherence.

Affordability

In line with the data collated as part of the online surveys, all interviewees mentioned affordability as a critical challenge for the Irish rental sector. Most specifically highlighted supply shortages within the affordable housing market and the Central Bank (Macro prudential) rules as 'trapping' or 'forcing' a significant cohort of society into the private rental sector, driving demand and costs up. This in turn is also leading to increased pressure for social rental supports.

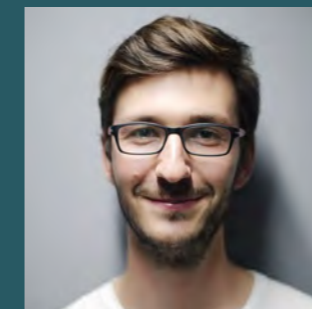
Many interviewees also discussed what 'affordability' means in practice and how it should be understood. The simplest approach to measuring housing affordability is to classify housing as not affordable when it costs more than a certain proportion of income. While all acknowledge the 'standardised' approach of utilising 35% of household expenditure as a threshold in this respect (and as per the Planning and Development Act (2000)), many interviewees point to difficulties in taking account of differences in household size and composition. In particular, several interviewees referred to the acute challenges facing younger, single cohorts of the population (referring to this group as a 'growing sector' of the population) in become homeowners. The average salary of a single person in Ireland will typically preclude them from qualifying for a mortgage, interviewees indicated. At the same time, the costs of paying a mortgage are significantly less than current rental costs, meaning that saving for a house while renting is a near impossible task, according to interviewees.

4.2 semi-Structured Interviews >



...some interviewees did highlight that 'cost rental' and 'affordable' housing are terms which are often used interchangeably within the Irish context.

Many interviewees did also highlight measures to address affordability which have been introduced in more recent years. The relative success of the Rental Pressure Zones (RPZs) was debated (which are designated areas where rents cannot be increased by more than 4% per annum), with some respondents of the view that the RPZ's, at times, led to the 4% increase being viewed as an annual 'target' by landlords. Moreover, as per the survey data, the smaller scale landlord group believed that it discourages landlords from offering below market rents to 'good tenants' as there is now a belief that they will 'considerably fall behind' market rates if they can only increase a lower base rent by 4%. In addition, a number of interviewees referred to potential for non-compliance, with no clear way for new tenants to verify the previous rent of a property. It places the onus on the tenant to follow up and seek enforcement, a situation many tenants may be uncomfortable with, particularly given existing supply issues in the market, one interviewee argued.



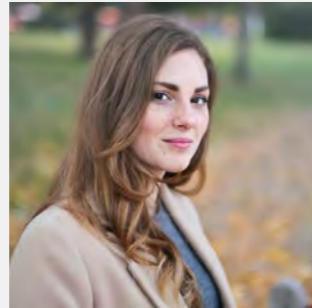
Almost all interviewees referred to the expected expiration of the RPZ system by the end of 2021. The uncertainty around what, if anything, will replace the system also contributes to supply constraints, many interviewees argue (with many attributing this, in part, to the exodus of smaller scale landlords in recent years). Indeed, such uncertainty leads many potential landlords or investors to 'wait it out' for further certainty before coming onto the market. As such, many respondents believe that consistent, long term systematic changes are needed (with a timespan of greater than 5 years) to ensure that uncertainty and unpredictability don't further hinder supply.

Discussion also centred on the more recent introduction of the 'cost rental' model in Ireland (broadly where the rents charged cover only the costs incurred in delivering, managing and maintaining the homes). Some described this as a first 'green shoot' of a new tenure and a 'promising' development in the housing market. Yet, some interviewees did highlight that 'cost rental' and 'affordable' housing are terms which are often used interchangeably within the Irish context. This, the interviewees, state, is not always the case and this tenure will not be 'affordable' for all sectors of society. Some interviewees felt a larger ambition around cost rental was needed, with a multi-annual investment programme developed, while recognising that cost rental is 'in its early stages'.

4.2 semi-Structured Interviews >

Security of Tenure

Most interviewees referred to the relative insecurity of tenure facing many tenants in Ireland. The private rental sector, in particular, is not viewed as a 'home for life', according to many of the interviewees. There were a variety of potential reasons for this mentioned. Firstly, many believed that there is not a 'rental culture' in Ireland and as such many people view it as a temporary 'stop gap' or 'transitional tenure'. Secondly, some highlighted that supply is not currently matching demand in terms of housing typologies. Apartments form the majority of the rental stock and yet Irish people typically 'don't view apartments as long-term family homes', some asserted. Yet, the cost and unpredictability of rent (in the private rental sector) in comparison to average monthly mortgage repayments was considered one of the greatest inhibitors to people viewing the rental sector as a long term, viable option. As such, there is a strong link between tenancy security and rent adjustments, according to many interviewees. In addition, most interviewees referred to the 'uncertainty' many tenants face as to if and when their tenancy may end (to facilitate sale or use by the landlord etc).



As with the survey data, smaller scale landlords expressed fear of 'losing access' to their rental properties if longer term leases were introduced and a 'loss of power' to evict 'problematic or difficult tenants'. Within a regulatory context that smaller scale landlords feel benefits tenants more, the prospect of 'further erosion' of autonomy concerns them. One smaller scale landlord expressed the view that he is 'afraid' and 'nervous' of dealing with tenants as he ages and expressed a fear that he wouldn't have any means of 'recovering' his property to sell it if the need occurred. The danger of becoming and remaining 'an accidental landlord', was mentioned. Furthermore, another interviewee felt that 'indefinite tenancies' could lead to a 'considerable drop in the capital value of property'. Beyond this, queries were posed by many of the interviewees around the potential to be 'locked into' below market rates if longer term tenancies were pursued in parallel with a continuation of the RPZ system. However, there was also acknowledgement that longer term tenancies lead to 'less hands-on management' and a more 'secure and stable income'.



Quality of Rental Stock

The quality of existing rental stock in the private sector was also referred to as an important challenge by most interviewees. Many felt that current rental prices often do not align with the quality of accommodation on offer; with supply constraints leading many to 'accept sub-par standards'. Specifically, an emerging gap in quality between institutional property and what are often 'aged units' in the case of the 'mom and pop' market was highlighted. Older stock, often owned by such smaller scale landlords, can also face difficulties in terms of energy efficiency, many interviewees argued. This is combined with a lack of incentives for smaller scale landlords to refurbish their property. Some interviewees referred to the role of institutional landlords and investors in further 'professionalising' the sector and providing for enhanced quality and services. Indeed, some interviewees, as previously discussed, highlighted the potential for these newer developments to 'raise the bar' for the quality of rental property more generally.

At the same time, many interviewees also pointed to enhanced quality of social housing over the past decade – a development which some remarked aided in reducing stigma. This, of course, also plays a part in tenants' satisfaction with their homes and their greater pride in their neighbourhood, interviewees highlighted. Indeed, both the survey and interview responses recorded satisfaction across a large majority of AHB tenants as to their current living arrangements. Many stated that they 'couldn't be happier' and 'never wanted to move'. However, it should be noted that a far smaller cohort of local authority tenants completed the survey (a total of 15 respondents indicated that they currently reside in local authority housing; while 419 were living in an AHB property). Thus, further research into the satisfaction of local authority tenants is needed.

4.2 semi-Structured Interviews >



Construction and Land Costs

In line with the affordability discussion previously presented, the affordability of land and construction costs were deemed to be critical challenges facing the sector. Institutional landlords and investors highlighted this as a primary discouraging factor for future investment. In particular, local authority interviewees highlighted difficulties in accessing affordable land in the 'right locations', close to urban centres and amenities. A balance between affordability and quality homes which meet planning objectives for 'compact urban growth' and sustainable travel, must be struck, interviewees argued. In line with this, 'mistakes made' around the location of new housing just prior to the 2007/8 economic crisis cannot be repeated, some interviewees stated.

...local authority interviewees highlighted difficulties in accessing affordable land in the 'right locations', close to urban centres and amenities

Uncertain Regulatory Environment

The majority of interviewees referred to the 'complex', 'unpredictable' and 'uncertain' regulatory environment as a key barrier to supply in particular. Some institutional investors referred to the global perception of residential development as 'relatively low risk' as even though economic circumstances change, return remains relatively stable. Yet, an unpredictable regulatory context increases overall perceptions of risk – a situation international investors may be inclined to avoid. The example of the soon-to-expire RPZ system was referred to. Many of the landlords and investors said that they do not necessarily have an issue with the cap in rent itself. Their primary concern was the certainty around this and the fact that longer term planning is inhibited by 'unknowns' around how the Irish system will change and for long how those amendments may be in place. The majority of interviewees indicated that longer term planning is critical to ensure more confident and consistent approaches to supply.

4.2 semi-Structured Interviews >

...HAP allows for a 20% discretionary uplift from the Local Authority.

Sustainability and Effectiveness of Rental Support Mechanisms

The efficacy and sustainability of current rental support mechanisms was a key discussion point among interviewees. Many spoke about the HAP scheme in particular and the greater reliance on the private rental sector to deliver social housing support in recent years. Many interviews spoke about the benefits HAP has offered (particularly in comparison to Rent Supplement, which it has effectively replaced), in terms of enabling affordability for 'intermediate' households as it is designed to be supportive of employment and involves income related rent. Indeed, it allows families to increase their income without the risk of losing their housing support. However, most also referred to the 'extremely high costs' involved, with some affirming that it exposes the state to ever increasing private rental costs and as such is not a viable long-term solution. In addition, households receiving HAP are deemed to have their social housing needs met, interviewees highlighted, and are (typically) taken off the social housing list. Some Local Authorities indicate that this has been a point of 'controversy' at times, with many tenants arguing that their housing need should not be considered 'met'. In addition, some interviewees have argued that removing those availing from HAP from the social housing waiting list could 'mask' the overall scale of need

Benefits



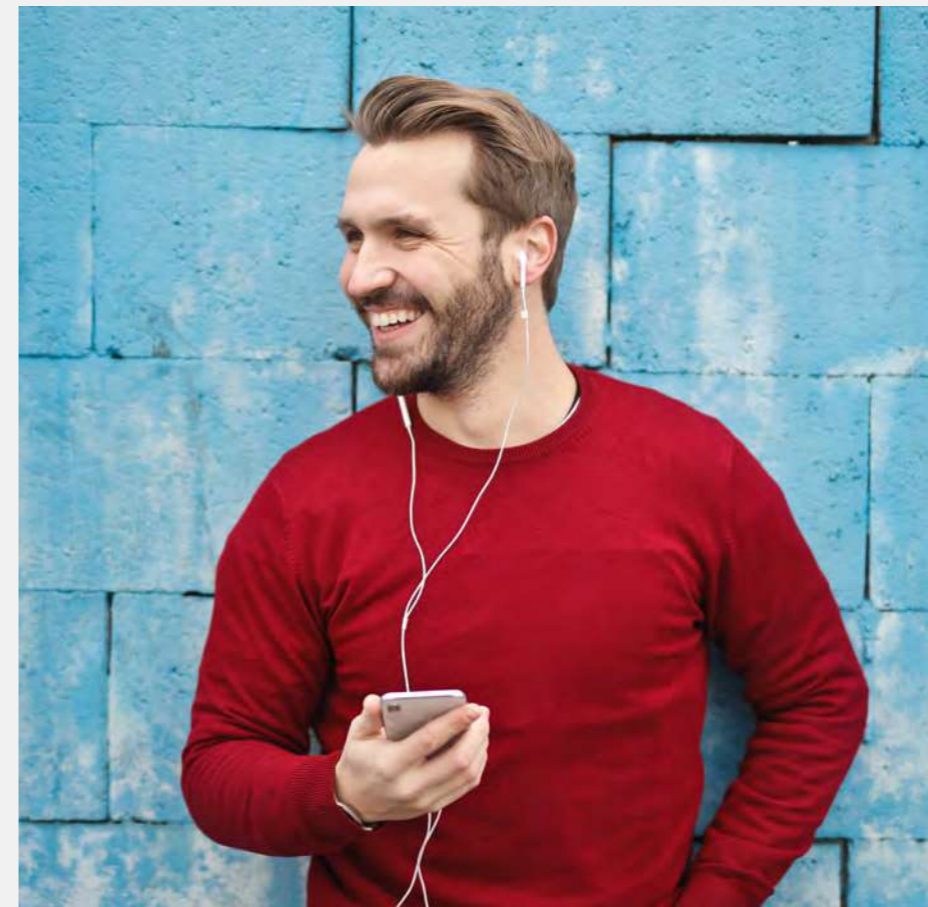
Many interviews spoke about the benefits HAP has offered (particularly in comparison to Rent Supplement)

across the country. HAP was referred to as a 'less secure tenure' by some interviewees, who highlighted that tenants can be evicted in a manner which would not occur in social housing (which is deemed to have greater protections).


In addition, HAP allows for a 20% discretionary uplift from the Local Authority. A further payment by the tenant is permitted once, in the Local Authority's assessment, the household can afford it and the total expenditure on rent does not exceed 30% of the tenant's net income. However, this has, in some cases, given rise to unaffordable 'top ups' for tenants as average rents surpass HAP caps, which were last reviewed in 2016.

Tax Incentives


As with much of the survey data, some interviewees referred to 'differential' tax treatment between smaller scale landlords and institutional landlords and investors. Indeed, as discussed in previous sections, many smaller scale landlords feel that regulations introduced in more recent years has significantly disadvantaged them and has caused 'an exodus' of many from the market. In particular, the RPZ scheme was cited as 'problematic' for many 'mom and pop' landlords, specifically in the 'uncertainty' it is perceived to have caused – and concerns around landlords being 'trapped' into below market rents in cases where they have actively sought to provide lower rents. Moreover, interviewees highlighted that there are no incentives for refurbishing property or making units more energy efficient which would greatly enhance the existing stock. Some argued that there was a need to introduce a tiered and long-term approach to tax incentives depending on whether rental properties are to be used for short term, standard term or long-term rental. Such an approach would allow for the provision of longer term, more secure tenures to the benefit of both tenants and landlords.



SECTION FIVE I
ASSESSING IRELAND'S RENTAL SECTOR
Towards a Sustainable, Attractive Tenure Rental Sector



...research shows, the proportion of households within the rental sector has continued to grow...



**Section
five**

SECTION FOUR | STAKEHOLDER ENGAGEMENT

In June 2011, in the midst of serious economic downturn, the Irish Government launched a housing policy statement that outlined a vision for the future of the housing sector in Ireland “based on choice, fairness, equity across tenures and on delivering quality outcomes for the resources invested”.

The statement represented a significant ideological departure from a historical priority focus on homeownership towards a recognition that “the development of a vibrant, viable private rented sector – as a real alternative – is essential”⁵⁹

Since then, as this research shows, the proportion of households within the rental sector has continued to grow as the share in home ownership has declined. In 2006, the national homeownership rate was 74.6%, in 2011 this had fallen to 69.7% and declined again to 67.6% in 2016. As is the case in many other European countries, the rental sector has grown most substantially in Ireland's urban areas. However, the extent to which it has developed into a vibrant and viable ‘alternative’ to homeownership is questionable. Indeed, issues surrounding supply and affordability (as discussed throughout Section 2 and Section 4) continue to hamper efforts to develop the rental sector into a sustainable and attractive tenure.

As the stakeholder engagement exercises show (see Section 4), desire for homeownership is prevalent amongst private sector tenants in particular due to the perceived unaffordability of the (private) rental sector in comparison to costs associated with monthly mortgage repayments. Yet, at the same time, a large proportion of survey respondents referred to feeling ‘stuck’ or trapped within the private rental sector due to their inability to qualify for a mortgage. A recent report by Property Industry Ireland estimated this cohort of the population to be 440,000 people⁶⁰.



...research shows, the proportion of households within the rental sector has continued to grow as the share in home ownership has declined. In 2006, the national homeownership rate was 74.6%, in 2011 this had fallen to 69.7% and declined again to 67.6% in 2016



...apartment type dwellings form the majority of Ireland's rental stock

The escalation in development costs for housing relative to wages is arguably an underlying cause of this change in ability to purchase, in particular for lower income cohorts. CSO data on housing input costs from 1977 to 2020, show that material and labour costs have inflated at a rate of around 2.5 times CPI, as building standards and wages have increased dramatically over rent decades.

The previous sections have sought to chart the development of Ireland's rental sector and to identify and analyse the key thematic challenges and opportunities shaping its ongoing trajectory. This section aims to undertake a detailed assessment of the issues impacting supply and affordability specifically in order to build a more comprehensive understanding of the mechanisms or interventions required to address them.

First, it is important to summarise the existing context in which the rental sector is developing. As the previous sections have shown, apartment type dwellings form the majority of Ireland's rental stock. Indeed, 72% of all apartment stock is part of the rental sector despite constituting less than 12% of the overall national housing stock. While Ireland still has a low overall proportion of apartments

in comparison to our European neighbours, this picture is slowly beginning to change. Between 2006 and 2016 the share of apartments as a proportion of overall housing stock has increased by a significant 44%. These trends are also supported by national planning policy. The NPF, as detailed previously, asserts that to avoid urban sprawl and the pressure that it puts on both the environment and infrastructure demands, increased residential densities are required in our urban areas.

Specifically, this will, “.. necessitate a significant and sustained increase in urban housing output and apartment type development in particular, if we are to avoid a continuation of the outward expansion of cities and larger urban areas”⁶¹.

Yet, as discussed in Section 2, recent research by the SCSi and AIB highlight that the viability of apartment construction remains challenging and this continues to constrain the supply of new residential units in Dublin specifically. Moreover, these studies assert, the viability of large-scale apartment construction outside of Dublin does not, for the most part, currently exist.

This Section aims to interrogate these issues in more detail. Specifically, it sets out a broad assessment of the rental sector in Ireland; including an analysis of affordability from both the tenant and developer / investor perspective. It also details the variety of housing supported mechanisms utilised in the Irish context as well as the status of the RPZs. This analysis thus provides an overarching ‘view’ of key constraining and enabling elements across the sector in order to inform the conclusions and core recommendations presented in Section 6.

59. <https://merriestreet.ie/en/news-room/releases/minister-penrose-announces-transformation-for-housing-policy.html>

60. <https://www.propertyindustry.ie/Sectors/PII/PII.nsf/vPages/Publications-the-irish-equity-loan-29-06-2020?%24file/The+Irish+Equity+Loan+June+2020+version+3+July+2020.pdf>

61. <https://npi.ie/wp-content/uploads/Project-Ireland-2040-NPF.pdf>

5.1 Affordability Assessment - Overview



...the reality of the rental market indicates that there is a certain level of elasticity when it comes to defining the sustainable allocation of income to rental costs.

