
Tenant State of Mind

How Cost Rental Public
Housing Can Reverse the State's
Transformation to a Tenant



First Footnote

Keith Adams, et al., *Tenant State of Mind: How Cost Rental Public Housing Can Reverse the State's Transformation to a Tenant*. (Dublin: Jesuit Centre for Faith and Justice, 2022).

Bibliography

Adams, Keith, Kevin Hargaden, Martina Madden and Ciara Murphy. *Tenant State of Mind: How Cost Rental Public Housing Can Reverse the State's Transformation to a Tenant*. (Dublin: Jesuit Centre for Faith and Justice, 2022).

CUCKOO FUNDS, STAMP DUTY AND EXEMPTIONS.

Mullen Park seemed like almost every other housing estate being built in Ireland. Hundreds of near-identical homes constructed from cut-and-paste plans, finished to a high level of energy efficiency, and replete with ample green space. Located in the university town of Maynooth, promising “luxury family homes set out in a series of cul-de-sacs,”¹ it is the perfect place for a family to purchase a home. Yet, Mullen Park gained notoriety overnight and became the impetus for public outrage and political fallout. Few housing developments have captured the national imagination but events at Mullen Park last year quickly mobilised political parties of all persuasion in the Oireachtas.

Back in May 2021, the innocuously-named *Round Hill Capital*—an investment vehicle with a sizeable residential property portfolio—had bought 135 of the 174 new homes in Mullen Park which were coming onto the market.² Homes which people had, naturally, expected to buy, would now only be available for rent at market rates upward of €2,000. This type of bulk purchase is not out of the ordinary in Ireland, particularly within the Dublin metropolitan region, as investors regularly purchase entire apartment complexes. In fact, this type of bulk purchase, which was absent in Ireland before 2013, was actively encouraged and promoted by the Irish Government. Spearheaded by the former Minister for Finance Michael Noonan, legislation and accompanying tax breaks on both rental income and capital gains were introduced for the operation of **Real Estate Investment Trusts**³ (REITs).⁴

The revelations at Mullen Park punctured gaping holes in the Government narrative of the primacy of home ownership within their housing policy. Prior to this, institutional investors had been quietly but effectively nurturing the build-to-rent sector, primarily apartments within city centres.⁵ An area of asset growth which accurately reflected the philosophical outlook of Irish policymakers on apartment living. Urban apartments are presented as only for the young or the transient professional, who

wish to live close to a city centre, not for families. However, now, the pathway to affordable home ownership was being closed off by Government housing policy and institutional investors. Yet the doors of Mullen Park were still open if households could afford the monthly rent.

Mullen Park was not a once-off. *Round Hill Capital* had also purchased 112 houses in Dublin 15 for rent as single family homes.⁶ *Greystar*, a US-based investment fund, is currently closing a deal to purchase 342 homes, primarily apartments, in Dublin 3 for €180 million, an average of €525,000 per home.⁷ The remaining 43 homes in the yet-to-be-completed estate will be acquired by Dublin City Council for social rented and ‘affordable’ housing. In 2019, closer to the environs of the city centre tech companies, *Greystar* also paid €175.5 million for 268 high-end apartments in the Dublin docklands. These are homes which did not make it to within touching distance of the market before they were purchased by wealthy institutional investors.

Exploiting the opportunity to extract profits from the Irish private rental market, institutional investment in bulk buys of apartments in the city grew from €0.4 billion in 2017 to €2.4 billion in 2019.⁸ Overall, 23% of all non-private purchases of any home (new or second-hand) were by holding companies, trusts and funds, a total of 3,054 homes. Another 16%—2,078 purchases—were by REITs and other management companies.⁹ In total, two of every five homes purchased in 2019 were by institutional investors. In the first half of 2021, the Canadian-owned *Ires Reit*, the largest fund in the Irish housing market with 24% ownership in the institutional residential sector,¹⁰ reported a profit of €27.4 million.¹¹ The gross yields available

¹ ‘About Mullen Park’, *Mullen Park* (blog).

² Harry McGee, Vivienne Clarke, and Joe Brennan, ‘Government Asks AG about Legality of Ban on Housing Estate Bulk-Buys’, *The Irish Times*, 6 May 2021.

³ Additional background information is provided in a glossary at the end of the essay for selected technical terms (identified in bold).

⁴ Department of Finance, ‘*Institutional Investment in the Housing Market*’ (Dublin: Economics Division, Department of Finance, February 2019); Rory Hearne, ‘A Home or a Wealth Generator? Inequality, Financialisation and the Irish Housing Crisis’ (Dublin: TASC, 2017); Killian Woods, ‘*State Invested in “Cuckoo Fund” That Snapped up Hundreds of Maynooth Homes*’, *Business Post*, 16 May 2021.

⁵ Laoise Neylon, ‘*Is Build-to-Rent Crowding Out Other Kinds of Homes in Dublin?*’, *Dublin Inquirer*, 28 April 2021.

⁶ McGee, Clarke, and Brennan, ‘Government Asks AG about Legality of Ban on Housing Estate Bulk-Buys’.

⁷ Ronald Quinlan, ‘*Cairn Homes Set for €180m Sale of Dublin Apartment Portfolio*’, *The Irish Times*, 7 July 2021.

⁸ The Dublin Inquirer have consistently produced high-quality research-based journalism on the creeping influence of institutional investors in shaping the Irish housing market. A seminal piece mapped out the network of investment activity in Dublin. For more, see Lois Kapila, ‘*Mapping Dublin’s Growing Constellation of Company Landlords*’, *Dublin Inquirer*, 28 June 2021.

⁹ Ken Foxe, ‘*State Was in Dark about Institutional Investors Buying up Housing Estates*’, *The Irish Times*, 13 July 2021.

¹⁰ The five largest institutional investors operating in the Irish housing system have an ownership of two-thirds of the institutional residential sector. See Michael Byrne, ‘*Institutional Investment in the Private Rental Sector in the Wake of the Covid-19 Pandemic: A Review of International “Grey Literature” and Reflections on the Irish Context*’ (Dublin: School of Social Policy, Social Work and Social Justice, UCD, 4 May 2021).

¹¹ *Ires Reit* has a rental portfolio of 3,836 dwellings with an occupancy rate of 98.6%. On average, in the first six months of 2021, *Ires Reit* has generated over €7,200 in profit per dwelling (author’s own calculations). Back in 2019, *Ires Reit* reported a total profit of €86.3 million and paid no corporation tax. For further information on the performance of *Ires Reit*, see Colin Gleeson, ‘*State’s Biggest Private Landlord Returns to Black with Profit of €27.4m*’, *The Irish Times*, 6 August 2021; Eoin Burke-Kennedy, ‘*The Faceless Funds behind Ireland’s Surging Buy-to-Rent Sector*’, *The Irish Times*, 19 February 2021.

to investors are attractive when they are compared with any other asset class or form of investment.¹²

Whatever vision for investment funds existed in 2013, the scale of expansion in the late 2010s and early 2020s would surely have given much more pause for thought. Further news then broke that state funds were being invested with institutional investors. Supplementing the attractive tax breaks available to REITs, the Irish Government had also invested hundreds of millions of euro in investment funds which were purchasing residential property.¹³ *Urbeo*¹⁴—a US-based fund—received €60 million prior to the purchase of more than 200 completed homes in different estates in Maynooth.¹⁵ The State could be located at all sides of the table; setting the conditions, providing investment which would guarantee institutional profit, and gaining from an investment which was stoking an increasingly over-heated private rental sector.

The Government went into fire-fighting mode. The Taoiseach said that his Government was “absolutely opposed” to the purchase of entire suburban estates by investment funds. Amid a steady floating of policy proposals, decisive action became increasingly unlikely. In the end, the Government settled on an increase of stamp duty from 1% (on the first €1 million) to 10% for purchases of more than ten houses or duplexes in a twelve-month period¹⁶ which would be a “strong deterrent.”¹⁷ A circular was also distributed to local authorities to allow the reservation of homes for first-time buyers, but this proportion could range as low as 0%. A key exemption meant that apartment blocks did not attract stamp duty, further underlining the Government’s unimaginative view of city-centre apartment living.

The increased stamp duty seemed to have sated the public’s demand for something beyond a token gesture. The press cycle moved on and attention on the issue dissipated. However, the Government

“

Irish taxpayers now find themselves in a perverse situation where the Irish Government is actively, and effectively, shaping a market for for-profit providers of social rented housing through the use of long-term leases.

managed to snatch defeat from the jaws of a pyrrhic victory with a sleight-of-hand made public.

A few weeks after the introduction of the increased stamp duty, as a means to slow the purchase of homes by investor funds, it was revealed that investment funds would be granted an exemption from the 10% rate if they lease the properties to local councils to provide homes for households on waiting lists for mainstream social housing.¹⁸ The exemption was contained within an amendment to a Finance Bill which was dealing with Covid-19 supports. Any institutional investor who leased homes to a council would then revert back to the 1% rate for bulk-purchases.

Irish taxpayers now find themselves in a perverse situation where the Irish Government is actively, and effectively, shaping a market for for-profit providers of social rented housing through the use of long-term leases. After expiration of the lease in 25 or 30 years, the housing asset— which will have likely appreciated in value over time— is returned to the investment fund. Not only will the State not own an appreciated asset, but it will have paid market rent and been subject to management and maintenance costs for a quarter of a century. The most likely scenario will be that the State will then establish a further long lease agreement in order to keep the social rented tenants in situ.

By carefully considering the housing (and wider economic) policy decisions which have led us here, this essay proposes that there has been a transformation at the heart of the State in relation to housing, not necessarily for the better. If you can only act meaningfully in the world you can accurately describe, then the onus is placed upon us that in order to act, we must first describe a truthful image of the State and housing system.¹⁹ When the essay has completed this work by engaging with the work of housing academics, sociologists, policy analysts and theologians, we will

¹² Richard Waldron, ‘Capitalizing on the State: The Political Economy of Real Estate Investment Trusts and the ‘Resolution’ of the Crisis’, *Geoforum* 90 (2018): 206–18.

¹³ More than €225 million of public funding which was designated to increase housing supply was used by institutional investors to purchase houses and apartments before they were available to individual house-buyers. These funds were not building homes but seeking to purchase dwellings for the private rental sector. See Woods, ‘State Invested in “Cuckoo Fund” That Snapped up Hundreds of Maynooth Homes’.

¹⁴ *Urbeo* was co-founded by Bill Nowlan, who is also the founder of Hibernia REIT and is credited with the introduction of the highly advantageous tax arrangements available to REITs. See Woods.

¹⁵ In defence of these investments from the Irish Strategic Investment Fund, the Department of Finance and the National Treasury Management Agency argued the housing supply would be adversely impacted if these funding arrangements were not available. A former Housing Minister claimed that about 90% of apartments in Dublin have been built as a result of this financing arrangement with an investment fund. See Marie O’Halloran, ‘[Maynooth Will Be Remembered as “Symbol of Absolutely Failing Housing Policy”](#)’, *The Irish Times*, 16 May 2021.

¹⁶ Jack Horgan-Jones, ‘[Stamp Duty Will Rise to 10% for Multiple House Purchases under Government Plans](#)’, *The Irish Times*, 18 May 2021.

¹⁷ Marie O’Halloran, ‘[Coalition Accused of Helping Vulture Funds to Profiteer](#)’, *The Irish Times*, 6 July 2021.

¹⁸ O’Halloran.

¹⁹ During his academic career and pastoral vocation, American ethicist, Stanley Hauerwas regularly challenged readers and listeners alike that “You can only act in the world you can see, but you can only see by learning to say.” See Brian Brock, Stanley Hauerwas, and Kevin Hargaden (ed.), *Beginnings: Interrogating Stanley Hauerwas* (London: T&T Clark, 2017), 117.

then propose a solution to how we can slowly begin to extricate ourselves from our current predicament where profit-maximisation is the goal.

FINDING THE STATE IN HOUSING

A French sociologist may not seem like a useful companion to develop a critique of Irish social housing policy.²⁰ But **Pierre Bourdieu** provides us with some helpful scaffolding as we start to think about overhauling our housing system. Somewhat peculiarly, in his famous *On the State* lectures,²¹ Bourdieu spends substantial time reflecting on the French housing system. He recounts starting early research into the single-home market in France with simple questions — Why do people buy rather than rent? Why, at a certain point in time, do they seek to buy rather than rent? On this first glance at the housing market, he notes that statistics are necessary to observe and measure the trends of who buys and who rents and for how long.

Then Bourdieu suggests that an inquisitive researcher will inevitably come to another, or secondary, set of questions: Who produces? How do they produce? How should the sector constructing homes be described? What is the balance of forces between those who produce and sell homes?²² Gradually, the centre of the research shifted from what was initially a study of transactions, the constraints weighing on these transactions and factors explaining the choice which households made in relation to renting or buying. The focus of the research inquiry had now reoriented to “the institutional conditions of production, both of the supply of homes and of their demand.”²³

Based upon this realisation, Bourdieu concludes that to really understand at the individual or transactional level how it is that some have secure and affordable housing and others do not, “you have to go back step by step, and at the end you find the state.”²⁴ He also identified those individuals and entities which are able to impose their views through the state as contributing

“very substantially to producing the state of the housing market, doing this largely through all the forms of regulation and financial assistance.”²⁵ We are all too aware that the fingerprints of a nexus of very powerful actors—building developers, banks, and institutional investors—are easily identifiable within the near history of Irish housing policy.

