

Our housing plan is a work in progress – but criticism of it must be based in fact

Minister Eoghan Murphy TD – Independent Newspaper 25 January 2019

As Housing Minister, I've always been open to people's criticism. The government doesn't have all the answers. People are hurting and they need help. As a community, we have to pool our best ideas together and drive them towards solutions to the housing shortage and homeless crisis.

But those ideas have to be based on facts. In a column last week, Ivan Yates claimed that policies to radically increase the output of affordable rental and social houses were not working, and that construction in 2018 had fallen short of government promises. He gave the impression that construction in Dublin was down, and claimed that viability in house building generally is a problem. None of that is accurate.

We estimate that between 18,000 and 20,000 new homes were built last year (we await confirmation from the CSO), in line with our targets. This will be the highest number of homes built in nine years. These are new builds, not renovations as was claimed, or ESB connections as was the measurement tool in the past. We are on course to meet our target of 25,000 new builds by 2020, rising to 35,000 in 2021.

The number of new build social housing homes in 2018 was over 4,000 homes – some eight times higher than in 2015, the year before we launched Rebuilding Ireland.

The Residential Tenancies Board has provided evidence that rent caps are working, though could work better, which is why this week we commenced new legislation to better enforce rent controls and protect renters.

Construction in Dublin is up, dramatically, as are both planning permissions and commencement notices. The figure cited in the piece was for one quarter only and doesn't reflect the trend for the year as a whole, which is positive. We changed planning regulations to make apartment building more viable and that is why it is increasing. How it can be claimed, in the current market, that rental yields do not support investment in apartments is beyond me.

The thrust of the piece harks back to the 2000s, even referencing the 2005/2006 period as some sort of high point. A time when we were producing more houses than we needed, many in the wrong places, on the back of tax incentives we could not afford, and the whole arrangement brought down the economy. This is Fianna Fail's past, believing that the answer is simply in zoning more land and cutting taxes for developers. It cannot be our future.

We also can't go back to the old ways of financing building. But there is a gap, which is why a new government-backed bank, called Home Building Finance Ireland, will open its doors on Monday, with 750 million euro to lend to small developers up and down the country.

As has been recognised, we need to develop state lands for housing - which is exactly why we set up the Land Development Agency in September last year. Already eight strategic sites are being progressed for development, with applications to be lodged this year, and capital funding of 1.25 billion euro committed.

The building of three and four-bed homes will continue but we have to end urban sprawl. So densities around urban centres and transport corridors have been increased, because that's sustainable and takes advantage of existing infrastructure. Height restrictions have been removed. Planning regulations and red tape have been cut, but carefully – if you cut them too far, you will end up building the Priory Halls of the future.

The Central Bank lending rules are unpopular but they are prudent. To balance them out, we have introduced the largest affordability package in more than a decade, at 310 million euro, and supports like Help to Buy and the Rebuilding Ireland fixed interest rate home loan.

The final contention in the piece is that the Government is happy to just “wait out” the problem. But this year the Government will spend more on housing than any previous government has ever spent. Between one in four and one in five homes built in the economy will be for social housing.

As supply increases, house price and rent inflation will continue to slow. But homelessness will remain in crisis while the exodus of landlords from the rental sector continues. That is why we gave 100% mortgage interest relief to landlords, who are making an important investment, while the new rent laws will give greater security and protections to renters. It's not about ideology, it's about striking a balance.

The work continues. I have always been clear that this is a five-year task, and that we are rebuilding our housing sector not like it was before, but in a way that protects our country from the mistakes of the past.