As set out in Section 2, broadly, housing affordability refers to the ability of a household to cover both housing and non-housing costs from income. A number of recognised affordability metrics exist, including the housing cost to-income ratio, the mortgage repayment burden, the rental payment burden, the price-to-rent ratio, the user cost of capital approach and the concept of residual income (i.e. the 'minimum income required to meet non-housing needs at a basic level after paying for housing'. With regard to Government policy on housing in Ireland, the concept of housing affordability is outlined in Part V of the Planning and Development Act 2000 (Act), where eligibility for affordable housing is defined on the basis of a ratio of mortgage payments to net income – over 35%.

However, the reality of the rental market indicates that there is a certain level of elasticity when it comes to defining the sustainable allocation of income to rental costs. To accommodate this factor the affordability assessments undertaken incorporated an affordability ceiling of 40% of disposable income. This allows us so to assess the quantum of households facing affordability issues in a more representative manner, that we feel is reflective of the current rental market.

“...affordability assessments undertaken incorporated an affordability ceiling of 40% of disposable income.

RTB data, hosted by the CSO⁶², has been utilised for this research. This data publishes rental costs by number of bedrooms and dwelling type both quarterly and annually. The information utilised is based on the RTB Index value for standardised average rents for each of the study areas. It should be noted that this data reflects the average price for specific unit based on the number of bedrooms but it does not factor in the dwelling type (house or apartment) or if it is a new or existing tenancy.

Based on the RTB quarterly reports⁶³, there is an acknowledged difference between the rental costs for new and existing tenancies (as set out in Section 2.3) but detailed data on this breakdown is not available in a format that enables further analysis to be undertaken for spatial scales that are represented in this report. It should also be noted that there is a considerable time lag between the completion of a time period (year or quarter) and the publication of the associated data. As a result of this lag, the information contained within this report represents the latest available data at the time of analysis, which was Q3 2020.

The income information utilised in this research has been sourced from the CSO⁶⁴. The disposable incomes have been derived using relative weighted incomes from the county average. Given that the CSO published income statistics for disposable (net) household income in 2018 (preliminary), these have been derived using a spatial set of income statistics.

This required calculation for a group of EDs (where household median gross income is available) which comprise a relevant spatial area of interest (e.g. Castlebar) relative to the county total average income. As such these results and analysis are contingent on said scenario and outlook.

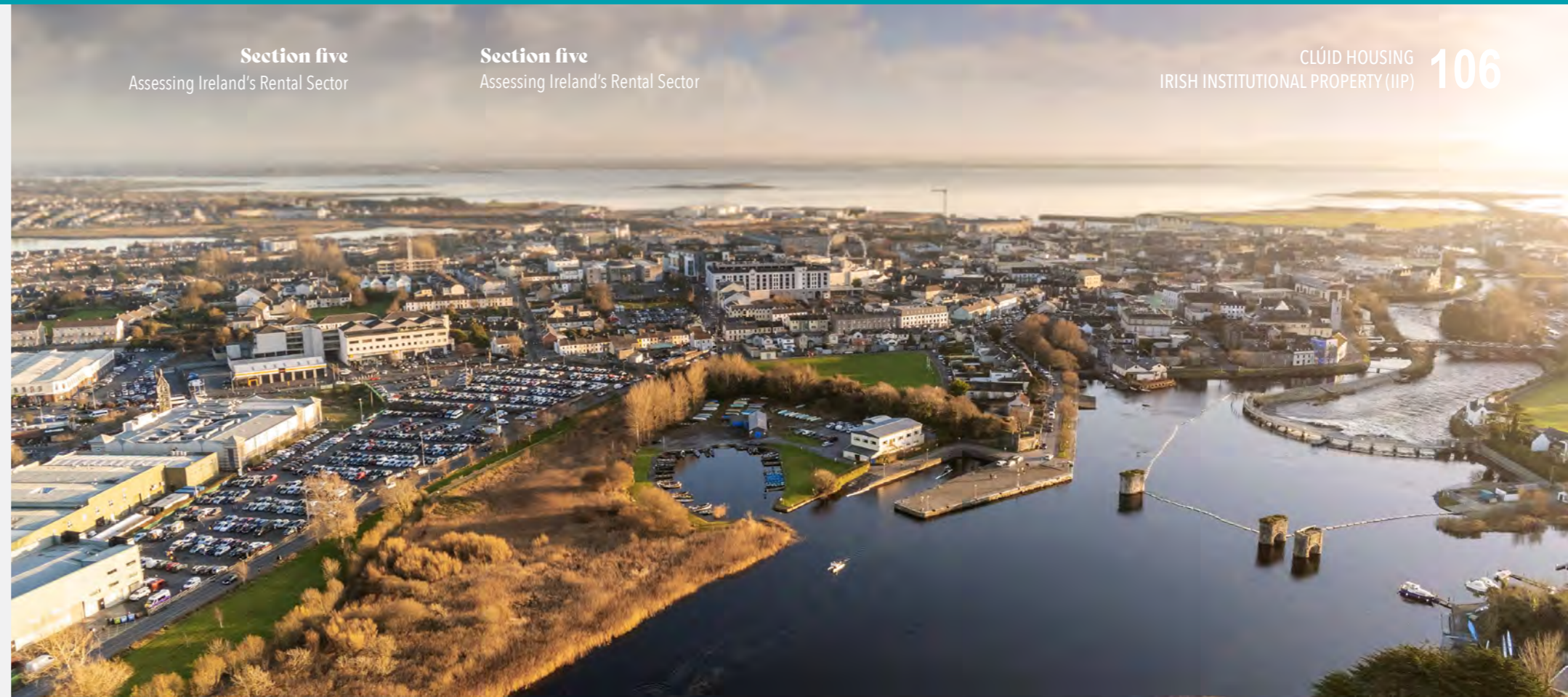
This assessment utilises income deciles to breakout income into representative portions of the population across 10 income levels. The gross household income decile groups are ten equal-sized groups of households, each group containing roughly 10% of households. The first decile group contains 10% of households with the lowest gross household income; the second decile group contains 10% of households with the next lowest gross household income, etc. The 10th decile group contains 10% of households with the highest gross household income.

Further detail on these data sources and the methodology are set out in Appendix A.

62. <https://data.cso.ie/table/RIQ02>

63. <https://www.rtb.ie/news/q3-2020-rent-index-published>

64. [https://www.cso.ie/en/releasesandpublications/er/cirgdp/countyincomesandregionalgdp2017/Table 1a](https://www.cso.ie/en/releasesandpublications/er/cirgdp/countyincomesandregionalgdp2017/Table%201a)



5.1 Affordability Assessment - Overview >

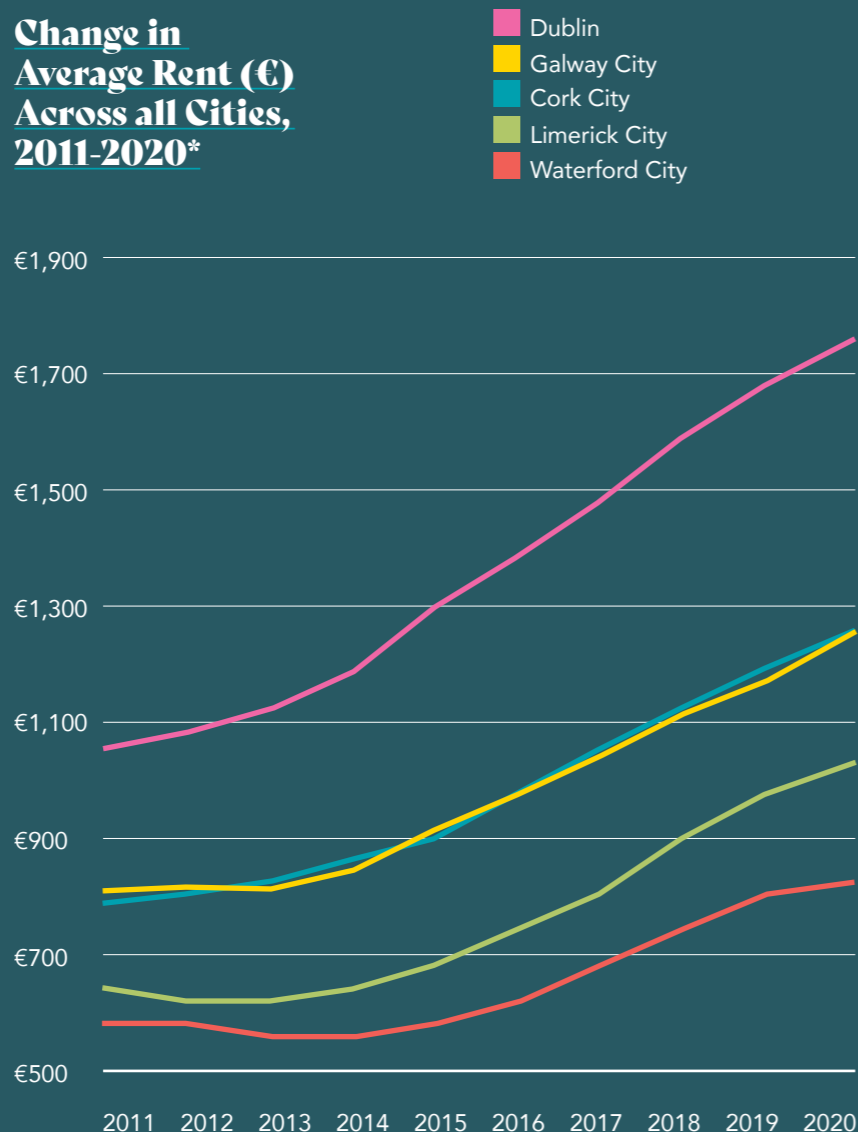
Rental Sector Overview
- High level Snapshot

In order to understand the current rental sector, we need to first highlight the historic changes in the market in order to contextualise the "2020 snapshot" that has been used as the baseline for analysis. The data used in this snapshot is based on the standardised average rent for each of the study areas. The standardisation of the data limits dwelling type information in order to be comprehensive and allow for comparison to other locations. As stated at the outset of this section the data available for 2020 is limited to Q3, therefore all instances of "2020" refer to Q3 2020 and have been highlighted with an Asterisks (*).

Cities Overview - Utilising the historic RTB data we can see that there is an ongoing trend in increasing rental costs across all the cities (see Figure 5.1). It is clear that Dublin City has the highest rental cost of all the cities, with average rental costs for 2020* being 41% higher than the next highest.

Figure 5.1

Change in Average Rent (€) Across all Cities, 2011-2020*



- Dublin
- Galway City
- Cork City
- Limerick City
- Waterford City



In order to understand the current rental sector, we need to first highlight the historic changes in the market in order to contextualise the "2020 snapshot" that has been used as the baseline for analysis

We can see from Table 5.1 that the percentage growth across the cities fluctuates greatly. It is noteworthy that there still growth in rental prices between 3.5% to 6.8% for 2020, despite the global pandemic, all cities being within rent pressure zones and data limited to Q3 2020. Further detail on the 2020 rental affordability for each of the cities is set out in the subsequent sections.

Table 5.1: Percent Average Rent Change for all Cities, 2012-2020*

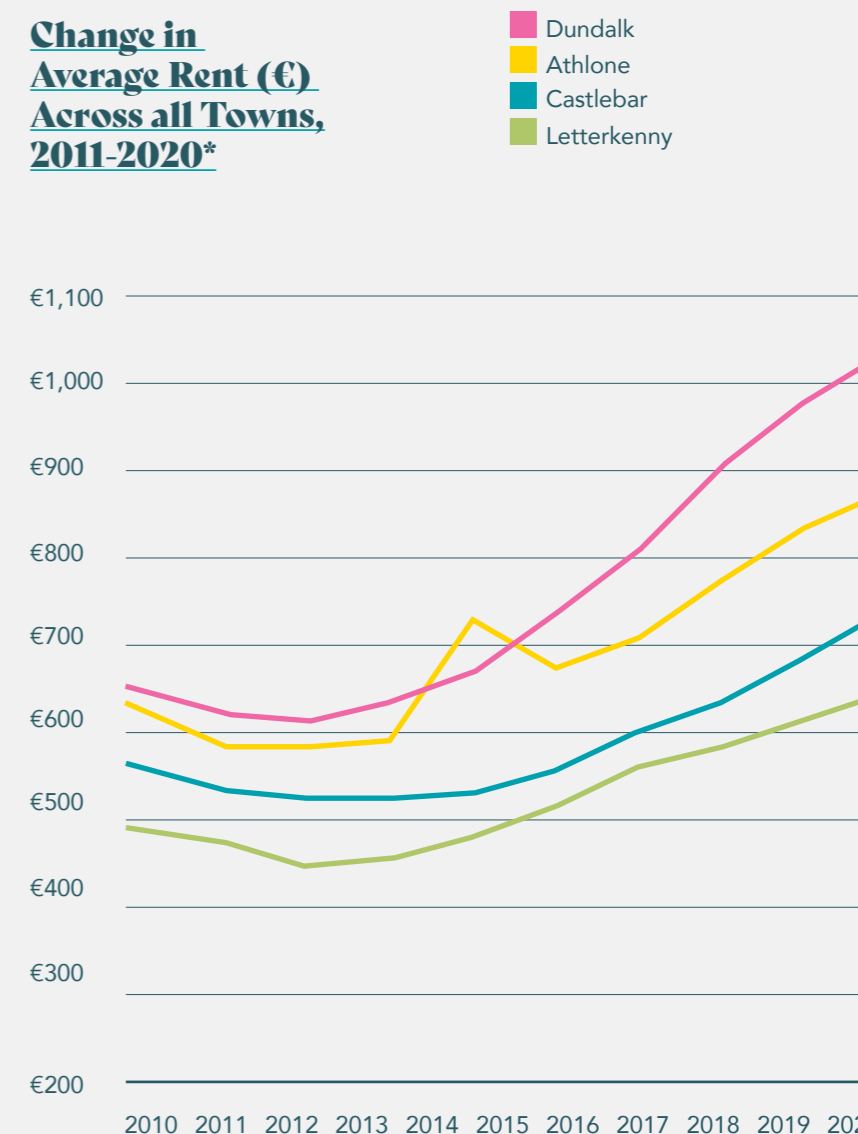
Location	2012	2013	2014	2015	2016	2017	2018	2019	2020
Dublin City	2.9%	3.4%	5.6%	8.8%	7.1%	7.5%	7.3%	5.9%	4.3%
Galway City	0.9%	1.1%	4.0%	6.2%	8.4%	6.5%	6.9%	6.2%	6.8%
Cork City	1.4%	3.4%	4.3%	3.6%	8.6%	8.4%	6.1%	6.0%	5.7%
Limerick City	-2.6%	-0.8%	2.6%	6.7%	8.7%	8.9%	12.0%	8.3%	6.0%
Waterford City	-2.6%	-2.1%	-0.3%	2.7%	7.1%	9.0%	9.6%	7.3%	3.5%

Towns Overview - Analysis of the historic RTB data illustrates that the trend of increasing rental cost is also evident in the selected towns. There is a difference of 18% between the top town towns in terms of highest rental costs, while this is still substantial it is far lower than the difference between Dublin, Cork and Galway cities.

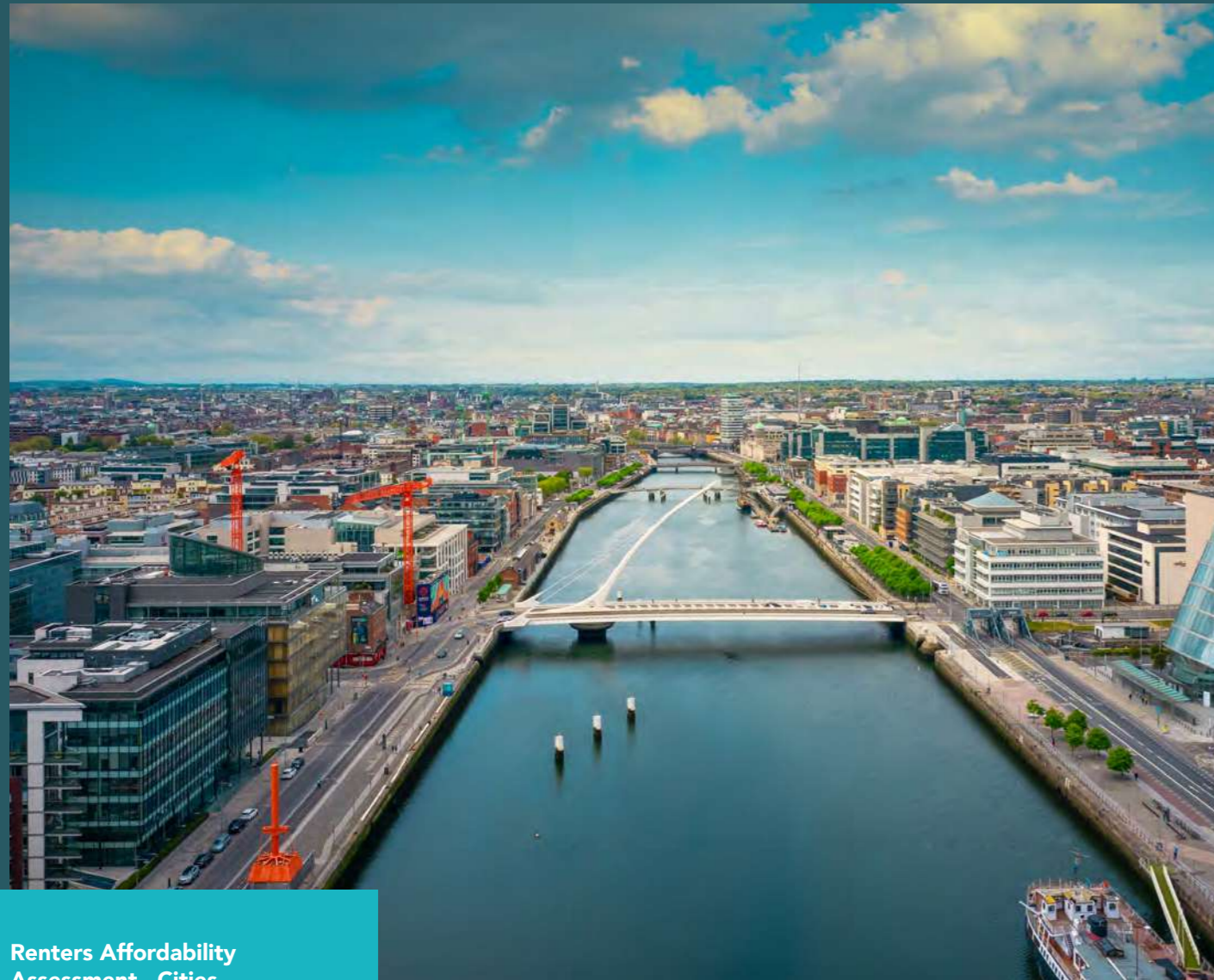
Table 5.2 illustrates the percentage growth across the selected towns fluctuates greatly. It is noteworthy again that there is still growth in rental prices between 4.3% to 6.2% for 2020. Between 2017 and 2019 the average rental costs in these towns increased from between 10.1% (€557 to €613 in the case of Letterkenny) to 20.6% (€809 to €976 in the case of Dundalk). These trends have continued into 2020 but at the time of analysis data was only available for Q3 2020. A detailed breakdown of this is provided in Appendix A.

