

Editorial

In little more than a decade, the housing system in Ireland has gone from the peak phase of a property boom to a collapse of the market and dramatic falls in both housing output and prices, and now to a situation where house prices are rising, particularly in urban areas, but where we continue to see the unfolding of the consequences of the ‘boom and bust’ in Irish housing – and the failure of public policy evident in both phases.

This issue of *Working Notes* draws attention to the significant problems now facing tens of thousands of households in Ireland in terms of housing access, affordability and security.

The most serious indicator of the housing crisis is the increase in homelessness, reflected in the rise in the number of people sleeping rough, and in the number of individuals, and of families with children, having to live in emergency accommodation. Peter McVerry writes: ‘Homelessness is now worse than at any time in recent memory Many of the ‘new homeless’ have never been homeless before, and until this current crisis would never for a moment have thought they could become homeless’.

Preventing homelessness, and enabling people to move out of homelessness, requires either access to social housing provided by a local authority or a voluntary body, or access to accommodation in the private rented sector. Yet, as shown by Peter McVerry, and in articles by Bob Jordan and P. J. Drudy, both options are now effectively closed off to many people, as a result of the lack of new supply of social housing over the years of austerity, and the sharp increase in rents in the private rental sector in urban areas, to the point where even the cheapest accommodation has become unaffordable for those on low incomes.

Another aspect of the housing crisis in today’s Ireland is the widespread problem of mortgage arrears. Cathal O’Connell and Joe Finnerty show the sharp increase in arrears which occurred once the economic recession took hold. They note that while the overall number of arrears has fallen in the past couple of years, the proportion of accounts in long-term arrears has grown, particularly those in arrears for more than two years. They argue that given the scale of the arrears problem, the number of home repossessions so far has been relatively low, but that the trend towards longer-term arrears, and the reality that financial institutions are coming under increased pressure to take definitive action in response to this problem, would suggest that a significant increase in repossessions is now a distinct possibility.

To-date, the policy responses to the housing difficulties facing so many households do not suggest the degree of urgency that these problems, which can have such profound consequences for people’s quality of life, would merit. The most significant measure has been the publication of a Social Housing Strategy, in November 2014. This includes a commitment to resume the provision of new social housing by local authorities and voluntary bodies, with a target of 35,000 additional units by 2020. While this is welcome, the fact is that this number of additional units would accommodate less than 40 per cent of the households currently on the housing waiting list. The reliance on the private rented sector to provide a further 75,000 homes for people qualifying for social housing has to be a cause for

concern, given the problems regarding supply, affordability and security of tenure in that sector.

In addressing the problems of the Irish housing system, a key question is what values will shape the policies to be adopted. Gerry O'Hanlon points out that during the housing boom it was the values of the market which predominated, so that housing came to be viewed as 'a commodity, to be traded like stocks and shares'. But he notes that housing is a basic need, and right, of every person – and indeed that Pope Francis has referred to housing as a 'sacred' right. Gerry O'Hanlon highlights the relevance of values such as the dignity and equality of all persons, solidarity, and respect for the common good to the issue of housing. Is there the public and political will to allow such values to influence both the response to our immediate housing problems, and the long-term planning of our country's housing system?

Homelessness

Peter McVerry SJ

The Housing Crisis

Homelessness is the most visible, and extreme, consequence of a dysfunctional housing system. And the housing system in Ireland today is certainly dysfunctional; indeed, it could be said to be an example of the perfect storm, with all three of the main housing sectors in crisis at the same time.

In the private housing market, demand greatly exceeds supply leading to an increase in house prices, particularly in the Dublin area, with a consequent increased demand on the private rented sector and increased pressure on the social housing sector.

The social housing sector has seen a 227 per cent increase in housing waiting lists since 1996.¹ Such an increase reflects a failure by government to devote adequate attention and resources to social housing. This neglect is not a consequence of the recession; it existed during the years of the economic boom when budget surpluses would have allowed significant spending on social housing had successive governments so wished.

In the private rented sector, demand far exceeds supply leading to an increase in rents, making them unaffordable for many people. This predominantly affects those on low incomes, and those dependent on Rent Supplement. Increasing numbers have found themselves either priced out of securing accommodation in the private rented sector or, if they are already tenants, facing the threat of eviction when they are unable to afford an increase in rent. No alternative accommodation is available and they inevitably become homeless.

In a dysfunctional housing system, attempts to rectify the situation in one sector lead to unintended, and negative, consequences in another. For example, attempts to dampen demand for private housing, to prevent another possible housing bubble, lead to increased demand in the private rented sector and to longer waiting lists for social housing. But both sectors are already incapable of meeting any extra demand.

And the outlook in regard to mortgage arrears

would suggest a red alert: in December 2014, just over 37,700 mortgage accounts in respect of 'principal dwelling houses' were in arrears for over 720 days (i.e., nearly two years or more).² These represented 34.2 per cent of all such mortgages in arrears. In addition, 15,386 buy-to-let mortgages were in arrears for longer than 720 days.³

How many of the homes with mortgage arrears will be repossessed by the financial institutions over the next few years? Each one repossessed potentially represents a family plunged into homelessness.

The Rise in Homelessness

Homelessness is officially defined as including not just people who are sleeping rough but those who are living in emergency hostels or bed and breakfast accommodation, and those living in insecure or temporary accommodation (for example, living temporarily with family members or friends).⁴

The number of homeless people in Ireland has been rising relentlessly. In Dublin, where the demand for homelessness services is greatest, 4,976 adult individuals accessed homeless accommodation in the course of 2014; more than one-third had never previously used such accommodation.⁵ The number of people identified as 'sleeping rough' in Dublin in the 'count' carried out in Dublin in winter 2014 was 168 – the number in the count for winter 2013 had been 139.⁶ In September 2014, Dublin City Council indicated that each day five households were presenting as homeless, and with an average of 32 new families presenting as homeless each month it would appear that, on average, one of the five newly-homeless households each day was a family.⁷

In the weeks leading up to Christmas 2014, as the number of emergency beds was clearly proving insufficient, and the numbers sleeping on the streets increased, the Government put in place a package of measures, including opening an extra 271 beds in Dublin.⁸ A few weeks after Christmas, however, all emergency beds in Dublin were once more full every night and the numbers sleeping on the street were again increasing.⁹ Is the Department of the Environment now willing to fund even more beds to meet current demand? If not, then the

suspicion arises that the provision of the additional 271 beds in December had more to do with the political embarrassment associated with the fact that a homeless man, Jonathan Corrie, had died in a doorway near Leinster House, than with the issue of rough sleeping itself.

The dramatic increase in the number of families becoming homeless is especially worrying. While not confined to Dublin, the problem is most severe in the capital.

In March 2015, there were 411 families, including 911 children, in emergency accommodation in Dublin.¹⁰ By contrast, in November 2013 there were 128 families in such accommodation;¹¹ in other words, the numbers had increased by over 220 per cent in just over a year. Even between December 2014 and March 2015, the number of families in emergency accommodation in Dublin rose by 25 per cent (increasing from 331 to 411).¹² In addition to the families who were homeless in Dublin, there were 60 families, including 143 children, in emergency accommodation in other parts of the country in March 2015.¹³

In March 2015, there were 411 families, including 911 children, in emergency accommodation in Dublin.

In emergency accommodation, parents and their children have to live in one room. Parents do not have access to cooking facilities; there is no place for children to play and they cannot invite friends in. The move into emergency accommodation may have significant impact on children's education – they have no quiet place to study, and in some instances may have to make long (and expensive) journeys in order to remain in the school they have been attending. Focus Ireland has rightly called the situation of children living in emergency accommodation a 'child welfare crisis'.¹⁴

Emergency accommodation for families is now in very short supply. Whole families are being told that there is no accommodation available. I had a telephone call late at night from parents I know asking if they could sleep in my car with their child, as there was no accommodation available to them. One mother rang me late on a Friday night to say

that she and her young child had been told there was no accommodation for them. She was in great distress at the thought of sleeping on the street with her child all weekend. I made a phone call, booked her into a B&B for the weekend with a credit card. But I wondered: why did the State-funded homeless services, which have responsibility for responding to homelessness, not do the same, instead of telling her that there was no accommodation available? Parents are putting their children into care, or into the care of grandparents or extended family, so as to avoid them having to sleep on the street, as the parents themselves are having to do.

If homelessness is the visible tip of a housing crisis, rough sleeping is the visible tip of a homelessness crisis. The frustration level of homeless people is high and rising. To secure a bed for the night in Dublin, many homeless people have to ring the homeless services at 2 p.m. A computer will tell them that they are, perhaps, fifty-first in the queue to access an operator; 45 minutes later they may be told there are no beds available and asked to ring back at 4.30 p.m. When they do so, they go through the same procedure but may be told again that there are no beds available and to ring back at 10.30 p.m. At 10.30 p.m., having once more gone through the same procedure, they may then be told that there are no beds available that night. One 52 year-old man, having been told at 10.30 p.m. that there were – yet again – no beds available, broke into tears. A Good Samaritan brought him to a B&B and paid for him for the night.

Even if you get a bed for the night, you have to leave the hostel early in the morning and walk the streets all day long. You have to bring all your belongings with you, as there is no guarantee that you will get the same bed – or any bed – the following night.

Just as patients may have to wait on a trolley in an emergency department for several days in order to be admitted to a hospital ward, because beds are occupied by patients who are unable to secure a nursing home place, many temporarily homeless people are unable to access an emergency hostel bed because these are occupied by long-term homeless people who should be accommodated in 'six-month' hostel accommodation. It is estimated that there are at least 150 long-term homeless people who are forced to go on using emergency accommodation because of the lack of alternative, more appropriate, provision. They continue to face the daily anxiety that comes with the process

of trying to secure a 'one-night only' bed. And because these longer-term homeless people have to use emergency accommodation, many people who are temporarily homeless are unable to access an emergency bed.

Why the Increase in Homelessness?

Where are all these homeless people and families coming from? Most people's perception of homelessness is of people with a drug or alcohol addiction, or a mental health problem, or some combination of these problems. It is understandable how that perception arises. The only homeless people most members of the general public encounter are those they see in the city centre under the influence of alcohol or drugs.

But most homeless people do not have an addiction or a mental health problem. They are the invisible homeless. A major cause of homelessness has always been relationship breakdown. If a person's relationship with their spouse or partner, or with their parents, or with friends with whom they have been living, breaks down to the point where they have to leave their home, and if they do not have access to several thousand euro to pay for private rented accommodation, or have family or friends willing to offer them accommodation, they may quickly become homeless.

However, a major new cause of homelessness is an inability on the part of individuals or families to pay the increased rents being demanded in the private rented sector. Some of these are people who are working, but their wages are insufficient to allow them pay the increased rent; others are dependent on the Department of Social Protection's Rent Supplement, which was reduced by 28 per cent during the recession when rents were going down, but has not been increased now that rents are going up again. In Dublin, rents are now only 9 per cent lower than they were at the peak of the Celtic Tiger.¹⁵

Furthermore, the Department of Social Protection will not allow tenants who receive Rent Supplement to 'top-up' out of their own pocket, in order to cover the shortfall. If they discover that the tenants are doing so, they will discontinue the payment entirely and require the tenant to find alternative, cheaper, accommodation. But it is usually impossible to do so, as cheaper accommodation may not exist. So tenants do not tell the Department and just slip the 'top-up' into the landlord's hand, often leaving themselves short of money for

essentials, such as food. Since tenants do not reveal to officials what they have done, the Department can, correctly, state that it has no evidence of this happening!

In summary, most of the 'new homeless' have no addiction problem and some will have spent most of their lives working; they now find themselves in a situation where their accommodation is no longer available and no alternative accommodation can be found; they cannot afford to pay for accommodation in the private rented sector and they find themselves on a long waiting list for social housing. They end up homeless simply because their income cannot meet the cost of housing.

*Most of the 'new homeless' have
no addiction problem and some
will have spent most of their lives
working ...*

Another significant aspect of the homelessness crisis is the absence of accommodation for some young people leaving the care system. In July 2014, Focus Ireland drew attention to 'a growing homeless crisis for young people leaving care',¹⁶ with some young care-leavers 'being forced to access homeless services directly from care at the age of 18'.

Focus reported that a significant percentage of the 140 young people who were accessing its 'aftercare support services' in Dublin, Waterford and Limerick were in a precarious situation regarding accommodation. Around 30 per cent were either using homeless services or were sofa-surfing – that is, staying short term on friends' or families' couches. A further 25 per cent were in private rented accommodation but some in this group were 'in serious arrears' with their rent, putting them at risk of losing their accommodation.¹⁷

While most young people look forward to their eighteenth birthday, as marking the start of their adulthood, many of those in care dread that landmark birthday and fear for their future, as they have little sense of assurance that they will be able to access and maintain affordable accommodation or receive the supports they need. If a child enters care at the age of twelve and remains there until eighteen, the State will spend in the region of

half a million euro on his or her care. However, if they are discharged from care without provision of appropriate accommodation, all the effort and money that has been expended is in grave danger of being negated, as the young person will be at high risk of spiralling downhill into addiction, crime and homelessness.

Another group who often end up in homelessness are those leaving prison. Almost every day, people are discharged from prison into homelessness. Many tell me that they were better off in prison, where at least they had three meals a day and a bed to sleep in, neither of which is available to them now that they are released. Indeed, some prisoners refuse temporary release over the Christmas period, as they know they will end up spending Christmas on the streets. One young man, when offered early release, declined; when asked why, he said he wanted to stay in prison to see what a Christmas dinner was like.

Every weekend, on my visits to the prisons, I meet people in jail who had been released just a few weeks earlier: they tell me they got out to nothing and soon they were on the route back to prison again. With only €5 in their pocket on release, no accommodation available, and nothing to do all day long, it was almost inevitable that they would drift back into the same lifestyle which had brought them into prison in the first place.

