A photograph of a white arch bridge over a canal, with a row of multi-story brick and white buildings in the background under a cloudy sky.

# Build affordability and creativity into housing policy

Lorcan Sirr calls for a significant push to increase housing stock and a policy shift to place a higher value on rented housing. He suggests Spain's temporal ownership approach as a potential option for decision-makers.

Ireland's main housing policy document dates from 2011 and has now been supplemented by Construction 2020 and the Social Housing Strategy 2020, both published last year. Both a new Bill for the private rented sector and the long-promised deposit retention scheme are due this year. On the face of things, there would appear to be a considerable amount of activity afoot. Dig a little deeper, though, and we can see that the thinking behind the policies is flawed and has produced few options and little actual stock on the ground.

Irish policy-making tends to think of the various components of housing as being discrete entities, silos of activity only relevant to themselves. It is increasingly obvious, though, that there is a very

significant relationship between each sector of housing, and as one contracts, for example, the other inflates. Thinking of them as individual components therefore, with strategies tailored to deal with a specific sector, while internally not dealing with the others, doesn't work. As the private housing market stalled and then prices began to rise, the rental sector experienced a surge of new entrants and as that, in turn, expanded in both expense and numbers of people, the social housing sector felt renewed pressure.

Behind all housing strategies – it used to be mentioned explicitly but is now more implicit – is the drive towards home ownership. Successive government policies have tried to wean themselves

off the drug of ownership but the need is frequently too strong. Even Lucinda Creighton's recently launched party, Re Nua, also explicitly mentions support for home ownership, especially for the 'squeezed middle'. The Housing Policy Statement of 2011 promotes the concept of "equity across tenures". The subsequent Construction 2020 strategy suggests yet again providing support for first-time buyers. This addiction to ownership has impeded the development of new forms of tenure and led to a destructive and circular dichotomous relationship between the main two forms of tenure available to people: owning or renting.

There are lots of reasons for this – starting with the Catholic Church's fear



of socialism nearly 100 years ago – but the result is that the idea of doing anything other than buy a home has never been truly developed as a viable alternative tenure. Not alone is renting still not a viable option for many (despite the almost 20 per cent of the population who reside in the private rented sector) but attempts to reform the sector are thwarted by an innate conservatism amongst policy-makers.

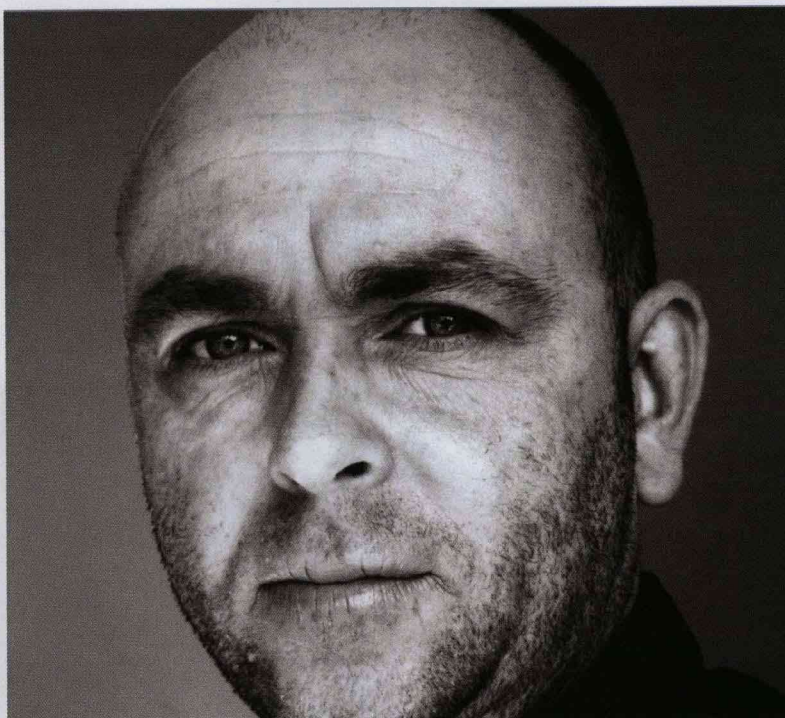
The private rental sector is also of increasing importance in the area of economic competitiveness, particularly in large urban areas, and we know that that too much home ownership has significant negative impacts on an economy. With increasing numbers of households choosing not to buy a property (our ownership levels are about the EU average now), the sector deserves the rigour and security afforded to home owners for the good of society and also the economy.

A reliance on traditional forms of housing and houses has stifled thinking about other possibilities for housing tenure and delivery.

### Spanish model

In terms of a new form of tenure, here in Spain we have just completed the second draft of a new Bill which will allow for the existence of 'temporal ownership'. This is a form of ownership whereby the purchaser pays an upfront sum for the right to own a property for a specific number of years (which is a key point) after which the property reverts to the original owner. For example, for an apartment which rents for €600 per month, a purchaser might pay an owner €50,000 to own this property for a period of ten years. The purchaser takes an 80 per cent loan-to-value mortgage from the bank and their repayments are around €430 per month.

Temporal owners receive all the rights and obligations of the property – including the rights of *mortis causa* (to leave in a will) or *inter vivos* (to sell on) – until the expiry of their ownership period at which stage the property is handed back to the original owner to re-sell on if chosen. The broad principles of this type of ownership would have considerable



*"Housing policy now needs to take control of the delivery of housing"*

impacts on Irish home seekers and owners, especially buy-to-let landlords in financial distress. On the house-building front, we know what we need and where but delivery is slow, chaotic, piecemeal and determined by house builders' willingness or otherwise to engage in construction. This is unacceptable. Last year, less than 20 per cent of the housing that was needed was built in Dublin. The reality is there is no policy to build private homes that is working. We're relying on the market that got us into trouble to get us out of it.

However, some innovative thinking would help. We could look at our good track record in delivering schools, courthouses and roads, and use the template for large-scale delivery of infrastructure and apply it to housing. This will mean the National Development Funding Authority bundling land and sites into large tenders which are advertised across Europe, and contracts awarded to deliver and manage the resulting housing, both private and social. Houses are needed at scale, and

if scale is offered, houses will be delivered in the numbers required with costs (and hence affordability) controlled from the outset.

In housing, policy in Ireland is geared towards helping people afford what's on offer, rather than thinking how we can make what's offered more affordable.

Housing policy now needs to take control of the delivery of housing – using the skills of the private sector if necessary – and also to create more options for how people live. Both of these actions will generate affordable homes for those who choose to buy, those who choose not to buy, and those who need assistance in finding somewhere to live.

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