Figure 5.2

Change in Average Rent (€) Across all Towns, 2011-2020*



5.1 Affordability Assessment - Overview >



Renters Affordability Assessment - Cities

This analysis provides a rental cost comparison of the identified disposable income per decile for each of the cities in 2020 for 1 to 4 bed unit types⁶⁵ based on the identified rental costs per type in Q3 2020. The information presented in this section is based on the affordability of an individual person in each decile. It is recognised that couples and groups of individuals can rent a single property and as such the decile affordability thresholds on all units is subject to variance. However, an analysis of these type of household types was not undertaken due to the countless permutations of household compositions that are possible.

65. No allowance has been made for potentially available financial assistance, e.g. HAP.

Dublin City

Table 5.3 sets out the rental affordability for Dublin City and highlights the percentage of monthly disposable income that each decile would be to allocate in order to afford the 2020 rental costs for each unit type.

5.1 Affordability Assessment - Overview >

Table 5.3

Rental Affordability by Income Decile and Unit Size for Dublin City, 2020

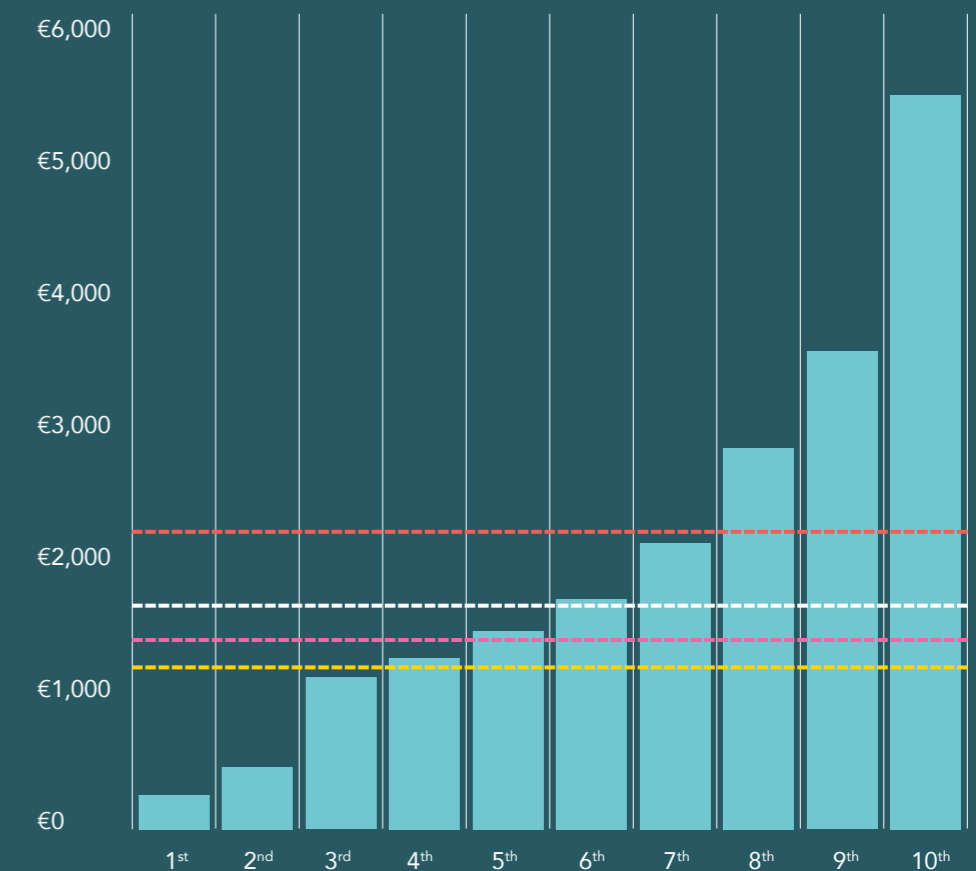
Households and Disposable income per decile			Identified Market rental costs for 2020				
Income Deciles	Number of Households	Monthly Disposable income	1 bed	2 bed	3 bed	4 bed	All bedrooms
1st Decile	41,484	€1,202	106.3%	134.6%	146.5%	203.1%	141.0%
2nd Decile	44,632	€1,988	64.3%	81.4%	88.6%	122.8%	85.2%
3rd Decile	44,200	€2,856		56.6%	61.6%	85.5%	59.3%
4th Decile	44,076	€3,640	35.1%	44.5%	48.4%	67.1%	46.6%
5th Decile	43,274	€4,454	28.7%	36.3%	39.5%	54.8%	38.0%
6th Decile	41,977	€5,308	24.1%	30.5%	33.2%	46.0%	31.9%
7th Decile	40,619	€6,264	20.4%	25.8%	28.1%	39.0%	27.1%
8th Decile	40,743	€7,375	17.3%	21.9%	23.9%	33.1%	23.0%
9th Decile	40,558	€8,891	14.4%	18.2%	19.8%	27.5%	19.1%
10th Decile	40,619	€13,380	9.5%	12.1%	13.2%	18.2%	12.7%

Figure 5.3

35% Rental Affordability by Decile and Unit Size for Dublin City, 2020

- Affordability
- 1 Bed
- 2 Bed
- 3 Bed
- 4 Bed

Taking the 35% affordability level, it is clear from the above analysis that both the first three deciles are unable to afford the existing rental costs for the 1 bed unit for less than 44% of their monthly disposable income, based on 3rd decile. From the 4th decile the 1 bed unit falls into the 35% affordability bracket. As the unit size increases so to does the affordability issues within the deciles.



5.1 Affordability Assessment - Overview >



Cork City

Table 5.4 sets out the rental affordability for Cork City and highlights the percentage of monthly disposable income that each decile would be to allocate in order to afford the 2020 rental costs for each unit type.

It is clear from Table 5.4 that both the 1st and 2nd deciles are unable to sustainably afford the existing rental costs for the 1 bed unit type for less than 50% of their income. From the 3rd decile the 1 bed unit falls into the 40% affordability bracket. With the fourth decile being able to afford the 2-bed unit at 40% of monthly disposable income.

5.1 Affordability Assessment - Overview >

Table 5.4

Rental Affordability by Income Decile and Unit Size for Cork City, 2020

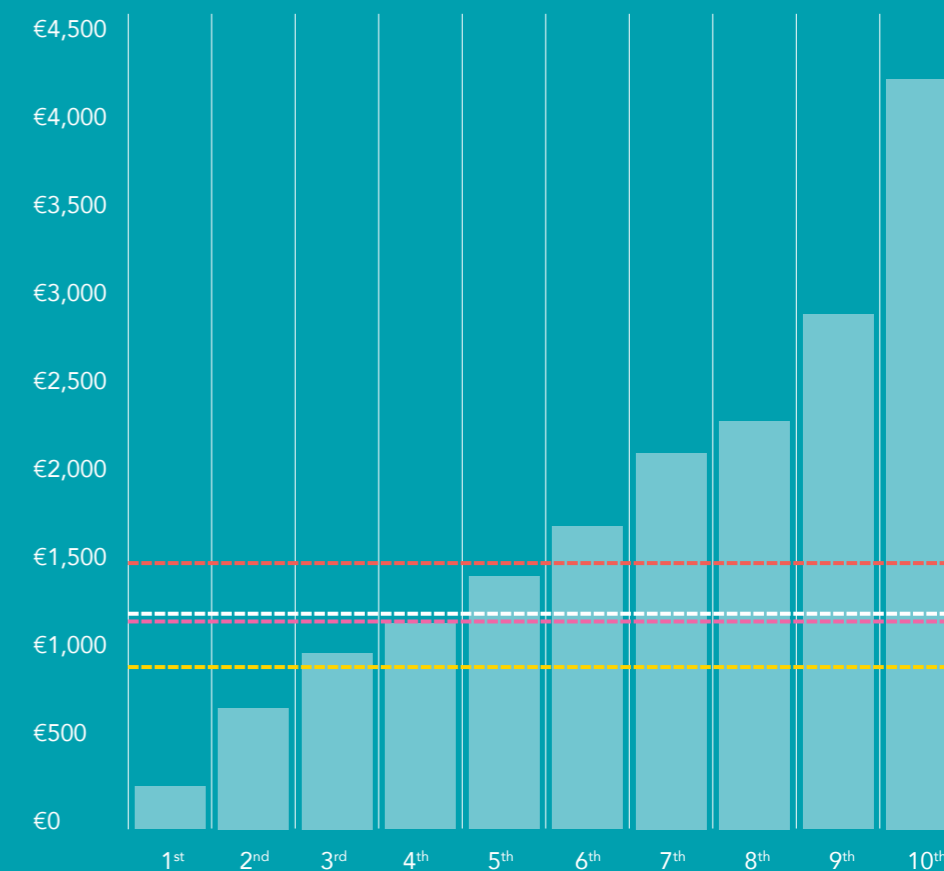
Households and Disposable income per decile			Identified Market rental costs for 2020				
Income Deciles	Number of Households	Monthly Disposable income	1 bed	2 bed	3 bed	4 bed	All bedrooms
			€878	€1,166	€1,216	€1,554	€1,174
1st Decile	7,597	€980	89.6%	119.0%	124.1%	158.6%	119.8%
2nd Decile	8,174	€1,621	54.2%	71.9%	75.0%	95.9%	72.4%
3rd Decile	8,095	€2,329	37.7%	50.1%	52.2%	66.7%	50.4%
4th Decile	8,072	€2,967	29.6%	39.3%	41.0%	52.4%	39.6%
5th Decile	7,925	€3,631	24.2%	32.1%	33.5%	42.8%	32.3%
6th Decile	7,688	€4,327	20.3%	26.9%	28.1%	35.9%	27.1%
7th Decile	7,439	€5,106	17.2%	22.8%	23.8%	30.4%	23.0%
8th Decile	7,462	€6,012	14.6%	19.4%	20.2%	25.8%	19.5%
9th Decile	7,428	€7,249	12.1%	16.1%	16.8%	21.4%	16.2%
10th Decile	7,439	€10,909	8.0%	10.7%	11.1%	14.2%	10.8%

Figure 5.4

Rental Affordability by Income Decile and Unit Size for Cork City, 2020



Considering all four bedrooms figure to assess general affordability the first three deciles face large affordability issues; the 4th decile is just within the 40% threshold. The fifth decile and above do not appear to face affordability issues. This is reflected in Figure 5.4.



5.1 Affordability Assessment - Overview >



Limerick City

Table 5.5 sets out the rental affordability for Limerick City and highlights the percentage of monthly disposable income that each decile would be able to allocate in order to afford the 2020 rental costs for each unit type.

As illustrated in Table 5.5, the 1st decile is unable to afford the existing rental costs for the 1 bed unit. From the 2nd decile the 1 bed unit falls into the 40% affordability bracket. The ability to sustainably afford rent on larger units starts with the 3rd decile, with the 4th decile uppers renting affordability is within the 35% bracket of lower.

5.1 Affordability Assessment - Overview >

Table 5.5

Rental Affordability by Income Decile and Unit Size for Limerick City, 2020

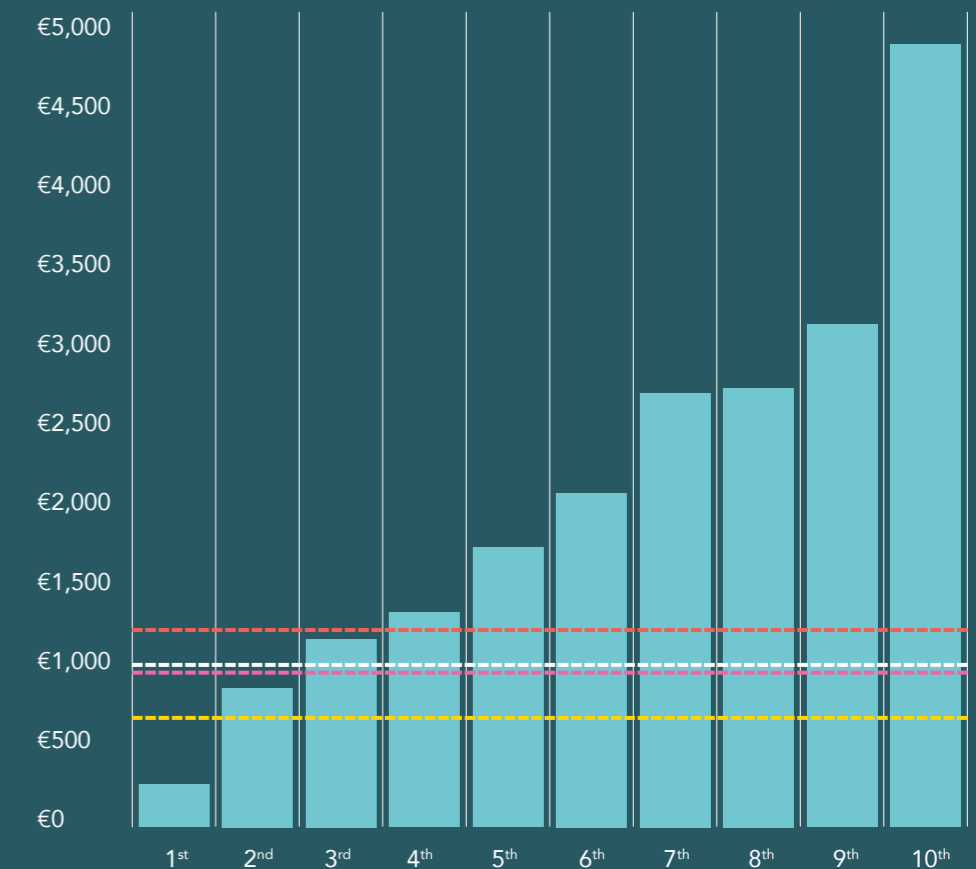
Households and Disposable income per decile			Identified Market rental costs for 2020				
Income Deciles	Number of Households	Monthly Disposable income	1 bed	2 bed	3 bed	4 bed	All bedrooms
			€692	€918	€974	€1,224	€967
1st Decile	3,457	€1,087	63.7%	84.4%	89.6%	112.6%	89.0%
2nd Decile	3,720	€1,798	38.5%	51.1%	54.2%	68.1%	53.8%
3rd Decile	3,684	€2,583		35.5%	37.7%	47.4%	37.4%
4th Decile	3,673	€3,292	21.0%	27.9%	29.6%	37.2%	29.4%
5th Decile	3,606	€4,028	17.2%	22.8%	24.2%	30.4%	24.0%
6th Decile	3,498	€4,800	14.4%	19.1%	20.3%	25.5%	20.2%
7th Decile	3,385	€5,665	12.2%	16.2%	17.2%	21.6%	17.1%
8th Decile	3,395	€6,670	10.4%	13.8%	14.6%	18.4%	14.5%
9th Decile	3,380	€8,042	8.6%	11.4%	12.1%	15.2%	12.0%
10th Decile	3,385	€12,102	5.7%	7.6%	8.0%	10.1%	8.0%

Figure 5.5

35% Rental Affordability by Income Decile and Unit Size for Limerick City, 2020

- Affordability
- 1 Bed
- 2 Bed
- 3 Bed
- 4 Bed

Overall sustainable affordability in Limerick City starts from the third decile. Compared to the other cities there is a greater level of affordability for all but the first decile in Limerick City, as shown in Figure 5.5.



5.1 Affordability Assessment - Overview >



Galway City

Table 5.6 sets out the rental affordability for Galway City and highlights the percentage of monthly disposable income that each decile would be able to allocate in order to afford the 2020 rental costs for each unit type.

It is clear from Table 5.6 that both the 1st and 2nd deciles are unable to afford the existing rental costs for the 1 bed unit. From the 3rd decile the 1 bed unit falls into the 40% affordability bracket. The 3 and 4 bed units are further limited to the 5th and 6th deciles, respectively.

5.1 Affordability Assessment - Overview >

Table 5.6

Rental Affordability by Income Decile and Unit Size for Galway City, 2020

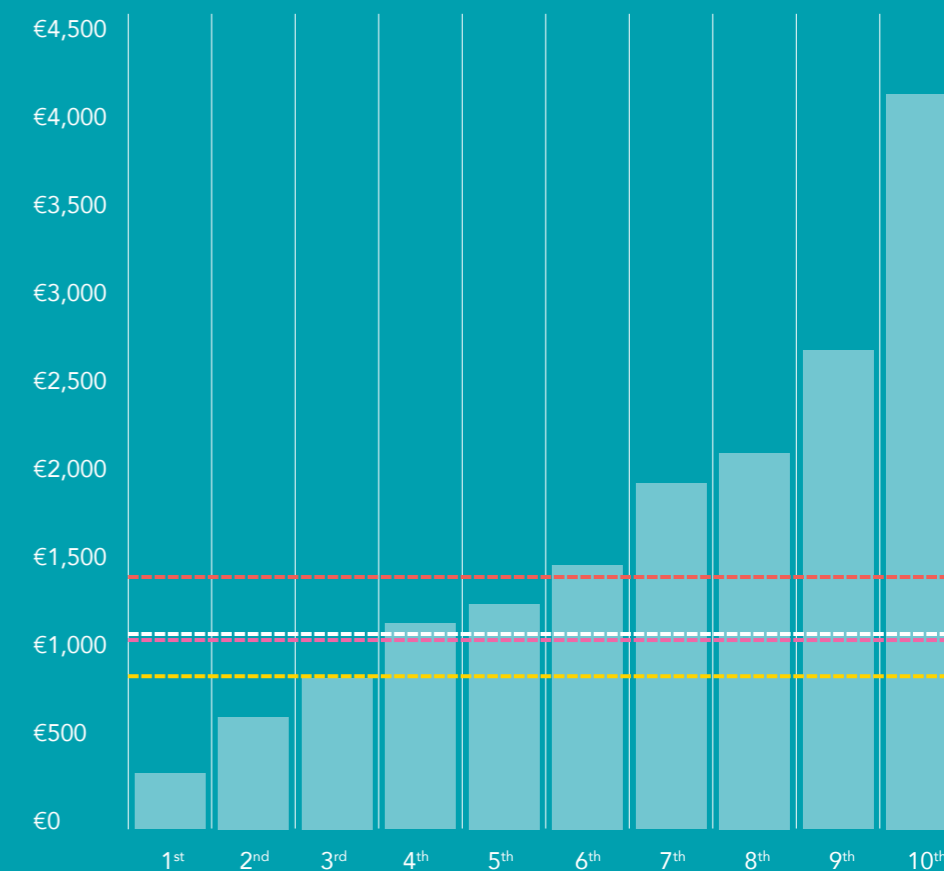
Households and Disposable income per decile			Identified Market rental costs for 2020				
Income Deciles	Number of Households	Monthly Disposable income	1 bed	2 bed	3 bed	4 bed	All bedrooms
			€832	€1,084	€1,153	€1,385	€1,166
1st Decile	2,873	€911	91.3%	119.0%	126.5%	152.0%	128.0%
2nd Decile	3,091	€1,507	55.2%	71.9%	76.5%	91.9%	77.4%
3rd Decile	3,061	€2,165	38.4%	50.1%	53.3%	64.0%	53.8%
4th Decile	3,053	€2,759	30.2%	39.3%	41.8%	50.2%	42.3%
5th Decile	2,997	€3,376	24.6%	32.1%	34.1%	41.0%	34.5%
6th Decile	2,908	€4,023	20.7%	26.9%	28.7%	34.4%	29.0%
7th Decile	2,813	€4,748	17.5%	22.8%	24.3%	29.2%	24.6%
8th Decile	2,822	€5,590	14.9%	19.4%	20.6%	24.8%	20.9%
9th Decile	2,809	€6,740	12.3%	16.1%	17.1%	20.5%	17.3%
10th Decile	2,813	€10,143	8.2%	10.7%	11.4%	13.7%	11.5%

Figure 5.6

Rental Affordability by Income Decile and Unit Size for Galway City, 2020



Looking at the all bedrooms rental cost as a general indicator we can see that the 35% affordability mark is only achievable for the fifth decile and above. Ability to afford rent at 35% of income for 2+ bed units is limited to the 5th and higher deciles. Figure 5.6 illustrates that analysis.