Another group affected by the lack of accommodation are asylum seekers who have been successful in their claim for the State's protection. Over 600 people who have been given refugee status or leave to remain in this country are stuck in direct provision accommodation because they are unable to find private rented accommodation at a price which they can afford.¹⁸ Having fled persecution or the threat of torture or death in their own home country, and now that the Irish State has officially recognised that it is unsafe for them to return to their country of origin, they find themselves unable to properly start a new life here as they cannot access independent accommodation.

Policy Responses

Even as the number of people who are homeless is skyrocketing and whole families are in danger of being unable to access even emergency accommodation, the Government's stated commitment to ending long-term homelessness and rough sleeping by the end of 2016 remains official policy.¹⁹ How does it intend to achieve this?

Local authorities have been given the resources to renovate the houses and apartments which, following the death or departure of the previous tenant, had been left lying empty because the authorities did not have the resources to bring the accommodation up to the standard required. This measure will result in a small, but of course welcome, increase in the stock of social housing available for rent.

Many local authorities have been reluctant to offer accommodation to homeless people, as perhaps they perceived them to be potentially 'difficult' tenants. However, in early December 2014, the Minister for the Environment instructed the four housing authorities in the Dublin area to devote 50 per cent of units available for allocation over the following six months to people who are homeless or have a disability.²⁰ Local authorities in Cork, Limerick, Galway and Waterford have been instructed to allocate 30 per cent of units to these groups.²¹ This will undoubtedly have a positive impact on homelessness, if followed through.



Rough sleeping is the visible tip of a homelessness crisis

© iStock photo

The Government has undertaken to secure €3.8 billion to provide 35,000 new social housing units by 2020.²² Some of these may come on stream by 2016, but there is no guarantee that they will be offered to homeless people, as most local authorities have huge social housing waiting lists, which include, for example, families with dependent children, elderly people and people with disabilities who have been deemed eligible for social housing.

The Government, which has stated quite categorically that it is not in favour of rent control in the private rented sector (a measure which exists quite successfully in some other European countries), is nevertheless considering emergency rent control to prevent tenants being evicted

because of exorbitant rent demands. Tenants would have their rents fixed for up to three years and linked to the rate of inflation until housing supply catches up with demand, under plans being drawn up by the Minister for the Environment, Alan Kelly TD.²³

In May 2015, Government announced that it will introduce a number of new measures to try to tackle the mortgage arrears crisis. These include reform of provisions in relation to insolvency, with the promise that they will become more responsive and accessible. The proposed measures also include an expansion of the mortgage-to-rent scheme, under which borrowers in serious mortgage arrears may switch from owning their home to renting it as tenants of a local authority or a voluntary housing body. The take-up of this scheme to date has been very limited, as it is only an option for those who qualify for social housing, whose house is in negative equity and has a market value of less than €220,000 in the Dublin area or less than €180,000 in the rest of the State. The Government has promised that these property value thresholds will be increased and that ‘a number of other flexibilities will also be introduced, making the scheme more accessible’.²⁴

The Government is considering bringing in legislation to ban discrimination by landlords against tenants relying on Rent Supplement. In my own experience, the vast majority of landlords are currently refusing to accept new tenants from this group. Whether this is a situation that can be effectively addressed through anti-discrimination legislation is very much open to question. With a queue of potential tenants lining up to view every flat that is advertised, it would be almost impossible to prove that any particular tenant was discriminated against.

Most landlords refuse tenants dependent on Rent Supplement because they know that they will not be able to afford to pay the market rent being demanded, as the Rent Supplement is inadequate. Furthermore, in a situation where demand exceeds supply, landlords are unwilling to put up with the bureaucracy involved in taking on a tenant who will be dependent on Rent Supplement. A landlord is required to fill out forms, including providing their bank account details, and official documentation proving that they are the owners of the property being offered for rent, before the potential tenant’s application to the Department will be considered. There may then be a wait of up to six weeks before

any money is paid by the Department to the tenant for passing on to the landlord. Most landlords will simply not be bothered with such bureaucracy and delays and will offer the flat to a working tenant who can pay cash each week or month.

The Government also plans to introduce measures which will increase the supply of private houses, such as relaxing building regulations (while keeping standards high) and compelling the owners of unused land to put the land to constructive use. Increasing the supply of private housing will, in theory, make house purchase more affordable and enable those who may be currently stuck in private rented accommodation to buy their own home, and free up flats for those who are homeless and on low incomes. But these measures to increase private housing supply, while welcome, will take a significant time to have any impact on the shortfall in new building and ultimately to have the expected positive knock-on effects in terms of creating vacancies in the private rented sector into which homeless people might be able to move.

*Homelessness is now worse than
at any time in recent memory.*

Conclusion

Homelessness is now worse than at any time in recent memory. The number of single people who are homeless has been increasing dramatically over the past few years. More and more families are also becoming homeless. And emergency accommodation for homeless individuals and families is insufficient to meet the need. Many of the ‘new homeless’ have never been homeless before, and until this current crisis would never for a moment have thought that they could become homeless.

Today, the level of frustration and despair amongst homeless people is also growing as they see the two primary escape routes out of homelessness – into social housing or private rented housing – effectively blocked.

While most of the measures so far announced by the Government in response to the crisis are welcome, and will alleviate the problem of homelessness in time, all the evidence suggests that the goal of eliminating long-term homelessness and

rough sleeping by the end of 2016 is not simply achievable with the policies and funding currently in place.

Notes

1. Housing Agency, *Summary of Social Housing Assessments 2013, Key Findings*, Dublin: The Housing Agency, December 2013, Table A1.1: Net Household Need 1993–2013, p. 7. (<http://www.envron.ie/en/PublicationsDocuments/FileDownload,34857,en.pdf>)
2. Central Bank of Ireland, *Residential Mortgage Arrears and Repossessions Statistics: Q4 2014*, Statistical Release, 6 March 2015, Dublin: Central Bank, 2015. (http://www.centralbank.ie/polstats/stats/mortgagearrears/Documents/2014q4_ie_mortgage_arrears_statistics.pdf)
3. *Ibid.*
4. Department of the Environment, Heritage and Local Government, *The Way Home: A Strategy to Address Adult Homelessness in Ireland 2008–2013*, Dublin, 2008, p. 17. (<http://www.envron.ie/en/Publications/DevelopmentandHousing/Housing/FileDownload,18192,en.pdf>)
5. Dublin Region Homeless Executive, 'Measuring Homelessness'. (<http://www.homelessdublin.ie/homeless-figures>, accessed 20 April 2015)
6. *Ibid.*
7. See: *Social Housing Strategy 2020: Support, Supply and Reform*, Dublin: Department of the Environment, Community and Local Government, November 2014, p.15.
8. Department of the Environment, Community and Local Government, 'Ministers Kelly & Coffey announce 20 actions on Homelessness', Press Release, 9 December 2014. (<http://www.envron.ie/en/DevelopmentHousing/Housing/News/MainBody,39778,en.htm>)
9. Kitty Holland, 'Demand for emergency beds among Dublin homeless growing', *The Irish Times*, 5 February 2015.
10. Department of the Environment, Community and Local Government, 'DEHLG Data Homeless Persons March 2015', FileDownload,41347,en (<http://www.envron.ie/en/DevelopmentHousing/Housing/SpecialNeeds/HomelessPeople/>).
11. See: Kitty Holland, 'Nearly 700 children now in emergency accommodation', *The Irish Times*, 22 November 2014.
12. See: Kitty Holland, 'Number of homeless families in Dublin up 40% since June', *The Irish Times*, 12 March 2015.
13. Department of the Environment, Community and Local Government, 'DEHLG Data Homeless Persons March 2015', FileDownload,41347,en
14. Focus Ireland, 'Focus Ireland Warns That Homelessness is Becoming a Serious Child Welfare Issue Due to the Conditions Families are Being Forced to Live in', Press Release, 29 January 2015. (<https://www.focusireland.ie/about-homelessness/resource-centre/press/press-releases/>)
15. Private Residential Tenancies Board, *The PRTB Rent Index Quarter 4 – 2014*, Dublin, 2015. (<http://www.prtb.ie/docs/default-source/default-document-library/prtb-quarter-4-2014-report-25th-march-2015-final.pdf?sfvrsn=2>)
16. Kitty Holland, 'Homeless crisis among young people leaving State care growing', *The Irish Times*, 23 July 2014.
17. *Ibid.*
18. Lorna Siggins, 'More than 600 granted asylum have no homes: Successful asylum seekers caught in direct provision due to housing crisis', *The Irish Times*, 2 March 2015.
19. Department of the Environment, Community and Local Government, *Homelessness Policy Statement*, February 2013. (<http://www.envron.ie/en/PublicationsDocuments/FileDownload,32434,en.pdf>)
20. 'Circular 5/2015 on Housing Allocations', *Social Housing:*

Newsletter of the Irish Council for Social Housing, Spring 2015, p. 8. (<http://www.icsh.ie/sites/default/files/attach/publication/802/socialhousing-autumn2014.pdf>)

21. *Ibid.*
22. Department of the Environment, Community and Local Government, *Social Housing Strategy 2020: Support, Supply and Reform*, Dublin, November 2014. (<http://www.envron.ie/en/Publications/DevelopmentandHousing/Housing/FileDownload,39622,en.pdf>)
23. Fiach Kelly, 'Rents may be fixed for period of three years under plans by Alan Kelly', *The Irish Times*, 3 March 2015.
24. Department of Justice, 'Government Strengthens Framework to Support Mortgage Holders in Arrears', Press Release, 13 May 2015. (<http://www.justice.ie/en/JELR/Pages/PR15000138>)

Peter McVerry SJ is a member of the Jesuit Centre for Faith and Justice team and a Director of the Peter McVerry Trust, which provides accommodation and care for homeless young people.

The Private Rented Sector in Ireland: Time for a National Strategy

Bob Jordan

Introduction

In December 2014, in a ‘Chairperson’s Statement’ introducing the 2013 Annual Report of Threshold,¹ Senator Aileen Hayden, stated: ‘Threshold is calling on the Government to introduce a national strategy on private rented housing as a matter of urgency. This strategy must provide real security for individuals and families who are making their home in the rented sector – a security which is lacking today’.²

Threshold believes that the key principle governing such a strategy is that everyone has a right to adequate housing regardless of the tenure in which they make their home.³ Such a strategy should complement and reinforce the Government’s *Construction 2020 Strategy* and the *Social Housing Strategy 2020*, both announced in 2014.⁴

Almost one household in five now lives in private rented accommodation. Since 2004, the year in which comprehensive legislation regulating the sector (the Residential Tenancies Act 2004) was introduced, the private rented sector has doubled in size, from 9.5 per cent of households in 2006 to 18.5 per cent in 2011.⁵ An even larger percentage of households in the country’s urban areas are living in rented accommodation – in Galway City, 38 per cent; Cork City, 27 per cent, and Dublin, 25 per cent.⁶

Unfortunately, Government policy concerning private rented accommodation has not kept pace with the rapid increase in the size of the sector or the basic needs of tenants. This policy is in urgent need of updating. In fact, it was only with the Government’s *Housing Policy Statement* issued in June 2011 that the private rented sector was given equal priority with other housing tenures, especially owner-occupation.

In this statement the need for a ‘vibrant and well-regulated private rented sector’ was officially recognised.⁷ This Policy Statement provides a commitment to making the rented sector a stable and attractive housing option for all who wish to rent in the short and long term.

Rising Rents, Homelessness and Rent Certainty

It is clear that, as it currently operates, the private rented sector is failing to provide affordable homes for many families. From 2011 to 2014, rent increases in Dublin averaged 34.5 per cent; in Galway, 14.4 per cent, and in Cork, 13.9 per cent. Average rent increases for the four commuter counties surrounding Dublin was 14.4 per cent in 2014,⁸ while some Threshold clients have reported rent increases of up to 50 per cent.⁹

Due to the fact that tenants’ incomes (whether in the form of net wages or Rent Supplement) have not kept pace with these rapid rent increases, a wholly predictable and preventable homelessness crisis has been allowed to develop. The number of families becoming homeless has risen rapidly – in Dublin, the number of families with children who are homeless has shown an increase of 56 per cent since June 2014.¹⁰ An indication of the scale of the crisis is the fact that Threshold’s new Tenancy Protection Service has dealt with 1,699 cases of tenants at risk of homelessness in the greater Dublin area since it commenced in June 2014.¹¹

Before the recession, families had the twin protections of access to local authority housing and a higher Rent Supplement payment that generally meant they could secure accommodation suited to their needs. Both of these safety nets have disappeared during the economic downturn and for many families the risk of homelessness has become all too real, just as it has for single people (who still make up the vast majority of people who are homeless).

Unfortunately, it will take a number of years before the increased supply of housing to be provided under the Government’s Social Housing Strategy has a notable impact on the housing crisis. More immediate policy interventions are needed.

Threshold believes that the introduction of rent certainty measures by way of amendment to the Residential Tenancies Act 2004 represents the only adequate and effective response to the current affordability crisis that places tenants at risk of

homelessness. Such measures would link future rent increases in areas of high rental inflation to an objective measure such as the cost of living, as is the case in many other European countries. Rent certainty measures are an essential component of a well-regulated housing market, and benefit both landlords and tenants by ensuring that rent increases (and indeed decreases) are foreseeable, predictable, and reasonable.



Steep increases in rents are leading to evictions

© iStock photo

Rent certainty is a justifiable response to the volatility in the rented sector caused by boom and bust in the housing market more generally. Concerns that the introduction of rent certainty measures might inadvertently result in a decline both in the supply and standards of rented properties can be addressed by measures to promote investment – for example, by providing for increased levels of rent where a landlord has significantly upgraded a dwelling.

