

Statements on Housing – 25 April 2018

Seanad Éireann

Ministers Opening Statement

Overall Context

I'd like to thank the House for this important opportunity to update you on housing and related matters to-day.

- TOP line figures - going the right direction
 - Planning permissions for 20,776 homes granted to end December 2017, up 27% year on year.
 - Commencement notices for over 18,500 new homes were submitted; an annual increase of 41%, in the year to end February 2018,
 - BER figures show that 2,367 housing units were built during the first three months of the year, an increase of 45% on the same time last year. This does not include self-builds.
 - ESB connections to the total just under 20,000, an annual increase of more than 30% in the year to end February 2018. Since early 2014, this has increased by 128%.
 - Registrations have increased to 9,521 Units which is 46% up on 12 months to February 2017.

- The growing numbers in employment in the construction industry is further evidence of increased confidence and buoyancy in the housing sector. Employment levels of skilled tradesmen in the construction sector was estimated at **83K** in Q1 2017. This is up **14%** on the same period in 2016.
- Volume of production in the residential construction sector has been growing at an annual average rate of **22%** since its low point in Q4 2012. In Q4 2017 Volume increased by 16.3%.
- The Central Bank in its Quarterly Bulletin (Q1 2018) forecasts that both housing and non-residential building should continue to recover strongly. For 2018 and 2019, according to the Central Bank, residential construction investment is expected to increase strongly with approximately 23,000 and 27,000 units, respectively.
- Building of local authority homes is increasing rapidly. The target for 2018 build is 4,696 units, which is more than 50% higher than the 2017 target. This will increase again in 2019 to 6,385 units a further 30% and continues to grow to a target of 8,907 in 2021.
- The social housing build programme is ramping up as is evident in the Q4 2017 Construction Status report. At end-2017, 2,512 homes were completed, 3,650 were under construction and 1,912 further homes were about to go on site, with the remainder progressing through the various stages of planning, design and procurement.

- We also provide ongoing social housing supports in the rental sector - almost **26,000 households had their housing needs met last year**: that's 100 households having their housing needs met every working day in 2017 and a further 18,000 households are targeted for support under these schemes in 2018.

People Sleeping Rough

- On the whole there is no doubt that all the evidence points to real progress in terms of delivery. Most importantly, last week we saw a significant reduction in people sleeping rough – a reduction of 40%. Last November there were 184 individuals sleeping rough and now there are 110. This reduction in people sleeping rough – in many ways our most vulnerable people who are homeless – is very welcome. It follows the dedicated and compassionate work of the DRHE working with our partner organisations to increase the services available in the Dublin Region. Still there's more to do because we still have many people sleeping rough on our streets.
- Many of those accessing homeless services have complex needs and require other supports, notably health supports, to assist them to exit our homeless services. Housing First is best international practice for getting people out of homelessness and that is why earlier this year I appointed a National Director for Housing First and increased its funding allocation. I want to thank Bob Jordan for the excellent work he has done so far this year. He's delivering results and pilot programmes are also now being progressed in other parts of the country, including Cork, Limerick and Galway.

- My Department is also leading the Homelessness Inter-Agency Group which involves a range of government departments the NGO Sector. This process is showing a number of Inter-Agency issues which need to be addressed to more effectively tackle homelessness. I will bring forward policy proposals upon receipt of the first report of the Inter-Agency Group, which I expected later this month from the Group's independent Chair, Mr John Murphy.

Emergency Accommodation

- The continued presentation of families to emergency accommodation is a source of serious ongoing concern for me. I am pleased that we have been able to exit so many families from hubs and hotels.
- The reasons behind the homelessness figures are complicated but are linked to the collapse of our house building sector and the severe supply shortage associated with that collapse.
- The staff in my Department and across the system, in local authorities and NGOs, are putting in a huge amount of work to help people and families in homelessness.
 - Last year, more than 4,700 adults exited homelessness.
 - Of the more than 100 families who presented in Dublin in February, only 20 were accommodated in hotels.
 - During 2017, more than 2,000 families left hotels for sustainable tenancies, the majority into homes.