5.1 Affordability Assessment - Overview >



Waterford City

Table 5.7 sets out the rental affordability for Waterford City and sets out the percentage of monthly disposable income that each decile would be to allocate in order to afford the 2020 rental costs for each unit type.

As illustrated in the table the 1st and 2nd deciles are unable to afford the existing rental costs for the 1 bed unit. From the 3rd decile the 1 bed unit falls into the 30% affordability bracket. The ability to sustainably afford rent on larger units starts at the 3rd decile, with the 4th decile having access to all unit types for 40% or less of their monthly income.

5.1 Affordability Assessment - Overview >

Table 5.7

Rental Affordability by Income Decile and Unit Size for Galway City, 2020

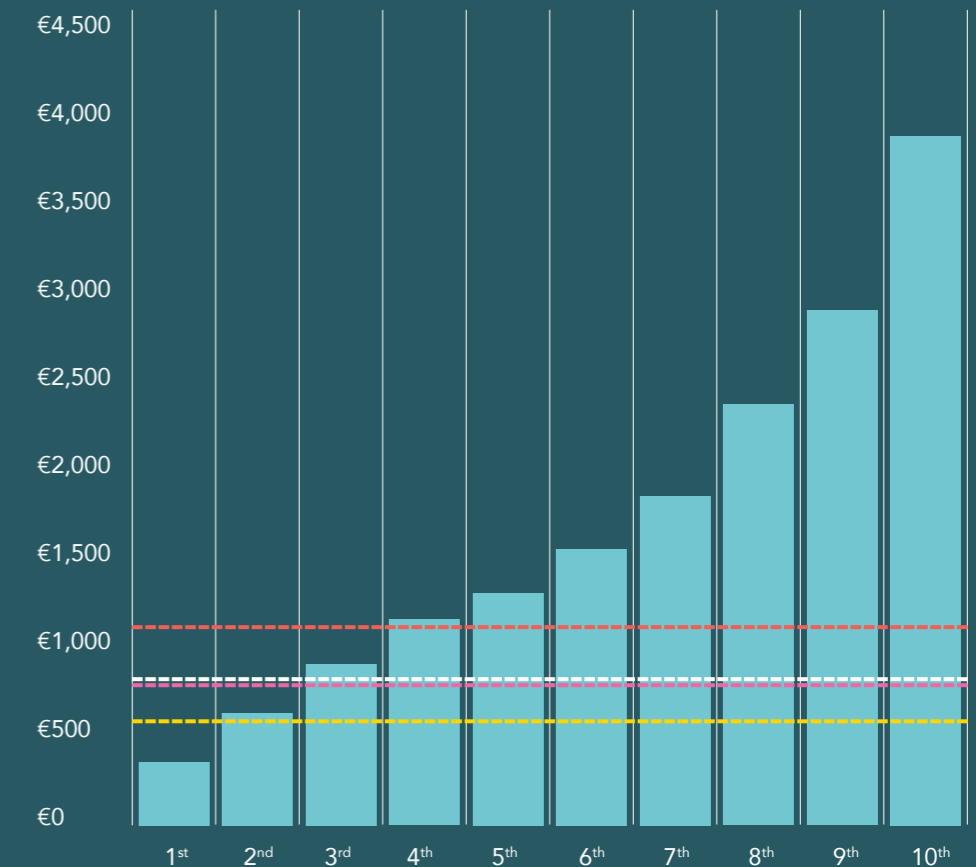
Households and Disposable income per decile			Identified Market rental costs for 2020				
Income Deciles	Number of Households	Monthly Disposable income	1 bed	2 bed	3 bed	4 bed	All bedrooms
			€605	€745	€843	€1,036	€799
1st Decile	2,043	€852	71.0%	87.4%	98.9%	121.6%	93.7%
2nd Decile	2,198	€1,410	42.9%	52.9%	59.8%	73.5%	56.7%
3rd Decile	2,177	€2,025		36.8%	41.6%	51.2%	39.4%
4th Decile	2,171	€2,581	23.4%	28.9%	32.7%	40.1%	31.0%
5th Decile	2,131	€3,158	19.2%	23.6%	26.7%	32.8%	25.3%
6th Decile	2,068	€3,763	16.1%	19.8%	22.4%	27.5%	21.2%
7th Decile	2,001	€4,441	13.6%	16.8%	19.0%	23.3%	18.0%
8th Decile	2,007	€5,229	11.6%	14.2%	16.1%	19.8%	15.3%
9th Decile	1,998	€6,304	9.6%	11.8%	13.4%	16.4%	12.7%
10th Decile	2,001	€9,487	6.4%	7.9%	8.9%	10.9%	8.4%

Figure 5.7

Rental Affordability by Income Decile and Unit Size for Waterford City, 2020

- Affordability
- 1 Bed
- 2 Bed
- 3 Bed
- 4 Bed

Waterford City has high levels of affordability for the majority of income deciles, compared to the other four cities. It is also evident that the 1st decile faces a high rental pressure burden, as can be seen from Figure 5.7.



5.1 Affordability Assessment - Overview >

City Affordability – Key Conclusions

When looking at the information set out in each of the affordability assessments for the five cities it is clear that there is varying levels of affordability. Perhaps unsurprisingly, the least affordable city for renters is Dublin City, where the ability to afford market rental costs, on the smallest unit, for less than 40% of monthly disposable income is only achievable for the 4th deciles and above.

In Cork City, Galway City, and Waterford City the ability to afford rental cost on the smallest unit within the 40% affordability bracket is achievable for the 3rd decile onwards. Limerick City has the most affordable rental cost in 2020, as the smallest unit can be rented for 38.5% of the second deciles monthly disposable income. This is still above the 35% set out as affordable in legislation, but a greater number of deciles, and therefore households, can afford to rent in Limerick City compared to the other five cities.

Based on Tables 5.3 to 5.7, affordability for larger units is in general one decile higher than that of the decile that can afford the smaller unit. For example, in Galway City affordability for a 2-bed unit starts in the 4th decile, where 1-bed units are affordable by the 3rd decile. This is generally evident across all cities, leaving 4-bed units only affordable from the 5th decile and above, with the exception of Limerick City.



Based on the identified market, rents for Letterkenny has the most affordable rental cost when comparing income allocation to quantity of units that are affordable per decile

Affordability Assessment - Selected Towns

Rental affordability in Athlone and Castlebar begins largely in the 3rd decile with the 4 bed unit becoming affordable to the 4th decile onwards. Letterkenny has greater affordability than these towns, while Dundalk has a lower level of affordability than the other selected towns.

Based on the identified market, rents for Letterkenny has the most affordable rental cost when comparing income allocation to quantity of units that are affordable per decile. The 2nd decile is able to afford the market price for the 1 bed unit for less than 40% of their monthly disposable income, while the 3rd decile can afford to rent all unit types for less than 40% of their income.

In contrast to this Dundalk has more limited affordability for the lower deciles. The 1 bed unit falls into the 35-40% affordability bracket. 2 bed unit is limited to the 4th decile and above, leaving the larger units only accessible to the 5th decile and above.

Full details for each of the selected towns is available in Appendix A



Housing Support Mechanisms

Social housing is the main form of housing support offered by each local authority in Ireland⁶⁶. The intention is that persons/families/households that cannot afford their own accommodation are provided for in the form of accommodation that fits their circumstances in the best achievable manner.

In order to be eligible for social housing the person/family/household need to fall within the social housing provision income brackets. These income brackets are associated with 'Social Housing Bands', which range from bands' 1 to 3 with each local authority assigned a single band. Table 5.9 details this band range information for each local authority for the selected cities and town settlements.

Table 5.9: Social Housing Bands and Associated Income Thresholds

Location	Social Housing Band ⁶⁷	Maximum Net Income Threshold – single person	Maximum Income Threshold – family
Cork City	1	€35,000	€42,000
Dublin City	1	€35,000	€42,000
Galway City	1	€35,000	€42,000
Limerick City	2	€30,000	€36,000
Waterford City	2	€30,000	€36,000
Athlone, Co. Westmeath	3	€25,000	€30,000
Castlebar, Co. Mayo	3	€25,000	€30,000
Dundalk, Co. Louth	2	€30,000	€36,000
Letterkenny, Co. Donegal	3	€25,000	€30,000

(Source: Department of Housing, Local Government and Heritage)

66. <https://www.gov.ie/en/publication/970ea-summary-of-social-housing-assessments-2020-key-findings/>

76. <https://www.gov.ie/en/publication/fcb86-social-housing-support-table-of-income-limits-2-june-2016/>

Based on the analysis of incomes for each of the study areas Table 5.10 and Table 5.11 highlight the income deciles, for the cities and towns respectively, that are within the relevant local authority's 'social housing provision' (SHP) income thresholds.

SHP indicates deciles assessed based on the income thresholds for a "single person" and SHP* indicates deciles assessed based on the income threshold for a "3 adult and 4 child family". This distinction is highlighted as there is a broad range of people and families that fall into these lower income deciles and as a result will have a variety of different needs that require to be met.

Housing Support Mechanisms >

Table 5.10: Deciles within income threshold for Social Housing Provision (SHP) per City

	Cork City	Dublin City	Galway City	Limerick City	Waterford City
1st Decile	SHP	SHP	SHP	SHP	SHP
2nd Decile	SHP	SHP	SHP	SHP	SHP
3rd Decile	SHP	SHP	SHP	SHP*	SHP
4th Decile	SHP*	SHP*	SHP	-	SHP*
5th Decile	-	-	SHP*	-	-
6th Decile	-	-	-	-	-
7th Decile	-	-	-	-	-
8th Decile	-	-	-	-	-
9th Decile	-	-	-	-	-
10th Decile	-	-	-	-	-

Table 5.11: Deciles within income threshold for Social Housing Provision (SHP) by Town

	Athlone	Castlebar	Dundalk	Letterkenny	Waterford City
1st Decile	SHP	SHP	SHP	SHP	SHP
2nd Decile	SHP	SHP	SHP	SHP	SHP
3rd Decile	SHP*	SHP	SHP	SHP	SHP
4th Decile	-	SHP*	SHP*	SHP*	SHP*
5th Decile	-	-	-	-	-
6th Decile	-	-	-	-	-
7th Decile	-	-	-	-	-
8th Decile	-	-	-	-	-
9th Decile	-	-	-	-	-
10th Decile	-	-	-	-	-

Housing Support Mechanisms >

The information set out in Table 5.10 and 5.11 is key to determining the deciles which are eligible to receive housing support in each of the study areas, from the relevant Local Authority. There are differences in which deciles are within the income thresholds for housing support across the study areas, this is due to variance in incomes and the social housing band assigned to each of the local authorities that the cities and towns are within.

For example the 1st-5th deciles in Galway city are within the income threshold to receive housing support, this is due to Galway city council having a “Band 1” classification, with an maximum income threshold of €42,000, and incomes for these deciles being below this upper limit. Limerick City by contrast is a “Band 2” classification, with an maximum income threshold of €36,000, but only the 1st-3rd deciles have incomes below this threshold.

There are a number of essential housing support mechanisms in Ireland that are primarily managed and administered by the Housing Department of Local Authorities in the following ways:

A social rented tenancy in property owned and managed by the local authority and a tenancy in a property the local authority managed or has leased from a private property owner. These can include:

Direct provision of social housing through the delivery of Local Authority housing construction projects.

Provision of social housing under Part V of the Planning and Development Act 2000 (as amended). The statutory context for the provision of social and affordable housing has changed under the Urban Regeneration and Housing Act 2015. The amendments include a requirement for up to 10% social housing in housing developments in excess of 9 units. The use of financial payments in lieu of social housing provision is no longer allowed. Provision is made for the transfer of completed units on other lands not subject to the planning permission to be provided. Provision is also made for the Part V obligation to be fulfilled by developers through long-term leasing of properties and rental accommodation availability agreements. Before the 2015 Act, up to 20% of zoned land could be acquired, but was reduced firstly, to account for the change in the economic picture and secondly, to encourage more construction through a reduction in cost to developers.

Portfolio Acquisitions: Suitable portfolios of vacant properties can be acquired from financial institutions and investors.

Acquisitions: This is the purchase by a local authority of a second-hand house on the open market.

Buy and Renew: Under this scheme a local authority can buy sub-standard properties, which have been vacant for over a year, refurbish and bring back into use. The purchase cost plus the cost of refurbishment cannot exceed what a comparable property would attain on the private market. This initiative, which complements the Repair and Lease scheme (see 3 below), is designed to assist local authorities and Approved Housing Bodies (AHBs) to harness the accommodation potential that exists in certain vacant properties for social housing use.

Turnkeys: A local authority buys a new house/houses from a developer, ready for occupation by a tenant/tenants.



In order to understand the current rental sector, we need to first highlight the historic changes in the market in order to contextualise the “2020 snapshot” that has been used as the baseline for analysis

Housing Support Mechanisms >

A social rented tenancy in property owned and managed by an AHB.

AHB's (also called housing associations or voluntary housing associations) are independent, not-for-profit organisations, and provide affordable rented housing for people who cannot afford to pay private sector rents or buy their own homes, or for particular groups, such as older people or homeless people. They are established by a voluntary management board to benefit the community in which they are based and are approved and funded by the Department of Housing, Local Government and Heritage. AHBs also include housing cooperatives and can provide both social rented housing and housing to purchase. Housing cooperatives are self-help and jointly owned member/user housing associations or societies. Housing projects undertaken by AHBs may be in response to the needs of the elderly, people with disabilities, homeless persons or families and single people on low incomes. Some housing associations may be formed to specialise in meeting a particular housing need, others develop with broader aims. The specific housing services offered will depend on the aims or concerns of the members, the needs of tenants as well as the financial and other resources available for both capital costs and ongoing management running costs.



Housing projects undertaken by AHBs may be in response to the needs of the elderly, people with disabilities, homeless persons or families and single people on low incomes...

Housing Support Mechanisms >

A tenancy where the local authority arranges short or long-term leases with private landlords for residential properties. (People in receipt of rent supplement for 18 months or longer are eligible to apply for this type of accommodation). Under this mechanism the following is included:

The HAP Scheme: This is a scheme under the Housing Miscellaneous Provisions Act 2014 for people who have a long-term housing need and who qualify for social housing support. It is administered by local authorities and will eventually replace long-term Rent Supplement/Rental Accommodation Scheme (RAS). The HAP scheme aims to allow all social housing supports to be accessed through the local authorities and to enable people to take up full-time employment and keep their housing support. Under HAP, the housing applicant finds appropriate private rented accommodation and the local authority will make a monthly payment to a landlord, subject to terms and conditions including rent limits, on a HAP tenant's behalf. In return, the HAP tenant pays a weekly contribution towards the rent to the local authority. This 'rent contribution' is based on the household income. It is calculated using the same method as the rent paid by a tenant of a local authority owned property. HAP is one instrument designed to enable people in lower income deciles meet private market rents as an alternative to receiving a social housing unit.

RAS: This scheme is an initiative to cater for the accommodation needs of certain persons in receipt of rent supplement, normally for more than 18 months and who are assessed as having a long-term housing need. Under the scheme, a local authority establishes an agreement with a landlord to provide housing for an agreed term for a person/family/household with a long-term housing need. The local authority pays the rent directly to the landlord. If achievable, the tenant may contribute to the rent, but the payment contribution is made to the local authority, not to the landlord.

Rental Supplement: This is a means-tested short-term income support payment for people living in private rented accommodation who cannot provide for the cost of their accommodation from their own resources. A tenant who is receiving Rent Supplement for a long period and is in need of long-term housing, may be eligible for the RAS. A significant difference between RAS and Rent Supplement is that tenants who take up full-time employment can remain in the RAS.

Repair and Lease: The Rebuilding Ireland Action Plan for Housing and Homelessness introduced a new scheme, the Vacant Housing Repair and Leasing Initiative. This scheme specifically targets the delivery of social housing and seeks to ensure that existing housing stock is used to the maximum degree possible. The basis of the scheme is that repair and improvement works to suitable vacant properties are funded to bring them up to the standard for rented accommodation and the cost of the works is then deducted from lease payments over an agreed lease term.