Rent certainty may also lead to increased supply as institutional investors, such as pension funds, who favour steady predictable returns, will regard the sector as a better investment opportunity. Recent public statements by the Minister for the Environment, Alan Kelly TD, indicate that he intends to bring proposals for rent certainty measures to Cabinet.¹² It is important that such measures are brought in immediately, not only to address the affordability crisis, but also to prevent a situation developing where landlords attempt to increase rents before new rent certainty measures come into operation.

Reform of Rent Supplement

An attendant policy change that needs to be addressed is reform of the Rent Supplement scheme. The purpose of Rent Supplement is officially stated as being to provide short-term

income support to assist with the reasonable accommodation costs of eligible people living in private rented accommodation who are unable to provide for their accommodation costs from their own resources and who do not have accommodation available to them from another source. Generally, payments are made to tenants and these payments are then passed on to landlords. At the end of December 2014, there were 71,500 households in receipt of Rent Supplement.¹³ The scheme as it now operates is in need of significant reform.

Rent Supplement limits imposed by the Department of Social Protection are designed to ensure that recipients of the payment occupy the lower-priced end of the private rented market. These limits are completely disconnected from market rents in many areas, giving rise to serious hardship and to the risk of homelessness.

Tenants faced with the prospect of losing their home due to the inadequacy of Rent Supplement limits are often forced to make ‘top-up’ payments to landlords. Top-up payments will typically be drawn from a tenant’s social welfare payment but already out of that payment the tenant is making a means-related contribution towards the cost of their rent.¹⁴ The additional expenditure on rent in the form of a top-up means that resources for food, clothing and utilities will be reduced to unsustainable levels, and so the tenant faces a high risk of increased poverty, indebtedness, *and* rent arrears.

The administration of the Rent Supplement scheme (by central rent units in some areas) is often characterised by delays, inflexibility, and a lack of transparency as to how decisions are reached. The frequency with which errors are made in processing applications is reflected in the high rate of success by Rent Supplement applicants in subsequent appeals against the rejection of their initial application. In practice, this means that many applicants would be unable to access their entitlements without support from voluntary organisations such as Threshold.

Many landlords refuse to accept Rent Supplement tenants. This arises in part from the administration of the scheme, whereby rent payments are made in arrears rather than in advance (as is the norm in the private rented sector), and where administrative delays mean that a landlord may not receive payment for some time. A series of reductions in Rent Supplement payments in recent years, and the

manner in which these were implemented, has also alienated many landlords from the scheme.

A number of positive improvements have been included in new housing support schemes that could be replicated in a reformed Rent Supplement scheme. Under the Housing Assistance Payment (HAP), recipients will be able to take up full-time employment without losing the entitlement (unlike Rent Supplement) and payment will be made directly by the local authority to the landlord (again unlike Rent Supplement). By the end of 2014, the HAP Scheme had been implemented on a pilot basis in ten local authorities.¹⁵

Under the Rental Accommodation Scheme (RAS), in operation since 2004, local authorities have contracted with private landlords to provide housing for people with a long-term housing need, with local authorities again paying the rent directly to the landlord.

Rent Supplement limits are completely disconnected from market rents in many areas, giving rise to serious hardship.

The most obvious change required to be made to the Rent Supplement scheme is that rent limits should be increased to reflect current market rates, and greater flexibility should be shown to those who continue to face difficulties. Instead of the current system, which relies on identifying a willing landlord in advance of a tenant receiving approval for the payment, tenants should be 'pre-approved' (deemed eligible even before they have found accommodation). Rent Supplement payments should be made in advance rather than in arrears and paid directly to the landlord; exceptional needs payments for security deposits, which were previously available under the Supplementary Welfare Allowance scheme, should be restored.

Deposit Protection Scheme

At the ending of a tenancy, landlords are required to return promptly any deposit paid by the tenant, unless there are arrears in rent (or other taxes or charges payable under the lease), or damage to the property over and above normal wear and tear. However, the reality is that landlords are often unwilling or unable to return the deposit that has

been paid by the tenant. The retention of rental deposits by landlords has been the most common concern raised by those who have contacted Threshold in the past decade, accounting for approximately 27,000 queries.¹⁶ It is also one of the key issues of dispute in referrals to the Private Residential Tenancies Board (PRTB). In 2013, the Board received 903 applications for resolution of disputes concerning the retention of deposits (representing 31.5 per cent of all the applications for dispute resolution which it received).¹⁷

The failure to return a deposit can place a tenant at risk of homelessness. A typical deposit of €1,000 will often represent the full extent of an individual's or family's savings, and the failure to return the deposit creates a significant obstacle to obtaining alternative accommodation. With average PRTB dispute processing times for cases relating to non-return of deposits standing at some nine to twelve months,¹⁸ and with determination orders made by the PRTB often going unenforced, the current system for resolving deposit disputes is clearly not fit for purpose.

For many years, Threshold has been advocating for the introduction of a deposit protection scheme; it welcomed the commitment made in this regard in the *Programme for Government* of the current Government in March 2011.¹⁹ The Government has promised to deliver on this commitment in legislation to be enacted in 2015.

Deposit protection schemes already operate successfully in England, Wales, Scotland and Northern Ireland. The introduction of such a scheme in Ireland, whereby deposits would be held by a third party, would ensure that deposit monies were safeguarded and returned promptly to the tenant (or to the landlord) at the end of the tenancy. A scheme of this kind would also have the effect of freeing up the resources of both Threshold and the PRTB to deal with more complex housing difficulties such as illegal evictions. In circumstances where a landlord is facing financial difficulties, a deposit protection scheme would ensure that the deposit is not entangled with other debts owed by the landlord.

Receiverships and Buy-to-Let Properties

The appointment of receivers in respect of buy-to-let properties continues to undermine tenants' security of tenure. By the end of December 2014, there were 35,583 residential mortgage accounts for buy-to-let properties in arrears, of which 29,224

were in arrears for longer than 90 days.²⁰ At the end of January 2015, receivers were in place in respect of 4,270 buy-to-let properties.²¹

Tenants who are caught in disputes between landlords and receivers find themselves in a legislative and regulatory vacuum. The Residential Tenancies Act 2004, which sets out the rights and obligations of landlords and tenants, is silent as to a receiver's obligations to sitting tenants in a buy-to-let property. While the Central Bank introduced a revised *Code of Conduct on Residential Mortgage Arrears* in June 2013,²² no such code exists for the buy-to-let sector to deal with the uncertainties that arise for both tenants and landlords.

The lack of clarity surrounding receiver appointments means that tenants can face competing and sometimes aggressive demands for rent coming from both the receiver and their former landlord. Receivers are often more familiar with the rules surrounding commercial property and seek to apply the same approach to buy-to-let properties. Since 2013, Threshold has been dealing with a growing number of cases (823 by the end of 2014) where the rights of tenants have been either undermined or ignored. Tenants are treated as illegal occupiers, are deprived of their right to proper notice of termination of the tenancy, or are required to pay rent to the receiver in circumstances where the receiver does not accept responsibility to carry out repairs or return the rental deposit.

Threshold believes that a simple amendment to the definition of 'landlord' in the Residential Tenancies Act 2004, so as to explicitly include a receiver appointed over a buy-to-let property, would introduce a welcome degree of certainty for landlords, tenants and receivers. A measure of this kind should be complemented by the introduction of a code of conduct specifically addressing buy-to-let mortgage arrears. Such a code should set out in a clear and transparent way how financial institutions may enforce their security without interfering with tenants' rights to security of tenure and to peaceful and exclusive occupation of the rented property.

Tackling Substandard Accommodation

New legal standards for the private rented sector came into full force on 1 February 2013. The most significant feature of these is the requirement that private rented properties must be self-contained, with their own toilet and shower/bath facilities. This means that the provision of shared facilities in a house subdivided into small flats (i.e., the

traditional 'bedsit') is now outlawed. However, significant gaps in enforcement mean that many renters continue to live in accommodation which is not habitable. People who approach Threshold frequently report having to live in substandard properties which lack the basic necessities, such as proper heating facilities, hot and cold running water and freedom from dampness and condensation. In 2013, Threshold received 2,098 queries relating to accommodation standards.²³ Often people living in substandard accommodation are in receipt of Rent Supplement, which means that the State is subsidising accommodation which fails to meet minimum requirements.

Currently, it is the responsibility of local authorities to detect substandard private rented accommodation by means of inspections conducted principally by environmental health officers. Some 17,849 private rented dwellings were inspected by local authorities in 2013, with 9,952 (56 per cent) of these dwellings failing to meet minimum standards.²⁴ In 2012, Threshold surveyed 34 local authorities concerning their approach to monitoring minimum private rental standards. From this research it is obvious that enforcement of standards is 'hit and miss', depending on the local authority.²⁵ The current system is therefore not fit for purpose.

Threshold believes that the introduction of a certification scheme is the best approach to addressing the shortcomings of the current system. Under a certification scheme, the burden of establishing compliance with the minimum standards regulations would rest with the landlord. This would remove many of the obstacles currently faced by tenants and local authorities in ensuring the effective enforcement of the regulations. Such a scheme would enable local authorities to maximise the use of available resources by carrying out targeted inspections, particularly in high-density urban areas.

To ensure that State funds are not expended on subsidising substandard accommodation, the production of a minimum standards compliance certificate could be made a precondition for the receipt of Rent Supplement and other social housing supports being delivered in the private rented sector. In the view of Threshold, the establishment of such a scheme and its integration with certification requirements in respect of fire safety, building energy regulations, tax obligations, and registration with the PRTB would promote greater compliance across the board.

Conclusion

Historically, the Irish housing system has promoted home-ownership. This aspiration was supported by generous State grants and subsidies for home-buyers and through the tenant purchase schemes that enabled local authority tenants to buy their homes. This meant that, for most of the last century, the private rented sector was not regarded as a real housing option and was simply seen as a stepping stone for those who would eventually buy a home, or as an option of last resort for those who could not afford to buy. As a result, insufficient attention has been paid to the evolving needs of people living in this sector. This is no longer tenable. We now have an opportunity to learn from the past and design a modern, affordable and sustainable rented sector. To do so, we need a national strategy for the private rented sector.

Notes

1. Threshold, which was established in 1978, is a national housing charity providing frontline housing advice, advocacy and support services for over 20,000 people with housing problems annually. (<http://www.threshold.ie>)
2. Threshold, *Annual Report 2013*, Dublin: Threshold, December 2014, p. 2. (http://www.threshold.ie/download/pdf/threshold_annual_report_2013.pdf)
3. The right to adequate housing was recognised as part of the right to an adequate standard of living in the 1948 Universal Declaration of Human Rights and in Article 11 of the International Covenant on Economic, Social and Cultural Rights, which Ireland ratified in 1989.
4. *Construction 2020: A Strategy for a Renewed Construction Sector*, Dublin: Stationery Office, May 2014; *Social Housing Strategy 2020: Support, Supply and Reform*, Dublin: Department of the Environment, Community and Local Government, November 2014.
5. DKM Consultants, *Future of the Private Rented Sector*, prepared for The Housing Agency on behalf of the Private Residential Tenancies Board, Dublin: October 2014, p. 7. (<http://www.prtb.ie/docs/default-source/pdf-manuals/future-of-the-private-rented-sector.pdf?sfvrsn=0>)
6. *Ibid.*, pp 6–7.
7. Department of the Environment, Community and Local Government, *Housing Policy Statement*, June 2011. (<http://www.environ.ie/en/Publications/DevelopmentandHousing/Housing/FileDownload,26867,en.pdf>)
8. Daft.ie, *The Daft.ie Rental Report: An Analysis of Recent Trends in the Irish Rental Market, 2014, Year in Review*, Dublin: 2015. (<http://c0.dmstatic.com/639/report/q4-2014-daft-rental-report.pdf>)
9. Threshold, *Threshold Pre-budget Submission 2015 to Department of Finance*, Dublin, June 2014. (http://www.threshold.ie/download/pdf/threshold_prebudget_submission_2015_to_dept_of_finance_june_2014.pdf)
10. In June 2014, there were 264 families with 567 children who were homeless in Dublin. By March 2015, the numbers had risen to 411 families with 911 children. Department of the Environment, Community and Local Government, 'DECLG Data Homeless Persons March 2015' (FileDownload,41347,en) and Kitty Holland, 'Number of homeless families in Dublin up 40% since June: More than 370 families in emergency accommodation in the capital last month', *The Irish Times*, 12 March 2015.
11. Threshold's Tenancy Protection Service is designed to help those living in private rented accommodation in Dublin or Cork City who are experiencing housing problems and at risk of homelessness.
12. Fiach Kelly, 'Rents may be fixed for period of three years under plans by Alan Kelly', *The Irish Times*, 2 March 2015.
13. Department of Social Protection, *Maximum Rent Limit Analysis and Findings*, Report, February 2015, Appendix 3, p. 45.
14. The *minimum* contribution out of a social welfare payment which must be made towards the cost of rent by those in receipt of Rent Supplement is €30 in the case of a single person (with or without children) and €40 in the case of a couple (with or without children).
15. Following the enactment of the Housing (Miscellaneous Provisions) Act 2014 on 28 July 2014, the first phase of the HAP statutory pilot scheme came into operation on 15 September 2014 in Limerick City and County Council, Waterford City and County Council, and Cork County Council. The scheme commenced in South Dublin County Council and in Kilkenny, Louth, and Monaghan County Councils on 1 October 2014. On 18 December 2014, Dublin City Council became part of the HAP pilot scheme, with a specific focus on accommodating homeless households. The City Council is implementing the HAP scheme for homeless households in the Dublin region on behalf of all four Dublin local authorities (i.e., Dún Laoghaire Rathdown County Council, Fingal County Council, South Dublin County Council and Dublin City Council itself). Across the local authority areas participating in the pilot scheme, more than 1,000 households are being supported by HAP. (*Dáil Éireann Debate*, Written Answer 203, 'Housing Assistance Payments Implementation', Wednesday, 4 March 2015.
16. Threshold, *Threshold Annual Report 2013*, *op. cit.*, p. 7.
17. Private Residential Tenancies Board, *Annual Report and Accounts 2013*, Dublin: PRTB, 2014, p. 23.
18. Private Residential Tenancies Board, 'Frequently Asked Questions'. (<http://www.prtb.ie/faq>)
19. Fine Gael and the Labour Party, *Government for National Recovery, 2011–2016*, Dublin, March 2011, p. 16.
20. Central Bank of Ireland, *Residential Mortgage Arrears and Repossessions Statistics: Q4 2014*, Statistical Release, Dublin, 6 March 2015, p. 8. (http://www.centralbank.ie/polstats/stats/mortgagearrears/Documents/2014q4_ie_mortgage_arrears_statistics.pdf)
21. Department of Finance, *Mortgage Restructures Data: Dataset for six main lenders covered by the Central Bank of Ireland Mortgage Arrears Resolution Target, January 2015 data set*, Dublin, March 2015, p. 11. (<http://www.finance.gov.ie/sites/default/files/Department%20of%20Finance%20-%20Mortgage%20Restructures%20Data%20-%20end%20Jan%202015%20FINAL.pdf>)
22. Central Bank of Ireland, *Code of Conduct on Residential Mortgage Arrears*, Dublin: Central Bank of Ireland, 2013. (<https://www.centralbank.ie/publicinformation/Documents/2013%20CCMA.pdf>)
23. Threshold, *Annual Report 2013*, *op. cit.*, p. 18.
24. Department of Environment, Community and Local Government, *Enforcement of Requirements for Standards (2005–2013)*.
25. Threshold, *Threshold Annual Report 2012*, Dublin, 2013, p. 2. (<http://www.threshold.ie/download/pdf/thresholdannualreport2012.pdf>)

Bob Jordan is Chief Executive of Threshold, a national charity providing advice, advocacy and support services for households in the private rented sector in Ireland.