This essay will engage with Irish social housing policy with Bourdieu’s second-level questions to try and make sense of the acts of the Irish State and how we can then begin to accurately describe both the State and, by proxy, the Irish housing system. From one perspective, the State may be understood as the most influential protagonist in housing policy as it passes legislation, owns significant land banks, develops regulations, and can shape the environment for access to credit for developers and individuals. With this level of influence, the State could be perceived as being above housing policy, making decisions which shape the actions of others but is unaffected by its own decisions.

Instead, this essay will argue that in order for the Irish State to become an efficient and effective agent of neoliberalism²⁶ within both private rented and social rented housing, it chose to occupy the position of the lowliest and most vulnerable; the tenant. By embracing the role of a tenant, the Irish State has discovered an efficient means of transferring public wealth to private entities along with a philosophical justification to avoid developing a growing state asset of publicly-owned homes. I will conclude with a proposal that a much more ambitious programme of **cost rental** public housing—primarily built and owned by local authorities—is required to decentralise Irish housing policy and stem the flow of public wealth into private hands which is evidenced within the social rented and private rental sectors through subsidisation and leasing.

CENTRALISED CONTROL OF COUNCIL HOUSING

Local authorities in Ireland used to build homes.

And they were very good at doing so, even in times of severe financial constraint. Housing provided by local authorities has made a large contribution to the provision of affordable, good-quality and secure homes for many families. From the formation of the State to 2016, authorities built 365,350 council houses and flats and these dwellings accounted for 22.2% of the

²⁰ Prior to any attempt to speak with some level of intelligibility on State-provided housing, definitions are required. In this essay, council housing is understood as homes built and owned by local authorities and municipalities before being rented by middle-income and, predominantly, low-income households at cost rents. Council housing is then perceived as a subset of the broader umbrella term of social housing—typically housing provided to low-income households through a variety of means like direct builds, purchases, leasing and subsidisation in the private rental market. Social housing includes housing provided by local authorities and AHBs.

²¹ This series of public lectures analysing the State were delivered in the Collège de France between 1989 and 1992. The *On The State* lectures are the culmination of Bourdieu’s increasing theoretical interest in the State in the late 1980s and the early 1990s. Bourdieu came to see the State as closely linked to two aspects of his sociological project which he had been unable to explain fully: the origins of ‘fields’ or the autonomous spheres of social life with distinctive properties, and the rising influence of neoliberalism. For a fuller account, see Dylan Riley, ‘The New Durkheim: Bourdieu and the State’, *Critical Historical Studies* 2, no. 2 (2015): 261–79.

²² Pierre Bourdieu, *On the State: Lectures at the Collège de France, 1989–1992* (John Wiley & Sons, 2018), 13.

²³ Bourdieu, 14.

²⁴ Bourdieu, 14.

²⁵ Pierre Bourdieu, *The Social Structures of the Economy* (Polity, 2005), 15–16.

²⁶ In his theological analysis of wealth, particularly considering the embeddedness of economic values within cultural practices, Kevin Hargaden offers a fuller definition of neoliberalism as “not simply a set of economic theories or policy proposals” but that behind the commitment to deregulation, liberalisation, and privatisation “lies an understanding of society that entails a certain kind of politics.” For more, see Kevin Hargaden, *Theological Ethics in a Neoliberal Age: Confronting the Christian Problem with Wealth* (Eugene, OR: Cascade, 2018), 4–21.

total Irish housing stock.²⁷ Between 1971 and 1986 alone, local authorities built 100,768 dwellings. This was not quite Sweden's One Million Homes of the 1960s²⁸ but when numerous recessions and threadbare public finances are factored into this period of time, it was a truly remarkable achievement. In a single year, 1975, local authorities built 8,794 homes. This non-market provision of housing through large public housing schemes represented a third of the overall annual housing provision for that year.²⁹

Funding Granted

Housing is different from other public services such as education or health which are mostly funded through current expenditure each year. In order to build council housing, significant investment costs are required upfront during the construction or purchase phase as council housing, like all capital projects, is a “lumpy good.” The nature of how council housing is funded is key to understanding both changes to the level of output and the changing locus of power between the Department of Housing and local authorities. Before the funding reforms of council housing in 1987, local authorities were able to fund the building or purchase of new social housing through borrowing mechanisms like bank loans or municipal bonds.³⁰ At the time, almost all of the funding of council housing was provided by the local authorities.

In reality, the ability of local authorities to fully fund their housing plans was being eroded for decades and, as a corollary, power was being increasingly situated within the Government. Traditionally, social housing development loans were serviced by the cost rents (which reflected the building costs) of council housing, meaning the sector was mainly self-funded and sustainable as loan repayments were serviced. However, the rental income stream was greatly reduced from the mid-1960s when the cost rents were replaced with income-related rents. Furthermore, the ability to raise funding for more council housing through local property taxes, if needed, was abolished in 1979. Local authority autonomy is linked with the ability to self-fund the provision of council housing.

Throughout the years of high output of social rented housing by local authorities, the funding system was terminally weakened by the introduction of tenant purchase agreements at below market-value, with a sale price not sufficient to pay off the outstanding loan. Since the 1930s, social housing has been sold at discounted rates; indeed, two-thirds of all social housing ever built has been privatised.³¹ Historically, social housing in Ireland has operated as a vehicle to support the overarching aim of increasing home ownership, especially to the working class, as a form of asset-based welfare.³²

The funding reforms of 1987 replaced the ability of local authorities to borrow with central government capital grants³³ which covered the full cost of housing provision. Looking solely at the ability of local authorities to raise funding, which was being negatively impacted at every turn by government decisions, policymakers decided that capital grants were the only path forward as local authorities were deemed unable to service their housing development loans. Norris and Byrne described the funding reforms as an effective “nationalisation” of social housing finance, under the ostensible justification of the financial sustainability of the social rented sector, which ultimately resulted in the “centralised control over investment decisions which historically has been associated with retrenchment of this sector.”³⁴

In the years following the 1987 funding reforms, with the economy and public finances remaining parlous, the effects were quickly felt. Funding for council housing decreased leading to a sharp decline in output from over 7,000 homes in 1984 to less than 800 units four years later. Social rented housing was probably the first casualty of the State's pivot to a new low-tax, low-spend economic and social model.³⁵ In the 34 years since 1987, local authorities have only built 76,705 homes!³⁶

²⁷ Michelle Norris and Aileen Hayden, 'The Future of Council Housing: An Analysis of the Financial Sustainability of Local Authority Provided Social Housing' (Dublin: The Community Foundation for Ireland, July 2018).

²⁸ Facing a severe housing shortage in the early 1960s, the Swedish Government set out on an ambitious path to build over one million homes in ten years. See Saoirse Gowan and Ryan Cooper, 'Social Housing in the United States' (Washington, DC: People's Policy Project, 5 April 2018).

²⁹ Oireachtas Committee on Housing and Homelessness, 'Report of the Committee on Housing and Homelessness' (Oireachtas, June 2016).

³⁰ In 1987, with the decision to terminate the existing funding model of borrowing to fund the building of social houses, the Fianna Fáil Finance Minister Ray MacSharry ushered in this new period of funding entirely reliant on central government grants. For an expansive account of this pivotal decision and the change effected, see Michelle Norris, 'Retrenchment: 1969-1989', in *Property, Family and the Irish Welfare State* (London: Palgrave Macmillan, 2016), 157-202.

³¹ Michelle Norris and Michael Byrne, 'Funding Resilient and Fragile Social Housing Systems in Ireland and Denmark', *Housing Studies*, 2020, 1-21.

³² Michelle Norris and Tony Fahey, 'From Asset Based Welfare to Welfare Housing? The Changing Function of Social Housing in Ireland', *Housing Studies* 26, no. 3 (2011): 459-69.

³³ The introduction of central government grants from central taxation resulted in council housing now being in competition with other public services for resources on an annual basis. The potential for funding of social housing was limited during the boom years as additional investment was required in an under-developed welfare state. For a fuller discussion, see Norris and Byrne, 'A Tale of Two Busts (and a Boom): Irish Social Housing before and after the Global Financial Crisis', 23.

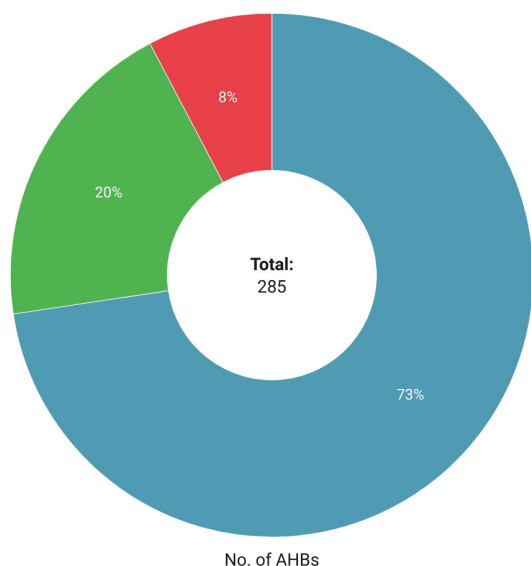
³⁴ Norris and Byrne, 21.

³⁵ The primary effect was to redefine the role of social housing from asset-based welfare to welfare housing; no longer available to low- and middle- income workers but an increasingly narrow bands of households dependant on income support. Norris and Fahey, 'From Asset Based Welfare to Welfare Housing?'

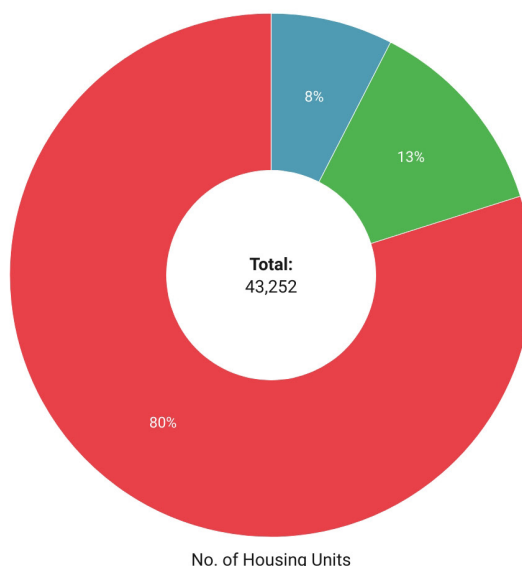
³⁶ Of note, by adding acquisitions to the new builds by local authorities in the time period between 1987 and present, the total number of new local authority housing stock totals 101,111 homes. Even with the addition of the recent trend of purchasing dwellings, local authorities in Ireland built the same number of homes in a 16-year period in the 1970s and early-1980s as local authorities built or purchased in the 34-year period from 1987 to present.

Approved Housing Bodies in Ireland, by Size

Tier 1 Tier 2 Tier 3



No. of AHBs



No. of Housing Units

Tier 1 organisations have less than 50 units. Tier 2 organisations have between 50 to 300 units. Tier 3 organisations have over 300 units.
Chart: Jesuit Centre for Faith and Justice • Source: Regulation Office Housing Agency • Created with Datawrapper

Figure 1: Approved Housing Bodies in Ireland, by Size.

More Providers of Social Rented Housing

Over the past four decades, the traditional role of direct-build housing provided by local authorities has greatly diminished. By 2016, only 53% of low-income renting families in receipt of government support were living in local authority housing stock.³⁷ All new social housing stock was provided by local authority builds up to 1990 and the proportion of new builds hovered between half and three-quarters until 2008. Then it dropped precipitously in 2015 as local authority new builds only represented 5%, or one in twenty, of new social housing stock. The previous year, 2014, only one in every 20 homes produced in the entire state were directly provided by local authorities, as the shift to a housing model where provision was primarily delivered by the private market and social housing was delivered through various rental schemes.³⁸

Local authorities are not the only providers of social rented housing in Ireland. In the early 1980s, just prior to the funding reforms in 1987, the government sought to encourage and facilitate non-profit housing associations to provide more social housing.³⁹ The housing associations served as an ostensible pilot scheme for the local authority reforms as they were also funded almost entirely by central government capital grants and under the same investment constraints as the local authorities would find themselves in a few years.

While **Approved Housing Bodies** (AHBs) may have a degree of funding separate from central government capital grants, it seems necessary to include AHBs with local authorities as being within the centralised control of successive governments. However, an important distinction occurs when consideration is given to the role of democratic involvement and local decision-making. Local authorities represent a lower level of government with a cohort of elected councillors and public representatives. But the picture is slightly different when AHBs are analysed through the same lens. Varying accounts exist over the exact number of housing associations in Ireland but there appear to be, at a minimum, over 500 different organisations.⁴⁰ Based on figures from the Housing Agency Regulation Office, the vast majority are Tier 1 entities—small, community-based endeavours⁴¹ providing and managing a small number of homes in a local parish or community (see figure 1).

On the other end of the spectrum, 80% of the total AHB housing stock of 43,252 units are owned, managed and leased by a small number of Tier 3

³⁷ Norris and Hayden, 'The Future of Council Housing: An Analysis of the Financial Sustainability of Local Authority Provided Social Housing'.

³⁸ Oireachtas Committee on Housing and Homelessness, 'Report of the Committee on Housing and Homelessness'.

³⁹ Norris and Byrne, 'A Tale of Two Busts (and a Boom): Irish Social Housing before and after the Global Financial Crisis'.