Rent Pressure Zones

As discussed in Section 2, RPZs⁶⁸ were first introduced in 2016 in order to curtail the rapidly increasing rental prices in key locations across the country. Initial coverage of RPZs was for portions of the Greater Dublin Area, Cork City and Galway City, subsequently the coverage of these RPZs has increased. Designated RPZs are located in parts of the country where rents are highest and rising, and where households have the greatest difficulty finding affordable accommodation. Section 24A of the Residential Tenancies Act 2004 (as amended) sets out the procedure for designating an area as a RPZ. The legislation was subsequently updated in June 2019 to change the assessment procedure for RPZ classification and extend the duration of all active RPZs until December 2021.⁶⁹

RPZs are located in parts of the country where rents are highest and rising, and where households have the greatest difficulty finding affordable accommodation



68. <https://www.gov.ie/en/publication/85110-rent-pressure-zones/>

70. <https://www.rtb.ie/during-a-tenancy/rent-review-in-a-rent-pressure-zone-rpz>

71. <https://www.rtb.ie/research/ar/>

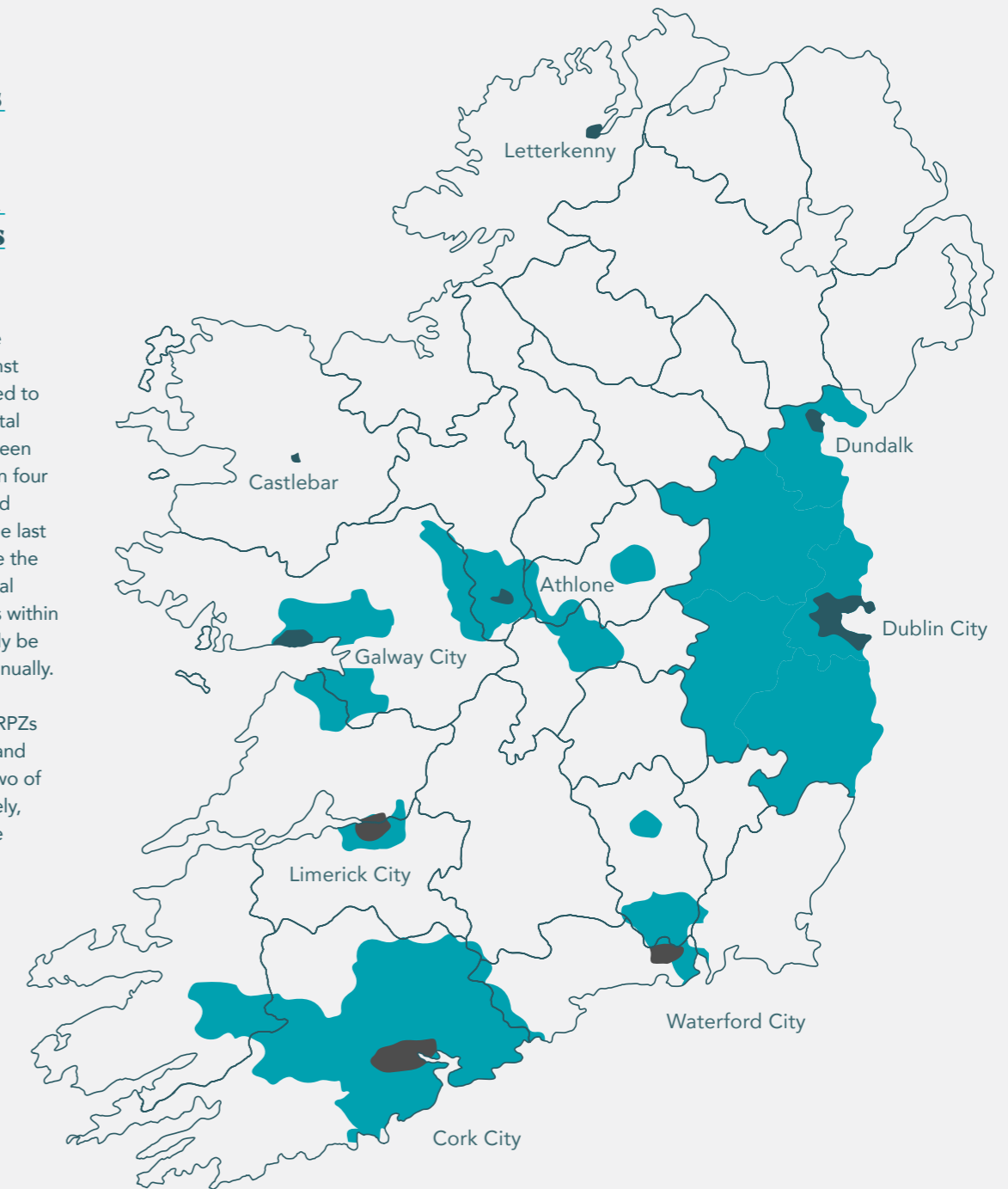
3.1 Study Areas >

Figure 5.1:

Illustration of Current Rent Pressure Zones in Relation to the Study Area Cities and Selected Towns

In order for an area to be designated as an RPZ the rent levels assessed against the RTB Rent Index⁷⁰ need to demonstrate that the rental inflation in the area has been more than 7% or higher in four of the last six quarters and tenancies registered in the last quarter need to be above the RTB Rental Index "national standardised rent". Rents within a designated RPZ can only be increased by up to 4% annually.

The current coverage of RPZs is illustrated in Map 5.1, and all of the five cities and two of the selected towns, namely, Athlone and Dundalk, are currently in RPZs.



■ Study Area
■ Rent Pressure Zones

Developer Viability Assessment

It is essential to consider and assess rental affordability from the developer perspective in the provision of rental accommodation in Ireland. In undertaking this assessment, an analysis of both the cost of delivery and rental income assessment has been undertaken based on 1, 2 and 3 bed apartments of 4 to 8 storeys in height in both suburban and urban areas based on the most relevant and recent information, particularly given that these unit types are considered the most typical and appropriate for the current and future rental accommodation. Also, given the focus on suburban and urban areas, this analysis is particularly focussing on the five cities of the study.

Table 5.12 sets out a summary analysis of the overall delivery costs of the selected apartment types in suburban and urban areas. The costs are separated into "Construction Costs" (see Note 1 below) and "Additional Delivery Costs" (see Note 2 below) giving "Overall Delivery Costs". The average overall delivery cost, for the combined suburban and urban areas, are €240,000 for 1 bed, €376,000 for 2 bed and €466,000 for 3 bed.



Developer Viability Assessment >

Table 5.12 Assessment of Delivery Cost for 1, 2 and 3 Bed Apartments (4-8 Storey in Height) in Suburban and Urban Areas, 2020

Location	Average Construction Cost per Unit Type	1 Bed		
		Column 1	Column 2	Column 3 = Column 1 + 2
		Construction Costs	Addition Delivery Costs	Overall Delivery Costs
Suburban	Apartments - 4-8 Story Suburban - Low Price Range	€127,000	€84,000	€211,000
	Apartments - 4-8 Story Suburban - High Price Range	€151,000	€99,000	€250,000
Urban	Apartments - 4-8 Story Urban - High Price Range	€136,000	€90,000	€226,000
	Apartments - 4-8 Story Urban - Low Price Range	€166,000	€109,000	€275,000
Average of Suburban and Urban, Low and High Price Ranges		€145,000	€95,000	€250,000

Location	Average Construction Cost per Unit Type	2 Bed		
		Column 4	Column 5	Column 6 = Column 4 + 5
		Construction Costs	Addition Delivery Costs	Overall Delivery Costs
Suburban	Apartments - 4-8 Story Suburban - Low Price Range	€198,000	€130,000	€328,000
	Apartments - 4-8 Story Suburban - High Price Range	€236,000	€155,000	€391,000
Urban	Apartments - 4-8 Story Urban - High Price Range	€213,000	€140,000	€353,000
	Apartments - 4-8 Story Urban - Low Price Range	€260,000	€171,000	€431,000
Average of Suburban and Urban, Low and High Price Ranges		€227,000	€149,000	€376,000

Location	Average Construction Cost per Unit Type	3 Bed		
		Column 7	Column 8	Column 9 = Column 7 + 8
		Construction Costs	Addition Delivery Costs	Overall Delivery Costs
Suburban	Apartments - 4-8 Story Suburban - Low Price Range	€246,000	€162,000	€408,000
	Apartments - 4-8 Story Suburban - High Price Range	€293,000	€193,000	€486,000
Urban	Apartments - 4-8 Story Urban - High Price Range	€263,000	€173,000	€436,000
	Apartments - 4-8 Story Urban - Low Price Range	€322,000	€212,000	€534,000
Average of Suburban and Urban, Low and High Price Ranges		€281,000	€185,000	€466,000

Developer Viability Assessment >

Notes:

Note 1: "Construction Costs" - the costs in Columns' 1, 4 and 7 based on the costing contained in Linesight's "Europe Handbook 2020: Construction trends and insights - updated September 2020". Costs are based on the 'Build-To-Rent' (BTR) sector. Costs include substructure, local external works, floor finishes and furniture, fittings and equipment, services and amenity spaces and support facilities. Costs exclude site acquisition, basement car parking and site works (as BTR projects may not require car parking).

Note 2: "Additional Delivery Costs" - the costs in Columns' 2, 5 and 8 include inflation, finance, VAT (13.5% applied), Local Authority contributions, professional fees, contingency. These additional costs account for approximately 40% of the overall project delivery cost. Individual percentage allocation guided by EY's "Viability and Affordability of Apartment Building in Cork City" (2019) report.

Note 3: The standard / normal construction VAT rate is 13.5%

Turning to the rental yield side, Table 5.13 sets out the current (2020) achievable monthly and annual rents for the five cities for 1, 2 and 3 bed apartments (see Note 1 below) together with the potential resultant rental yield percentages (see note 2 below), which are determined by dividing the annual rental levels for each apartment unit type by the average overall delivery cost, for the combined suburban and urban areas, that is €240,000 for 1 bed, €376,000 for 2 bed and €466,000 for 3 bed, by the annual rental levels for each apartment unit type.

Based on the resulting yield percentages and taking 5.5% yield as the required minimum, only the 1 bed apartment unit in Dublin City shows a positive return on overall delivery cost investment with all to the other types and locations be unviable from the developer's perspective and this is also with the exclusion of the costs of site acquisition.

Notes:

Note 1: Monthly Rental Levels – as set out in Tables' 5.3 to 5.7 above.

Note 2: Rental Yield - minimum required 'gross rental yield' has been set at 5.5%.

Table 5.13 Assessment of Monthly and Annual Rental Levels and Rental Yields for 1, 2 and 3 Bed Apartments in the Five Cities, 2020

Location	Monthly Rental Levels			Annual Rental Levels			Rental Yields		
	1 Bed	2 Bed	3 Bed	1 Bed	2 Bed	3 Bed	1 Bed	2 Bed	3 Bed
Dublin City	€1,264	€1,601	€1742	€15168	€19212	€20904	6.4%	5.1%	4.5%
Cork City	€878	€1,166	€1216	€10536	€13992	€14592	4.4%	3.7%	3.1%
Limerick City	€692	€918	€974	€8304	€11016	€11688	3.5%	2.9%	2.5%
Galway City	€832	€1084	€1153	€9984	€13008	€13836	4.2%	3.5%	3.0%
Waterford City	€605	€745	€843	€7260	€8940	€10116	3.0%	2.4%	2.2%

“...only the 1 bed apartment unit in Dublin City shows a positive return on overall delivery cost investment.”

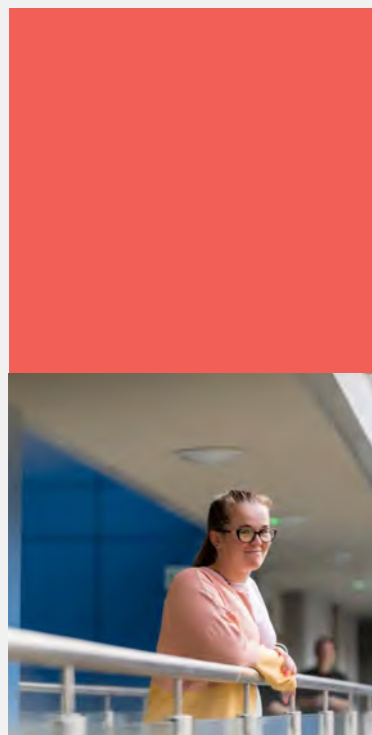
SECTION SIX I
CONCLUSIONS AND RECOMMENDATIONS



**Ireland
status as a
'homeownership'
society was
supported
and facilitated
through a range
of Government
policies...'**

Section six

CONCLUSIONS AND RECOMMENDATIONS

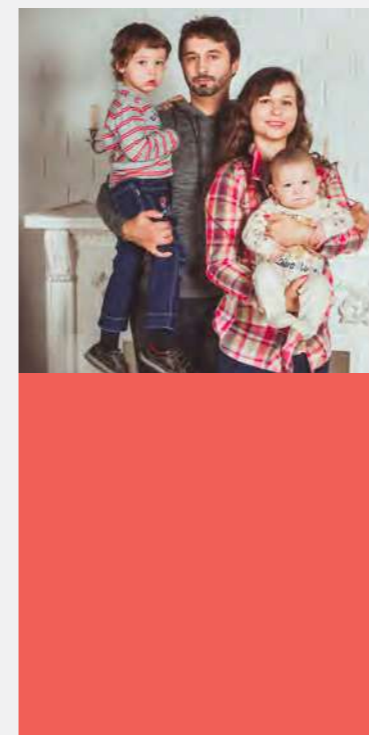


In the period since 2007/2008 in particular, Ireland has witnessed a transformational shift in its rental sector. Until the early 2000s, Ireland status as a ‘homeownership’ society was supported and facilitated through a range of Government policies and economic and financial tools including various tenant purchase schemes. Arguably, these trends inhibited the development of renting as a viable alternative tenure option and has led to a perception of rental as a ‘stop-over’ tenure on the way to homeownership.

However, the proportion of owner-occupied dwellings in Ireland fell from 74.6% to 67.6% in the decade spanning 2006-2016. During the same period, the proportion of privately rented dwellings increased from 9.9% to 18.2%. In terms of those dwellings rented from a Local Authority or Voluntary Body, this figure has decreased slightly from 10.6% to 9.4%. There is a myriad of drivers behind this overall shift, as discussed in Section 1.



In 2016, almost 87% of Ireland’s housing stock were houses, while just under 12% were apartments (approximately one quarter of the 2018 EU average of 46%).



This overarching trend has also been accompanied by a growing trend towards (rented) apartment living specifically. In 2016, almost 87% of Ireland’s housing stock were houses, while just under 12% were apartments (approximately one quarter of the 2018 EU average of 46%). Research from the Department of Finance (2019)⁷¹ shows that if Ireland was in line with the EU average, there would be approximately 800,000 apartments in the country, 600,000 more than at present. However, the absolute quantum of overall apartment housing stock has grown by almost 44% between 2006-2016 (from 140,000 to 201,000). In addition, for the first time in the history of the State, planning permissions for apartments exceeded those for houses in 2019, particularly so in Dublin where 86% of all planning permissions were for apartments. This gradual rise in apartment living is in line with national planning policy. As the National Planning Framework⁷² asserts,

To more effectively address the challenge of meeting the housing needs of a growing population in our key urban areas, it is clear that we need to build inwards and upwards, rather than outwards. This means that apartments will need to become a more prevalent form of housing, particularly in Ireland’s cities (NPF; pp93)

It also should also be noted that 72% of all apartments nationally were in the rental sector in 2016 (with 55.6% of this in private rental and 16.7% rented by a Local Authority or non-profit body). In contrast, 21% of all houses nationally were in the rental sector (with 13% in private rental and 8.3% rented by a Local Authority or non-profit body).

This research has also highlighted another key trend within the Irish rental sector – growing institutional investment (and activity by large scale landlords) in the housing market, particularly over the past 5-10 years. Indeed, large-scale professional landlords have not, historically, been a feature of the Irish housing market. Rather, the private rental sector has been dominated by relatively small-scale ‘buy-to-let’ (BTL) investors.

As discussed in Section 2.4, the bulk of this institutional investment thus far has been in apartments, particularly new apartments. Specifically, in 2019, the Department of Finance reported that over 40% of all new apartments were purchased by ‘Financial & Insurance’ and ‘Real Estate’ companies, while over 50% of new apartments were sold intra-non-household and so were kept within the non-household sector. While this report (ibid) found that ownership of rental properties by large scale landlords (i.e. those that own more than 100 rental units) is minimal in the context of the wider market (with such firms owning 4.6% if all tenancies nationally – excluding AHB’s), their activity can be far more pronounced at local level. The report acknowledges that this level of activity has caused ‘some discomfort’ at a local level around the inability of first-time buyers to purchase homes in new apartment blocks. Yet, it also details how institutional investment in the residential sector ‘offers significant advantages’ and highlights emerging evidence that such investors are a driving force behind a significant increase in the supply of new apartments in Dublin.

71. <https://assets.gov.ie/6348/140219142846-5a166a1ec85f4237935fb5c21dd666cb.pdf>
72. <https://npl.ie/wp-content/uploads/Project-Ireland-2040-NPF.pdf>

CONCLUSIONS AND RECOMMENDATIONS

At the same time, this research (particularly through its stakeholder engagement exercises) has highlighted further potential challenges and opportunities around these developments at a national level. Many referred to the ‘relative immaturity’ of the rental sector in comparison to some of Ireland’s European neighbours and the potential for greater levels of institutional investment to further ‘professionalise’ it. Yet, some interviewees (See Section 4) also expressed a view that institutional landlords and smaller scale landlords do not ‘compete’ for the same market. In general, costs associated with institutional property tend to be higher and as such, only certain cohorts of the population will be able access this. Indeed, affordability within the private rental sector more generally remains a persistent and acute challenge within the Irish context, as demonstrated through this research (see Sections 4 and 5).

Another trend highlighted through the stakeholder engagement exercises is an apparent growing ‘exodus’ of smaller scale landlords from the market. The potential ‘danger’ associated with this, some interviewees argued, is that supply will dwindle in areas typically less serviced by the institutional market. In turn, this could mean that supply will be particularly badly impacted outside of Ireland’s main urban cores (where institutional investment interests tend to be higher). It may also serve to further intensify challenges for lower income households, creating further demand for social housing.

In turn, demand for state supported / social housing is impacted by shortages of affordable land in appropriate locations as well as high construction and development costs. While overall, the number of households on social housing waiting lists has fallen in recent years (from 91,600 in 2016 to 61,880 in 2020), there has also been a greater reliance on housing support mechanisms such as HAP over that period (which was piloted in 2014). The number of households availing of HAP has risen every year since the scheme began and stood at 57,630 by 2019. The proportion of new HAP households who have been referred from homeless services rose steadily from 3.1% in 2014 to 21.1% by 2019.

