

Housing: Social Housing Outputs and Stock

Patrick Malone

Key Point:

During the Great Recession and its aftermath, provision of social housing by Local Authorities (LA) and Approved Housing Bodies (AHB)^a fell sharply. In 2007, the combined provision by LA's and AHB's was 8,673. However, this traditional supply of social housing fell dramatically, to less than 760 units in 2013 and 2014. In more recent years social housing provision has increased again, although not to levels seen before the Recession: in 2019 4,479 additional units were provided by LAs and another 3,041 by AHB's. While provision of social housing by the private rental sector has grown substantially in recent years, LA's still retain a sizable proportion of the social housing stock.

Policy Context

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. This has been facilitated by a number of rental schemes administered by Local Authorities which include:

- **Rent Supplement (RS)** – provides financial support for renting in the private sector to existing tenants who cannot provide for the cost of their accommodation from their own resources. This payment was first introduced in 1977 and is administered by the Department of Employment Affairs and Social protection.
- **Rental Accommodation Scheme (RAS)** – is a social housing support introduced in 2004 to cater for the accommodation needs of persons who are in receipt of long-term rent supplement and assessed as needing social housing. RAS is administered by LAs which source housing from the private rental market and enter a tenancy agreement with a Private landlord and the RAS recipient.
- **Social Housing Current Expenditure Programme (SHCEP)** – is a Department of Housing, Planning and Local Government (DHPLG) funded programme that enables LAs and AHBs to acquire dwellings on a long-term lease^b and let to individuals or families deemed as in housing need or on a waiting list.
- **Housing Assistance Payment (HAP)** – was introduced in 2014 on a phased basis to replace long-term RS and RAS. Similar to the RAS scheme, LAs provide housing assistance for households who qualify for social housing support, including many who would previously have been long-term RS recipients. Under the HAP Scheme, the LA pays the rent directly to the landlord and the tenant pays the relevant differential rent to the LA (a rent that is set by a LA based on income and ability to pay).

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).

Changing Trends in Social Housing Outputs

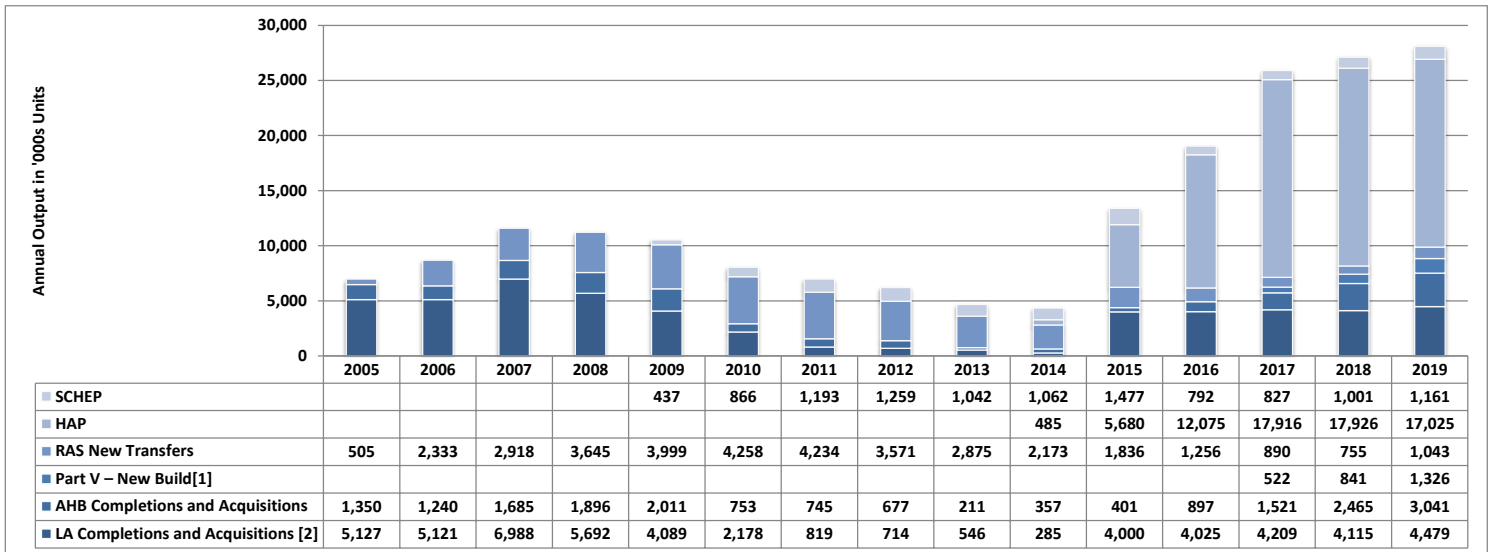
Figure 1 shows the range of social housing outputs provided over the years 2005 to 2018. Prior to the Great Recession (2005-2007), LAs supplied 5,745 social housing units, with AHBs providing a further 1,425 social housing units on average per year: a combined average of 7,170 units per year. The private rental market (through the RAS) supplied an average of just 1,920 social housing units per year.