Recent Trends and Developments in the Owner-Occupier Sector in Ireland

Cathal O'Connell and Joe Finnerty

Introduction

This article examines the recent experiences of the owner-occupier sector in Ireland, with reference to historic trends in home-ownership, the impact of the economic crash on the housing system and the consequences that followed, and the current and pending challenges faced by the sector. Given the links between the different sectors which comprise the Irish housing system, there will be some cross-referencing to the social housing and the private rental sectors in the course of the discussion.

Tenure Trends in Irish Housing

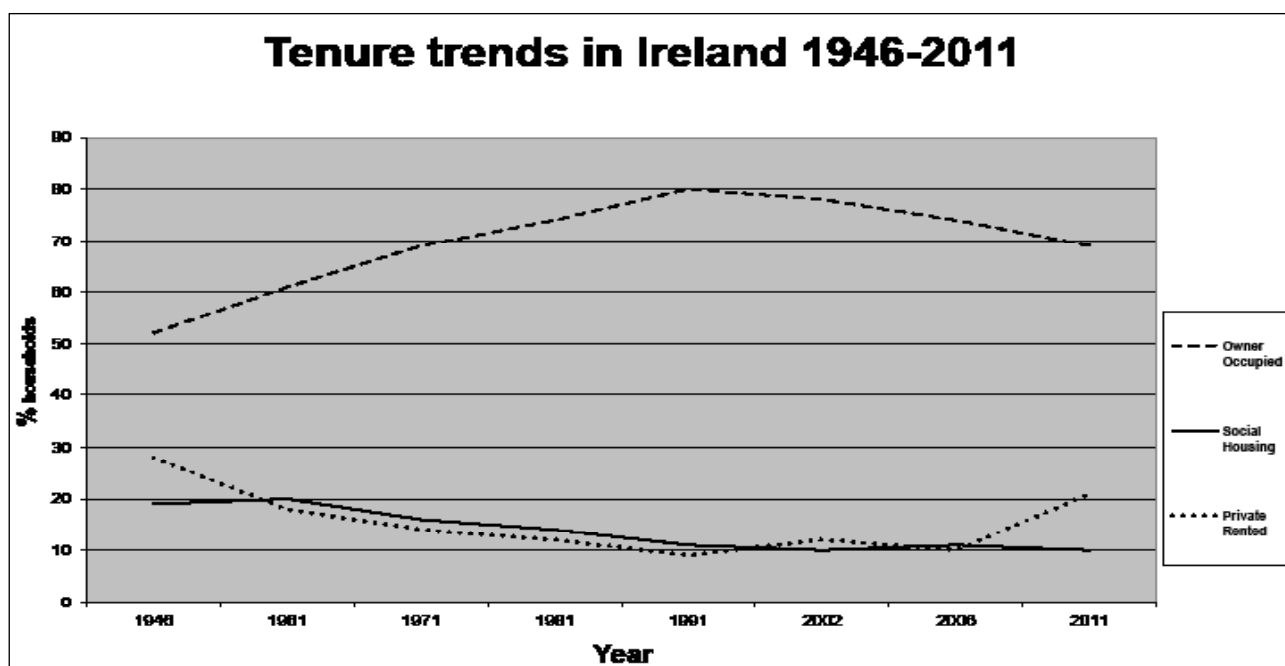
A feature of the Irish housing system has been the historically high level of owner-occupation and the consequent overshadowing of other tenures (see graph below). The rate of owner-occupation rose consistently throughout most of the twentieth century, peaking in the 1980s when the sector accounted for almost 80 per cent of the total housing stock, before a gradual reduction from the 1990s onwards.

The proportion of total housing stock represented by social housing peaked in the early 1960s at 18 per cent, reflecting large-scale slum clearance and new construction programmes in urban areas at that

time. Despite extensive building during the 1970s and 1980s, this sector's share has been in consistent decline, largely due to the impact of privatisation through tenant purchase schemes, and more recently due to the absence of large-scale new building output.¹

Renting from a private landlord was once the dominant tenure in cities and towns in Ireland, with over 85 per cent of urban households in this tenure up to the 1940s. However, from then until the 1990s, there was a persistent decline in the private rented sector's share of overall housing stock.² This was due to the impact of social housing provision for low-income households, and the departure of middle-income private renters to home-ownership.

The prolonged period of growth in the owner-occupier sector reflected State-driven tenure strategies, employing a range of direct and indirect incentives. Moreover, the development of both private and social rental tenures was constrained by various factors which further enhanced the appeal of owning. In the case of social renting, the restriction of entry by virtue of means-testing meant that access was confined to low-income households; in the case of the private rental sector, poor quality stock, weak tenant protection, lack of security of



tenure and underdeveloped governance structures relegated its appeal to a transitional option en route to either owner-occupation or social housing.

Recent Changes in Tenure Patterns

The long-term dominance of owner-occupation in Irish housing would appear to be waning. Each of the four census counts since the early 1990s has shown the level of home-ownership to have declined, and according to the *Census 2011* the sector now accommodates just below 70 per cent of Irish households.³

Meanwhile, the proportion of households accommodated in the private rented sector has risen from 10 per cent to 19 per cent, while social housing has experienced a continued reduction in its overall share and now accommodates 11 per cent of households. These figures are for the country as a whole. If the data for urban and rural areas are disaggregated, an even more pronounced shift away from owner-occupation is evident as, according to the National Economic and Social Council (NESC), owner-occupation now accounts for approximately 60 per cent of housing in urban areas and private renting for almost 30 per cent.⁴

One of the primary drivers of the downward trend in owner-occupation has been a marked shift in housing policy, as many of the long-standing incentives and policy measures aimed at promoting owner-occupation have been phased out. These measures included first-time house buyer grants, marginal rate mortgage interest relief, preferential access to housing capital, and favourable tax treatment of private property. From the mid-1990s until their peak in 2006, rising house prices also had the effect of deterring some households from accessing the sector.

Private renting supply grew over the past two decades, initially as a result of tax incentive-based urban renewal programmes which were introduced to boost the construction sector and improve rundown areas of cities and towns.⁵ This had the effect of bringing on-stream large volumes of apartments, many of which were purchased by investors for letting as private rentals, using newly-developed buy-to-let mortgage products. Rental demand has been fuelled in centres of employment growth in the larger urban areas, especially among younger immigrant households working in large multinational companies.

Policy changes in relation to social housing,

notably in terms of reductions in the volume of new building by local authorities and voluntary bodies, a shift towards meeting social housing need via subsidies to private landlords, and legislative reforms to enhance protections for private renters, have also contributed to changing tenure trends.⁶ As a consequence, more low-income households have been directed towards private renting.

The long-established and significant role of tenant purchase of local authority dwellings as an affordable route into owner-occupation is likely to diminish, as the number of properties available in this sector declines in relative terms. One consequence of reduced tenant purchase opportunities is a clear pattern of falling rates of owner-occupation among lower socio-economic households in the age groups most likely to have a mortgage (35–44 years).

Calculations by NESC indicate that between 1991 and 2011 the percentage of heads of households aged 35–44 years with a mortgage fell for all social classes but the decline was particularly severe for the skilled manual, semi-skilled, and unskilled classes, with falls from 77.1 per cent to 63.8 per cent for the semi-skilled, and from 64.9 per cent to 49 per cent for the unskilled social class.⁷ These were the groups most likely to be in local authority housing and to have availed of a tenant purchase scheme. The experience of these cohorts contrasts with their older counterparts whose rate of home-ownership is evidently much higher. In the long term, this change in ownership patterns raises the question of whether reduced access to owner-occupation will become an embedded feature of the Irish housing system for low-income households.⁸

The Irish Housing Boom

This section of the article discusses the Irish housing boom during the early to mid-2000s. At its peak, in 2006, Irish housing output reached unprecedented, and what were ultimately to prove unsustainable, levels. In that year, just over 93,400 housing units were produced, which equated to 18 units per 1,000 of population. The only other European country to build so many units was Spain (which also experienced calamitous housing and economic crashes). In contrast, the majority of EU Member States built fewer than six units per 1,000 of population.

Despite the inherent risks of over-reliance on the construction sector, the appeal of an Irish property-driven boom was hard to resist, even for the

government. Construction was a major driver of employment growth, both directly and indirectly, and property-related taxes grew steadily, accounting for 7 per cent of total tax revenue in 1999 but rising to 17 per cent by 2007.

Rising property prices were also a feature of this period and house prices doubled between 2000 and 2006. The dominant political and economic narrative was that the boom-time property market would experience a ‘soft landing’ and a more sustainable growth pattern would take root.⁹ These predictions were very wide of the mark and the commentators warning of a collapse were ultimately proven correct.¹⁰

The Irish Economic and Housing Crash

The collapse of the Irish property market, with the price fall at its greatest estimated to have been in the region of 60 per cent from the peak in 2006,¹¹ had calamitous consequences at societal and household level.

The economic collapse led to the loss of national economic sovereignty and the imposition of a severe and extended period of austerity prescribed as part of the EU/IMF bailout. Under the terms of the bailout, private sector debt was socialised and the accompanying economic crisis resulted in unemployment rising to almost 15 per cent at its peak in 2012 and net emigration returning to levels experienced in the 1980s.¹²

The economic crisis directly impacted on the functioning of the various sectors of the Irish housing system. Social housing output all but ceased as State-funded capital investment evaporated. In turn, the number of households assessed as qualifying for social housing reached a high of 98,318 in 2011, an increase of 75 per cent on the number in 2008.¹³ The Irish developer/construction sector disintegrated as development activity ground to a halt. The number of households ascending to owner-occupation contracted as banks imposed strict lending restrictions and households were reluctant to take on long-term debt in times of uncertainty about incomes and security of employment.

The reduced levels of housing mobility and access to both of these sectors has led to greater pressure on the private rented sector, especially as an alternative to social housing. Of the 89,872 households which qualified for social housing in the 2013 assessment of housing need, 75 per cent

were living in the private rented sector, and two-thirds of these households were dependent on Rent Supplement.¹⁴

Mortgage Arrears, Repossessions and Housing Distress

For the owner-occupier sector, the housing crash had multiple consequences, ranging from negative equity to the incapacity of households to maintain their mortgage repayments. Regarding negative equity (that is, where the outstanding debt is greater than the value of the dwelling), 64 per cent of all mortgages drawn down between 2005 and 2012 relate to dwellings which are now in negative equity, with the majority of the householders affected in the 30–39 years age group. This has clear implications for household mobility and consumption patterns and reverberates beyond those directly affected, as households which are in ‘positive equity’ become more cautious and save more and spend less to compensate for reduced house values.¹⁵

The collapse of the Irish property market ... had calamitous consequences at societal and household level.

Housing distress in the wake of the economic crisis was also manifested in the phenomenon of mortgage arrears, as increasing numbers of households found themselves unable to keep up with their repayments. The primary causes of these difficulties were falls in income due to unemployment and reduced working hours, cuts in wages and increases in taxes. For many households which had entered the housing market at its peak, borrowings were sustainable only on the basis of dual incomes so, when one or both earners experienced a reduction or loss in earnings, vulnerability to mortgage default was heightened.

The scale and extent of this form of housing distress is evident in the data on arrears in respect of principal dwelling houses (PDH) from the latter half of 2009 onwards. Data published by the Central Bank show that the total number of such arrears peaked at 143,851 in the quarter ended December 2012, before gradually falling to 110,366 in December 2014.¹⁶

Looking at arrears in excess of 90 days, these rose from 26,271 (3.3 per cent of PDH mortgages) in September 2009 to a peak of 99,189 (12.9 per cent) in September 2013.¹⁷ Since then, they have declined gradually, so that by December 2014 there were 78,699 accounts in arrears for more than 90 days, representing 10.4 per cent of PDH mortgages.¹⁸

While the reduction in the overall number of arrears is welcome, the reality is that it reflects mainly a decline in short-term arrears. Arrears of up to 180 days (six months) fell from 68,436 in December 2012 to 40,706 in December 2014 (with arrears of up to 90 days falling from 49,363 to 31,667, and arrears of between 91 days and 180 days falling from 19,073 to 9,039).¹⁹

The number of arrears of 181 days and over has also fallen, from a peak of 82,509 in September 2013 to 69,660 in December 2014. However, the *proportion* of arrears that are of over 181 days duration has increased continuously since 2012 and in December 2014 these accounted for 63 per cent of all arrears and 88 per cent of arrears over 90 days. Moreover, a growing number of PDH mortgage accounts are moving into very long term arrears – that is of 720 days (two years) and over. These arrears reached 37,778 (that is, 34 per cent of all arrears and 48 per cent of arrears over 90 days) in December 2014, which signifies a hard core of mortgages in deep difficulty with potentially ominous consequences for the households concerned.