- I saw this work first-hand during the severe weather events in January and February. During that time, the people dealing with homelessness were in work helping to provide emergency shelter. I want to pay particular thanks to our partners in the NGO sector who, with the DRHE and the Department, do so much to help prevent people from entering homelessness, provide supports for those that are in difficulties and help us to exit people into sustainable long term accommodation. The emergency response was extraordinary and I have no doubt lives were saved on our streets as a result.

Supply of Housing

- While homelessness is often the worst manifestation of the housing challenge the underlying issues with housing are supply, access and affordability. That supply shortage cuts across the entire housing system
 - social housing;
 - starter homes;
 - affordable rental options; and,
 - larger family homes for trading up.
 - Not to mention smaller apartments for singles and couples.
- In terms of understanding where the Irish housing system is currently and the progress being made to get it where it needs need to be, it has to be put in some context.

- What we are seeing today are the symptoms of one the last legacies of the economic collapse. As we know, that collapse was closely linked to a property bubble and related credit issues within our banking sector. As a result those sectors were severely impacted. The result was:
 - that residential construction collapsed by 90%,
 - only a handful of social and affordable homes were being built,
 - virtually no starter home estates were being built,
 - there were unfinished housing developments, and,
 - employment in construction fell by two thirds.
- The residential construction sector in Ireland was deeply impacted and it was clear that it would take a major concerted effort, over time, to rebuild it.
- Importantly, Rebuilding Ireland, built upon the work carried out by the Special Oireachtas Committee on Housing and was the subject of very broad stakeholder consultation.

Social Housing:

- The building of new social housing homes by local authorities and approved housing bodies is ramping up dramatically as I have demonstrated. These numbers do not include new builds under Part 5, voids, acquisitions or long term leases so the actual stock of new social housing coming on stream is larger again. Roughly 7000 new homes in all in 2017 were delivered.

- With the additional funding I secured last year we have increased the overall level of ambition under Rebuilding Ireland in the period to 2021, rebalancing delivery more towards construction projects. Overall, the Government has now committed €6 billion to support the accelerated delivery of 50,000 additional social housing homes by end 2021, through build (33,500), acquisition (6,500) and leasing (10,000) programmes.
- In addition, the Housing Assistance Payment and Rental Accommodation Schemes will continue to play an important part in meeting social housing needs.

Housing Supply

- In terms of housing supply more generally the Government has undertaken a co-ordinated set of targeted actions aimed at encouraging and incentivising house building at scale again. For example we have:
 - approved investment of €200 million in key enabling infrastructure to open up strategic public and private sites for early development;
 - updated, streamlined and de-risked the planning and regulatory regime to progress major house and apartment developments;
 - approved arrangements for development finance to be made available to house builders, and,
 - put in place a help to buy scheme to help first time buyers with their deposit.

- After a lot of hard work there are really encouraging signs that home building is recovering. All supply indicators are showing encouraging trends as I stated at the outset.
- Ireland is a great success story having bounced back incredibly well from the downturn. With growth of 5.6% forecast and unemployment set to reach 5.8 per cent the demand for housing will also grow. Therefore, while the increased activity and supply is very encouraging it is important that we continue to drive the implementation of Rebuilding Ireland and increase housing supply. It is also crucial that the new housing is increasingly affordable and accessible to those who need it.

Affordable Housing

- When I took over as Minister I initiated a review of the Rebuilding Ireland Action Plan. At the time, I made a firm commitment that housing access and affordability would be a central focus of this work.
- As supply is increasing the Government is absolutely committed to ensuring that people throughout Ireland can access affordable housing based on their ability to pay. For households, particularly those renting in our cities and urban areas and trying to save to buy their first home, this can be a real challenge.
- Increasingly in our modern society people want a choice of affordable homes to rent and to buy, depending on their stage of life and circumstances. Our housing system needs to provide attractive options for both.