Indeed, in recent years, the provision of social housing has transitioned from the direct provision of social housing, by mainly LA’s and AHB’s, to a model of providing housing through the private market. According to the Rebuilding Ireland: an Action Plan for Housing and Homelessness report, a key benefit to be derived from this transition is the provision of a greater mix between private and social housing as opposed to a heavy reliance on large public housing projects investments seen in the 1960’s and 1970’s (Government of Ireland, 2016).⁷³

However, HAP is, in general, a more expensive delivery mechanism than direct build social housing. In 2019, the Government confirmed that net exchequer expenditure on HAP between 2014-2019 amounted to €503 million. Moreover, under HAP, after a typical borrowing period, it is the private rental sector landlord who accumulates an asset via State payments. In contrast, in a direct social build scheme, the State gains an asset at the end of the borrowing period, which can remain in the social housing stock and can be used either as collateral for future borrowing or as a revenue generator (although only in the absence of tenant purchase). It should also be noted that households availing of HAP are subsequently removed from social housing waiting lists, which some interviewees have suggested effectively ‘masks’ the true scale of housing need nationally.

CONCLUSIONS AND RECOMMENDATIONS

The introduction of Cost Rental as a new form of tenure was highlighted by interviewees as a ‘first green shoot’ towards more affordable housing delivery. In Budget 2021, €35 million was made available to AHBs to deliver approximately 350 cost rental homes in 2021 at rates which are a minimum 25% below open market values. An additional 50 cost rental homes at Enniskerry Road, Dun Laoghaire-Rathdown are also due to be completed this year supported by the Department’s Serviced Sites Fund. As interviewees highlight, this will need to be significantly scaled in order to meet significant demand by thousands of renters who currently struggle to afford their rent.

Thus, as this report shows, it is necessary to delve deeper into the Irish housing market to understand the nuances between the various housing delivery channels and the challenges and opportunities facing them. This research has sought to outline the evolution of the rental sector in Ireland in order to contextualise and explain more recent developments and to understand the driving forces behind its current trajectory. This section summarises its key outputs and presents a number of key findings and recommendations.

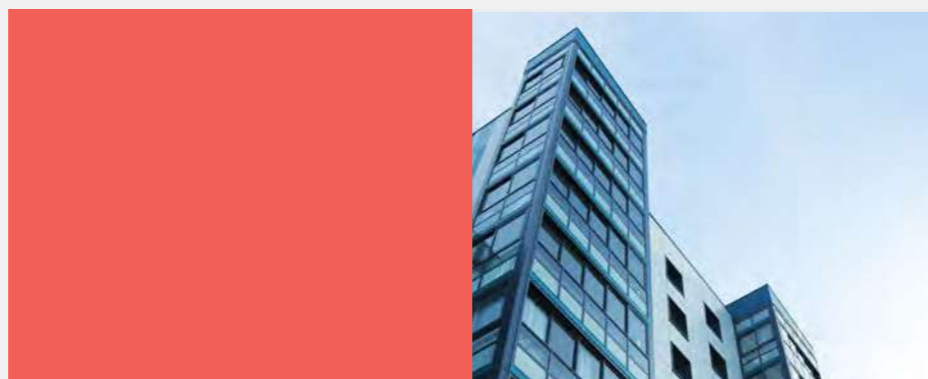


73. <https://rebuildingireland.ie/wp-content/uploads/2016/07/Rebuilding-Ireland-Action-Plan.pdf>

Spatial Analysis: Ireland's Cities and Towns



As noted, this research focuses on nine locations across Ireland, the five major cities, (Dublin, Cork, Limerick, Galway and Waterford), and four further towns of varying size and function (Athlone, Castlebar, Dundalk and Letterkenny).



The following broadly summarises the breakdown of tenure and dwelling types across the various cities and towns. To contextualise this, the following should be noted at state level (as is also depicted in Table 6.1);

67% of all dwellings were owner occupied in 2016; with just over 18% in the private rental sector. A further 9.4% were rented from a Local Authority or Voluntary Body

Of total stock, over 86% comprised of a house dwelling type and just over 11% were apartments

Spatial Analysis: Ireland's Cities and Towns >



Dublin City

Within Dublin City⁷⁴, the proportion of owner-occupied dwellings has marginally decreased between 2011-2016 from just over 51% of all households to just over 49%. During the same period, the number of households renting privately reduced from 32% to almost 30% while those in the 'rental – other' category (i.e.. those renting from a Local Authority or Voluntary Body) grew slightly from 12.8% to 13.2%. In terms of dwelling type, 34% of households resided in an apartment in 2016, while 63% lived in a house. 54.6% of all apartments in Dublin were in the private rental sector with just 15% owner occupied. Almost 20% of apartments were rented from a Local Authority or Voluntary Body). In terms of houses in the city; 15.8% of total stock is in the private rental sector with a further 9% rented from a Local Authority or Voluntary Body.



Cork City

Within Cork City, the proportion of owner-occupied dwellings has marginally decreased between 2011-2016 from just over 53% of all households to just over 50%. During the same period, the number of households renting privately marginally reduced from 27% to 26% while those in the 'rental – other' category (i.e.. those renting from a Local Authority or Voluntary Body) grew slightly from 16% to almost 17%. In terms of dwelling type, 19% of households resided in an apartment in 2016, while almost 79% lived in a house. 63.4% of all apartments in Cork were in the private rental sector with just 6% owner occupied. Just over 20% of apartments were rented from a Local Authority or Voluntary Body). In terms of houses in the city; 17.2% of total stock is in the private rental sector with a further 17% rented from a Local Authority or Voluntary Body.



Limerick City

Within Limerick, the proportion of owner-occupied dwellings has marginally decreased between 2011-2016 from just over 70% of all households to just under 68%. During the same period, the number of households renting privately marginally increased from just under 13% to 13.1% while those in the 'rental – other' category (i.e.. those renting from a Local Authority or Voluntary Body) grew slightly from 7% to 8%. In terms of dwelling type, 9% of households resided in an apartment in 2016, while almost 89% lived in a house. 61% of all apartments in Limerick were in the private rental sector with 10% owner occupied. Just over 18% of apartments were rented from a Local Authority or Voluntary Body). In terms of houses in the city; almost 13% of total stock is in the private rental sector with a further 8% rented from a Local Authority or Voluntary Body.

74. Data from the CSO which uses LA boundary, source: <https://data.cso.ie/table/E1015>

Spatial Analysis: Ireland's Cities and Towns >



Galway City

Within Galway, the proportion of owner-occupied dwellings has marginally decreased between 2011-2016 from just over 48% of all households to 46%. During the same period, the number of households renting privately marginally decreased from 37.5% to 35.5%, while those in the 'rental – other' category (i.e.. those renting from a Local Authority or Voluntary Body) grew slightly from 10.8% to 11.6%. In terms of dwelling type, just over 23% of households resided in an apartment in 2016, while almost 74% lived in a house. 64.8% of all apartments in Galway were in the private rental sector with 12% owner occupied. 15% of apartments were rented from a Local Authority or Voluntary Body). In terms of houses in the city; 26.4% of total stock is in the private rental sector with a further 10.5% rented from a Local Authority or Voluntary Body.



Waterford City

Within Waterford, the proportion of owner-occupied dwellings has marginally decreased between 2011-2016 from just over 69% of all households to 66.8%. During the same period, the number of households renting privately marginally increased from 14.6% to 15.1%, while those in the 'rental – other' category (i.e.. those renting from a Local Authority or Voluntary Body) grew slightly from 12.6% to 13.2%. In terms of dwelling type, 6.8% of households resided in an apartment in 2016, while almost 91% lived in a house. 58% of all apartments in Waterford were in the private rental sector with 7% owner occupied. Just over 26% of apartments were rented from a Local Authority or Voluntary Body). In terms of houses in the city; almost 12% of total stock is in the private rental sector with a further 12% rented from a Local Authority or Voluntary Body.



Towns

Across the four towns analysed as part of this study, Dundalk had the highest proportion of owner occupiers in 2016 (61%) while Letterkenny had the lowest (50%). In terms of the private rental sector, 33% of households were in the private rental sector (the highest overall proportion of the four towns). In Dundalk, just 19% were in this category. In terms of those renting from a Local Authority or Voluntary Body, all towns had similar proportions, with Dundalk having the highest overall at 15%. The largest proportion of apartment dwellings were located in Athlone (16.6%) while Dundalk had just 7% of its stock comprising of apartments.

Summary Recommendations

This section broadly summarises the key issues and challenges to developing the rental sector as a sustainable and attractive tenure – one which serves as a 'vibrant, viable' alternative to home ownership, as envisaged by the 2011 Housing Policy Statement a decade ago. In doing so, it sets out eight core recommendations as follows:

1. Scaling of Cost Rental:

For a large cohort of the population who do not qualify for social housing but also cannot qualify for a mortgage (due to insufficient income), a long-term and sustainable solution for affordable housing delivery is critical. While the introduction of the Cost Rental model is beneficial in this respect, there is an urgent need to scale this up and develop a long-term (5-10 years) programme for the roll out of cost rental at scale. This will require upfront investment to develop - financed at a low enough level – to ensure that rents are affordable. The cost of finance, and hence rents that can be charged in cost-rental projects, represents a key aspect of consideration. As section 2 has shown, within the Austrian context, this has been critical, with the LPHAs in Vienna benefitting from the provision of land at reasonable prices by the city's land agency. The Housing Fund agency in Vienna provides an ongoing annual supply of moderately priced land for affordable housing. This is a vital condition underpinning the consistent annual provision of affordable housing on public land, in a manner that is not subject to speculative forces.

Within the 2020 Programme for Government, a stated objective is to "explore expanding Part V to encompass affordable purchase and cost rental units"⁷⁵. This commitment represents a positive, enabling development in terms of scaling cost rental. However, it should not displace social housing delivery. Rather, it is recommended that such an inclusion should be part of an overall expansion of the Part V requirement beyond the existing 10% to perhaps 20% (inclusive of 10% cost rental). Indeed, prior to the 2015 Act, up to 20% of zoned land could be acquired via Part V, but was reduced firstly, to account for the change in the economic picture at the time and secondly, to encourage more construction through a reduction in cost to developers.

However, in order to ensure the viability of such a move (and indeed the appropriate scaling of cost rental more generally), further state subsidy for the construction of affordable and cost rental housing is required. The Site Services Fund is a state subsidy that supports the construction of affordable purchase and affordable or cost rental homes. The objective of the Served Sites Fund is to support Local Authorities in the provision of key enabling infrastructure on their (or Housing Agency) land, to make the sites ready for the delivery of affordable housing. It subsidises up to €50,000 of the cost of each home through funding the site infrastructure. However, a national approach to such funding is not appropriate, according to a number of commentators (including Dublin City Council⁷⁶). Indeed, in areas of acute affordability challenges such as Dublin, this fund should be increased in order to ensure that rents can be reduced to an 'affordable' level.

“...in order to ensure the viability of such a move (and indeed the appropriate scaling of cost rental more generally), further state subsidy for the construction of affordable and cost rental housing is required.”

75. <https://www.gov.ie/en/publication/7e05d-programme-for-government-our-shared-future/>

76. <https://www.irishtimes.com/news/ireland/irish-news/affordable-housing-subsidy-must-double-for-dublin-housing-chief-says-1.4451582>

Spatial Analysis: Ireland's Cities and Towns >

2 Role of AHBs in the roll out of the Cost Rental Programme:

AHBs play a key role in addressing the challenges facing the housing sector in Ireland and delivering social and affordable homes. As this report highlights, Ireland's largest providers of social housing are classified in the general government sector so that borrowing for local authority housing adds to the deficit and debt. The decision to re-classify AHBs in 2018 (from non-profit institutions serving households (NPISH), to the general government sector) will negatively impact the efficacy and speed of a scaled-up programme for Cost Rental if not addressed. If not rectified, funding for AHBs will continue to compete in government budgets with other high-profile projects.

The 2020 Programme for Government commits to "Work on a package of reforms with Approved Housing Bodies, to ensure that they can access finance and move off the balance sheet". It is recommended that a clear action plan for restoring AHBs to their former classification be developed as a matter of priority.

3 Incentivisation of smaller scale landlords:

The differing opportunities and challenges facing Ireland's various housing delivery channels must be acknowledged and addressed. Smaller scale landlords play a crucial role within the rental sector and any potential growing exodus from the market must be mitigated against. This is particularly important to ensure that supply constraints outside of urban cores (or areas typically under served by institutional investment) are not further sharpened.

During the stakeholder engagement process, many respondents referred to 'aging' and 'energy inefficient' rental properties and the lack of incentives for smaller scale landlords to enhance the quality of stock and meet energy efficiency standards. The challenge here relates to the idea of 'split incentives' or a goal conflict. Such a challenge arises when the tenant pays the operating costs for the space (e.g. the electricity bill), while the landlord pays the capital costs for the building. If a landlord wants to keep capital costs down, ultimately, he/she has no incentive to invest in measures which would enhance energy efficiency if the tenant is the one paying this bill. In turn, this can lead to higher overall energy costs for the tenant. Improving the energy efficiency of our buildings is also a key part of reducing our carbon emissions and as such, investment in this space is critical.



In addition, a number of respondents referred to a need to introduce a tiered and long-term approach to tax incentives depending on whether rental properties are to be used for short term, standard term or long-term rental. In this case, greater incentives would be available for landlords who offered longer term tenancies. Such an approach would allow for the provision of longer term, more secure tenures to the benefit of both tenants and landlords.

Mechanisms through which smaller scale landlords can be further incentivised to remain or enter the market should be the subject of further detailed research. Following this, a plan should be put in place to address and mitigate against the exit of smaller scale or semi professional landlords from the market.

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4 Towards a more certain regulatory environment

AHBs play a key role in addressing There is a need for longer term certainty around changes to housing regulations. As the stakeholder engagement highlighted, current levels of uncertainty (connected to the review of the RPZs, for example) increases overall perception of risk across the sector. It also serves to hinder supply as many landlords and investors will seek to 'wait it out' until greater certainty is established.

It is noted that the existing system of RPZs is due to expire at the end of 2021. Overall, the system has been the source of some frustration among smaller sale landlords in particular (as highlighted through the stakeholder engagement exercises). Indeed, many have stated that they feel the system 'punishes' landlords who opted to keep rents low for 'good' tenants over the years. Other respondents assert that in setting a 4% increase rate, 4% becomes a 'target' for landlords.

Indeed, In June 2019, the RTB released a report⁷⁷ (undertaken by Coyne Research) stating that "Since the introduction of these measures, the number and reach of RPZs has increased. However, there has been a certain degree of debate within the media and public discourse, largely centred around the successful implementation of RPZs and whether they are having the desired impact". This research also found that only half of tenants within RPZs were aware that there are restrictions in place around rent increases in their area. 55% of landlords surveyed as part of the survey believed that the RPZ system is unfair.

As part of the review of the RPZ system in advance of December 2021, there is opportunity for a more localised and nuanced evidence-based approach to the designations - or indeed a new approach to market protections entirely. However, any regulatory changes in this regard must not further sharpen acute challenges around supply - which in turn would impact affordability. A key objective of this review process must be to establish greater certainty around regulatory changes for both landlords and tenants. A long term (5 year or greater) programme or plan for this is required.

...there has been a certain degree of debate within the media and public discourse, largely centred around the successful implementation of RPZs and whether they are having the desired impact.

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5 Review of the Housing Assistance Payment:

HAP should be reviewed and reformed to meet the needs of tenants and reflect the private rental market. Caps on HAP payments were last set in 2016 and rents have continued to rise since. These caps should be reviewed as a matter of priority. In addition, there needs to be a wider range of social housing options to reduce the over-reliance on the PRS. As part of the stakeholder engagement exercises, most respondents reflected on the value and positive contribution of the HAP scheme over the past number of years. However, almost all stated that it should be viewed as a 'stop gap' measure and is not sustainable in the longer term. At the end of the Rebuilding Ireland programme, according to the Department of Public Expenditure and Reform, the aim was to have reached a point where build, acquisition and leasing programmes will be delivering more than HAP and RAS annually, as part of the process to deliver a sustainable and balanced supply of social and affordable housing. However, this has not occurred. Indeed, delivery through HAP has vastly outpaced any other mechanism every year between 2016-2020.

6 Need for enhanced apartment stock:

This report has also highlighted a relative dearth of apartments across Ireland's housing stock in comparison with many of its European neighbours. As the NPF highlights, our population is changing rapidly, with average households becoming both smaller in size and older as an increasing number of people live independently in their later years. While apartments may not be suitable for all cohorts of society, there is a pressing need to further deliver on apartments and smaller (1-2 bed) housing units. Indeed, the findings of the most recent Social Housing Needs Assessment (2020) further highlight trends which will impact levels of demand. 52% of those in housing need are single adult households and 24% are lone parent households. Yet, 61% of existing local authority stock is 3-4 bedrooms. Thus, as alluded to in the recommendation below, there is a requirement for 1-bed and 2-bed units in Ireland's urban areas in particular. Moreover, further research into addressing perceptions of apartment type dwellings as longer-term homes is important in this regard.



This report has also highlighted a relative dearth of apartments across Ireland's housing stock in comparison with many of its European neighbours.

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7 Recognising new and emerging demand drivers:

Connected to the above, emerging demographic and societal trends must be thoroughly analysed in order to understand patterns of changing demand across the rental sector. As many interviewees highlighted, many people are marrying and having children later in life and indeed larger numbers of separation and divorce are being recorded. The share of the population aged 15 and over who were single amounted to 41.1% in 2016. In addition, since 1996 the proportion of the population aged 15 years and over who were divorced has grown substantially from 0.4% (9,787 people) to 2.8% (103,895) in 2016.

As such, we are witnessing a trend (also observed across Europe) towards smaller households both nationally but also within cities in particular, where there are typically higher concentrations of young professionals. Thus, housing supply must align with these trends through appropriate unit mix and a strong focus on smaller 1-bed or 2-bed units.

However, there are further potential policy implications of these marked changes in the size, composition and occupancy of households. Indeed, the societal changes related to some of these shifts (including, for example, higher rates of separation of divorce) mean that a new cohort of older people, in many cases who could be on a pension, may be increasingly entering the rental sector (both private and social) for the first time. Such a shift is important as there is an inherent assumption underlying Ireland's pension system that people will own their own homes and will have little to no housing costs when they retire. However, if people do not own their own homes or enter the rental sector for the first time later in life, there are a variety of potential social and economic implications for other policy fields.

Ultimately, a much greater share of future output will need to cater for one or two-person households and targeted policy interventions will be needed to meet the particular housing needs of an ageing population (with a larger proportion of the older population potentially entering the rental market). There must be increased investment in new housing solutions to cater specifically to these changing market dynamics. 'Build to Rent' in particular will have an important role to play in helping to address severe supply shortages of rental accommodation in Dublin and other Irish cities.

8 Addressing viability challenges:

In addressing the previously elaborated requirement for larger scale apartment development (particularly in Ireland's urban cores), identified viability challenges must be urgently addressed. As analysis of Ireland's five major cities (Section 5) demonstrates, only a 1-bedroom apartment unit in Dublin City shows a positive return on overall delivery cost. Investment with all to the other units types and locations was shown to be unviable from the developer's perspective.

