

# COMMISSION RECOMMENDS THE BUILDING BLOCKS NEEDED TO INCREASE HOUSING DELIVERY



A new Strategic Housing Activation Unit could unlock a lot of development, according to Prof Michelle Norris, who was one of the members of the Housing Commission. She believes that local authorities should establish their own housing organisations to create sustained social and affordable delivery. *Report by Garrett Mullen.*

The Housing Commission has identified the shortfall in housing delivery as a serious issue and believes that there will be a deficit of up to 200,000 homes over the next five years. With an increase in the population in this country and greater household formation, a huge increase in demand for housing means there is an urgent need to increase supply.

The Commission was set up in 2022 to report on standards, tenure and quality of life issues having an impact on the provision of housing and ways to improve the delivery. Its one-year term of office was subsequently extended to give it additional time to report back, which it duly delivered with 83 cross-ranging recommendations to the Government last year.

Prof Michelle Norris, Director the Geary Institute of Public Policy at UCD, who was one of the 12 members of the 12

Commission, said that additional input was submitted by over 80 experts from different divisions involved in the housing sector.

## HOUSING DELIVERY DEFICIT

Following his appointment as the new Minister for Housing, Local Government and Heritage on 23 January, James Browne TD met with members of the Housing Commission, and Prof Norris is hopeful that their recommendations are implemented. One such recommendation is to establish a Housing Delivery Oversight Executive in legislation as a decision-making body responsible for co-ordinating the delivery of housing.

Minister Browne stated after a cabinet meeting on 17 February that his department will establish a new Strategic Housing Activation Office, which will focus on overseeing the



**Prof Michelle Norris.**

delivery of housing. Currently there are significant delays on large developments because of these issues, and the Minister hopes the new office will deliver joined-up thinking, to ensure that utilities such as water and sewerage are delivered to facilitate increased housing output.

According to Prof Norris, who is also a former Chair of the Housing Agency, this is “a vital reform” and she believes it would be very positive if implemented. “The system currently is very complex and there is no one in power to ensure utilities are in place to meet the delivery of housing,” she notes.

### **LOCAL HOUSING ORGANISATIONS**

One proposal from the Housing Commission has been the creation of

Local Authority Housing Organisations. Prof Norris says that Ireland is far too centralised. “Specifications for funding are too tight and outlined centrally. What suits Dublin does not suit Dingle. It would be far better for funding to be channelled through local authorities or local taxes.

“All money comes from the centre and for local authorities to respond to the needs at a local community level. Also, local authority rents do not go into housing specifically, but to the general income of the council. Staffing in local authorities is similar to the civil service, in that there are generalists.”

She maintains that local authorities do not need to deliver directly. “They can establish specialist organisations. The Approved Housing Bodies (AHB) do not have the capacity to deliver at scale. Local authorities often lack expertise in housing management.

“There are not enough larger AHBs capable of delivering at scale, hence we feel the model should be reformed so that each local authority will have its own housing specialist organisation.

“Creating Local Authority Housing Organisations within the councils or at arm’s length would allow for local housing planning management where expertise can be developed. There is a lot of support for this proposal in local authorities...and a feeling that this reform would address quite a few issues, to be delivered at a pilot level, with a view to national roll-out.”

### **SUSTAINABLE HOUSING DELIVERY**

Prof Norris also believes the rented system in social housing should be reformed to allow for delivery to occur on a sustainable basis and believes rather than tinkering with differentials, that cost recovery should form the basis of housing finance management.

“The system we have now is vulnerable to the booms and busts of the economic cycle. While the Exchequer is currently in budget surplus and there is a will to invest in social housing, history shows capital spending on the part of the state is easy to cut and housing was drastically cut during the financial crisis, which started in 2008.

“It is important for policy to be devised to facilitate sustainable funding, to carry on through the boom and busts of the economic cycle. It is welcome that the cost rental model of housing has been introduced, as this involves financing for housing that will be paid off at the end of a loan period. The differential rental schemes applied for social housing do not represent sustainable income, as the costs of housing and maintenance far exceed the rent.”

### **COST RENTAL SOCIAL HOUSING**

Prof Norris believes cost rental housing can be delivered as social housing.

“People on low incomes would still have their rent supplemented through other subsidies such as HAP or rent supplement, in social housing, while others would pay affordable rent based on the cost of providing housing.

“This reform would allow for long term sustainable housing delivery planning on the part of those involved in social housing delivering in local authorities and approved housing bodies. Legislation should be introduced that sets out the purpose, function and ethos of social housing, which would protect the ethos of sector and would develop consistency in its administration.”

### **OTHER FINANCE STREAMS**

Prof Norris says that while the AHBs may worry about their debt levels, she adds that they are state guaranteed. “This is not such a risk, but a big risk is the level of dependence on the state and its balance sheet. Historically the sector is well funded when the economy is doing well and cut drastically when economy is in difficulty.

“Revenue for delivery of social housing needs to be sustainable and this can be achieved through its rental model. Property taxes should also be used for developing housing. The cost rental model



**Urban High Density Housing.**

allows for servicing of debt and this growth can attract other sources of finance such as bank finance.

### **INCREASED DELIVERY CAPACITY**

Policy needs to be developed to increase housing delivery capacity, and Prof Norris believes there are relatively few large-scale developers and, therefore, claims that increasing the number of capable companies is vital.

“Instead of four to five large AHBs, there needs to be more like nine or ten. Combined with the creation of Local Authority Housing Organisations, the three areas of private developers, AHBs and LAHOs could drive delivery,” she points out.

“Policy changes to encourage modular builds, back garden accommodations, living above the shop schemes, brownfield developments and elsewhere can make a difference, but there are particular considerations in relation to each of these areas.”

Prof Norris also points out that while modular buildings have potential, there’s a small market for this in Ireland. “The state might need to play a central role to develop its potential. As regards log cabin accommodation in the back garden, we need to be conscious that it does not become slum rental housing, while over-the-shop units are more challenging. However, the funding does not appear to be there, while planning and regulations are barriers to stopping development of over-the-shop living.

“Derelict home grants are only available for buildings where the building has previously been used for housing or has planning permission for housing, which is quite a short-sighted policy. The bigger issue

for over the shop development is regulation. It is very onerous and there needs to be ‘one-stop-shop’ application system to get this delivered, because there are loads of benefits for such development.”

Prof Norris adds: ‘Living over the shop, modular building or back garden living are not game changers in and of themselves, but they are levers that need to be pulled to ensure delivery meets the need. All levers need to be pulled.’”