The question which arises from this trend is whether such arrears levels are generating ‘snakes’ in the housing system as they do in other countries, as measured by key indicators such as house repossessions and rising levels of homelessness.²⁰ In other words, employing the metaphor of the children’s board game, are vulnerable households sliding off the ladder of owner-occupation and down the snake of housing distress to repossession and homelessness?

The evidence in Ireland to date regarding house repossessions suggests that the snake has not yet fully taken hold. However, the overall trend in repossessions since 2009 is upwards. In the period from the end of September 2010 to December 2014 a cumulative total of 3,863 primary dwelling homes were repossessed by lenders; of these, 1,114 dwellings were repossessed by way of court orders and 2,749 by way of ‘voluntary surrender/abandonment’ by householders.²¹ It is noteworthy

that around half of all these repossessions took place in 2013 and 2014.

There is, as yet, no documented evidence in regard to the impact of the increase in repossessions on the extent of homelessness in Ireland. However, in a context where there has been a rise in homelessness, including among families,²² there has to be concern that a significant rise in repossessions will lead to a worsening of the problem. Given the lack of local authority housing, people whose homes are repossessed will likely have to turn to the private rented sector. However, increases in rents over the past number of years, particularly in the larger urban areas, have meant that low-income households, and especially those dependent on Rent Supplement, are unable to afford the rents being demanded.²³ Even if households whose homes have been repossessed are able to afford to enter the private rented sector, the reality is that this represents additional pressure on a sector which is already struggling to cope with demand, especially in urban areas, and this could lead to even further increases in rents, and ultimately to increases in homelessness.

Policy Levers and Safety Nets

If the conditions for a ‘snake’ are present in the Irish housing system, why has it not materialised to date in the form of mass repossessions? The explanations for this relate to market conditions and policy levers and welfare safety nets, each of which is now looked at in turn.

Market conditions since the housing crash have not been conducive to banks repossessing homes, as house prices have recovered slowly. However, with increases in house prices, evident especially in urban areas,²⁴ it can be expected that the attitude of lenders will change as it is realised that repossessions can make inroads into arrears and yield returns on outstanding housing debt.

The public policy levers have taken the form of a ‘code of conduct’ on mortgage arrears issued by the Central Bank of Ireland²⁵ and the establishment of a personal insolvency service.

Under the Central Bank *Code of Conduct*, mortgage lenders are legally bound to put in place a Mortgage Arrears Resolution Process (MARP) and establish an Arrears Support Unit.²⁶ Compliance with the Code involves adhering to a moratorium on repossession proceedings against households which fall into arrears, so long as they are deemed

to be co-operating with the resolution process. As a result, the repossession figures which have been recorded are attributable almost exclusively to foreign lenders who were not party to the State bailout, sub-prime lenders who lent money at very high interest rates to borrowers deemed to be too risky by mainstream banks, and mainstream bail-out banks where terms of existing agreements have not been adhered to by borrowers.

Given the requirement under the *Code of Conduct* to put in place a MARP, financial institutions have to operate within a framework in their handling of cases and this has resulted in a greater level of engagement when repayment difficulties arise or mortgages are identified as being vulnerable to going into arrears. Most evidently this appears in the form of loan accounts which have been restructured. ‘Restructuring’ covers a variety of arrangements, including interest-only repayments, reduced instalments, loan term extensions, arrears capitalisation, payment moratoria and deferred interest arrangements.²⁷

The number of PDH mortgage accounts which have undergone restructuring has increased significantly, rising from 79,852 at the end of December 2012 to 114,674 at the end of December 2014 (an increase of almost 44 per cent). This means that by December 2014, just over 15 per cent of all PDH mortgages were restructured accounts.²⁸

Perhaps this is a pointer to why the number of mortgages in arrears of 90 days and under has been falling. Early identification and engagement between lender and borrower diverts potential defaulters into a ‘pre-arrears’ restructuring process. Where repayment arrears are capitalised, which is the most common form of restructuring, the mortgage is no longer classified as being in arrears so long as the borrower adheres to the agreed repayment terms.

According to Central Bank data, arrears capitalisation has been increasing both in overall terms and as a share of restructured mortgages. At the end of December 2012, the number of mortgages restructured through capitalised arrears was 9,754 (amounting to 12.2 per cent of the 79,852 mortgages which had been restructured).²⁹ By December 2014, the number of such restructured loans had increased to 29,615 (representing 25.8 per cent of the 114,674 mortgages which had been restructured).³⁰

The other main restructuring strategy – extending the term of the loan – accounted for 17,070 (14.9 per cent) of all restructured mortgages in the quarter to the end of December 2014.³¹ Therefore, arrears capitalisation and term extension accounted for 46,685 or 40.7 per cent of all mortgage restructures at the end of 2014. While these arrangements may offer the appearance of a solution it is questionable whether they will be long-term remedies in many cases, as they do not address the underlying problem of unsustainable debt.



Threat of repossession all too real for many Irish households

© iStock photo

The other policy lever is the personal insolvency service, which was established by the Government in 2012, and allows for the implementation of personal insolvency arrangements including secured debts such as mortgages. However, the personal insolvency provisions have been criticised as dealing with low numbers (approximately 1,000 in 2014) relative to the scale of the housing and general debt problem and because of the veto on resolution proposals which they currently give to financial institutions.

The Government has now announced that it intends to introduce measures to reform the personal insolvency framework, including the introduction of legislation ‘to give Courts the power to review and, where appropriate, to approve insolvency deals that have been rejected by banks’.³²

The final element of the explanation for the absence to date of repossessions on a large scale in the Irish housing system relates to the role of social policy safety nets in supporting vulnerable

households. The most relevant is the Mortgage Interest Supplement. This provision was introduced in the 1980s by the Department of Social Welfare (now the Department of Social Protection) for the purpose of offering temporary support to borrowers who needed assistance to meet the interest element of mortgage repayments.

During the crash, the take-up of Mortgage Interest Supplement expanded significantly as more homeowners encountered difficulties in meeting their repayments. The number of people receiving the payment increased almost four-fold between 2007 and 2009 (rising from 3,712 to 14,716) and then increased further to reach 18,703 in 2011. Expenditure rose from €11.6 million in 2007 to €67.8 million in 2011.³³

The report of the Inter-Departmental Mortgage Arrears Working Group (the Keane Report) in September 2011 recommended that receipt of Mortgage Interest Supplement should be time-limited, arguing that paying it indefinitely was not an appropriate or a sustainable solution to mortgage arrears.³⁴ Changes to eligibility criteria (namely, a requirement to engage in a Mortgage Arrears Resolution Process, agree a payment arrangement with the lender and comply with this for a period of not less than 12 months) were introduced in June 2012.

As a result, the number of people receiving the payment fell to 14,437 in 2012 and to 9,768 in 2013; expenditure fell to €55 million in 2012 and then to €35 million in 2013. From the beginning of January 2014, the scheme has been closed to new entrants and it is to be phased out over a four-year period, to end in 2018. By March 2014, just 8,900 people were receiving Mortgage Interest Supplement, and the allocation for the scheme for 2014 was €17.9 million.³⁵

A 'Tidal Wave' of Repossessions?

One question which arises is: what will happen if and when the attitude of lenders becomes more aggressive towards borrowers in arrears? In March 2013, the Central Bank began setting Mortgage Arrears Resolution Targets, which banks are required to meet on a quarterly basis. For Quarter 3 and Quarter 4 of 2014, the target was for banks to propose sustainable solutions to 85 per cent of customers who were over 90 days in arrears and for concluded solutions to be reached in 45 per cent of cases by the end of the year.³⁶

These are widely interpreted as spurring the banks into pursuing borrowers more actively through the courts and by means of other types of engagement. To streamline this process, the revised *Code of Conduct on Mortgage Arrears* issued by the Central Bank in 2013 gave greater powers to banks, including removing the previous limit of three contacts per month from banks to customers in arrears, and changed the previous twelve-month moratorium on legal proceedings so that these may now begin either three months after the arrears process (MARF) has ended, or eight months from the date the arrears first arose. Banks are also permitted to allow their officials make unsolicited visits to a borrower's home and they are free to dictate whatever terms and policies they chose in relation to communication with borrowers.

Responding to the announcement of the Code in June 2013, FLAC (Free Legal Advice Centres) stated that the new Code seemed to be 'a set of rules designed to allow lenders to speed up and streamline their dealings with borrowers, with the lender remaining exclusively in control of the process and the outcome'.³⁷ The Director of FLAC observed that the introduction of these measures, coming at the same time as the passing of the Land and Conveyancing Law Reform Bill 2013, meant that 'borrowers in arrears are under more pressure than they ever were before. By contrast, it is being made easier for lenders to repossess properties with every month that passes'.³⁸

There is evidence that the more aggressive approach is translating into increased applications to the Circuit Court for possession orders. Since the housing crash of 2008, there has been a steady rise in these. In 2014, a total of 8,164 applications were made to the Circuit Court, the great majority of them in respect of principal dwelling houses.³⁹ Figures for the first three months of 2015 show there was a marked increase in the number of repossession applications granted by the Circuit Court as compared to the same period a year earlier, with 586 repossession orders granted in 2015, as against 95 in the first quarter of 2014. Nearly two-thirds of the orders (383) in 2015 were in respect of principal dwelling houses.⁴⁰

The scale of orders sought has put pressure on the Circuit Courts and many repossession applications are now adjudicated by County Registrars rather than judges. The Circuit Court cautions that orders for possession do not necessarily equate with actual possessions; however, if the number of applications

follows the recent trend then it is almost certain that these will translate into higher repossession statistics and the Irish Mortgage Holders Association has estimated that approximately 25,000 repossessions could occur.⁴¹

Conclusion

This article has examined the long-term trends and recent experiences in the owner-occupier sector in Ireland. A number of broad conclusions can be drawn.

Firstly, there is a substantial segment of households in long-term arrears and the number of mortgages being restructured continues to rise. As the economy shows signs of recovery, native financial institutions are adopting more aggressive tactics towards households in arrears, which will be compounded with the arrival of international vulture funds. Initiatives to keep people in their homes such as the mortgage-to-rent scheme have had very low take-up and require significant reform if they are to play a meaningful role in stabilising peoples housing situation in the face of threats from lenders.⁴²

There is no deep political appetite for writing off debt for householders as was extended to large-scale debtors by financial institutions and proposals to revise bankruptcy to one year are likely to be rebuffed. The ideology of moral hazard has been invoked as a reason against large-scale debt write downs and the underlying ethos of possessive individualism may well constrain expressions of solidarity and mobilisation among home-owners.

Secondly, in relation to emerging tenure trends, while it is notoriously difficult to forecast these (a 1989 NESC report on housing characterised the private rented sector as a 'sunset tenure'!), it is possible that levels of owner-occupation in Ireland could return to post-war levels. This would involve the tenure, in the future, accommodating less than 60 per cent of Irish households nationally, with owner-occupation becoming a minority tenure in the main cities.

At national policy level, such a development is implicit in the pivot in Irish housing policy towards tenure neutrality (and away from privileging owner-occupation),⁴³ while Central Bank regulations on minimum deposits announced in January 2015 will undoubtedly impact on the relative appeal of owning versus renting.⁴⁴ A shrunken owner-occupied sector would also mirror tenure trends in

countries such as England and the United States, and would reflect economic forces – principally, increased labour market casualisation and precarity – acting on housing systems in all advanced capitalist societies.