⁴⁰ The Housing Alliance reports that there are over 540 AHBs currently operating in Ireland with the Residential Tenancies Board suggesting a similar number of over 500 AHBs. Following the establishment of the Approved Housing Bodies Regulatory Authority in February 2021, AHBs were required to self-register as the transition from voluntary regulation to statutory regulation was initiated. In the Approved Housing Bodies Register (as of June 2021), there were 470 AHBs currently registered. See Residential Tenancies Board, 'Approved Housing Bodies'; Housing Alliance, 'About Approved Housing Bodies (AHBs)'; Department of Housing, Local Government and Heritage, 'Register of Housing Bodies with Approved Status Under Section 6 of the Housing (Miscellaneous Provisions) Act 1992', June 2021.

⁴¹ Housing associations with less than 50 dwellings are categorised as Tier 1. The next level, Tier 2, have between 50 to 300 dwellings. Finally, Tiers 3 AHBs, the largest categorisation are those with more than 300 homes or with development plans to increase stock size (to over 300 homes).

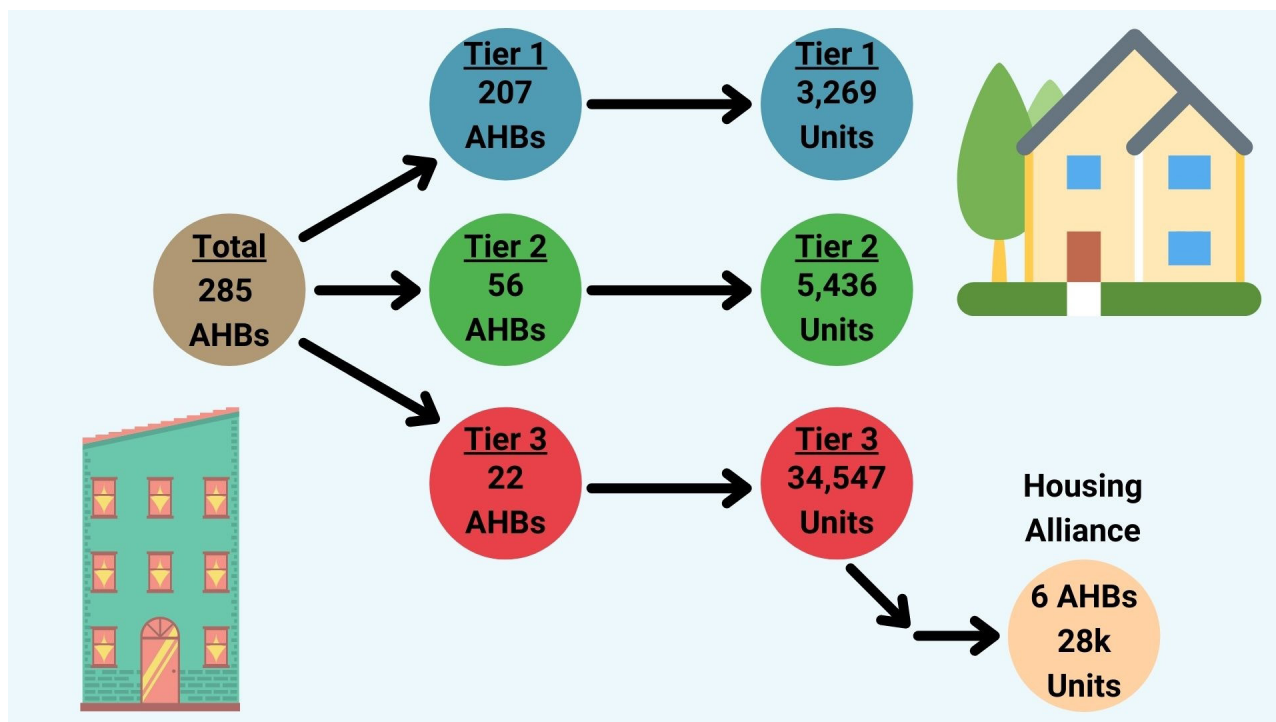


Figure 2: Approved Housing Bodies in Ireland, 2020⁴³

housing associations. Further condensing the sector, the Housing Alliance—a collaboration of just six AHBs⁴²—are responsible for over 28,000 social homes nationwide, which represents two-thirds of the total AHB housing stock (see figure 2).

Like the experience of those in the non-governmental organisation sector, their investment in social rented housing and the mode of provision will inevitably be shaped by those who provide the funding. A strong case can be made for a rapid expansion of social housing provision by AHBs but advocates, particularly of the large national AHBs, need to do business with the important role which they occupy in the realpolitik of social housing policy, existing as parallel local authorities.

ORIGINS OF SUBSIDISATION AND LEASING IN ‘SOCIAL HOUSING’

The centralisation of council housing funding in the late-1980s had a lasting significance. With this measure, the State created a template for how successive governments would engage with local authorities. The locus of power became firmly ensconced within the Department of Housing, as autonomy and decision-making was gradually

stripped from local government. Only 8% of Irish public spending occurs at local government level, compared to an EU average of over 23%, making Ireland one of the most centralised states.⁴⁴ Taken in isolation, centralisation does not explain how the State became a tenant in both the private rented and social rented sectors. The “nationalisation” of the social rented sector may not account for the roots of this change on its own, but set alongside another development in social housing policy, the mechanism for change may become a little clearer.

“

A strong case can be made for a rapid expansion of social housing provision by AHBs but advocates, particularly of the large national AHBs, need to do business with the important role which they occupy in the realpolitik of social housing policy, existing as parallel local authorities.

⁴² The Housing Alliance is a collaboration of six of Ireland’s largest AHBs: Clúid Housing, Circle Voluntary Housing, Co-operative Housing Ireland, Oaklee Housing, Respond and Tuath Housing.

⁴³ Housing Agency Regulation Office, ‘2020 Annual Report & Sectoral Analysis: The Regulation of Approved Housing Bodies in Ireland’ (Dublin: Housing Agency, June 2021).

⁴⁴ Mary Murphy, ‘Democracy Works If You Let It.’ (Dublin: Forsa Trade Union, 2019).

The roots of leasing in the social rented sector can be traced back to the creation of **Rent Supplement** in the late 1970s, a form of rent subsidisation in the private rented sector. This new policy direction continued with the **Rental Accommodation Scheme** (RAS) in the 2000s, culminating in the conceptual loosening of “social housing” with the advent of the **Housing Assistance Payment** (HAP) in the late-2010s. This new subsidy became the load-bearing pillar of social housing provision in the *Rebuilding Ireland Action Plan*. Households who received HAP as a rent subsidy in the private rental sector were now removed from the social housing waiting list as they were deemed to have had their need for social housing need met.⁴⁵

Initially, take-up of Rent Supplement was slow but increasing numbers of private renters have been supported by this government subsidy as population growth outstripped social housing output. In the decade between 1994 and 2004, the number of Rent Supplement claimants increased by 101%, whereas the number of mainstream social housing tenants (accommodated by local authorities and AHBs) increased by just 15%.⁴⁶ Norris and Byrne identified that falling rates of exits, due to lengthening duration of claims, was the primary driver for rising Rent Supplement claims in the early 2000s.⁴⁷ Over half of claimants had received Rent Supplement for over a year and a half which was at odds with its initial design as a short-term subsidy. Hearne and Murphy concluded that the subsidy to the private rental sector has evolved into a “de facto or quasi social housing sector” by functioning as a long-term housing support without any comparable security of tenure.⁴⁸

Confirming any suspicions of a “quasi social housing sector,” RAS was introduced in mid-2000s. A new component of this housing subsidy was the presence of long-term lease agreements (usually five to ten years) for private rental dwellings. Local authorities then sub-let these leased dwellings to tenants who paid an income-related rent, similar to mainstream

social housing tenants.⁴⁹ A glimpse of how the rent subsidisation and leasing interacted with centralisation is evident as the local authority would have limited scope to reject or decline Department-issued policy instruments. Their central government capital grant would provide the allotted output of council houses but the surplus of social housing need which remained would then be met through Departmental schemes, in this case, the Rental Accommodation Scheme.

Symbolically, what initially began as a short-term cash allowance had morphed into a formal scheme based on lease agreements with the state as a tenant of a private landlord who, in turn, sub-lets the home to a household with housing needs. This is an important policy development whose significance should not be under-played. The reason for the state to position itself between the household and the private landlord to meet the major share⁵⁰ of the rental costs is unclear. Maybe the issuance of increasing cash transfers to low-income households became unpalatable or secure tenancies were becoming more difficult for households to attain due to perceived stigma of the scheme. Yet, it is clear that in a few decades, the Irish State, through its local authorities, journeyed from being builders of publicly-owned council housing to tenants within the private rental sector. Almost by accident, it seems, we established a rental State.

THE STATE AS TENANT

Maybe the purest example of an emerging rental State is the existence of former publicly-built council houses now being long-leased back to the State as social rented housing by institutional investors. Originally sold to social housing tenants at a steep markdown—between 40% and 60% of market value— in the 1980s and 1990s, dwellings have now been purchased by investment funds, by way of bank repossessions or private sales.⁵¹ Following the purchases—between €180,000 and €237,000—the second-hand homes are now being leased by South Dublin County Council for €1,500 a month and, like all other long-leasing arrangements, the State will have no asset at the end of the term.

⁴⁵ The private rental sector was identified by the Department of Housing in Rebuilding Ireland as the source for 85% of new social housing tenancies over the lifetime of the housing strategy. By the end of 2019, the number of individual landlords in receipt of a HAP payment was over 32,000. For a comprehensive account of the dynamics surrounding the HAP payment, see Valesca Lima, ‘[Trends in Social Housing Supports: Housing Assistance Payment \(HAP\)](#)’ (Dublin: UCD Geary Institute, 12 May 2021).

⁴⁶ Michael Byrne and Michelle Norris, ‘Procylical Social Housing and the Crisis of Irish Housing Policy: Marketization, Social Housing, and the Property Boom and Bust’, *Housing Policy Debate* 28, no. 1 (2018): 50–63.

⁴⁷ Norris and Byrne, ‘A Tale of Two Busts (and a Boom): Irish Social Housing before and after the Global Financial Crisis’.

⁴⁸ Rory Hearne and Mary P. Murphy, ‘[Investing in the Right to a Home: Housing, HAPs and Hubs](#)’ (Maynooth: Maynooth University, 12 July 2017).

⁴⁹ The Rental Accommodation Scheme also addressed a negative of the Rent Supplement scheme where a claimant would have a withdrawal of the housing support if full-time employment was taken up. RAS permitted tenants to remain in their subsidised housing despite changes to employment status. See Norris and Byrne, ‘A Tale of Two Busts (and a Boom): Irish Social Housing before and after the Global Financial Crisis’.

⁵⁰ Peter McVerry SJ, Eoin Carroll, and Margaret Burns, ‘[Homelessness and Social Housing Policy](#)’, *Working Notes*, no. 80 (October 2017).

⁵¹ Killian Woods, ‘[Investors Lease Former Social Housing Properties Back to State](#)’, *Business Post*, 29 August 2021.

The ability of for-profit entities to enter the Irish social rental sector is only possible when the Government has demarcated the pitch and established the game with appropriate legislation and financial incentives.

In his influential work *La Misère du monde*—or, *The Weight of the World*⁵²—a series of stories of social suffering in French society, Bourdieu has a section entitled “The resignation of the State,” seemingly suggesting that neoliberal ideology aims for the destruction of public services and the idea of shared goods. The title is somewhat misleading and not reflective of Bourdieu’s broader understanding. By the early 1990s, his understanding had sharpened so that he saw we were not facing the “destruction of the State” but the establishment of certain “new forms of State action”.⁵³

New stories emerge, almost on a daily basis, of the activities of institutional investors in the Irish housing market. A common sentiment included in all of the reported stories are the intentions of the funds for expansion and the size of the ‘war-chest’ available to purchase properties for private rental sector or the social housing sector. The motif of extractive rentier capitalism seems apt. The scale of resourcing in many of the cases would lead us to assume that the institutional investors are the chief protagonists in the narrative, and the Irish State is passive and acted-upon in the face of such capital and resources.

Bourdieu cautions against such thinking. The commodification or profit-seeking element within social spaces is not imposed singly by the movement of capital into those areas, such as health systems or social rented housing. To achieve the extraction of profit from social housing, political and bureaucratic decisions and actions are necessary.⁵⁴ Laval summarises the role of the state within neoliberalism as a state which does not “resign,” but transforms itself by becoming the most effective agent of the neoliberal transformation of societies.⁵⁵ It is the

state itself that creates the markets.⁵⁶ The ability of for-profit entities to enter the Irish social rental sector is only possible when the Government has demarcated the pitch and established the game with appropriate legislation and financial incentives.

The global financial crash in 2008 is inescapable in any analysis of recent housing policy in Ireland. Some policy analysts find it helpful to understand the international crisis as an epochal moment, creating an understandable timeline with neat segments. Those analysing the economic, political and cultural factors of the credit-fuelled housing boom, naturally end up at the cataclysm of 2008.⁵⁷ And they maybe conclude that this fittingly marks the end of a discrete chapter in housing policy history. While those who are making sense of the homelessness and housing affordability crisis, the financial crash and subsequent austerity budgets loom large in the rear-view mirror. Current travails are the result of the evisceration of capital spending on building housing. Despite two seemingly different types of housing crises either side of 2008—an abundance of housing followed by a dearth of housing—the fundamental aim of government policy has ultimately remained the same; the privatisation of housing provision.⁵⁸

The roots of the State’s current situation as a tenant can be traced to two key acts in the decades before the global financial crash. The imposition of centralised control of council housing funding and the subsequent introduction of subsidy and leasing to social rented housing. But these acts of the State alone do not fully explain the State’s transformation to a tenant. We must also consider the new acts of the State in the years after the global financial crash which have created an intensification of this metamorphosis from builder to tenant. I suggest that the new acts are threefold: the conceptual loosening of ‘social housing’; the hyper-efficient wealth transfer of “enhanced” leasing; and the asymmetrical competition of the State vying with individuals for the same dwellings.