- The new affordable housing measures I signalled in January are specifically targeted at delivering more affordable homes. The emphasis is on delivering affordable homes from our State land-bank in urban areas where affordability issues are greatest. Initial indications from local authorities in the main target counties highlight the potential for almost 4,000 affordable homes from their land. The target is for the delivery of at least 10,000 new affordable homes in the medium to longer term.

Affordable Purchase

- I'll be commencing the necessary legislation for the affordable purchase scheme next week and I expect to see more local authority sites coming forward thereafter.

Land and Infrastructure

- To deliver these affordable homes local authorities will need to maximise the potential yield from their land-bank. To assist them in this I have secured additional funding of €25 million for infrastructure on their sites to facilitate affordable housing provision. The call for proposals for this funding will issue to local authorities shortly.

- Additionally, as part of the budget for 2018, I announced that an additional €50 million in Exchequer funding will be available for a second, local infrastructure housing activation fund call. This will be subject to matching funding by local authorities, bringing the total available to €66.5 million. The criteria for the second call are currently being finalised and I expect to announce phase 2 of LIHAF soon.
- Already 30 major public infrastructure projects have received final approval under the first phase of LIHAF. These projects will activate the delivery of almost 20,000 new homes across public and private sites by 2021. More than 28%, or some 5,600 of these 20,000 new homes, will be social or affordable homes. In addition, a further 5,600 of the homes will have a LIHAF-related cost reduction and another 8,800 will be sold at market rates, greatly increasing supply and with many in locations offering very good affordability.

Affordable Mortgage

- In January last, I also launched the new local authority home loan. Eligible first-time buyers can now access affordable mortgages from local authorities with fixed interest rate options of 2% to 2.25% for terms of up to 30 years.
- Recent activity figures show the interest in the mortgage with over 90,000 visits to the Rebuilding Ireland home loan website and some 1,350 application forms had been downloaded.

Cost Rental

- A thriving rental sector is crucial in a modern and growing country such as ours. As reported recently, I am progressing legislative changes to give effect to a number of new actions. The changes will provide the regulatory framework to enhance and strengthen the powers and functions of the Residential Tenancies Board.
- We also need to ensure that the rental sector, particularly in our cities and major urban areas is accessible and affordable. In order to ensure this we need to invest in a different type of rental offering - a so-called “cost rental sector” which operates between the social and private market sectors.
- Other modern European cities like Vienna, has delivered cost rental homes into the market at scale over many years, making a sustainable long-term impact on housing affordability.
- We know from the National planning framework that Ireland will need to provide over 500,000 new homes to accommodate our growing population and workforce. We need to ensure there are enough rental options at affordable rents to make our cities attractive as places to live as well as work.

- I am determined to deliver a major cost rental project in Dublin and then roll it out more broadly. We are learning from pilot projects which are helping to shape the model for future larger-scale versions. We are working with the European Investment Bank and other key stakeholders with a view to announcing the first major cost rental project in Dublin city shortly with a programme of cost rental projects across Dublin and other cities to follow.
- Ireland is recovering positively from the crippling economic downturn, the economy is growing and we are reaching for full employment.
- It is crucial that as we grow we match the demand for housing with supply that is accessible and affordable. I think, by any supply measure and given our starting point, real progress is being made under Rebuilding Ireland. Of course we continue to face very challenging circumstances when it comes to increasing numbers in homeless emergency accommodation. Some additional measures will be announced shortly.
- While there are different ways to measure housing output all indicators of home building activity are trending positively. Housing is a top priority for myself and the Government and we are determined to repair and reform one of the sectors of our economy and society worst impacted by the downturn. All efforts are now being concentrated towards increasing output, particularly in terms of affordable homes to rent and to buy.