As Section 5 has demonstrated, additional housing delivery costs including VAT, Local Authority contributions and professional fees account for approximately 40% of the overall project delivery cost. This in turn is contributing to increasing costs of homeownership as well as the delivery of new rental property.

To enhance overall viability from the perspective of development / developer costs, there are a number of potential measures which could be implemented, and which require further detailed analysis. For example, a reduction, or abatement in the standard / normal construction VAT rate (13.5%) for housing provided for certain lower income cohorts could be considered. An alleviation in the extent of planning development contributions in areas of acute housing demand as well as regeneration areas should also be explored.

SECTION SEVEN | APPENDICES

Section Seven



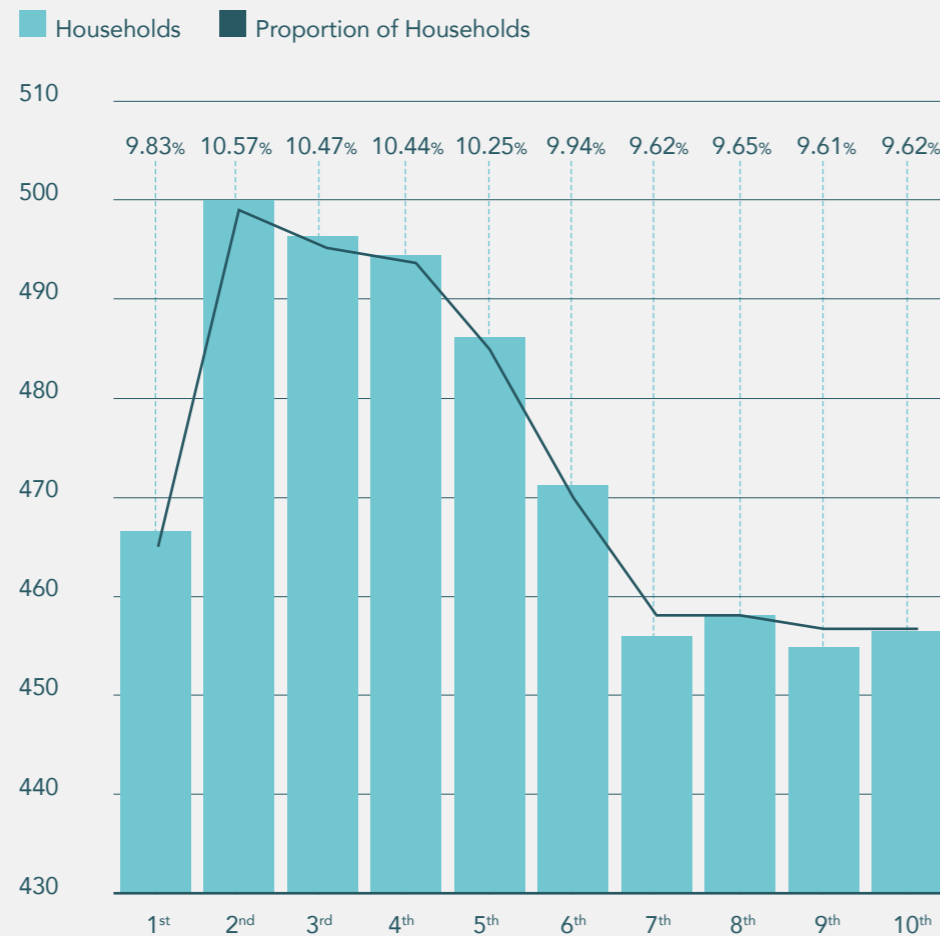
A.1 METHODOLOGY

The following appendix section sets out the methodology behind the affordability assessments undertaken in this report. All figures and graphs below are for Castlebar and are purely illustrative. Each of the assessments has the same associated information.

INCOME DECILES AND QUANTIFICATION OF HOUSEHOLDS

The disposable and gross incomes have been derived using relative weighted incomes from the county average. Given that the CSO published income statistics for disposable (net) household income in 2018 (preliminary) and total (i.e. gross) income for 2017, these were derived using a spatial set of income statistics.

This required calculation for a group of Electoral Divisions (where household median gross income is available) which comprise a relevant spatial area of interest (e.g. Dublin City, Cork City, Athlone, Castlebar) relative to the county total average income. As such these results and analysis are contingent on said scenario and outlook.



QUANTIFICATION OF HOUSEHOLDS

The decile approach enables subdivision of Irish households into 10 roughly distributed cohorts (as expanded upon below).

Based on the affordability assessment the study can then estimate the number of households that fall below/above each unit price point. The above graph indicates the number of households that meet the various thresholds. Using Castlebar as an example, the upper 7th to 10th deciles constitute 38.5% of all households and equates to 1,824 households.

GROSS & DISPOSABLE INCOMES

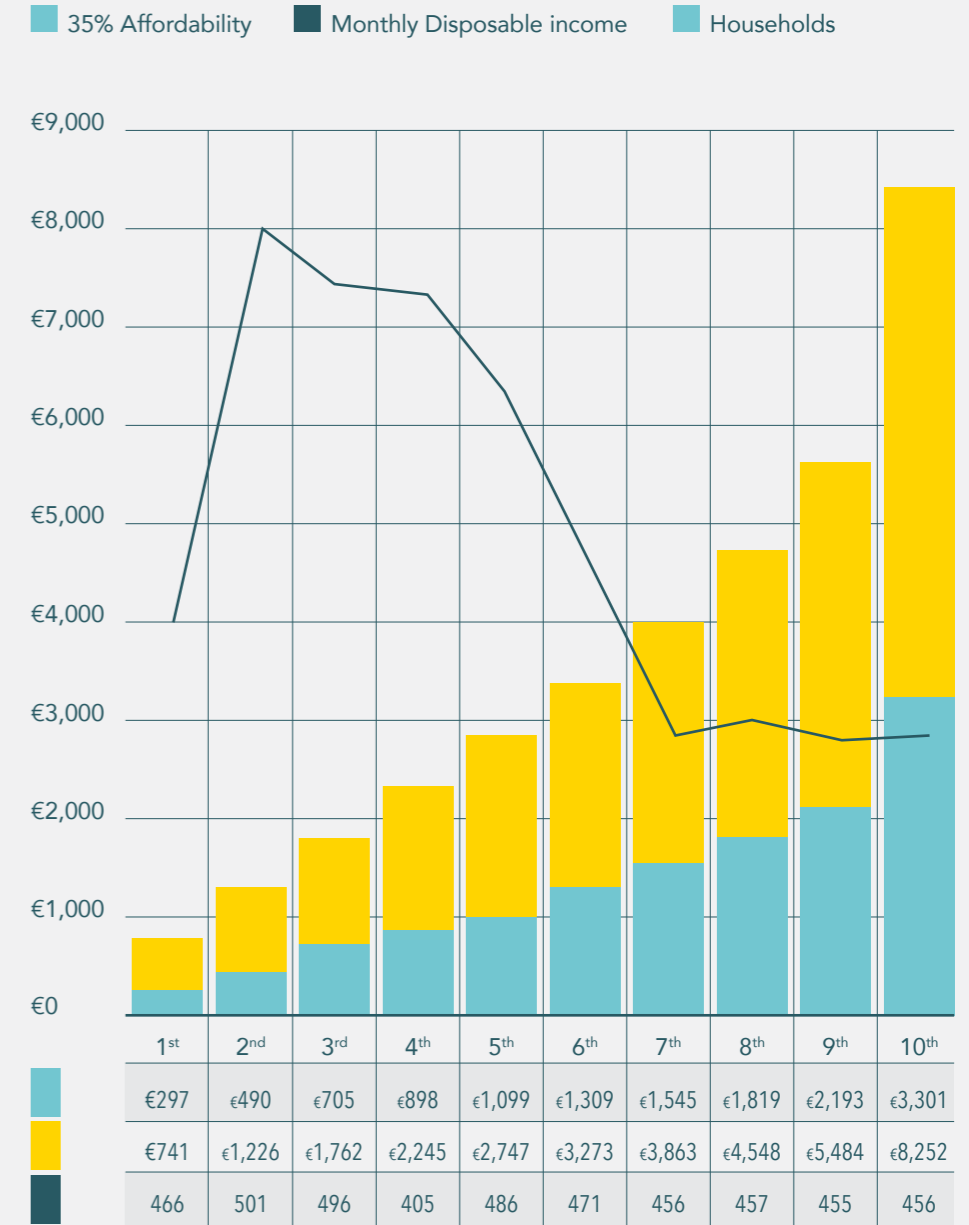
The Household Budget Survey (HBS) is a household survey and defines a household as a single person or group of people who regularly reside together in the same accommodation and who share the same catering arrangements. Household members are not necessarily related by blood or by marriage. The HBS provides data for ten gross household income decile groups which are roughly equal-sized groups of households, each group containing ~10% of households.

Monthly household disposable income figures for each of the study areas are also derived from the HBS at decile level. Disposable income is defined as the amount of income, after tax is deducted, that is available for spending and saving. Below is an example monthly disposable income and the 35% affordability for each decile, again using Castlebar as an example.

Utilising the income and HSB data available from the CSO allows for detailed decile income information to be set out, this in turn is compared to the latest reported rental market data from the RTB.

This decile information for each of the study areas allows for the identification of deciles within the income thresholds for social housing provision and other forms of financial support, the identification of the deciles in need of "affordable housing" and those deciles which can meet current market costs.

The results of these comparisons are set out in the affordability sections for each of the study areas.



A.2 SUPPLEMENTARY TABLES

A.2.1 Rental Cost Overview

Standardised average rent per City (€) 2011-2020⁷⁸

Location	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*
Dublin City	1,048	1,078	1,115	1,178	1,281	1,372	1,475	1,584	1,677	1,749
Galway City	790	797	806	838	890	964	1,027	1,098	1,166	1,245
Cork City	783	794	821	856	887	963	1,043	1,107	1,174	1,241
Limerick City	637	620	615	631	674	732	798	893	967	1,026
Waterford City	596	580	568	566	581	623	679	744	799	827

Standardised average rent per Town (€) 2011-2020⁷⁹

Location	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*
Athlone	618	584	580	592	723	671	701	765	829	866
Castlebar	554	532	522	525	533	557	589	634	684	727
Dundalk	629	618	611	632	674	732	809	897	976	1,025
Letterkenny	487	472	448	459	480	515	557	583	613	640
Athlone	618	584	580	592	723	671	701	765	829	866

A.2.2 Cork City

Disposable Income allocation

Location	Disposable Income	Monthly Disposable income	25.0%	30.0%	35.0%	40.0%
1st Decile	€11,759	€980	€245	€294	€343	€392
2nd Decile	€19,450	€1,621	€405	€486	€567	€648
3rd Decile	€27,944	€2,329	€582	€699	€815	€931
4th Decile	€35,608	€2,967	€742	€890	€1,039	€1,187
5th Decile	€43,574	€3,631	€908	€1,089	€1,271	€1,452
6th Decile	€51,925	€4,327	€1,082	€1,298	€1,514	€1,731
7th Decile	€61,277	€5,106	€1,277	€1,532	€1,787	€2,043
8th Decile	€72,147	€6,012	€1,503	€1,804	€2,104	€2,405
9th Decile	€86,983	€7,249	€1,812	€2,175	€2,537	€2,899
10th Decile	€130,902	€10,909	€2,727	€3,273	€3,818	€4,363

A.2.3 Dublin City

Disposable Income allocation

Location	Disposable Income	Monthly Disposable income	25.0%	30.0%	35.0%	40.0%
1st Decile	€14,423	€1,202	€300	€361	€421	€481
2nd Decile	€23,857	€1,988	€497	€596	€696	€795
3rd Decile	€34,276	€2,856	€714	€857	€1,000	€1,143
4th Decile	€43,676	€3,640	€910	€1,092	€1,274	€1,456
5th Decile	€53,447	€4,454	€1,113	€1,336	€1,559	€1,782
6th Decile	€63,691	€5,308	€1,327	€1,592	€1,858	€2,123
7th Decile	€75,163	€6,264	€1,566	€1,879	€2,192	€2,505
8th Decile	€88,495	€7,375	€1,844	€2,212	€2,581	€2,950
9th Decile	€106,693	€8,891	€2,223	€2,667	€3,112	€3,556
10th Decile	€160,564	€13,380	€3,345	€4,014	€4,683	€5,352

A.2.4 Galway City

Disposable Income allocation

Location	Disposable Income	Monthly Disposable income	25.0%	30.0%	35.0%	40.0%
1st Decile	€10,933	€911	€228	€273	€319	€364
2nd Decile	€18,085	€1,507	€377	€452	€527	€603
3rd Decile	€25,983	€2,165	€541	€650	€758	€866
4th Decile	€33,109	€2,759	€690	€828	€966	€1,104
5th Decile	€40,516	€3,376	€844	€1,013	€1,182	€1,351
6th Decile	€48,281	€4,023	€1,006	€1,207	€1,408	€1,609
7th Decile	€56,977	€4,748	€1,187	€1,424	€1,662	€1,899
8th Decile	€67,083	€5,590	€1,398	€1,677	€1,957	€2,236
9th Decile	€80,878	€6,740	€1,685	€2,022	€2,359	€2,696
10th Decile	€121,715	€10,143	€2,536	€3,043	€3,550	€4,057

A.2 SUPPLEMENTARY TABLES

A.2.5 Limerick City

Disposable Income allocation

Location	Disposable Income	Monthly Disposable income	25.0%	30.0%	35.0%	40.0%
1st Decile	€13,045	€1,087	€272	€326	€380	€435
2nd Decile	€21,577	€1,798	€450	€539	€629	€719
3rd Decile	€31,001	€2,583	€646	€775	€904	€1,033
4th Decile	€39,503	€3,292	€823	€988	€1,152	€1,317
5th Decile	€48,340	€4,028	€1,007	€1,209	€1,410	€1,611
6th Decile	€57,606	€4,800	€1,200	€1,440	€1,680	€1,920
7th Decile	€67,981	€5,665	€1,416	€1,700	€1,983	€2,266
8th Decile	€80,039	€6,670	€1,667	€2,001	€2,334	€2,668
9th Decile	€96,498	€8,042	€2,010	€2,412	€2,815	€3,217
10th Decile	€145,222	€12,102	€3,025	€3,631	€4,236	€4,841

A.2.6 Waterford City

Disposable Income allocation

Location	Disposable Income	Monthly Disposable income	25.0%	30.0%	35.0%	40.0%
1st Decile	€10,983	€915	€229	€275	€320	€366
2nd Decile	€18,167	€1,514	€378	€454	€530	€606
3rd Decile	€26,101	€2,175	€544	€653	€761	€870
4th Decile	€33,260	€2,772	€693	€831	€970	€1,109
5th Decile	€40,700	€3,392	€848	€1,018	€1,187	€1,357
6th Decile	€48,501	€4,042	€1,010	€1,213	€1,415	€1,617
7th Decile	€57,237	€4,770	€1,192	€1,431	€1,669	€1,908
8th Decile	€67,389	€5,616	€1,404	€1,685	€1,966	€2,246
9th Decile	€81,247	€6,771	€1,693	€2,031	€2,370	€2,708
10th Decile	€122,270	€10,189	€2,547	€3,057	€3,566	€4,076

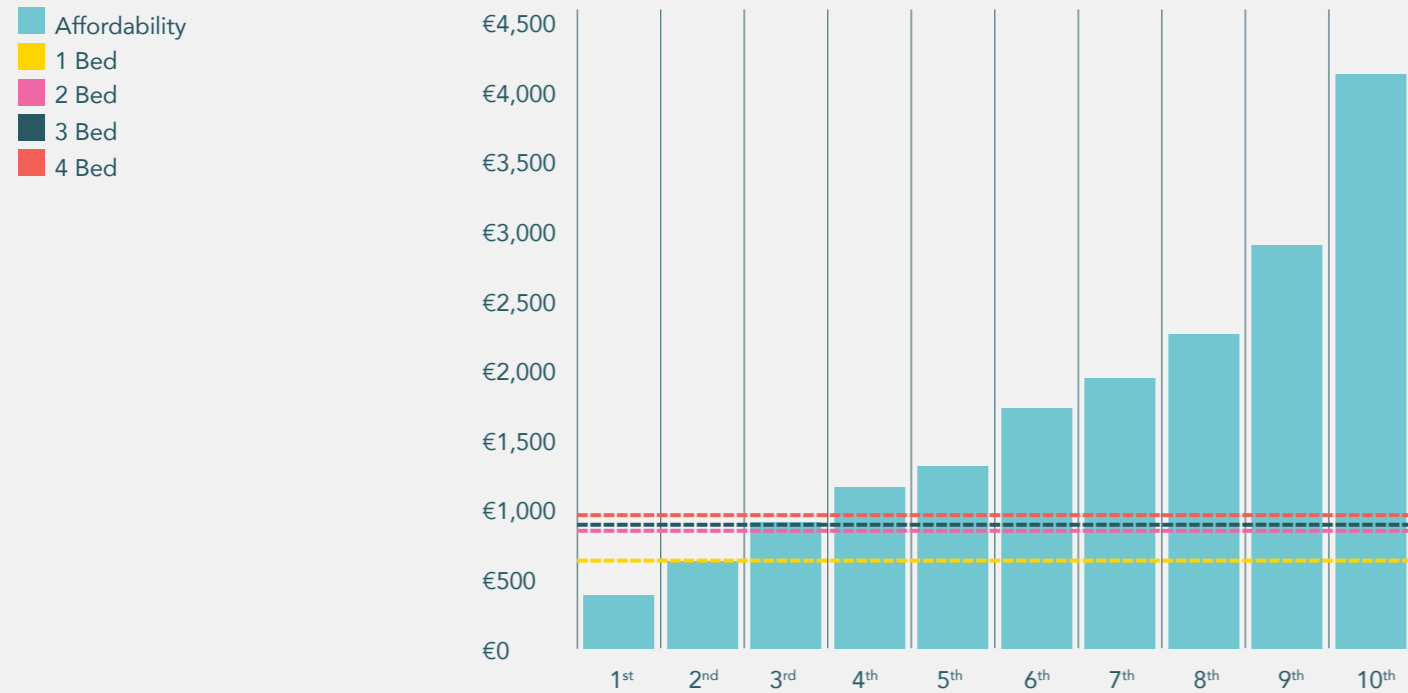
A.2.7 Athlone – Co. Westmeath

Income Deciles	Number of Households	Monthly Disposable income	1 bed	2 bed	3 bed	4 bed	All bedrooms
			€653	€829	€860	€915	€829
1st Decile	782	€926	70.5%	89.6%	92.9%	98.8%	89.6%
2nd Decile	842	€1,531	42.6%	54.1%	56.2%	59.8%	54.2%
3rd Decile	834	€2,200	29.7%	37.7%	39.1%	41.6%	37.7%
4th Decile	831	€2,803	23.3%	29.6%	30.7%	32.6%	29.6%
5th Decile	816	€3,430	19.0%	24.2%	25.1%	26.7%	24.2%
6th Decile	792	€4,088	16.0%	20.3%	21.0%	22.4%	20.3%
7th Decile	766	€4,824	13.5%	17.2%	17.8%	19.0%	17.2%
8th Decile	768	€5,680	11.5%	14.6%	15.1%	16.1%	14.6%
9th Decile	765	€6,848	9.5%	12.1%	12.6%	13.4%	12.1%
10th Decile	766	€10,306	6.3%	8.0%	8.3%	8.9%	8.0%