Conceptual Loosening of ‘Social Housing’

Meeting Long Term Housing Need

Before 2008, the housing supports for low-income households in the private rental sector—Rent Supplement and RAS—were already beginning to

⁵² Pierre Bourdieu et al., ‘The Weight of the World: Social Suffering in Contemporary Society’, 1999.

⁵³ Christian Laval, ‘Bourdieu et l’État Néolibéral’, *Swiss Political Science Review* 20, no. 1 (2014): 37–42.

⁵⁴ By understanding the aim of neoliberalism to be a totalized system, in which we live as subjects, Hargaden suggests that our location “primes us to organize the world in terms of the price-setting market, going so far as to imagine even nonmarket activities in terms of competition.” Even a historical social provision with a clear functional definition can be re-imagined and re-shaped into provision by for-profit providers. Hargaden, *Theological Ethics in a Neoliberal Age*, 15.

⁵⁵ Laval, ‘Bourdieu et l’État Néolibéral’.

⁵⁶ Peadar Kirby, *Karl Polanyi and the Contemporary Political Crisis: Transforming Market Society in the Era of Climate Change* (London: Bloomsbury Publishing, 2020).

⁵⁷ Based on key housing price and income metrics, there is an almost complete certainty that the Irish housing market would have eventually imploded without the debt contagion of the global financial crash. International events in 2008 merely precipitated the inevitable.

⁵⁸ Margaret Burns et al., ‘*Rebuilding Ireland: A Flawed Philosophy*’, Working Notes, no. 80 (October 2017).

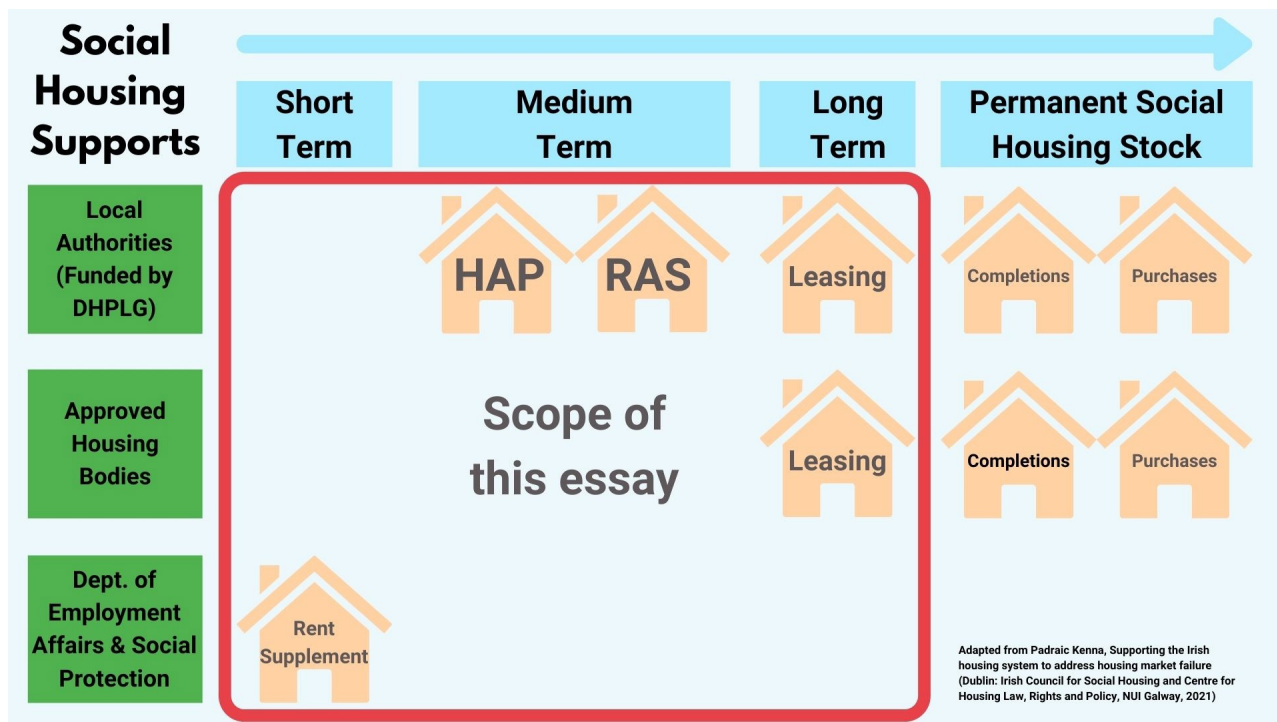


Figure 3: Social Housing Supports

loosen the conceptualisation of mainstream social housing as dwellings owned by local authorities or municipalities. Following the financial crash of 2008, as the private development of houses and apartments stalled, public spending was slashed. Capital spending for new council housing fell by 94% between 2008 and 2013 when public expenditure hit a trough of €55 million.⁵⁹ The collapse of mainstream social housing's traditional role precipitated a growing reliance on subsidised private rented housing to accommodate low-income households.⁶⁰ This decision by (successive) governments was not felt for a number of years. Perhaps the rationale had been that after a period of a staggering number of housing completions,⁶¹ this was an opportunity for the market to correct the surplus of supply⁶² rather than continue to provide non-profit rented housing.

As the output of mainstream social housing nosedived, Rent Supplement and RAS moved in the opposite direction. The growing importance of housing supports and leasing schemes was underlined with the introduction of the **Social Housing Current Expenditure Programme**

(SHCEP). Similar to RAS, SHCEP was introduced in 2009 to provide funding to local authorities to lease empty dwellings and then re-let the home to households on the social housing waiting list. Leases were typically agreed with landlords at 20% below current market rent and the term of the lease was for between 10 and 20 years, longer than the RAS term. The usage of RAS, and leases in general, were deemed successful by the Department of Housing as it was now seeking longer terms.

Suddenly, a proliferation of housing support schemes was available (this essay has only addressed the main four schemes⁶³) which were redefining how social housing was to be provided, by subsidy or leasing in the private sector. However, unless households were deemed sufficiently housed in order to remove them from the mainstream social housing waiting list, the new measures would be in vain from a political viewpoint.

The Housing (Miscellaneous Provisions) Act 2009 defined Rent Supplement and the other housing allowance and leasing arrangements for private rented tenants as legally equivalent to mainstream social housing and enabled recipients of RAS and

⁵⁹ Norris and Hayden, 'The Future of Council Housing: An Analysis of the Financial Sustainability of Local Authority Provided Social Housing', 4.

⁶⁰ Byrne and Norris, 'Procyclical Social Housing and the Crisis of Irish Housing Policy'.

⁶¹ In 2006, the private sector completed 88,211 dwellings and, only eight years later, the completion rate had plummeted to only 10,501 units. Byrne and Norris.

⁶² The introduction of leasing schemes were conceived as an opportunity for excess housing stock to be repurposed as social rented housing at a time when rent prices were low and capital expenditure had been cut dramatically. See Daniel O'Callaghan and Paul Kilkenny, 'Current and Capital Expenditure on Social Housing Delivery Mechanisms', Spending Review 2018 (Dublin: IGEEES Unit, Department of Public Expenditure and Reform, July 2018), 18.

⁶³ This grouping has been commonly used in other analyses of social housing supports and expenditure in Ireland by the IGEEES Unit of the Department of Public Expenditure and Reform and the UCD Geary Institute. The four schemes alone account for almost 80% of the entire current expenditure on housing. See O'Callaghan and Kilkenny, 'Current and Capital Expenditure on Social Housing Delivery Mechanisms'; Daniel O'Callaghan, 'Analysis of Current Expenditure on Housing Supports', Spending Review 2017 (Dublin: IGEEES Unit, Department of Public Expenditure and Reform, July 2017); Patrick Malone, 'Housing: A Review of Expenditure Trends and Social Housing Need' (Dublin: UCD Geary Institute, 9 February 2021).

leasing schemes to be removed from the social housing waiting list because their “long term housing need” has been met. The legislation had “legally formalised the replacement of mainstream social housing with housing allowances and leasing arrangements for private renters.”⁶⁴ Housing advocates assessed Rebuilding Ireland as “merely continuing the process, which has been going on for well over a decade, of ‘redefining’ social housing to include provision from the private rental sector.”⁶⁵

Piloted in 2014, and available nationally since 2017, HAP became the most controversial new expression of social housing as it was not underpinned by a fixed term lease with the local authority. The main distinction from the RAS scheme is that households who avail of HAP have to source and secure their own accommodation in the private rented sector. Lifetime security of tenure which was a core tenet of publicly-owned council housing had been traded for the most extreme precarity within the private rental sector. Local authorities paid the rent to landlords but the ‘social housing’ could end at any time. The Irish State’s journey to becoming a tenant was intensifying as their heavily-promoted social housing provision was subject to the same precarity experienced by many in a minimally regulated private rental sector. Policy decisions taken by the State in the social rented sector have clearly shaped the ontology⁶⁶ of the State in housing. At the end of Q3 2021, the official reported delivery of Rebuilding Ireland totalled 142,027 social housing units since 2016.⁶⁷ More than two out of every three officially reported units of social housing were provided by HAP and RAS as subsidy is now the primary load-bearing element of the social rented sector.

Composition of Spending

Without confirmation of 2021’s total exchequer spending, the Irish Government is projected to spend €3.09 billion on housing provision, comprised of capital programmes, current expenditure by the Department of Housing, Local Government and Heritage, and Department of Employment Affairs and Social Protection’s funding on rent supplement and mortgage supplement.⁶⁸ Total expenditure has more than trebled (increase of 328%) since 2016.

However, the main effect of the redefinition becomes evident when the spending is observed in more detail.

Firstly, by looking solely at our chosen grouping of the main four social housing supports—HAP, RAS, Rent Supplement and Leasing—over the lifetime of Rebuilding Ireland, we see expenditure increased from a total of €519.8m in 2016 to €937.8m in 2020 (see figure 4).

In fact, the budget allocation for the four supports in 2021 exceeded €1 billion.⁶⁹ Drawing together all of the current expenditure schemes on housing, the State spent over €1 billion in 2021 with no permanent state asset in return.⁷⁰

In the years following the global financial crash, the spending on these four housing supports reached €632m and then decreased to a low point of €505m in 2015.⁷¹ Within the increased target for additional social housing through HAP and leasing contained within Rebuilding Ireland, expenditure was driven by expansion in these areas. Based on official Department expenditure, HAP will account for 51.4% of this grouping’s expenditure in 2021. In the same year, Ires Reit saw two-thirds of their growth in income, or €8.7 million, depend on HAP payments alone.⁷² We now have institutional investors with their models for growth largely dependent upon rent subsidies.

At the end of September 2021, there were more than 62,000 households in receipt of HAP payments. Despite the collective spend on rent subsidisation through HAP, RAS and Rent Supplement, over half (55.9%) of the renters are living below the poverty line after housing costs.⁷³

Leasing accounted for over a quarter (25.3%) of the expenditure on the four current spend programmes in 2021. Considering all the additional spending categories—builds, acquisitions, homelessness—which make up the entire departmental housing budget in 2021, a sizeable 8% of the total budget was spent on leasing.

⁶⁴ Norris and Byrne, ‘A Tale of Two Busts (and a Boom): Irish Social Housing before and after the Global Financial Crisis’, 25.

⁶⁵ McVerry SJ, Carroll, and Burns, ‘Homelessness and Social Housing Policy’, 26–27.

⁶⁶ Ontology is a branch of philosophical inquiry which investigates being.

⁶⁷ Department of Housing, Planning & Local Government, ‘Social Housing Output Overview - 2016 to Q3 2021’, 2021.

⁶⁸ Ben Breen and John Reidy, ‘Spending Review 2021: An Overview of the Irish Housing Market and Policy’, Spending Review (Dublin: IGEES Unit, Department of Public Expenditure and Reform, November 2021), 35.

⁶⁹ The current budget allocation is €1.057 billion for the four social housing supports but it is likely the total expenditure for 2021 will exceed this figure. Almost €50 million of the rent supplement annual budget of €116 million was spent in the first four months of 2021.