Notes

1. Joe Finnerty, 'Homes for the Working Class? Irish Public House-building Cycles, 1945–2001', *Saothar*, Vol. 27, pp 65–71, at p. 65.
2. Michelle Norris and Declan Redmond (contributing editors), *Housing Contemporary Ireland: Policy, Society and Shelter*, Dublin: Institute of Public Administration, 2005.
3. Central Statistics Office, *Census 2011 Results: Profile 4, The Roof over our Heads – Housing in Ireland*, Dublin: Stationery Office, 2012, p. 12.
4. National Economic and Social Council, *Homeownership and Rental: What Road is Ireland On?* Dublin: NESC, 2014, Report No. 140.
5. *Report of the Commission on the Private Rented Residential Sector*, Dublin: Stationery Office, 2000.
6. Joe Finnerty and Cathal O'Connell, 'Fifty Years of the Social Housing 'Offer' in Ireland: The Casualisation Thesis Examined', in Lorcan Sirt (ed.), *Renting in Ireland, The Social, Voluntary and Private Sectors*, Dublin: Institute of Public Administration, 2014.
7. National Economic and Social Council, *Homeownership and Rental: What Road is Ireland On?*, *op. cit.*, pp 14–15.
8. *Ibid.*, p. 16.
9. Alan Barrett, Ide Kearney and Martin O'Brien, 'Economic Commentary', *Quarterly Economic Commentary*, Summer 2007, Dublin: ESRI, pp 1–39, at p. 15.
10. See for example, Morgan Kelly, 'On the Likely Extent of Falls in Irish House Prices', Special Article, *Quarterly Economic Commentary*, Summer 2007, Dublin: ESRI, pp 42–54.
11. Daft.ie, *The Daft.ie House Price Report: An Analysis of Recent Trends in the Irish Residential Sales Market 2012 Q3*, Dublin: Daft.ie, 2012. (<http://www.daft.ie/report/Daft-House-Price-Report-Q3-2012.pdf>; accessed 19 March 2015)
12. For data on unemployment, see Central Statistics Office, *Quarterly National Household Survey, 2012* (Quarters 1, 2, 3), Dublin: Stationery Office, 2012. For data on emigration, see: Central Statistics Office, *Population and Migration Estimates*, April 2014, CSO Statistical Release, 26 August 2014.
13. Housing Agency, *Summary of Social Housing Assessment 2013: Key Findings*, Dublin: Housing Agency, 2013, Table A1.1, p. 7. (<http://www.environ.ie/en/PublicationsDocuments/FileDownload,34857,en.pdf>)
14. *Ibid.*, p. 6.
15. David Duffy and Niall O'Hanlon, 'Negative Equity in Ireland: Estimates Using Loan-Level Data', *Journal of European Real Estate Research*, Vol. 7, Issue 3, 2014, pp 327–344.
16. Central Bank of Ireland, *Residential Mortgage Arrears and Repossessions Statistics: Q4 2014*, Statistical Release, 6 March 2015, p. 1.
17. Central Bank of Ireland, *Residential Mortgage Arrears and Repossessions Statistics: Q3 2013*, Information Release, 28 November 2013, p. 1.
18. Central Bank of Ireland, *Residential Mortgage Arrears and Repossessions Statistics: Q4 2014*, *op. cit.*
19. Central Bank of Ireland, *Residential Mortgage Arrears and Repossessions Statistics: Q4 2012*, Information Release, 7 March 2013 and Central Bank of Ireland, *Residential Mortgage Arrears and Repossessions Statistics: Q4 2014*, *op. cit.*
20. See Joe Finnerty and Cathal O'Connell 'Housing Ladders

and Snakes: An Examination of Changing Residential Tenure Trajectories in the Republic of Ireland', in Padraic Kenna (ed.), *Contemporary Housing Issues in a Globalized World*, Farnham: Ashgate, 2014, pp. 251–266.

21. Central Bank of Ireland, *Residential Mortgage Arrears and Repossessions Statistics*, from Q3 2009 to Q4 2014.
22. See: Kitty Holland, 'Number of homeless families in Dublin up 40% since June', *The Irish Times*, 12 March 2015; Department of the Environment, Community and Local Government, 'DECLG Data, Homeless Persons, March 2015', FileDownload,41347,en (<http://www.environ.ie/en/DevelopmentHousing/Housing/SpecialNeeds/HomelessPeople/>).
23. Following completion of an analysis of rent limits under Rent Supplement in February 2015, the Department of Social Protection decided not to increase the scheme's maximum rent levels, principally on the grounds of a perceived danger of adding to rental inflation. Instead, the Department has opted to continue to use a case-by-case approach to dealing with the rent affordability issues facing people who are receiving Rent Supplement; this approach is within a 'National Framework' for preventing tenancy loss and involves the discretionary powers statutorily granted to the Community Welfare Officers who administer Rent Supplement. In addition, an 'Interim Tenancy Sustainment Protocol' has been in operation in the Dublin region since June 2014 and in the Cork region since January 2015; this involves Threshold and the statutory authorities working together to intervene where tenants are facing an increase that would bring their rent above the limit for Rent Supplement. See: Department of Social Protection, *Maximum Rent Limit Analysis and Findings*, Report, February 2015, p. 3 and p. 33. (<http://www.welfare.ie/en/downloads/Maximum%20Rent%20Limit%20Analysis%20and%20Findings%20Report%20February%202015.pdf>)
24. See: Central Statistics Office, *Residential Property Price Index*, February 2015, CSO Statistical Release, 25 March 2015; Daft.ie, *House Price Report: An Analysis of Recent Trends in the Irish Residential Sales Market, 2014 in Review*, Dublin: Daft.ie, 2015. (<http://www.ipav.ie/sites/default/files/daft-sale-report-q4-2014.pdf>)
25. Central Bank of Ireland, *Code of Conduct on Mortgage Arrears 2010*, Dublin: Central Bank, 2010, and Central Bank of Ireland, *Code of Conduct on Mortgage Arrears 2013*, Dublin: Central Bank, 2013.
26. Central Bank of Ireland, *Code of Conduct on Mortgage Arrears 2013*, *op. cit.*
27. Central Bank of Ireland, *Residential Mortgage Arrears and Repossessions Statistics: Q4 2014*, *op. cit.*, p. 3.
28. Central Bank of Ireland, *Residential Mortgage Arrears, Repossessions and Restructuring Statistics: Q4 2012*, *op. cit.*, and Central Bank of Ireland, *Residential Mortgage Arrears and Repossessions Statistics: Q4 2014*, *op. cit.*,
29. Central Bank of Ireland, *Residential Mortgage Arrears, Repossessions and Restructuring Statistics: Q4 2012*, *op. cit.*, Table 1, p. 5.
30. Central Bank of Ireland, *Residential Mortgage Arrears and Repossessions Statistics: Q4 2014*, *op. cit.*, Table 2, p. 6.
31. *Ibid.*
32. Department of Justice, 'Government Strengthens Framework to Support Mortgage Holders in Arrears', Press Release, 13 May 2015. (<http://www.justice.ie/en/JELR/Pages/PR15000138>)
33. Department of Social Protection, *Statistical Information on Social Welfare Services 2013*, Dublin: Department of Social Protection, 2014, Table G4, p. 88. (<http://www.welfare.ie/en/downloads/social-stats-ar-2013.pdf>)
34. Inter-Departmental Mortgage Arrears Working Group (Chaired by Declan Keane), Report, September 2011 (http://www.finance.gov.ie/sites/default/files/mortgagearr2_0.pdf). Two earlier reports also recommended changes to the Mortgage Interest Supplement. See: Mortgage Arrears and Personal Debt Group, Final Report, November 2010 and Department of Social Protection, *Review of the Mortgage Interest Supplement Scheme*, Dublin: Department of Social Protection, July 2010.
35. Joan Burton TD, Minister for Social Protection, *Dáil Debates*, 11 March 2014, 'Mortgage Interest Supplement Expenditure', Written Answers, PQ 222, [11940/14].
36. Central Bank of Ireland, *Mortgage Arrears Resolution Targets*, Dublin: Central Bank, 13 March 2013. (<http://www.centralbank.ie/press-area/press-releases/documents/approach%20to%20mortgage%20arrears%20resolution%20-.pdf>)
37. FLAC, 'Lenders gain more control than ever under new Code of Conduct on Mortgage Arrears', Press Release, 27 June 2013. (<http://www.flac.ie/news/2013/06/27/lenders-gain-more-control-than-ever-under-new-code/>)
38. *Ibid.*
39. Kitty Holland, 'Banks attempt to repossess 7,000-plus homes: Mortgage holders' spokesman warns that repossessions will reach 25,000 this year', *The Irish Times*, 9 March 2015.
40. Kitty Holland, 'Repossession orders rise by more than 500%: Circuit Court grants 586 orders since January, compared to 95 during same period in 2014', *The Irish Times*, 5 May 2015.
41. *Ibid.*
42. Áine McMahon, 'Housing groups criticise mortgage-to-rent reforms', *The Irish Times*, 14 May 2015.
43. Department of the Environment, Community and Local Government, *Housing Policy Statement*, June 2011. (<http://www.environ.ie/en/Publications/DevelopmentandHousing/Housing/FileDownload,26867,en.pdf>)
44. Central Bank of Ireland, *Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Housing Loan Requirements) Regulations 2015*. See: 'Central Bank announces new regulations on mortgage lending', Press Release, 27 January 2015.

**Cathal O'Connell and Joe Finnerty
lecture in social policy at the School
of Applied Social Studies, University
College Cork.**

The Private Rented Sector: the Case for Regulation

P. J. Drudy

Introduction

In the past, those with good jobs and reasonable incomes in Ireland might have aspired to purchase a home. However, after a short few years of house price falls subsequent to the economic crash in 2008, the purchase price of houses has been escalating again, meaning that owning a home may now be impossible even for households that are relatively well-off. Therefore, they have no option but to rely on accommodation provided by private landlords.

At the same time, the dramatic increase in the numbers on social housing waiting lists (89,872 households in 2013¹), and the significant decline in local authority and voluntary housing association provision, mean that many poorer households are now entirely dependent on the private rented sector for accommodation. To support these households, the State paid out €372.9 million in Rent Supplement to private landlords in 2013 and €339.3 million in 2014.²

The result of the changes in tenure structure in Ireland is that the number of households living in private rented accommodation has increased significantly since 2006. The private rented sector now houses almost 305,400 households and 770,400 persons. There are about 182,800 landlords in the sector but 41,000 of these have not yet registered with the Private Residential Tenancies Board.

But even as private renting has come to play an increasingly significant role in providing housing, there is growing concern regarding many features of the sector. In a survey carried out in late 2014 by DKM Economic Consultants, only 17 per cent of respondents who were living in private rented accommodation stated that they were happy in the sector. The vast majority of tenants questioned (73 per cent) hoped to cease renting within the next two years, if at all possible. Some landlords also have significant difficulties. In particular, many buy-to-let landlords who purchased over-priced properties during the 'boom' are in mortgage arrears.³

From the point of view of tenants, three main

problems can be identified in the private rented sector. These are: increasing rents, insecurity of tenure and poor standards. These problems have persisted for many years and it is now essential that they be tackled as a matter of urgency.

Increasing Rents and International Investors

Significant increases in rent are now common, especially in the Dublin area. Those on high incomes are prepared to pay such rents, at least for a period but vulnerable families unable to afford large increases are being evicted on a regular basis. The available evidence also suggests that many single persons have to spend over 40 per cent of net income to secure even modest accommodation. This situation is unsustainable for both families and individuals.

The crash in 2008, the subsequent fall in property prices, and the establishment of NAMA whose functions involve the sale of a large number of residential investment properties, attracted a range of international property investors, sometimes called 'vulture funds', to Ireland. These have purchased and now control an increasing proportion of private residential accommodation. One international landlord, a real estate investment trust, having recently purchased about 2,000 apartments from NAMA at knockdown prices, expects to procure a further 5,000 in the foreseeable future.⁴

In the current context, where demand outstrips supply, some large-scale property investors, as well as private landlords with smaller numbers of properties, have been able to command rent increases of 20 per cent and more. Companies whose sole objective is income and profit maximisation cannot be relied on to provide affordable and secure homes for our people.

A Monopolistic Market

The private rental sector is regularly presented as if it were a 'free' or 'perfect' market with a large number of competing landlords offering accommodation and a similarly large number of tenants seeking it; one recent study seems to

suggest that this is the case in Ireland.⁵ If this were the case, the market forces of demand and supply would in due course determine the rent tenants would pay – ‘the market price’. Therefore, it is argued that no intervention by government is necessary. Elementary economics textbooks invariably illustrate the idea of a ‘perfect market’ with ‘perfect competition’ and the notion that a market price is determined by a large number of buyers and sellers in this way.

However, this theoretical situation is far removed from reality and the private rented sector is certainly not a ‘perfect market’. Rather, it is a good example of an ‘imperfect’ or ‘monopolistic-type’ market where there are large numbers of tenants seeking accommodation and a much smaller number of landlords offering accommodation. Tenants have little influence over rents, and landlords can dictate what rents will apply. Therefore, landlords can demand and secure rents well above what a theoretical ‘market price’ might be. This must be obvious to every tenant who ever waited in a queue to negotiate with a landlord.

The private rented sector is a good example of an ‘imperfect’ or ‘monopolistic-type’ market.

The Case for Rent Regulation

Government intervention and regulation is now widely accepted as essential in monopoly-type markets, and regulation and legislation are the norm throughout the world. In the case of the private rented sector, action has been taken in many countries to regulate rents.

Such ‘rent regulation’ should not be confused with ‘rent control’. The latter was a rigid form of first generation ‘rent ceiling’ or ‘rent freeze’ which existed in Ireland, Europe and the United States for the period from the first World War up to the 1970s. The persistently low rents inevitably led landlords to neglect their rented properties and if they managed to achieve vacant possession of properties they owned they would tend to dispose of them, thus reducing the supply of rented accommodation.⁶

A rent freeze of this kind was unreasonable and in 1981 was found to be unconstitutional in Ireland. However, this type of rent control is

now non-existent in Europe. Instead, second and third generation ‘rent regulation’ is the norm in countries such as Germany, France, Belgium, the Netherlands, Denmark and Sweden. While there are slight variations, this more modern rent regulation is much more flexible, allowing, for example, rent increases in line with inflation and taking into account additional costs involved in improving the quality of rented accommodation. Therefore, index-linked rent regulation need not be unfair to landlords or result in their exit from the sector, as is sometimes claimed. There is no good reason to delay further in introducing a fair system of rent regulation similar to that throughout Europe and Scandinavia.

Security of Tenure and Standards

The Private Residential Tenancies Act 2004, still in force, provided a modest improvement in leases for tenants. The Act specifies that a landlord can terminate a tenancy without giving a reason during the first six months but after that a tenancy would normally be secure for a further three and a half years. However, a landlord can terminate a tenancy during this latter period on the basis of a range of specified grounds, such as failure by the tenant to comply with his/her obligations under the tenancy, the proposed sale of the dwelling, the need for the landlord or a member of his/her family to occupy the dwelling, or the need for substantial refurbishment.

While the Act represents an improvement on the previous situation, these provisions would seem to provide relatively easy routes to securing an eviction where a landlord so wishes, such that the security of tenure afforded some tenants may be still notional. Moreover, at the end of each tenancy the occupant is once again subject to a six-month probationary period and therefore may be evicted relatively easily.

Security of tenure is thus a serious problem for tenants. While landlords must be protected against anti-social tenants as well as those who damage property or fail to pay due rents, it seems clear that the 2004 Private Residential Tenancies Act offers little security to tenants in comparison with the practice in other European countries.