A.2.7 Athlone – Co. Westmeath >

Location	Disposable Income	Monthly Disposable income	25.0%	30.0%	35.0%	40.0%
1st Decile	€11,109	€926	€231	€278	€324	€370
2nd Decile	€18,374	€1,531	€383	€459	€536	€612
3rd Decile	€26,399	€2,200	€550	€660	€770	€880
4th Decile	€33,640	€2,803	€701	€841	€981	€1,121
5th Decile	€41,165	€3,430	€858	€1,029	€1,201	€1,372
6th Decile	€49,055	€4,088	€1,022	€1,226	€1,431	€1,635
7th Decile	€57,890	€4,824	€1,206	€1,447	€1,688	€1,930
8th Decile	€68,159	€5,680	€1,420	€1,704	€1,988	€2,272
9th Decile	€82,175	€6,848	€1,712	€2,054	€2,397	€2,739
10th Decile	€123,667	€10,306	€2,576	€3,092	€3,607	€4,122

A.2 SUPPLEMENTARY TABLES

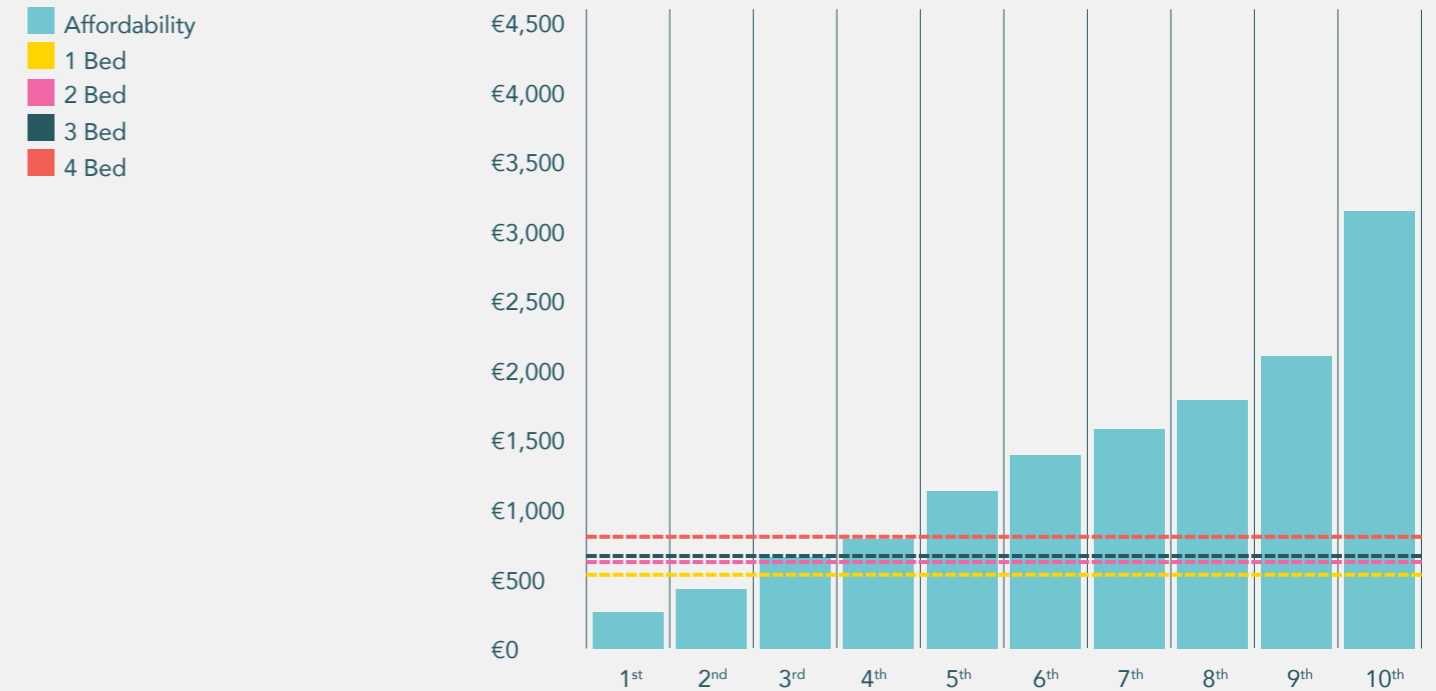


A.2.8 Castlebar – Co. Mayo

Income Deciles	Households	Monthly Disposable income	1 bed	2 bed	3 bed	4 bed	All bedrooms
			€538	€669	€683	€760	€684
1st Decile	466	€741	72.5%	90.2%	92.1%	102.5%	92.3%
2nd Decile	501	€1,226	43.8%	54.5%	55.7%	62.0%	55.8%
3rd Decile	496	€1,762	30.5%	38.0%	38.8%	43.1%	38.8%
4th Decile	495	€2,245	23.9%	29.8%	30.4%	33.8%	30.5%
5th Decile	486	€2,747	19.6%	24.3%	24.9%	27.7%	24.9%
6th Decile	471	€3,273	16.4%	20.4%	20.9%	23.2%	20.9%
7th Decile	456	€3,863	13.9%	17.3%	17.7%	19.7%	17.7%
8th Decile	457	€4,548	11.8%	14.7%	15.0%	16.7%	15.0%
9th Decile	455	€5,484	9.8%	12.2%	12.5%	13.9%	12.5%
10th Decile	456	€8,252	6.5%	8.1%	8.3%	9.2%	8.3%

A.2.8 Castlebar – Co. Mayo >

Location	Disposable Income	Monthly Disposable income	25.0%	30.0%	35.0%	40.0%
1st Decile	€8,895	€741	€185	€222	€259	€297
2nd Decile	€14,713	€1,226	€307	€368	€429	€490
3rd Decile	€21,139	€1,762	€440	€528	€617	€705
4th Decile	€26,937	€2,245	€561	€673	€786	€898
5th Decile	€32,963	€2,747	€687	€824	€961	€1,099
6th Decile	€39,281	€3,273	€818	€982	€1,146	€1,309
7th Decile	€46,356	€3,863	€966	€1,159	€1,352	€1,545
8th Decile	€54,579	€4,548	€1,137	€1,364	€1,592	€1,819
9th Decile	€65,802	€5,484	€1,371	€1,645	€1,919	€2,193
10th Decile	€99,027	€8,252	€2,063	€2,476	€2,888	€3,301



A.2 SUPPLEMENTARY TABLES

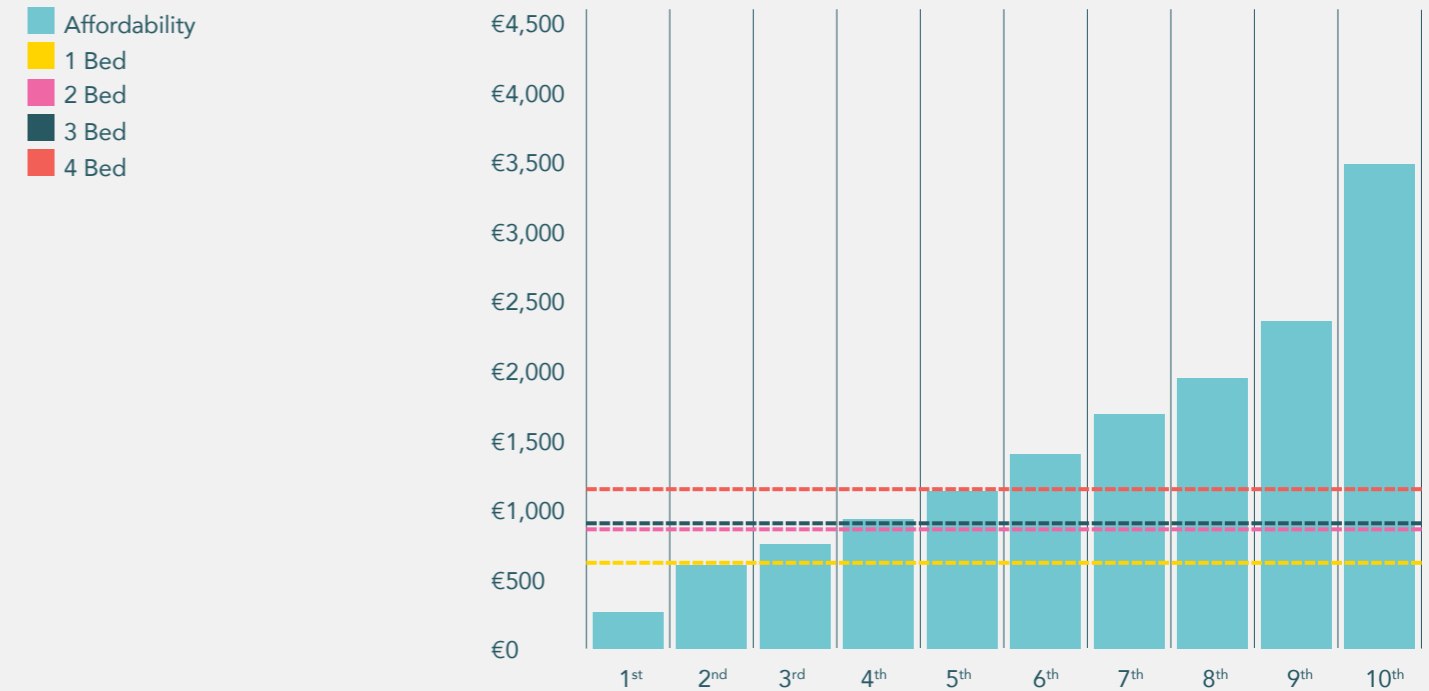
A.2.9 Dundalk – Co. Louth

Income Deciles	Households	Monthly Disposable income	1 bed	2 bed	3 bed	4 bed	All bedrooms
			€702	€915	€995	€1,163	€976
1st Decile	1,419	€813	86.4%	112.6%	122.5%	143.1%	120.1%
2nd Decile	1,527	€1,344	52.2%	68.1%	74.0%	86.5%	72.6%
3rd Decile	1,512	€1,931	36.4%	47.4%	51.5%	60.2%	50.5%
4th Decile	1,508	€2,460	28.5%	37.2%	40.4%	47.3%	39.7%
5th Decile	1,480	€3,011	23.3%	30.4%	33.0%	38.6%	32.4%
6th Decile	1,436	€3,588	19.6%	25.5%	27.7%	32.4%	27.2%
7th Decile	1,390	€4,234	16.6%	21.6%	23.5%	27.5%	23.0%
8th Decile	1,394	€4,985	14.1%	18.4%	20.0%	23.3%	19.6%
9th Decile	1,387	€6,010	11.7%	15.2%	16.6%	19.3%	16.2%
10th Decile	1,390	€9,045	7.8%	10.1%	11.0%	12.9%	10.8%

A.2.9 Dundalk – Co. Louth >

Location	Disposable Income	Monthly Disposable income	25.0%	30.0%	35.0%	40.0%
1st Decile	€9,750	€813	€203	€244	€284	€325
2nd Decile	€16,127	€1,344	€336	€403	€470	€538
3rd Decile	€23,171	€1,931	€483	€579	€676	€772
4th Decile	€29,526	€2,460	€615	€738	€861	€984
5th Decile	€36,131	€3,011	€753	€903	€1,054	€1,204
6th Decile	€43,056	€3,588	€897	€1,076	€1,256	€1,435
7th Decile	€50,811	€4,234	€1,059	€1,270	€1,482	€1,694
8th Decile	€59,824	€4,985	€1,246	€1,496	€1,745	€1,994
9th Decile	€72,125	€6,010	€1,503	€1,803	€2,104	€2,404
10th Decile	€108,543	€9,045	€2,261	€2,714	€3,166	€3,618

A.2.9 Dundalk – Co. Louth >



A.2.10 Letterkenny – Co. Donegal

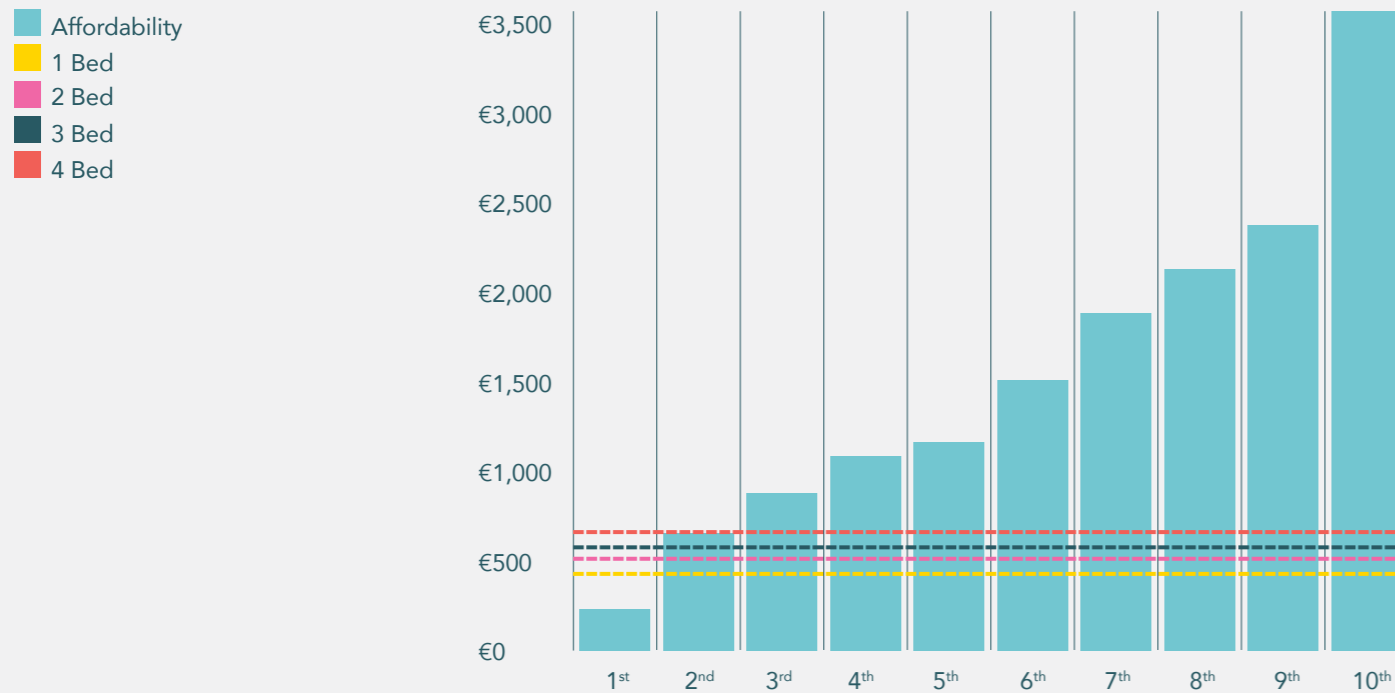
Income Deciles	Households	Monthly Disposable income	1 bed	2 bed	3 bed	4 bed	All bedrooms
			€463	€561	€623	€697	€613
1st Decile	734	€835	55.5%	67.2%	74.6%	83.5%	73.5%
2nd Decile	789	€1,381	33.5%	40.6%	45.1%	50.5%	44.4%
3rd Decile	782	€1,984	23.3%	28.3%	31.4%	35.1%	30.9%
4th Decile	779	€2,528	18.3%	22.2%	24.6%	27.6%	24.3%
5th Decile	765	€3,094	15.0%	18.1%	20.1%	22.5%	19.8%
6th Decile	742	€3,687	12.6%	15.2%	16.9%	18.9%	16.6%
7th Decile	718	€4,351	10.6%	12.9%	14.3%	16.0%	14.1%
8th Decile	721	€5,123	9.0%	11.0%	12.2%	13.6%	12.0%
9th Decile	717	€6,176	7.5%	9.1%	10.1%	11.3%	9.9%
10th Decile	718	€9,295	5.0%	6.0%	6.7%	7.5%	6.6%

A.2 SUPPLEMENTARY TABLES

A.2.10 Letterkenny – Co. Donegal >

Location	Disposable Income	Monthly Disposable income	25.0%	30.0%	35.0%	40.0%
1st Decile	€10,019	€835	€209	€250	€292	€334
2nd Decile	€16,572	€1,381	€345	€414	€483	€552
3rd Decile	€23,810	€1,984	€496	€595	€694	€794
4th Decile	€30,340	€2,528	€632	€759	€885	€1,011
5th Decile	€37,128	€3,094	€773	€928	€1,083	€1,238
6th Decile	€44,244	€3,687	€922	€1,106	€1,290	€1,475
7th Decile	€52,213	€4,351	€1,088	€1,305	€1,523	€1,740
8th Decile	€61,474	€5,123	€1,281	€1,537	€1,793	€2,049
9th Decile	€74,115	€6,176	€1,544	€1,853	€2,162	€2,471
10th Decile	€111,538	€9,295	€2,324	€2,788	€3,253	€3,718

A.2.10 Letterkenny – Co. Donegal >



B SOCIAL HOUSING PROVISION

B.1.1 HAP Payments

Location	Single in shared accommodation	Couple in shared accommodation	Single	Couple - no dependents	Couple/lone parent with 1 child	Couple/lone parent with 2 children	Couple/lone parent with 3 or more children
Cork City	€300	€330	€550	€650	€900	€925	€950
Dublin City	€430	€500	€660	€900	€1,250	€1,275	€1,300
Galway City	€330	€360	€575	€650	€850	€875	€900
Limerick City	€270	€300	€420	€450	€650	€700	€750
Waterford City	€240	€270	€430	€450	€550	€575	€600
Athlone, Co. Westmeath*	€220	€240	€450	€470	€600	€625	€650
Castlebar, Co. Mayo	€200	€220	€390	€410	€480	€500	€520
Dundalk, Co. Louth	€310	€350	€575	€650	€975	€1,050	€1,100
Letterkenny, Co. Donegal	€200	€230	€340	€370	€410	€470	€520

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Thank You!



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Understanding the Key Challenges and Opportunities