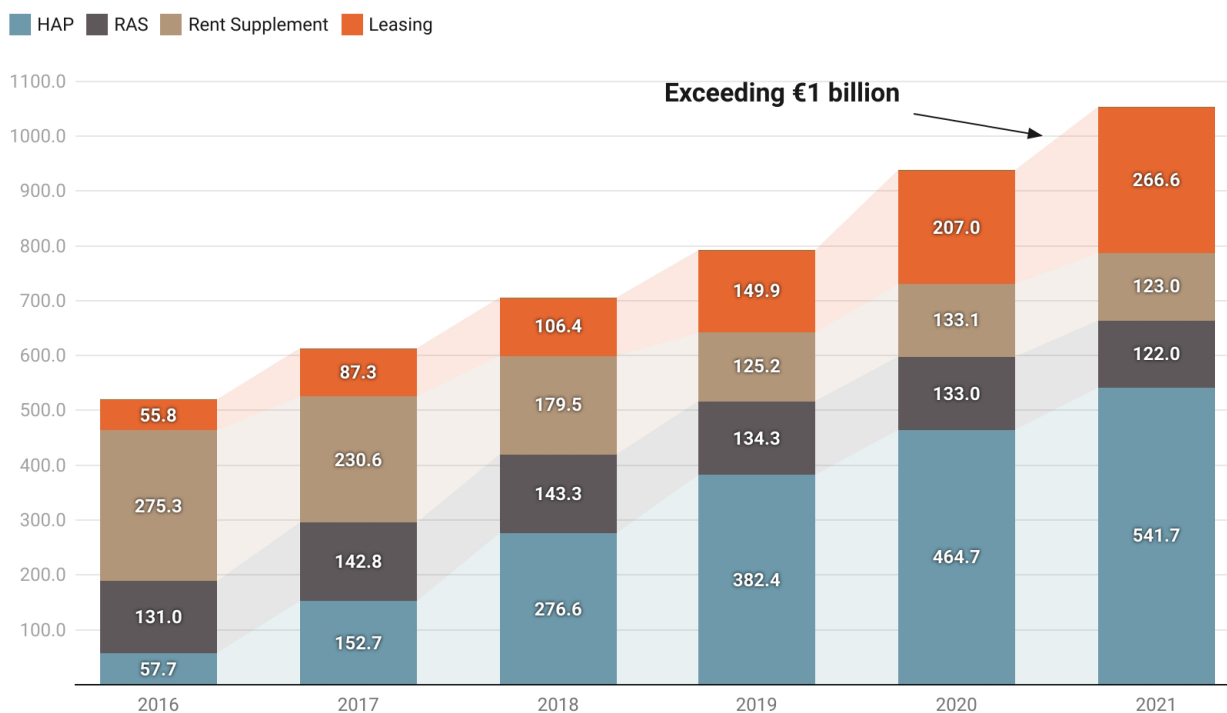
⁷⁰ Rory Hearn, ‘Rory Hearn: Housing for All Is a Defining Moment for the Government and for All of Us Who Need Homes’, Irish Examiner, 25 July 2021.

⁷¹ See Supporting Document 1 – Analysis of Rebuilding Ireland, 2016 to 2020.

⁷² This is slightly more than the €7.8m which Ires Reit was paid in 2020 from the HAP scheme. See Killian Woods, ‘Ires Reit Made €8.7 Million from State Rent Subsidies in 2021’, Business Post, 6 February 2022.

⁷³ Social Justice Ireland, ‘Housing and Poverty 2022’ (Dublin: Social Justice Ireland, January 2022).

Current Expenditure on Social Housing (€ million)



As categorised by the DHLGH, there are ten different delivery streams within SHCEP funding allocations; two build streams, two acquisition streams and the remaining six are lease streams. Recent figures provided by the Housing Minister for expenditure on leasing in 2021 were €106.7m. For the purposes of this graph and to illustrate spending on social housing provision with no state-owned asset in return, we have elected to use the full expenditure figures for the SHCEP funding stream. Whether the building or acquisition stream are, in fact, leasing can be contested as Part V leases are officially categorised as 'builds.' However, the issue of whether the social housing provided under SHCEP is in public ownership is not in question.

Chart: Jesuit Centre for Faith and Justice • Source: IGEES Spending Review 2021, Oireachtas website - Dáil Éireann Debate • Created with Datawrapper

Figure 4: Current Expenditure on Social Housing

In reality, leasing is a suite of contracts based on sources such as enhanced leases or direct leases from private owners or the **National Asset Management Agency** (NAMA). It also includes the Payment and Availability Agreement⁷⁴ which forms the basis for local authorities to lease dwellings from AHBs regardless of how the dwelling is sourced by the AHB. Despite the funding coming out of the SHCEP budget allocation, the Department does not consider it leasing as the AHB continue to own the property in perpetuity.⁷⁵ As the State does not own the asset, it is reliant on the continued non-profit instincts of the AHB sector.

Applying a slightly wider lens to these four social housing supports, which did not add a single dwelling to the State's housing stock, we see some truly eye-watering figures. From 2009 to the end of 2020, over €7.5billion have been transferred to private

landlords and institutional investors through social housing supports.⁷⁶ But *Rebuilding Ireland* marked the intensification of a chosen policy trajectory with €3.6billion spent in five years since its launch on these four social housing supports alone.

The ratio of capital to current expenditure in housing supports has been in a constant flux for over a decade now. Capital expenditure made up 70% of total housing expenditure in 2008, plummeting to 30% in 2013, and then rising to 45% in 2017 as the Government realised the need to actually increase social housing stock and made funding available. It accounted for 55% of the spend in 2020.

“

From 2009 to the end of 2020, over €7.5billion have been transferred to private landlords and institutional investors through social housing supports.

⁷⁴ While the Payment and Availability model is going to become even more prominent in the funding of AHBs to build and acquire dwellings within Housing for All, it is outside the remit of this essay's focus on leasing from private for-profit sources. However, it is worthy of note that it does represent an administratively heavy approach—local authorities make regular payments (92-95% of current market rate) to AHBs who then are reimbursed by the Department—of using current funding for the capital activities—builds or acquisitions—of AHBs.

⁷⁵ Ben Breen and John Reidy, 'Spending Review 2021: An Overview of the Irish Housing Market and Policy', Spending Review (Dublin: IGEES Unit, Department of Public Expenditure and Reform, November 2021).

⁷⁶ Data collated from various sources. See O'Callaghan, 'Analysis of Current Expenditure on Housing Supports'; Government of Ireland, '2021 Expenditure Report' (Dublin: The Stationery Office, 2020); Department of Housing, Local Government and Heritage, 'Local Authorities', 15 June 2021; Department of Employment Affairs and Social Protection, 'Social Welfare Benefits', 18 May 2021; Department of Employment Affairs and Social Protection, 'Rent Supplement Scheme Data', 23 January 2019.

HAP Payments to Corporate Landlords, 2015-2019

Year	Corporate Landlords	HAP Payments (€m)
2015	472	3
2016	937	16
2017	1,494	45
2018	1,968	85
2019	2,297	128

Adapted from Lima (2021) 'Trends in Social Housing Supports: Housing Assistance Payment (HAP)'

Table: Jesuit Centre for Faith and Justice • Source: CSO • Created with Datawrapper

Table 1: HAP Payments to Corporate Landlords, 2015-2019

While the total spending has been restored and now exceeds previous levels, the composition has changed. Within social housing expenditure, there was now a greater allocation to current expenditure supports.⁷⁷ Housing services are acquired in the private sector by the State by current expenditure so no publicly-owned asset is acquired. Many tenants in the private rental sector can empathise with this dynamic!

Hyper-efficient Transfer of Public Wealth to Private Hands

HAP as a Gateway Drug

Social rented housing is now firmly on the radar of investment funds and REITs as a long-term and high-yielding investment option.⁷⁸ But the signs of increasing interest and strategic focus have been there for some time. In 2019, the majority of landlords—over 32,000—receiving a HAP payment were non-corporate or individual landlords. But, despite being a minority in terms of absolute numbers, corporate landlords received a disproportionate amount of the overall HAP budget. In 2019, €128 million or 40% of the HAP budget was paid out to over 2,200 corporate landlords (See table 1).⁷⁹ In the first four years of *Rebuilding Ireland*, over €250 million of HAP payments were transferred from local authorities to REITs, institutional investors and pension funds.

“

Sensitive to investors' aversion to risk and preference for certainty, the Irish Government introduced the Enhanced Long Term Social Housing Leasing Scheme.

Similar to earlier leasing schemes under RAS and SHCEP funding, HAP likely did not have the scale required to satisfy the profit-maximisation demands of shareholders and CEOs. These schemes were more suited to leasing individual properties on short-to mid-term contracts from private landlords with a small number of properties. The task of piecing together a sizeable portfolio of social housing leases through these schemes would be onerous and entail risk.

Sensitive to investors' aversion to risk and preference for certainty, the Irish Government introduced the Enhanced Long Term Social Housing Leasing Scheme⁸⁰ in 2018 (hereafter “enhanced” leasing) with the remit to “target property developers and investors who are in a position to deliver housing at a reasonable scale.”⁸¹ In order to qualify to establish a lease, the lessor must have a minimum of twenty properties in a local authority area. Dwellings for consideration may be newly built or yet to be constructed houses and apartments.

⁷⁷ O'Callaghan and Kilkenny, 'Current and Capital Expenditure on Social Housing Delivery Mechanisms'.

⁷⁸ Killian Woods, 'Ires Reit Made €8.7 Million from State Rent Subsidies in 2021', Business Post, 6 February 2022.

⁷⁹ Lima, 'Trends in Social Housing Supports: Housing Assistance Payment (HAP)'.

⁸⁰ The Enhanced Long Term Social Housing Scheme is managed and administered by the Housing Agency on behalf of the Department of Housing and local authorities. In 2009, the Long Term Leasing Initiative was introduced to allow local authorities to enter into leases of 10-20 years, paying 80% of market rates, in order to secure social rented homes for families on waiting lists. The Enhanced Leasing Scheme was launched in January 2018 and is targeted at private investment and new build or new to the market properties to be delivered at scale.

⁸¹ 'Enhanced Long Term Social Housing Leasing Scheme', *Rebuilding Ireland* (blog).

The description of the leasing scheme as “enhanced” is not just an acknowledgement of the increased scale but also the conditions of the lease agreement.⁸² Institutional investors and developers will be able to access a lease term of 25 years at 95% of the agreed market rent, subject to a rent review every three years linked to inflation. Entering into contracts with local authorities, backed by state agencies and the State, removes risk while insuring shareholder dividend performance can be maintained or increased, particularly into the long term. Offering an assessment of the long-leasing model, Eurostat concluded that property investors “enjoy[ed] most of the rewards” while providing no “substantial economic benefits”⁸³ to the local authorities and, by extension, the Irish taxpayer.

If the Housing Assistance Payment dealt a hammer-blow to mainstream social rented housing as it was redefined to include subsidisation in the private rental market, then “enhanced” leasing from institutional investors may be the coup d’état!

Enhanced Leasing

Little time has been wasted as the “enhanced leasing” sector emerges. *Alpha Real Capital*, a UK-headquartered fund, has been selected as the preferred bidder for a portfolio of 60 social housing units across suburban Dublin in Finglas, Tallaght and Blanchardstown.⁸⁴ The guide price was €21 million. Each property within the portfolio had been fully refurbished by the vendors—*Allied Irish Property*—and leased to the respective local authority on a standard term of 25 years. Index-linked rent reviews are contained within the lease agreement and the group of properties is currently generating gross rental income of €952,000 per annum.⁸⁵ In a recent research note to current and prospective investors at the end of 2020, *Alpha Real Capital* reported that it intends to build a €500 million-plus portfolio of social housing assets in Ireland over the next three years.

With the retention of a stamp duty rate of 1% for institutional investors who bulk-buy properties, but subsequently lease the dwelling back to local authorities, it was becoming clear that the State were keen to steer this activity towards the social rented sector. At present, the four local authorities in Dublin are leasing over 1,000 social rented

homes under enhanced leasing arrangements.⁸⁶ An acceleration is evident as 918 new long-term leases with local authorities—within 62 Department approved leasing projects—have been created in 2021.⁸⁷ Within the 2021 Budget, current expenditure was available for the creation of 2,450 new social housing tenancies through long-term leasing.⁸⁸ This has led to the situation where 14% (or one in seven) of the 2,052 social rented tenancies created by Dublin City Council in 2021 were from “social leasing.”⁸⁹

Alongside direct builds and purchases, AHBs also use long term leasing to secure social rented housing. Of the AHB social housing stock of over 43,000 dwellings, almost a quarter of properties are leased or managed. Leases account for 4,722 AHB-provided social homes, 11% of their total housing stock.⁹⁰ When the numbers are teased apart a little, the number of new build dwellings (which are vital in order to increase the overall national housing stock) is much less. A significant proportion of delivery units are turnkey homes which results in less stock in other tenure areas such as owner-occupier. Of the 675 units delivered by *Clúid Housing* last year, 268 units were developer turnkey.⁹¹ Only a small proportion are delivered through traditional builds despite extensive Departmental publicity to the contrary.⁹²

In July 2021, *Tuath* leased an entire complex of 128 apartments in north Dublin from *Ires Reit* which had purchased the complex for €40 million three years previously.⁹³ Similar to leases with local authorities, the lease was for 25 years but *Tuath* would be responsible for the management and maintenance of the 128 homes. Undoubtedly, there would be

⁸⁶ In 2020, the most expensive average lease was €18,698 paid by Dún Laoghaire Rathdown County Council, with Dublin City Council, Fingal and South Dublin County Council paying €18,605, €17,840, and €17,751 respectively. See Olivia Kelly, ‘Almost 1,000 Social Homes Leased from Investment Funds in Dublin’, *The Irish Times*, 12 July 2021.

⁸⁷ The average per-unit cost of the leases approved in 2021 was €17,000 which works out at €425,000 over the term of a typical 25-year lease agreement. See Eoin Burke-Kennedy, ‘State Increasing Reliance on “Costly” Social Housing Leases’, *The Irish Times*, 19 July 2021.

⁸⁸ Government of Ireland, ‘2021 Expenditure Report’.

⁸⁹ Mary Hayes, ‘Annual Lettings Report 2021’, Report to Housing SPC (Dublin: Dublin Region Homeless Executive, February 2022). These figures were highlighted by Lois Kapila on Twitter, see Lois Kapila, ‘Interesting Figure in a Recent Dublin City Council Report on Social Housing Lettings in 2021 and Where the Homes Are Coming from. “Social Leasing Accounted for 14% of the Lettings This Year.”’ <https://councilmeetings.dublincity.ie/Documents/S35750/6.Report%20on%20Housing%20Allocations.Pdf> <https://t.co/LZU5RQTkw6>, Tweet, @LoKapila (blog), 11 February 2022.