The standard of private rented accommodation is also a cause of concern. Official regulations specify minimum standards in relation to structural repair, the provision of basic facilities such as sanitary facilities, heating, ventilation, light and

the safety of gas and electrical supply.⁷ Inspection of these standards is the responsibility of the local authorities, but there are variations in the extent to which local authorities carry out such inspections.⁸

The inspections that are undertaken show that considerable numbers of rented dwellings do not comply with specified minimum standards. Of a total of 17,849 dwellings inspected in 2013, almost half (47 per cent) did not meet these standards. In some local authority areas there were particularly high rates of failure to meet minimum requirements – in the case of Fingal, Galway, Cork and Sligo the proportions in breach of regulations were 84 per cent, 83 per cent, 77 per cent and 76 per cent respectively. Limerick and Cork cities likewise gave cause for concern – 74 per cent and 60 per cent respectively not meeting standards. These sorts of breaches are unacceptable and suggest that the private rented sector is in need of significant reform.

It should not be concluded from the above that landlords are always to blame for the difficulties in the private rented sector. This is not the case and there are many responsible and decent landlords who treat tenants with courtesy and respect. On the other hand, there is abundant evidence to suggest that some tenants fail to pay agreed rents over extended periods and plead inability to pay even when the Private Residential Tenancies Board becomes involved. Some tenants also do significant damage to properties and landlords have difficulty in being compensated, even after a Court hearing. The problem is not all one-sided.

Conclusion

The private rented sector can play a key role in providing accommodation for those who do not aspire to own their homes or who cannot obtain a local authority home. Well-off tenants can afford to secure good accommodation in the private rented sector but poorer tenants are at a considerable disadvantage. Due to the decline in local authority provision, successive Irish governments have placed considerable reliance on this sector to provide social housing and have spent more than €5.6 billion for this purpose over the past sixteen years.⁹ In the light of the problems outlined above, this reliance is unwise and costly and needs to be revisited urgently.

The commitment in the Social Housing Strategy (November 2014) to re-invigorate the direct provision of public housing by local authorities,

with the building of 35,000 units over the next five years, is to be warmly welcomed.¹⁰ However, reliance on the private rented sector to provide a further 75,000 homes for households qualifying for social housing should be reviewed. The key question all of us must ask and answer is whether the private rented sector is ‘fit for purpose’. Without adequate regulation applicable to both landlords and tenants this is most unlikely.

The private rented sector on its own will not resolve the significant housing problems the country faces. However, this sector, properly regulated, could act as a good substitute for home-ownership. If the sector had regulated rents, good standards and medium to long-term security of tenure, many could postpone home-ownership for a time, or indefinitely. This would have the effect of dampening down prices for owner-occupied homes.



© iStock photo

Similarly, we need a good public rental housing system which gives priority to vulnerable tenants, but also provides for a broader category of relatively well-off renters who could pay an economic but regulated rent. I would call this ‘community housing’. With a long-term mortgage taken out by an existing government agency and thus off the State’s balance sheet, ‘community housing’, properly managed, could be financially viable and self-sustaining. Together with a good private rental sector, it would again postpone the struggle to purchase a home and even provide an alternative to home-ownership.

These linkages between the different housing sectors are critical. If we simply tinker about with individual parts of the system without recognising the implications for other sectors, we will continue to have a housing crisis for many years to come.

Notes

1. Housing Agency, *Summary of Social Housing Assessments 2013, Key Findings*, Dublin: The Housing Agency, December 2013, Table A1.1: Net Household Need 1993–2013, p. 7. (<http://www.environ.ie/en/PublicationsDocuments/FileDownload,34857,en.pdf>)
2. Department of Social Protection, *Maximum Rent Limit Analysis and Findings*, Report, February 2015, Appendix 3, p. 45. <http://www.welfare.ie/en/downloads/Maximum%20Rent%20Limit%20Analysis%20and%20Findings%20Report%20February%202015.pdf>
3. Data from the Central Bank show that, in the final quarter of 2014, there were 35,583 mortgages on buy-to-let properties in arrears (25.2 per cent of all such mortgages). Of these accounts, 22,201 were in arrears for 361 days or more (62 per cent of all buy-to-let accounts in arrears) and 15,386 were in arrears for over 720 days (43 per cent). See: Central Bank of Ireland, *Residential Mortgage Arrears and Repossessions Statistics: Q4 2014*, Statistical Release, Dublin, 6 March 2015, pp 8–10.
4. 'How the Canadians became the State's Biggest Landlords', *The Sunday Business Post*, 29 March 2015.
5. DKM Economic Consultants, *Rent Stability in the Private Rented Sector*, Final Report, Prepared for the Housing Agency on behalf of the Private Residential Tenancies Board, Dublin, 2014.
6. P.J. Drudy and Michael Punch, *Out of Reach: Inequalities in the Irish Housing System*, Dublin: TASC at New Island, 2005.
7. The Statutory Instruments, *Housing (Standards for Rented Houses) Regulations 2008* (S.I. 534/2008), and *Housing (Standards for Rented Houses) Regulations 2009* (S.I. 462/2009), specify requirements in relation to a range of matters in rented accommodation, such as structural repair, sanitary facilities, heating, ventilation, light and the safety of gas and electricity supply. See: website of Department of the Environment, Community and Local Government, 'Minimum Standards in Rented Housing', (<http://www.environ.ie/en/DevelopmentHousing/Housing/PrivateRentedHousing/#Rented>).
8. *Threshold Pre-Budget Submission 2015 to Department of Finance*, Dublin, June 2014. (http://www.threshold.ie/download/pdf/threshold_prebudget_submission_2015_to_dept_of_finance_june_2014.pdf)
9. Department of Social Protection, *Maximum Rent Limit Analysis and Findings*, Report, February 2015, Appendix 3, p. 45
10. Department of the Environment, Community and Local Government, *Social Housing Strategy 2020: Support, Supply and Reform*, Dublin, November 2014. (<http://www.environ.ie/en/Publications/DevelopmentandHousing/Housing/FileDownload,39622,en.pdf>)

P.J. Drudy is Emeritus Professor of Economics, Trinity College, Dublin and currently Co-Director of the Centre for Urban and Regional Studies at Trinity College, Dublin.

Catholic Social Teaching and Housing

Gerry O'Hanlon SJ

Introduction

'Have youse (yis) no homes to go to?' – the traditional, plaintive cry of long-suffering publicans, trying to clear their premises after closing time, can sound somewhat hollow and ironic to many in today's Ireland. We live at a time when housing supply does not meet demand; when, in the wake of the collapse of the property bubble, home-owners may struggle to meet mortgage repayments and many fear re-possession; where those in negative equity may find themselves unable to move from their current home even when there are pressing family or financial reasons for them to do so; where waiting lists for social housing are at an alarmingly high level, and where many are unable to access or remain in private rented accommodation because of unaffordable increases in rents in many areas.

At the bottom of this ladder of deprivation lie those who are homeless, including the so-called 'new homeless'. Homelessness often comes to public attention around Christmas time or when there is a particularly dramatic illustration of its effects, such as the death of someone who has been sleeping on the streets, but too often it slips down and even off the public agenda.

In a previous publication,¹ the Jesuit Centre for Faith and Justice analysed the multiple failures of housing policy in the years of the boom, including the too-easy availability of credit and of tax incentives, a godsend to investors, which meant that housing became a commodity, to be traded like stocks and shares, not a home to meet a basic need, and right, of every person. The analysis concluded that these failures reflected 'an underlying unwillingness to acknowledge that every person has a right to decent housing and that the State has a duty to respect and promote that right'.²

The purpose of this present article is to examine briefly how this right to housing is treated in Catholic social teaching. Since Cathy Molloy already discussed this topic in a previous issue of *Working Notes*,³ with particular reference to the 1987 document of the Pontifical Council for Justice and Peace, *What Have You Done to your*

Homeless Brother?, the focus of the present article, after a recapitulation of the basic teaching and a brief comment on the use of rights language in this debate, will be on the contribution of Pope Francis.

Catholic Social Teaching on Housing – General

There is a basic matrix of principles and values at the heart of Catholic social teaching, out of which application is made to particular social issues.⁴ Founded on the fundamental dignity and equality of all human beings, this matrix includes notions such as the common good, the universal destination of goods (even if there is a right to private property, still the goods of the earth are intended for all and the use of private property involves a social responsibility), and solidarity (with a 'preferential option for the poor').

As applied to the issue of housing, the relevant documents⁵ again and again refer to housing as a universal human right (indeed, Pope Francis calls it a 'sacred' right⁶), with concomitant responsibilities on states and societies to honour that right. Increasingly in Catholic social teaching there is mention of the need to take into account environmental factors in developing housing policy, which ought as well to integrate features such as a living community, a sustainable infrastructure, and 'mixed housing for mixed communities'.⁷

Of particular interest in this vision of society is the structural role of markets. While recognising the market 'as an irreplaceable instrument for regulating the inner workings of the economic system', Church social teaching notes the 'risk of an "idolatry" of the market', and underlines the market's limitations '... which are easily seen in its proven inability to satisfy important human needs, which require goods that "by their nature are not and cannot be mere commodities" ...'.⁸

Closely related to the role of markets is the principle of 'private ownership with social function', applied directly by the Irish Bishops to the issue of housing.⁹ Pope Francis writes of the same principle in the context of solidarity, and puts it strongly:

*Solidarity is a spontaneous reaction by those who recognize that the social function of property and the universal destination of goods are realities which come before private property. The private ownership of goods is justified by the need to protect and increase them, so that they can better serve the common good; for this reason, solidarity must be lived as the decision to restore to the poor what belongs to them.*¹⁰

From Vision to Policy

Without vision and values we too easily default to a pragmatism which inevitably favours the more powerful. But while vision and values play an important heuristic function in pointing towards a certain direction, it would be foolish to imagine that the translation of vision into policy is a simple matter and that the Church ‘can provide clear practical guidelines to politicians, economists or planners’.¹¹ The need, then, is always to bring the vision and values into dialogue with concrete analyses and policy options – of the kind to be found elsewhere in this issue of *Working Notes*.

There is also a need to consider the question of how individual rights, including rights in relation to housing, can be balanced against the need to protect and promote the common good.

There is certain unease about what is seen as an inflation of rights language, without concomitant attention to the responsibilities and duties (of whom?) required to address these rights. In an interesting discussion, educationalist David Tuohy reflects on the tension between the discourse of the common good and that of individual rights and the need to develop a public language of politics which integrates the two.

He notes the positive history of the concept of human rights, emerging from a struggle against the arbitrary use of power by elites or indeed the tyranny of the majority. However, he then distinguishes between ‘liberty rights’ (affirming the agency of the right-holder to pursue their own interests) and ‘claim rights’ (which include the duty of other people to act in a particular way for the benefit of the right-holder), so that ‘the establishment or declaration of rights is not a magical guarantee of their realisation’.¹² And so, where there is competition for scarce, limited resources, there can occur a situation where ‘rights are in conflict with one another, not as concepts, but in relation to their distribution’.¹³

In this context, the rhetoric of rights, in general, is that they claim to ‘trump’ other considerations in society¹⁴ but the ‘expansion of rights has led to rights-inflation, which devalues the currency of rights language. If everything is promoted with the same seriousness and urgency of a human right, then it is hard to distinguish priority areas’.¹⁵

This analysis cautions in general against an overly facile use of rights language which rhetorically claims to trump all other considerations without recourse to the complex analysis required to yield workable policy options. However, it can surely be argued that in Ireland, in the particular area of housing – where, during the boom years, ‘we saw over a doubling of the numbers on the social housing waiting list’¹⁶ – there were, and indeed are, sufficient resources to ensure a more equitable distribution of housing in our society and alternative policy options to bring this about.¹⁷

Pope Francis on Housing

It seems clear that Pope Francis belongs to the more radical, anti-establishment shift in Catholic social teaching from Pope John XXIII onwards, identified by Donal Dorr.¹⁸

Pope Francis has called the right to housing a ‘sacred’ right

We have already noted Francis’ reference to housing (and to land and work) as ‘sacred rights’¹⁹ and his reference to the social function of property.²⁰ In this latter context, he goes on to urge, quoting Paul VI in *Octogesima Adveniens*, that where necessary ‘... the more fortunate should renounce some of their rights so as to place goods more generously at the service of others’.²¹

Francis praises cities that by design ‘are full of areas that connect, relate and foster the recognition of the other’²² but bemoans the reality that: ‘Houses and neighbourhoods are more often built to isolate and protect than to connect and integrate’,²³ effectively relegating people who are poor to the fringes of society.

In an address delivered at the ‘World Meeting of Popular Movements’ in October 2014 he insists: ‘I said it and it repeat it: a house for every family’.²⁴ In that address, he emphasises also ‘tenancy

security', as well the importance of 'a community dimension', and of vibrant neighbourhoods, with 'adequate infrastructure (sewage, light, gas, asphalted roads) ... schools, hospitals or first aid clinics, sports clubs and all those things that create bonds and unite ...'.²⁵

As befits the Bishop of Rome within a church that defines itself universally, Francis draws our attention to the reality that housing, and its lack, is a global phenomenon, with conditions elsewhere in the world often a great deal more extreme than those found in developed countries. In particular, with typical frankness, in his address to the World Meeting of Popular Movements, he highlights how 'immense cities show off proudly, even arrogantly, how modern they are', yet in them housing is denied to many people, including children. He deplores the resort to euphemisms, such as 'street people' and 'without fixed abode', to refer to people who lack housing, and comments:

*Isn't it curious how euphemisms abound in the world of injustice! ... I might be wrong in some cases; but in general, what lurks behind each euphemism is a crime.*²⁶

And of course, as is also characteristic, Francis not only analyses or condemns, but also acts, as is evident in the recent provision by the Vatican of washing facilities for homeless people in Rome.