During the recession and its aftermath, there was a dramatic decline in the output of social housing units provided by LAs and AHBs. In particular, LA council housing provision declined from a peak of almost 7,000 social housing units in 2007 to 285 units in 2014. Conversely, the share of social housing units provided by the private rental sector grew substantially. The private rental sector combined supplied near to 9,000 social housing units in 2015 through the various private rental schemes (i.e. RAS, HAP and SHCEP) and HAP accounted for the bulk of this expansion in the private sector.

More recently there has been a rise in the number of social housing units provided by LAs and AHBs. In 2019, LAs supplied 4,479 social housing units, with AHBs and Part V New Build combined accounting for a further 4,367 units rented to low income families. Notwithstanding this increase in social housing output, the social housing units provided by LAs (LA Completion and Acquisition) remains below pre-recession numbers. Moreover, the private rental market has continued to increase steadily, supplying almost 19,230 social housing units in 2019 (an increase of over 15,500 units on 2014).

These most recent trends suggest that there has been a greater shift towards the private rental market as a model of social housing provision.

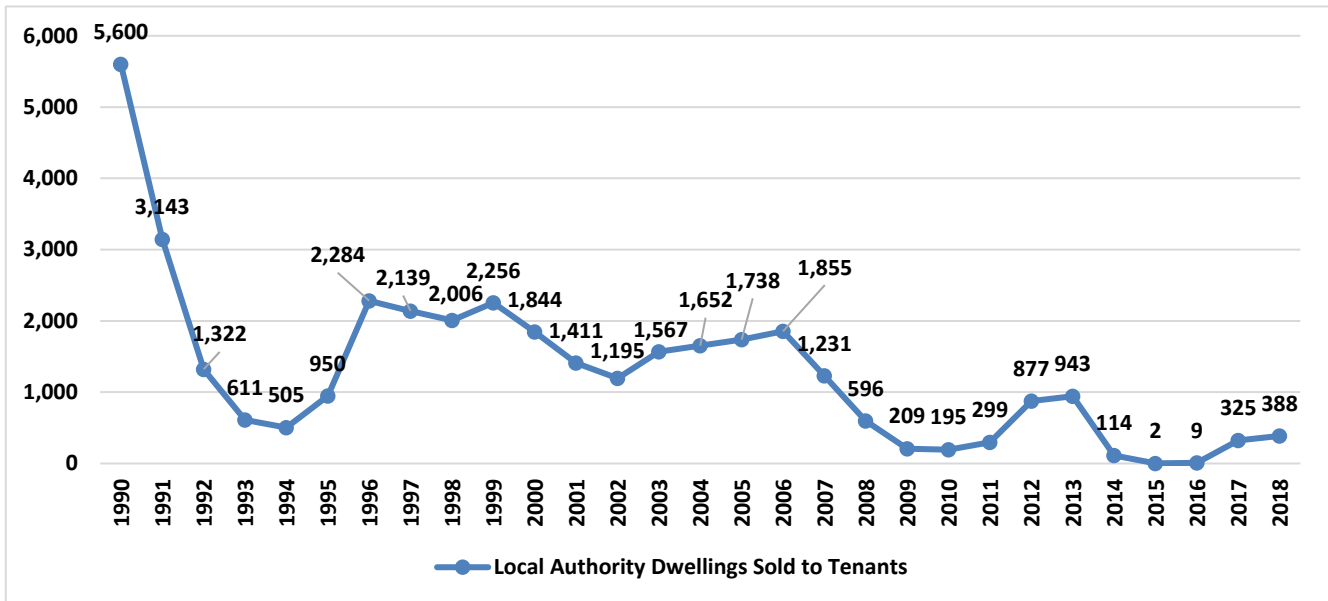
Figure 1: Social Housing Output 2005-2019



Source: DHLG (2020a). Note: [1] Part V refers to the provisions relating to Housing Supply in the Planning and Development Act 2000-2017. These figures include Part V units delivered under LA Construction, AHBs and SCHEP. All Part V output is included under this heading from 2017 onwards only. [2] Social Housing Data in between the years 2015 and 2018 includes the Voids figure of 7,624 (i.e. local authority units brought back into use through regeneration and local authority construction activity).