⁹⁰ Housing Agency Regulation Office, ‘2020 Annual Report & Sectoral Analysis: The Regulation of Approved Housing Bodies in Ireland’.

⁹¹ For more information on the breakdown of delivered social housing units, see the most recent annual reports by individual members of the Housing Alliance.

⁹² Within six local authorities—Cork County, Dublin City, Fingal, Galway City, Kildare and Mayo—from 2016 to 2019, over 65% of new builds by AHBs were turnkey construction projects. See Daniel O’Callaghan and Colm Farrell, ‘Analysis of Social Housing Build Programme’, Spending Review 2020 (Dublin: IGEE Unit, Department of Public Expenditure and Reform, October 2020), 23.

⁹³ Olivia Kelly, ‘Investment Fund in Social Housing Lease for €40m Apartments’, *The Irish Times*, 13 July 2021; Gleeson, ‘State’s Biggest Private Landlord Returns to Black with Profit of €27.4m’.

⁸² The primary distinction with SHCEP is that the institutional investor is now responsible to provide maintenance and management services at the property as an acknowledgement of the increased income arrangements.

⁸³ Killian Woods and Cónal Thomas, ‘New Social Housing Leases Will Cost State over €1.4 Billion’, *Business Post*, 26 December 2021.

⁸⁴ Ronald Quinlan, ‘Alpha Real Capital in €21m Deal for Dublin Social Housing Portfolio’, *The Irish Times*, 7 July 2021.

⁸⁵ Quinlan.

some additional security for tenants with an AHB managing the complex and individual tenancies. But, in the process, AHBs have retreated from their original values as builders and purchasers of social rented housing to become a vehicle for Government housing policy operating as both financial intermediaries—to purchase social housing from the for-profit sector—and management companies.

Housing for All was published in September 2021 with commitments to funding of over €20bn from the exchequer, the Land Development Agency and the Housing Finance Agency over the next five years. The strategy provides a roadmap of new initiatives, targets and timeframes up to 2030, with a headline figure of 300,000 new homes provided. Unlike its predecessor—*Rebuilding Ireland*—the new housing strategy outlines a larger role for the State in the provision of housing while maintaining a lot of the market-based philosophical underpinnings of *Rebuilding Ireland*.⁹⁴ *Housing for All* addresses the current rent subsidisation and leasing schemes delivered by the Department of Housing. HAP and RAS will continue to be provided by the Department in order to support low-income households in the private rental market. The Department envisions a reduced reliance on both HAP and RAS schemes as the delivery of new social housing increases in the future. It is notable that *Rebuilding Ireland* had similar ambitions and yet households supported through rent subsidisation and leasing increased over its lifetime.

Considering the subtle changes in discourse and spending priorities—breakdown of current versus capital spending—Byrne argues that the reforms of Irish housing policy, as outlined in *Housing for All*, are most accurately conceptualised as “post-neoliberal.”⁹⁵ He points to the changing policy logic where current spending no longer dominates capital spending and the reliance on HAP subsidies will only exist until traditional social housing is available. Others have concluded that HAP will remain a key component of the current *Housing for All* strategy, like its predecessor.⁹⁶ On a similar note, and underlining the potential “post-neoliberal shift”, long-term leasing models by local authorities are to be phased out by the end of 2025 as no new entrants will be accepted for current leasing arrangements and enhanced leasing.⁹⁷

However, long deadlines to phase out financially lucrative but publicly controversial leasing contracts may constitute an effective legitimisation of the practice in the interim period. The Government may join the public in lamenting the need for long-term and enhanced leasing while simultaneously continuing with the practice. This has happened in other policy areas such as tax reform and this seems to be what is happening here. Just four months after publication of *Housing for All*, new deals are set to be rubber-stamped for over 3,500 dwellings between 2022 and 2025. Taking the average lease cost in 2021 of €16,500, each 25-year lease will cost €412,000 per dwelling, a total of over €1.4bn for all planned long-term leases.⁹⁸ Coupled with the Government’s plans to lease 2,400 dwellings from institutional landlords last year alone—at a total cost of almost a €1bn—a total of almost €2.5bn is to currently planned to be spent in five years on a social housing model which is ostensibly to be ‘officially’ phased out.

Most worryingly, in its attempt to create a ‘market’ for social housing provision through long-leasing, the State appeared to have lost any apparent control it may have exerted. Hampered by its understanding of the ‘market’ as benevolent at best and neutral at worst, the Irish Government will always be slow to diagnose a deeply dysfunctional market of its own making. In the coming years upon the phasing out of leasing, it is likely to face intense lobbying pressures from various types of investors. Wealthy, non-EU citizens seeking to fast-track visas invested €62 million into the Irish social housing sector last year through the Immigrant Investor Programme.⁹⁹ The social housing sector, as pitched by *Arena Capital* to prospective investors, is selected because it is a “unique product unlike any other investment product in the marketplace”.



Hampered by its understanding of the ‘market’ as benevolent at best and neutral at worst, the Irish Government will always be slow to diagnose a deeply dysfunctional market of its own making

⁹⁴ Jesuit Centre for Faith and Justice, ‘[Suspicion and Trust: Housing For All](#)’, Jesuit Centre for Faith and Justice in Ireland, 24 September 2021.

⁹⁵ Michael Byrne, ‘[2021: The End of Neoliberal Housing in Ireland?](#)’, Substack newsletter, *The Week in Housing* (blog), 17 December 2021.

⁹⁶ Social Justice Ireland, ‘Housing and Poverty 2022’ (Dublin: Social Justice Ireland, January 2022).

⁹⁷ Department of Housing, Local Government and Heritage, ‘Housing For All’ (Dublin: Government of Ireland, 2021), 57.

⁹⁸ With an investment of €1 million through the Immigrant Investment Programme, a visa can be fast-tracked for a high-net-worth individual. See reporting by Killian Woods and Cónal Thomas, ‘[New Social Housing Leases Will Cost State over €1.4 Billion](#)’, Business Post, 26 December 2021.

⁹⁹ Killian Woods, ‘[Wealthy Non-EU Visa-Seekers Pump €62m into Irish Social Housing in November](#)’, Business Post, 2 January 2022.

Closer to home, developers are also aware of the potential yields as a third of the homes acquired by Dublin City Council in 2021 through Part V requirements were in the form of long-term leases. With the purchase price on prospective apartments set beyond the reach of local authorities, leasing deals now form part of planning applications. The first planning application at the contentious Irish Glass Bottle site consists of a long-leasing deal for 60 units.¹⁰⁰ In all likelihood, the State will see an escalation in leasing deals in the next few years as investors seek to exploit a closing window of opportunity.

Assymetrical Competition

Individuals vs. The State

By loosening the traditional understanding of mainstream social rented housing to include rent subsidy and leasing in the private sector, the State has inevitably had to step forward into the role of becoming a tenant or de facto tenant. “Enhanced” leasing has removed any uncertainty of the new ontological basis of the State. The local authority is explicitly stated as a tenant of an institutional investor, before creating a sub-let for a household with a housing need, much like RAS. This is not to observe that the State can be solely described as a tenant or having a tenant state of mind. Within a housing system, which often straddles the non-market and the market, the State wears multiple hats and occupies many discrete roles; legislator, builder, purchaser, landlord, land-owner, and regulator. And now tenant can be added to that list!

It is unhelpful to seek to categorise the State’s actions in a policy area as being singular. When the essay proposes that the State is becoming a tenant within the social rented sector, it is not suggesting that it is no longer building or purchasing dwellings. Instead, it is observing which function is growing or emerging to the detriment of other functions or responsibilities, such as building publicly-owned housing and noting the strategic purpose of that function to other dominant actors, such as, for example, developers and investment vehicles. When the State and individuals are both operating as tenants within the private rental sector – the former to secure social rented housing and the latter to secure a home, the acts of the State have a profound and far-reaching impact on its residents.

Back in 1975, the output of council housing represented a third of the overall housing output in the entirety of the State. Non-profit rental housing was built directly by local authorities and increased the overall available housing stock. Crucially, until the 1970s, almost all social housing was additional to that provided by the market because it was built from scratch directly by local government and tradespeople.¹⁰¹

During the early-2010s, the figure of direct-build non-profit rental homes dropped precipitously, adding few new dwellings to the pool of available homes. In the meanwhile, social housing was at the same time being redefined to include rent subsidy and leasing from the private rental sector. This meant, in effect, that, by not adding additional housing stock, the State was, in fact, shrinking the available dwellings for others, particularly those in the private rental sector. Individual tenants were in competition with the State as it was also a tenant, seeking dwellings under the new broad umbrella of social housing. With the advent of HAP, increasing numbers of individuals and families who are eligible for social housing, are being sent back to the private rental sector to seek a home.

The State Always Wins

To the benefit of a few and the detriment of many, the presence of the State as a tenant in the private rental sector has had an inflationary effect on rents. Since 2008 and subsequent recession, rent prices have fluctuated widely. Following pre-recession record levels, national rent prices dipped to a low point in 2012, less than €800, to the relief of private renters.¹⁰² Then rent prices quickly gathered pace as housing supply tightened. Average national rent currently stands at €1,524 per month, nearly doubling since 2012.¹⁰³ Average rents in Dublin city centre are currently €2,000, reaching almost €2,300 in South County Dublin. Prized by young professionals, a one-bed apartment in Dublin 4 now averages a monthly rent of over €1,750. At the end of 2021, year-on-year rent inflation stood at 10.3% nationally but this hides some of the regional disparities as people seek housing. Outside of Cork, Dublin and the commuter belt, all other counties experienced double digit rent inflation in 2021.

¹⁰¹ Byrne and Norris, ‘Procyclical Social Housing and the Crisis of Irish Housing Policy’.

¹⁰² The two main data sources on market rent prices are the Residential Tenancies Board and Daft.ie website. There are distinctions between the two data sources as the data published by the RTB is based on the average agreed rent paid (market rent) and the quarterly data published by Daft.ie is based on the average asking market rent (asking rent). A lag exists between the two data sources as the RTB is based on registered tenancies with prices agreed.

¹⁰³ Ronan Lyons, ‘Rental Price Report - 2021 Q4’ (Dublin: Daft.ie, 2021).

¹⁰⁰ Cónal Thomas, ‘Significant Increase in Social Housing Obtained by Leasing Deals in Dublin City’, Business Post, 20 December 2021.

Worse affected were Donegal and Leitrim with rent inflation of almost 25% each and Mayo and Roscommon witnessing annual rent inflation of over 20%.

The financial strain which private renters find themselves under can be assessed by considering their **housing cost overburden**; the concept of measuring the proportion of a tenant's disposable income which is spent on housing costs. The general rule of thumb for housing to be affordable and secure is that a household or person does not spend more than 30% of their disposable income on housing.¹⁰⁴ Based on OECD figures, tenants renting in the private market in Ireland have the highest degree of housing cost overburden compared to other tenure types. Over a tenth of private renters spend over a half of their disposable income on housing, compared with 6.6% for subsidised renters and less than 1% for both owner occupiers. At the 40% threshold, almost a fifth of renters in the Irish rental market are spending two-fifths of their disposable income on housing alone. Affordability challenges are now a structural feature of accessing housing in Ireland.¹⁰⁵

Recent national research by the *Residential Tenancies Board* found that over half of private rental tenants nationwide are spending more than 30% of their income on rent—a key indicator of housing unaffordability.¹⁰⁶ This proportion of tenants rises to 64% for those based in Dublin. One-in-eight tenants nationwide are spending more than half of their disposable income on rent. This indicates a private rental sector with unaffordability present at every point. The battery of decisions leading to the artificial increase of demand has produced extraordinary degrees of return for private landlords as rent prices have continued to rise at levels completely detached from inflation or increases in average earnings. Landlords at the lower-end of the market in terms of quality accommodation have had little difficulty in gaining tenants and the power differential is firmly in the hands of landlords.

The global financial crash in 2008 provided opportunities to further the potential for profit-maximisation in Irish housing and develop new markets. It was an opportunity to cut capital

expenditure to levels where local authorities were only able to build 75 social homes in total, across the nation, in a calendar year (2015). It was an opportunity to re-define social housing as receiving rental subsidy in an overheated private rental sector. But the most opportunistic endeavour has been the opening up of the social housing sector to privatisation; the encroachment of the for-profit sector into the public sector. The public provision of housing was reduced and many households suffered to allow a few to turn a profit. Close to two-thirds of the 2020 housing budget went to for-profit actors for the provision of social housing; this demonstrates that the Irish State is the largest tenant of rented properties and converting tremendous amounts of public wealth into private wealth.¹⁰⁷

MORE AFFORDABLE HOUSING: WHY A COST RENTAL PUBLIC HOUSING SYSTEM?

A Solution Comparable to the Scale of the Crisis

Housing provision, particularly social rented housing, has become increasingly complex through design. We must simplify and transform how low- and middle-income households secure a home. It is time to take the housing affordability crisis in Ireland seriously. All of the social problems on display in the housing sector—evictions, homelessness, poor-quality accommodation, poverty—stem from the lack of affordability which is a consequence of unfettered speculation and profit-maximisation. Inaction in the past decade has come at a tremendous opportunity cost which will only intensify the crisis.

The only viable solution is to create a cost rental public housing sector which will shape a housing sector into something fit for an age of climate breakdown as well as being more just, more equitable and, ultimately, more mundane. By being able to secure affordable tenancies in high-quality homes, housing should naturally fade into the background of our lives as we can focus on the aspects of our lives which are important to us.