What is Distinctive about Francis' Articulation of Catholic Social Teaching?

In his statements and addresses on social issues, Francis locates himself firmly at the core of Catholic social teaching in understanding that change involves structural as well as personal and communal dimensions and that the translation of vision and values into social policy is complex. However, he is insistent that the biblical imperative to a preferential for the poor is so clear that 'no ecclesial interpretation has the right to relativize it' and moreover that complexity should not induce paralysis: 'Why complicate something so simple? Conceptual tools exist to heighten contact with the realities they seek to explain, not to distance us from them ... So why cloud something so clear?'²⁷

What distinguishes Francis' articulation of Catholic social teaching is not so much new content²⁸ but rather the *priority* given to the teaching and the passionate and evident *conviction* with which it is expressed. Francis understands the gospels in a liberation theology tradition which places the

poor at the centre of the Kingdom which Jesus came to announce and effect. For him, this is not just a social consequence of the gospel – a kind of 'add on' – but rather the poor are at the centre of reality and '... the option for the poor is primarily a theological category rather than a cultural, sociological, political or philosophical one'.²⁹

If the love and mercy of Jesus, revealing who God is, are what is most important, then this love is universal, for us all, but in particular it is addressed to those who need it most, who so often are ignored, cast aside, made to feel unlovable. And so, remarkably, two of the five chapters (Chapters 2 and 4) of *Evangelii Gaudium*, the Apostolic Exhortation issued by Francis in November 2013, are devoted substantially to the social nature of reality, while elsewhere in the document it is clearly and naturally assumed.

There is, in addition, a palpable passion in the way Francis preaches this social gospel – not just in his concrete, colourful language, his repeated insistence on its truth, his sharp analysis – but also in his actions and witness. One thinks in this context of the reform of the Vatican Bank and his serious efforts to address the issue of accountability with respect to clerical child sexual abuse; his initiatives on human trafficking; his provisions for homeless people in Rome and his many symbolic gestures, including his simple style of living, and his embrace of people who are sick or disfigured.

Pope Francis deplores the resort to euphemisms, such as 'street people' and 'without fixed abode', to refer to people who lack housing ...

There may also be at least one significant change of content with respect to the teaching itself. Donal Dorr has drawn particular attention to the address by Francis to the 'World Meeting of Popular Movements' (Dorr prefers the term people's movements) and sees in it an option for the most controversial aspect of liberation theology (hitherto approached with reserve by the central Magisterium) – its active encouragement of poor and oppressed people to struggle effectively but non-violently for a just society and in so doing to challenge the rich and powerful.³⁰ And it is

interesting to note, as we have remarked, that one of the three key areas addressed in this speech was precisely the area of housing.

It is arguable that popes have become too powerful, sometimes to the point, if not of idolatry then at least of an unhealthy cult of celebrity and even power, with a consequent temptation for the rest of us to accept everything they say uncritically and to avoid our own responsible engagement in the issues they address. It is clear that Francis does not want to be that kind of pope – he wants to be more collegial, to consult; he wants all of us to own the gifts and responsibilities that come with our baptism and to contribute through our ‘sense of the faithful’ to Christian wisdom, prophecy and governance, always as a positive contribution to humankind in general.

To this end it may be useful to note the kind of distinctions used by theologians when assessing papal pronouncements (distinctions which, in many cases, have sensible secular analogies). In this kind of hermeneutical framework, not everything that the pope says is to be taken as carrying equal weight, and so, for example, there is an ascending authoritative weight to be given to off-the-cuff remarks, to apostolic exhortations or encyclicals, and – at the apex – to pronouncements with the rest of the bishops at an ecumenical council.

I think this is important, not least given the fact that for now we have the gift of a pope who likes to express himself openly and spontaneously and in so doing sometimes gets it wrong and has to apologise afterwards. I think we may allow someone to have some cultural blind spots without thereby calling into question his undoubted inspirational leadership on so many issues, especially when positions are stated in a more considered way and correspond to or are clearly a healthy development of the Christian tradition as a whole and received as such by the ‘sense of the faithful’. In this latter context, it will be interesting to see how the apparently informal remark about not judging gay people (‘who am I to judge?’) may play itself out in the more formal setting of the Synod of Bishops next October.

I think in this way too Francis has done us some service – he has shed the mystique of a false notion of monarchy and infallibility and yet managed to lead in an inspiring way. We too are called to some learning here – to re-imagine what being pope and leader means, and the kind of positively critical

spirit with which we are called to respond, which will involve bishops at local level taking on their own leadership functions in more adult fashion and we ourselves being empowered to exercise leadership where appropriate.

Conclusion

Catholic social teaching is, of course, rooted firmly in Scripture as well as in human rationality. Right through the Hebrew Covenant (the Old Testament) there is enormous respect for the notion of home and dwelling place, associated in particular with the notion of family and community.³¹

*... our Christian tradition,
inherited from Judaism,
attributes a fundamental value to
‘housing’ ...*

In the New Testament a new aspect emerges: Jesus is born in circumstances away from home, where ‘there was no place for them in the inn’ (Lk 2: 7) and in his adult ministry he opts for an itinerant life-style,³² relying on the hospitality of friends and supporters and at times ‘with nowhere to lay down his head’ (Lk 9: 58; Mt 8: 20), having to stay ‘outside in places where nobody lived’ (Mk 1: 45), living ‘outside the camp’ (Leviticus 13, 46), like the leper whom he had cured. He has particular care for the hungry and thirsty, the stranger, the naked (Mt 25: 42ff), those at the margins of society – the parable of the rich man and Lazarus lying at his gate is a vivid portrayal of what separates those luxuriating in their wealth from those who lack the basic necessities, with a clear indication of whose side God is on (Lk 16; 19–31).

What we can say from this Scriptural background is ‘that our Christian tradition, inherited from Judaism, attributes a fundamental value to ‘housing’ which we can still recognize today’³³ and which is often expressed in relation to family. The particular slant given by the New Testament is a concern for those without a home and solidarity with them.

In an interesting theological reflection on this tradition, Siobhan Garrigan³⁴ cautions against a narrow notion of home which people appeal to when they do not want to love across the boundaries of difference, do not want to have

an outward-looking disposition or display an 'openness to the Other'. This domesticated kind of notion does not challenge us to tackle issues such as homelessness and is out of sync with the subversive singularity of the witness of Jesus in the New Testament. Garrigan notes the ritual of lighting a candle in one's windowsill on Christmas Eve to welcome the stranger – Christ – roaming the world, a tradition which is very much according to the more subversive note struck in the New Testament.

It may be noted, finally, and following on from Professor Garrigan's reflection, that the Catholic social teaching on housing outlined here is very much at one with the thrust of Ignatius of Loyola and his spirituality. One of the Decrees arising out of the Thirty-Fourth General Congregation of the Society of Jesus (GC34), held in early 1995, noted that: 'It is part of our Jesuit tradition to be involved in the transformation of every human culture ...' and that "'Ignatius loved the great cities"; they were where this transformation of the human community was taking place',³⁵ and he wanted Jesuits and their co-workers to be involved in this process. The 'city' in this sense was a symbol of Jesuit efforts to bring fulfilment to human culture, to bring about a more just way of living together, a dream which we share with many of other religions and none. The Jesuit Refugee Service to migrants and asylum seekers 'who have no homes to go to' is part of the contribution to the practical realisation of this dream.

This dream, for people who are Christians, is also at the heart of the gospel of Christ and will always provoke resistance. It calls on us for an ongoing conversion of mind, heart and behaviour, which Francis is calling for from the whole Church. Again and again, he has criticised what he calls a 'globalisation of indifference', which is at the root of injustices such as the housing situation we have been discussing. The same Decree of GC34 puts it thus:

*One of the most important contributions we can make to critical contemporary culture is to show that the structural injustice in the world is rooted in value systems promoted by a powerful modern culture which is becoming global in its impact.*³⁶

Being converted means not resting satisfied with the good PR someone like Francis generates for the Church, but being disturbed ourselves by situations of injustice and trying to respond as best we can.

Notes

1. Jesuit Centre for Faith and Justice, *The Irish Housing System: Vision, Values, Reality*, compiled by Michael Punch, Dublin: Jesuit Centre for Faith and Justice, 2009.
2. Peter McVerry, 'Foreword', in Jesuit Centre for Faith and Justice, *The Irish Housing System: Vision, Values, Reality*, *op. cit.*
3. Cathy Molloy, 'Aspects of Catholic Social Teaching on Housing', *Working Notes*, Issue 50, June 2005, pp 21–4.
4. See Gerry O'Hanlon, 'Catholic Social Teaching and Inequality', *Working Notes*, Issue 75, December 2014, pp 22–26 (at 22–3).
5. For a selection, see: Vatican II, *Gaudium et Spes* (Pastoral Constitution on the Church in the Modern World), 7 December 1965, n. 26; Pontifical Council for Justice and Peace, *What Have You Done to Your Homeless Brother?*, 1987; *The Work of Justice: Irish Bishops' Pastoral*, Dublin: Veritas Publications, 1977, n. 105–6; Irish Catholic Bishops' Conference, *Prosperity with a Purpose: Christian Faith and Values in a Time of Rapid Economic Growth*, Dublin: Veritas Publications, 1999, pp 24–28; Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church*, 2004, Dublin: Veritas Publications, 2005, n. 166; n. 365; n. 482; n. 504; n. 535. See also: Intervention of Monsignor Diarmuid Martin, Secretary to the Pontifical Council for Justice and Peace, at the UN Habitat II Conference on Human Settlements, 13 June 1996. (<http://www.ewtn.com/library/CURIA/PCJPHABI.HTM>)
6. Pope Francis, 'Address to the Participants in the World Meeting of Popular Movements', Rome, Tuesday, 28 October 2014. (http://w2.vatican.va/content/francesco/en/speeches/2014/october/documents/papa-francesco_20141028_incontro-mondiale-movimenti-popolari.html)
7. Irish Catholic Bishops' Conference, *Prosperity with a Purpose*, *op. cit.*, n. 48.
8. Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church Compendium*, *op. cit.*, n. 349, with reference to Pope Paul VI, *Octogesima Adveniens* (The Eightieth Anniversary), Apostolic Letter, 14 May 1971 and Pope John Paul II, *Centesimus Annus* (The Hundredth Anniversary), Encyclical Letter, 1 May 1991. See also: Pope Francis, *Evangelii Gaudium* (The Joy of the Gospel), Evangelical Exhortation on the Proclamation of the Gospel in Today's World, 20 November 2013; Pope Francis, 'Address to the Participants in the World Meeting of Popular Movements', Rome, Tuesday, 28 October 2014, *op. cit.*
9. *The Work of Justice: Irish Bishops' Pastoral*, *op. cit.*, n.106.
10. Pope Francis, *Evangelii Gaudium* (The Joy of the Gospel), *op. cit.*, n. 189.
11. Donal Dorr, *Option for the Poor and the Earth: Catholic Social Teaching*, Maryknoll, NY: Orbis Books, 2012, p.454.
12. David Tuohy, *Denominational Education and Politics: Ireland in a European Context*, Dublin: Veritas Publications, 2013, p. 95.
13. *Ibid.*, p. 96.
14. *Ibid.*, p. 90.
15. *Ibid.*, p. 102.
16. Peter McVerry, 'Foreword', in Jesuit Centre for Faith and Justice, *The Irish Housing System: Vision, Values, Reality*, *op. cit.*
17. See in particular the prescient analysis in: Irish Catholic Bishops' Conference, *Prosperity with a Purpose*, *op. cit.* and Jesuit Centre for Faith and Justice, *The Irish Housing System, Vision, Values, Reality*, *op. cit.*
18. Donal Dorr, *op. cit.*, pp 440–67, especially pp 440–46.
19. Pope Francis, 'Address to the Participants in the World Meeting of Popular Movements', 28 October 2014, *op. cit.*
20. Pope Francis, *Evangelii Gaudium*, *op. cit.*, n. 189.

21. *Ibid.*, n. 190.
22. Pope Francis, 'Address to the Participants in the World Meeting of Popular Movements', *op. cit.*
23. Pope Francis, *Evangelii Gaudium*, n. 75.
24. Pope Francis, 'Address to the Participants in the World Meeting of Popular Movements', *op. cit.*
25. *Ibid.*
26. *Ibid.*
27. Pope Francis, *Evangelii Gaudium*, *op. cit.*, n. 194.
28. This may well follow in the planned encyclical on the environment, expected to be issued in mid-2015.
29. Pope Francis, *Evangelii Gaudium*, *op. cit.*, n. 198.
30. Donal Dorr, 'Liberation Theology Comes to Rome', *The Furrow*, Vol. 65, No. 12, December 2014, pp 616–621.
31. See entry under 'House' in Xavier Léon-Dufour, *Dictionary of Biblical Theology*, London/Dublin: Chapman, 1967.
32. See Jose Antonio Pagola, *Jesus: An Historical Approximation* (revised edition), Miami: Convivium Press, 2014, chapters 4 and 10 and pp 457–9.
33. Pontifical Council for Justice and Peace, *What Have You Done to Your Homeless Brother?*, *op. cit.*, Part III, n. 4.
34. Siobhan Garrigan, Loyola Professor of Catholic Theology at the Loyola Institute Trinity College Dublin, Inaugural Lecture on 'Theology and Homelessness', 3 November, 2014.
35. Decree 4, 'Our Mission and Culture', n. 24–n. 26 in *Documents of the Thirty-Fourth General Congregation of the Society of Jesus*, Saint Louis: The Institute of Jesuit Sources, 1995. (Also available at: http://www.sjweb.info/sjs/documents/CG34_D4_eng.pdf)
36. *Ibid.*, 24.

Gerry O'Hanlon SJ is a theologian and staff member of the Jesuit Centre for Faith and Justice.