Figure 2 shows trends in the sales of social housing during the years 1990 to 2018. A notable feature in social housing trends has been the rapid decline in tenants purchasing of social housing in recent decades. In 1990, almost 6,000 tenants purchased their homes. Sales averaged just fewer than 1,000 per annum from 1996 to 2006. However, sales dropped sharply during the Recession and have not recovered since then. Only 2 council houses were purchased in 2015 and 388 in 2018. Sales of LA units have thus contributed little to the recent privatisation trend.

Figure 2: Sale of Local Authority Housing 1990-2018

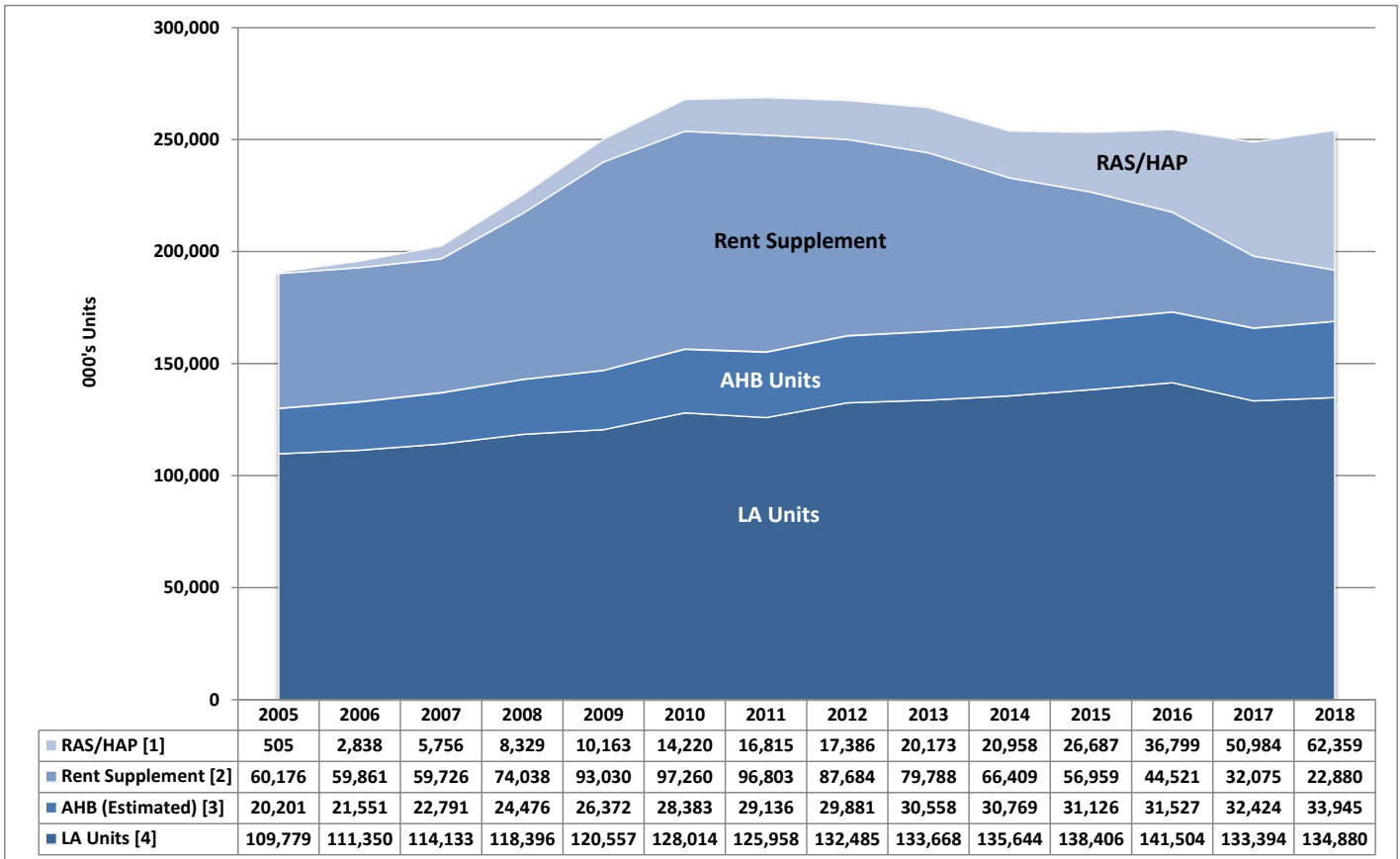


Sources: Norris and Hayden (2018); DHLG (2020b).