A functioning non-market housing sector plays an important role in the wider housing system as it mitigates against any supply-side pressures which may lead to unaffordability becoming the common trend within the private sector.¹⁰⁸ Though many are placed in housing insecurity or financial difficulty due to expensive housing, a sizeable cohort stands to gain, and gain handsomely. Standing back from the details,

¹⁰⁴ Ronan Lyons, 'A Right to a Home for All: Towards a Housing Strategy for Ireland, 2016-2020', Submission to the Oireachtas Committee on Housing and Homelessness (Dublin: Trinity College Dublin, 3 May 2016).

¹⁰⁵ Even before the economic upheaval of the pandemic, a third of households, not receiving any housing supports from the State, were deemed to not have an income sufficient to afford both housing costs and a standard basket of goods and services. Households were having to go without in order to meet their unaffordable housing costs. See Eoin Corrigan et al., 'Exploring Affordability in the Irish Housing Market', *The Economic and Social Review* 50, no. 1, Spring (2019): 119–57.

¹⁰⁶ Amarach Research, 'Tenants Research Report' (Clonakilty: Residential Tenancies Board, 14 July 2021).

¹⁰⁷ See Supporting Document 1 – Analysis of Rebuilding Ireland, 2016 to 2020.

¹⁰⁸ Tom Healy and Paul Goldrick-Kelly, 'Ireland's Housing Crisis—The Case for a European Cost Rental Model', *Administration* 66, no. 2 (2018): 33–57.

The only viable solution is to create a cost rental public housing sector which will shape a housing sector into something fit for an age of climate breakdown as well as being more just, more equitable and, ultimately, more mundane.

we can clearly see the nightmarish consequences of this policy: the already strong are strengthened at the expense of the weak. Returning to true social housing inverts this dynamic. This protective quality of non-market housing is often under-appreciated.¹⁰⁹ It provides a buttress against the worst excesses of a speculative private sector and provides meaningful alternative housing. Framed in terms that the reigning orthodoxy prefers: non-market housing is the competition that can keep the riotously profitable for-profit sector honest.

Cost rental housing is a key component of *Housing for All*'s goal to provide affordable and secure housing. With operating guidelines and regulations set out in the *Affordable Housing Act 2021*, this new scheme is intended to provide an average of 2,000 cost rental homes each year during *Housing for All*. This is a total of 18,000 new cost rental homes. In addition to increased security of tenure, rents will be targeted at 25% below market rate in order to cover the cost of financing, building, managing and maintaining the dwellings over a minimum period of 40 years. A key distinction with other European cost rental systems is that they are targeted specifically at middle-income (or moderate income) households who have an income above the thresholds for social housing and do not receive any State support for housing costs. Cost rentals will also be targeted at urban areas where affordability issues are most acute and will be delivered by AHBs, the Land Development Agency and local authorities.¹¹⁰

¹⁰⁹ When advocating for the operation of non-profit housing bodies in the open rental market, the key advantages were proposed as the dampening effect on market rents, the normative effect on dwelling standards, and the ability to provide affordable, high quality housing during housing shortages. In Kemeny's influential typology of how rental markets are typically organised—either in a dualist rental system or an integrated rental system—the key distinguishing feature is the role given to the non-profit sector. In the dualist system, which has both private for-profit and publicly-owned non-profit provision, housing provided by non-profit actors is isolated from the open rental market and confined to the poor through the creation of a non-market low-income rental sector. In the integrated system, which also has for-profit and non-profit provision, non-profit renting is available on the open market as opposed to residual housing. For a fuller account of integrated rental systems, see Jim Kemeny, *From Public Housing to the Social Market: Rental Policy Strategies in Comparative Perspective* (London: Routledge, 1995). Within Ireland, it is argued that an increase in social rented and cost rental housing on a significant scale would help to reduce housing prices in the private sector as local authorities are no longer in competition with other purchasers or renters. See Margaret Burns et al., 'Rebuilding Ireland: A Flawed Philosophy', *Working Notes*, no. 80 (October 2017).

¹¹⁰ Department of Housing, Local Government and Heritage, 'Housing For All' (Dublin: Government of Ireland, 2021), 40.

On top of the commitments within *Housing for All* to provide 18,000 cost rental homes over the next nine years to the end of 2030, the Irish Government should build **an additional 18,000 cost-rental publicly-owned homes through local authorities** in that time period.¹¹¹ While these additional cost rental homes would not solve all the legacy issues with the Irish housing system, the addition of 36,000 new cost rental homes would begin to ease the burden on low- and middle-income households. Of importance for the future, the additional cost rental homes would elevate a potentially marginal scheme of non-market, affordable housing to a **first step to creating a cost-rental public housing system** on a par with our European counterparts in Austria, Denmark and Finland. While Ireland is a generation or two behind our European neighbours on cost-based rental, the opportunity exists to quickly catch up if the political will is present.

These additional 18,000 cost rental homes over nine years would be **funded through the Housing Finance Agency with 50-year housing development loans** underwritten by the central Government. A number of reasons exist for why local authorities fully backed by the State should build these additional cost rental homes. While Approved Housing Bodies have a long tradition with the Irish housing system and have provided secure, affordable, and high-quality homes for many different types of households, the largest AHBs – Clúid Housing, Respond and Tuath – are not of the scale required to make a dent in the housing affordability crisis. These three provided 675, 572, and 1,095 social housing units respectively in 2020. Failing this, increased provision of cost rental housing through the Land Development Agency will be hampered by expectations that the newly-constituted state developer will only be able to deliver an annual average of 2,000 houses over the next twenty years.

While these proposed numbers seem large and unwieldy—a doubling of current targets—an essential element of any publicly-provided cost-rental scheme is scale. The time has passed for pilot schemes or “tweaking incrementalism.”¹¹² If we understand that states create markets, then the composition of our current housing system is not the only possibility as there are multiple ways to conceptualise the relationship between society, the market, and state institutions in the provision of housing.

¹¹¹ See Supporting Document 2 – Future Housing Need in Ireland.

¹¹² Mary Murphy, 'Build Forward Public: The Case For A Post Pandemic Housing Imaginary' (Maynooth: Department of Sociology, Maynooth University, 24 March 2021).

Some have argued that any cost-rental model must be of the scale sufficient to “address the needs of the large number of households currently in the private rented sector who have no choice but to pay a disproportionate share of their income on rent.”¹¹³ The housing crisis created a deficit of affordable and secure homes which is further compounded each year so a higher level of housing output is required in the short- to medium-term.¹¹⁴ The development of a public system of cost rental housing by local authorities would bring many benefits to households and, by extension, society through the usage of cross-subsidisation models to hardwire affordability into the system.¹¹⁵

Type of Supply Matters

Housing provision in Ireland is a pressing issue of social justice. The injustice within our housing system is typically expressed through intolerable levels of homelessness, housing insecurity, rising unaffordability, poor-quality accommodation and profiteering. Less attention is given to the means of provision and how injustice is built into a particular design of our housing system—the “nationalisation”¹¹⁶ of social rented housing. As we lament the overt symptoms of injustice in housing, we may miss some of the root causes.

The housing affordability crisis in Ireland has persisted, taking on different guises but always enacting a grave human cost. Many different arguments have been forwarded from housing activists, academics, and opposition parties who are all seeking change within their vision of a just housing system. Some arguments focus on the fulfilment of human rights through constitutional change.¹¹⁷ Others focus on the future risk of economic shocks or lack of attractiveness to foreign direct investment. Some point to the opportunity for economic stimulus after public health restrictions recede. The need for publicly owned non-market housing is forwarded by others. All of the starting points have merit and seek to move the dial, but they do reflect the Government’s success in explaining policy ineffectiveness as a result of the ‘complexity’ of the problem.

A common position which is put forward as a solution to the current housing crisis is the need for “publicly owned housing on public land built by local authorities” or a slight variation of this theme. The key strength of this position is the concept of non-profit housing held in common ownership. Yet as this position is expanded upon, a weakness emerges in the argument about why this type of housing should be built by local authorities. Often it crystallises down to simple economics. The local authorities own the land where houses are proposed to be built on so housing can be provided at a cheaper rate. This checks out.¹¹⁸

Yet if we live in the age of neoliberalism, and if neoliberalism is a “totalizing” system, then our housing system is inevitably undergirded by its values and fundamentals. The task of undermining neoliberalism involves stepping back from its cost-benefit analyses and metrics of value, to instead find new, broader visions outside of its imaginative frame. The first step of “publicly owned housing” is a good starting point as the concept of common ownership is contrary to privatisation and profit.¹¹⁹ But the second step of housing to be provided by local authorities rests on costs and efficiency which can be subsumed into neoliberal arguments for the continuation of business as usual.

Building Local Government (and Houses)

Repeated calls for direct-build housing by local authorities is readily dismissed as the mantra of the naïve or the idealistic. Counter-arguments rely on advocating for local decision-making, autonomy of fund-raising and the importance of non-profit provision in housing. Alongside this, I want to suggest that the rich tradition of **Catholic Social Teaching** can offer more assured footing as an argument for non-market housing provided by local authorities. This position does not entail any creedal or confessional commitments to be taken up by policymakers, but merely the good faith consideration of ideas which have developed in the past 130 years (and building on thousands of years of reflection before that).¹²⁰ By utilising the rich idea of “**subsidiarity**” which has developed within Catholic Social Teaching we find a firm foundation to establish a transformation in Irish housing that does not merely replicate the prevailing neoliberal logic.

¹¹³ Burns et al., ‘Rebuilding Ireland: A Flawed Philosophy’, 15.

¹¹⁴ Daniel O’Callaghan and Paul Kilkenny, ‘Spending Review 2018: Current and Capital Expenditure on Social Housing Delivery Mechanisms’ (Dublin: IGEES Unit and Housing, Planning and Local Government Vote, July 2018).

¹¹⁵ See Supporting Document 3 – Models of Cost-Rental Public Housing.

¹¹⁶ Norris and Byrne, ‘A Tale of Two Busts (and a Boom): Irish Social Housing before and after the Global Financial Crisis’.

¹¹⁷ Rachael Walsh, ‘What Would the “Referendum on Housing” Be about and Do We Really Need One?’, The Irish Times, 22 June 2020; Rosemary Hennigan, ‘Why We Need a Referendum on the Right to Housing’, Focus Ireland (blog), 3 February 2020; Simon Communities in Ireland, ‘Making the Case for a Right to Housing in Ireland’ (Dublin, June 2018); Mercy Law Resource Centre, ‘The Right to Housing in Ireland’ (Dublin, May 2016).

¹¹⁸ O’Callaghan and Farrell, ‘Analysis of Social Housing Build Programme’.

¹¹⁹ Paul E. Williams, ‘Defend Public Housing From the NGOs, Too’, 21 June 2021.

¹²⁰ The doctrine has its roots in early magisterial documents, particularly *Rerum Novarum* in 1891, but it was not formulated and named explicitly until *Quadragesimo Anno*, an encyclical letter of Pope Pius XI, in 1931. For a fuller account, see David Golemboski, ‘Federalism and the Catholic Principle of Subsidiarity’, *Publius: The Journal of Federalism* 45, no. 4 (2015): 526–51.

It is important to note that subsidiarity is not a fancy word to describe mere decentralisation. Often what has passed for decentralisation in housing in Ireland has been an example of “policy dumping.”¹²¹ Responsibility for HAP, RAS and homelessness services at local authority level has been portrayed by central Government as increased autonomy and decision-making. While implementation is carried out regionally, the crucial decisions on funding and policy design are decided centrally. In effect, local authorities have been utilised as mudguards against mounting negative criticism.¹²² This is not decentralisation based on the concept of subsidiarity. Like the idea of common ownership, subsidiarity may provide a guard against increasingly neoliberal housing policy and start to undo some of the damage being done.

Subsidiarity is associated primarily with Catholic Social Teaching and is subject to plural interpretations.¹²³ Commonly, and mistakenly, it is reduced to a mere defence from the intrusion of the State into family life and the provision of core components of a welfare state. This truncation fails to do justice to the richness of the concept and what it may mean for housing in Ireland. By avoiding the unhelpful language of higher and lower levels, Cahill argues that the heart of subsidiarity is best understood as “the effort to articulate the right relationship between the state and particular associations, each with its own function to fulfil.”¹²⁴ By being interconnected with other foundational concepts of Catholic social teaching—human dignity, the common good, and solidarity—subsidiarity is laser-focused on justice by outlining the proper relationships between the state, associations, communities and persons.



Like the idea of common ownership, subsidiarity may provide a guard against increasingly neoliberal housing policy and start to undo some of the damage being done.

To treat subsidiarity within housing provision as a simple matter of devolution—from the State (and private provision) to local authorities—is to neglect that the principle of subsidiarity recognises how the common good is strengthened as individuals and groups or associations perform their unique functions.¹²⁵ As Pope Pius XI was articulating the principle of subsidiarity, he was also developing complementary thought about social “*munera*” in order to gift subsidiarity significance in the political realm. *Munera* is the plural of the Latin noun *munus*, which is broadly translated as “function”, “a duty” or “gift-giving.”¹²⁶ The correct performance of social functions can be understood as the giving of gifts for the common good. Each has a role to play and gifts to give. Whatever else this may be, it is a logic far removed from the calculative imagination fostered by neoliberalism.