Current Social Housing Stock

Figure 3 shows an estimate of the total housing stock under each broad category of scheme during the years 2005 to 2018. In taking a broad view of social housing outside the remit of traditional LA and AHB’s providers, it is evident that an increasing number of low income tenants are having their social housing needs met by the private rental sector. During the Great Recession, the number of RS recipients increased significantly, reaching a peak of 97,000 in 2010 and 2011. While the number of RS recipients decreased to 23,000 in 2018, this has mainly been due to an increased uptake of RAS/HAP schemes by tenants who are eligible to be included on the social housing waiting lists. The number of RAS/HAP recipients increased considerably from approximately 3,000 recipients in 2006 to over 62,300 in 2018. Combined the RS and RAS/HAP accounted for total of 85,239 housing units in 2018.

Figure 3: Estimated Social Housing Units, Broadly Defined, 2005-18



Sources: Corrigan and Watson (2018); [1] Department of Housing, Planning and Local Government (2020a); [2] Department of Employment Affairs and Social Protection, annual statistics 2005-2018; [3] Taking Housing Agency Regulation Office figures for 2018 (total of 33,945), subtracting AHB completions/acquisitions by year; [4] For years 2005-2016 Department of Housing, Planning and Local Government (2020c) 'local authority rented sector activity'; for years 2017 and 2018 National Oversight and Audit Commission (2018) (2019). Note method of data collection on LA units stock for 2017 and 2018 may differ from previous years.

Notwithstanding the rise in social housing outputs provided by the private rental sector under the RS and RAS/HAP rental schemes, the traditional LA housing sector still accounts for the majority of the total social housing stock. In 2018, LA's rented/owned almost 135,000 social housing units, an overall increase of 25,000 units on 2005. This is in spite of the decrease in the output of social housing during the recessionary period and consistent public policy transition in recent decades from a focus on direct provision (by mainly LAs) towards private sector mechanisms of social housing provision. While the stock of social housing units increased from just over 200,000 in 2007 to over 254,000 in 2018, the public sector has maintained its two-thirds share of the total stock. The increased reliance on the private sector for social housing in 2017 and 2018, evident in Figure 1 above, would have shifted that balance somewhat more towards the private sector.

References

Corrigan, E. and Watson, D. (2018) *Social Housing in the Irish Housing Market*. Working Paper No. 594 [Online] Available at: <https://www.esri.ie/publications/social-housing-in-the-irish-housing-market>

Department of Employment Affairs and Social Protection (2020) *Annual Statistical Report, (Various Years)* [Online] Available at: <http://www.dsfa.ie/en/Pages/Annual-SWS-Statistical-Information-Report.aspx>

Department of Housing, Planning and Local Government (2019) *Approved Housing Bodies* [Online] Available at: <https://www.housing.gov.ie/housing/social-housing/voluntary-and-cooperative-housing/approved-housing-bodies-AHBs>

Department of Housing, Planning and Local Government (2020a) *Local Authority Housing Scheme Statistics*, [Online] Available at: <https://www.housing.gov.ie/housing/social-housing/local-authority-housing-scheme-statistics>

Department of Housing, Planning and Local Government (2020b) *Sale of Local Authority Houses* [Online] available at: <https://www.housing.gov.ie/housing/statistics/social-and-affordable/other-local-authority-housing-scheme-statistics>

Department of Housing, Planning and Local Government (2020c) *Local Authority Rented Sector Activity* [Online] available at: <https://www.housing.gov.ie/housing/statistics/house-prices-loans-and-profile-borrowers/local-authority-rented-sector-activity>

Government of Ireland (2016) *Rebuilding Ireland: Action Plan for Housing and Homelessness* [Online] Available at: <http://rebuildingireland.ie/>

Housing Agency Regulation Office (2019) *2018 Annual Report and Sectoral Analysis* [Online] available at: <https://www.housingagency.ie/regulation/publications>

National Oversight and Audit Commission (2019) *Local Authority Performance Indicator Report (2017 and 2018)* [online] available at: <http://noac.ie/noac-reports-page/>

Norris, M. and Hayden, A. (2018) *The Future of Council Housing: An analysis of the financial sustainability of local authority provided social housing*. [online] available at: <https://www.communityfoundation.ie/insights/news/future-of-social-housing>

^a Approved Housing Bodies (also called housing associations or voluntary housing associations) are independent, not-for-profit organisations. They 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) (DHLG, 2019).

^b Leases can last from 10 to 20 years for LAs or 10 to 30 years for AHBs in duration.