Moreover, the performance of these functions is what Pius XI meant by “social justice”, a developing concept in Catholic social doctrine. If the social units within society are bearers of specific functions and have particular duties to perform, then, according to Catholic social teaching, it is an injustice to assign the function to greater or higher association what a lesser organisation can do.¹²⁷ Local decision-making and community actualisation can also be undermined when lesser social units—associations, local government—are obstructed and particular functions removed as these social units often provide a space for democratic participation. An argument could be made that local authorities are closer to the State than associations as understood by Catholic social teaching. However, if we remember that local authorities are made up of elected councillors and civil servants who work with local people and partner organisation to deliver local priorities, local authorities are closer to being an association than the centralised state.

When the principle of subsidiarity is applied correctly, decisions are taken as closely as possible to citizens and at the level of government where the intended policy objectives can be achieved most effectively¹²⁸ so people achieve their ends, both as individuals and in association.¹²⁹ For some, we are

¹²¹ Duncan MacLennan and Anthony O’Sullivan, ‘Localism, Devolution and Housing Policies’, *Housing Studies* 28, no. 4 (2013): 599–615.

¹²² An example of how this “policy dumping” has manifested is the increased difficulty which opposition TDs, journalists and housing advocates have had in accessing information on housing. Particular requests for information of the Department are redirected as being under the remit of local authorities.

¹²³ Others had previously described the muddiness of understanding as stemming from a “clarity deficit” of the concept of subsidiarity which required remedy. See Jonathan Chaplin, ‘Subsidiarity’, *Ethical Perspectives* 4, no. 2 (1997): 117.

¹²⁴ Maria Catherine Cahill, ‘Subsidiarity’, in *Catholic Social Teaching: A Volume of Scholarly Essays*, ed. Gerard V. Bradley and E. Christian Brugger, Cambridge Studies in Law and Christianity (Cambridge: Cambridge University Press, 2019), 423.

¹²⁵ Patrick McKinley Brennan, ‘Subsidiarity in the Tradition of Catholic Social Doctrine’, in *Global Perspectives on Subsidiarity*, ed. Michelle Evans and Augusto Zimmermann, vol. 37 (London: Springer, 2014), 36–37.

¹²⁶ In the story of the Holy Family, the Magi offered *munera* to Christ. See McKinley Brennan, ‘Subsidiarity in the Tradition of Catholic Social Doctrine’.

¹²⁷ The transference of functions from lower to higher units “sunders and alienates” God’s creatures from their functions and purposes. See Trevor Latimer, ‘The Principle of Subsidiarity: A Democratic Reinterpretation’, *Constellations* 25, no. 4 (2018): 586–601.

¹²⁸ Franz H. Mueller, ‘The Principle of Subsidiarity in the Christian Tradition’, *The American Catholic Sociological Review* 4, no. 3 (1943): 144–57.

¹²⁹ Joseph Drew and Bligh Grant, ‘Subsidiarity: More than a Principle of Decentralization—a View from Local Government’, *Publius: The Journal of Federalism* 47, no. 4 (2017): 522–45.

entering a “new period of housing municipalism” where local decision-making creates more effective public outcomes.¹³⁰ Subsidiarity, adapted for Ireland’s pluralist contemporary context, offers us conceptual tools to get from where we are to where we want to go.

Would enhanced leasing have occurred if local authorities had autonomy over funding and were still responsible for council housing? One cannot say for certain, but I suspect that, within the boundaries of a local authority, the market is too small to allow such schemes to be implemented, even if there were those who wished to implement them. Now, with decision-making resting with the Government, a sizeable market can be easily created with favourable conditions for profit extraction. Catholic social teaching understands that local administrations or local government are often the most appropriate agents to address the needs of communities. This is why local authorities are central to the cost-rental public housing system which is being proposed.

CONCLUSION

Being at the eye of incandescent public anger by bulk-purchasing homes during an intensifying housing affordability crisis, and the risk of reputational damage, Round Hill Capital backed out of its deal to purchase over a hundred homes in Mullen Park. In July 2021, the developer Kelston Properties said that the remaining units would be put up for individual sale. This story may yet have a happy ending for some households as they secure home ownership. But hope is often a fleeting sensation in the Irish housing system. While Round Hill Capital were going to purchase four-bed homes for €405,000 in May 2021; just nine months later the same homes had an opening asking price of €499,000, an increase of almost 25%.¹³¹ Even the most modest homes for sale in Mullen Park had increased by €60,000. At each turn, individuals and families seeking a home can only conclude that the Irish housing system is not designed in their favour.

If we only seek to analyse the housing system without considering the role of the State, our analysis will either be drawn in all directions and become too diffuse or it will be absent of the largest, and most influential, protagonist within housing

policy. Our analysis required two steps. At the beginning of this essay, Bourdieu counselled of the need to look beyond the particular effects of our housing system and try to discern the “acts of the State.” But we also need to take a second step by moving beyond the “acts of the state” and describe a truthful image of the State. Change can only be effected when we have an accurate picture of housing in Ireland.

By first focusing to the State’s recent actions, it became clear that the new policy instrument of “enhanced” leasing — the culmination of a conceptual loosening of ‘social housing’ and the increasingly refined transfer of public wealth to private hands through subsidy — was the interpretative lens needed to say something new about the Irish State and housing. Despite acts and policies which actively shape housing provision and generate profit for many, the image of a servile tenant State emerges, subservient to the rapacious demands of domestic and international capital. That State which shapes the market has a view of itself as in thrall to the market.

In the beginning when institutional investors were encouraged to enter the Irish housing system, they were promoted as vital to reinvigorate housing and stimulate the private rental sector. Now we see clearly that this act of the State had the consequence of “funnelling billions in rent money out of the country into the pockets of anonymous shareholders.”¹³² After two decades of seeing the effects of domestic capital and speculation on housing, we were now been surrounded on the other side by faceless, international capital. And it is this, in our quiet moments, of which we are most fearful!

When the news of the bulk purchases of homes in Mullen Park emerged and the subsequent tax exemptions for long-leases, the anger was instinctive. Fear followed shortly after. Fearfulness of the type of state in which we live. If a basic social good like housing can be distorted to such a degree to generate profit, then are any other social provisions which I may rely on in the future safe? To make a claim about the type of housing system you would like to see in Ireland is to make a claim ultimately about the type of State which you would like to live in.¹³³ Advocating for cost-based rental public housing is to seek to live in a State where

¹³⁰ MacLennan and O’Sullivan recount recent changes to the provision of social housing in Scotland where local municipalities were repositioned at the centre of social housing provision by abolishing its executive housing agency. For more detail, see MacLennan and O’Sullivan, ‘Localism, Devolution and Housing Policies’.

¹³¹ Killian Woods, ‘Mullen Park Homes Offered to Buyers, but with 25% Price Hike’, Business Post, 13 February 2022.

¹³² Jack Sheehan, ‘How Rentier Capitalism Is Destroying Dublin’, 8 June 2021,.

¹³³ To consider housing policy is to consider issues such as resources, ownership, human needs, power, inequality, and a host of other structural, personal and local factors. Michael Punch suggests that as we deal with difficult choices about priorities in policy and practice, we are also engaged with debates about ways of being at the individual and societal level. Michael Punch, ‘The Irish Housing System: Vision, Values, Reality’ (Dublin: Jesuit Centre for Faith and Justice, 2009).



That State which shapes the market has a view
of itself as in thrall to the market.

this one, essential aspect of life can be free from the ill-consequences of profit-maximisation. New communities can form free of precarity and fear of constant uprooting. Social class and income levels are removed as a barrier to accessing high-quality and affordable housing. The doctor and the bin collector can live side-by-side.

If we want an Irish society that offers a home to everyone in it, then we must start building it.

GLOSSARY

Approved housing bodies (or housing associations) are typically independent, non-profit providers of social housing. State funding was initially provided in 1984 for AHBs to provide housing to people with disabilities as their needs were being ignored by local authorities. In 1993, funding was first provided for general need non-profit housing with the aspiration that housing associations would eventually displace local authorities as the main providers of social housing. Their activities are underpinned as organisations with charitable status which have been required to register with the Residential Tenancies Board since 2015. They provide affordable rented housing for people who cannot afford to pay private sector rents or buy their own homes; or for particular groups, such as older people, or homeless people.

Catholic Social Teaching is best viewed as having a broad and a narrow understanding. In one sense, CST encompasses all the ideas and theories which have developed over the entire history of the Church on matter of social life and justice. The key focus has been on human dignity and the common good. In a narrower sense, CST refers to a body of literature written in modern times by Popes and theologians in response to various political, economic and social issues. *Rerum Novarum* in 1891 is commonly understood as the first papal encyclical to develop CST. *Fratelli Tutti* published by Pope Francis in 2020 is the most recent major contribution.

Cost rental is a social arrangement where anyone can avail of secure, quality rented accommodation in a way that covers the cost of such accommodation in full but avoids inclusion of a profit margin in the overall cost of renting. Simply, it is based on the concept that rent is linked to the construction and maintenance costs of the dwellings rather than market rates.

Housing Assistance Payment is a form of social housing support, available nationally since 2017, for people who have a long-term housing need. A stated aim of HAP is to eventually replace long-term Rent Supplement. The scheme is administered by the local authorities, who pay private landlords directly. The main distinction from the RAS scheme is that households who avail of HAP have to source and secure their own accommodation in the private rented sector. The tenant pays a differential rent but, unlike Rent Supplement, they are able to continue to work full-time.

Housing cost overburden captures the share of households spending an unacceptably large share of income on housing (e.g. above a given threshold). Both Eurostat and the OECD set the overburden threshold at 40% of household disposable income (net of housing allowances). The thresholds are not consistently meaningful across the income distribution: for a low-income household, spending even 10% or 20% of their household income on housing costs may leave little money left for other key needs. Furthermore, like price-to-income ratios, expenditure-to-income ratios do not provide an indication of housing quality.

Local authorities provide public services and facilities in a geographical location. There are 31 local authorities in Ireland as some urban areas have multiple councils. Among many other services, they provide affordable rented housing for a number of different groups: households who cannot access housing in the private rented sector or become home-owners; people with specific needs such as older people or people with disabilities; or homeless people.

“Lumpy good” is often used to describe housing, particularly council housing, due to the disjunct between how it is funded and how it is consumed. Housing is typically consumed over a long period of time, with modern buildings having a lifespan of over 100 years. However the funding required to build homes are capital costs which are paid in advance of the consumption, often at the construction or purchase stage. This marks the provision of social housing as distinct from education or health spending which is based primarily on current expenditure on an annual basis. This particularity leaves the funding of new social rented housing inextricably linked to continual economic growth.

National Asset Management Agency was set up in 2009. Its initial focus was on removing problematic or ‘non-performing’ loans from the balance sheets of banks following the global financial crash and the collapse of the Irish Housing Market. Over time, NAMA became involved in the provision of social housing. A specialised division takes ownership of homes in areas of housing demand and lease the dwelling back to local authorities or approved housing bodies.

Pierre Bourdieu (1930-2002) is often regarded as the most influential post-WWII sociologist in Europe. After his early anthropological research in Algeria, he returned to France where he was appointed to the chair of Sociology in the Collège de France. Using the conceptual tools of habitus, field, and capital, Bourdieu developed a specific method of understanding human practice drawing together both objective structures and the subjective lived experience. Key works include *Outline of a Theory of Practice*, *Homo Academicus*, and *Distinction: a Social Critique of the Judgement of Taste*.

Real Estate Investment Funds are Irish resident companies designed to allow investors to have access to property investment without having to purchase property directly. They are exempt from paying corporation tax on rental income and do not pay capital gains tax on property sales. Taxation is an issue of contention with the Department of Finance claiming that the primary purpose of the REIT framework is not the provision of tax exemptions, but to encourage collective investment in rental property. In all likelihood, both things can be true at the same time.

Rent Supplement is a short-term financial support for tenants in private rented accommodation who are in receipt of social security benefits or on state education/ training schemes. Payment is made directly to the tenant who was previously able to afford rent but may now have difficulty meeting rent due to changing circumstances e.g. unemployment, illness etc. Claimants make a flat rate contribution to the costs of their rent and the additional rent subsidy they receive is capped to reflect family size and location. While HAP and RAS are funded through the Department of Housing, Local Government and Heritage, the Rent Supplement is under the auspices of the Department of Employment Affairs and Social Protection.

Rental Accommodation Scheme is a social housing support introduced in 2004 to cater for the accommodation needs of persons who are in receipt of long-term rent supplement (typically over 18 months). Similar to HAP, the private rented sector provides accommodation for eligible persons with monthly payments paid directly to the household's landlord as a subsidisation of the total rent. The household then pays a differential rent. Unlike HAP, local authorities source the accommodation for the household with tenancy agreements for typically four years with property owners.

Social Housing Current Expenditure Programme was introduced in 2011 to provide funding to local authorities and approved housing bodies to lease houses and apartments to be used for social housing. The leases are typically classed as either long-term (10-20 years) or short-term (1-10 years). Tenant pays a differential rent. The properties which are leased are either privately owned or owned by approved housing bodies.

Subsidiarity is one of the four permanent principles of the Catholic Church's social teaching alongside human dignity, solidarity and the pursuit of the common good. It is best understood as the effort to describe the right relationship between the State, associations, and individuals, thereby allowing each to fulfil its own function with the required freedom and goods needed to pursue that endeavour.

The Jesuit Centre for Faith and Justice
is an agency of the Irish Jesuit Province.

The Centre undertakes social analysis and
theological reflection in relation to issues
of social justice, including housing and
homelessness, penal policy, economic ethics
and environmental justice.

Jesuit Centre for Faith and Justice
54-72 Gardiner Street Upper, Dublin 1

Phone: 01 855 6814

Email: info@jcfj.ie

