

Recent Work on Affordable Housing in Ireland

Past urban policy failures could be fairly linked to inadequate resources and a lack of public finance, unlike the present economic situation which offers opportunities and policy alternatives never available before. It is essential however to realise that problems of affordable housing are part of the wider policy problem of dealing with growth patterns particularly in main urban areas and should be addressed in that context. This review examines the emergence of the housing affordability problem in the Dublin Region and the impacts of policy responses to date.¹

It is evident that a fundamental review of the underlying principles shaping current policy is required if progress is to be achieved. A series of policy initiatives culminating in the Revised Strategic Planning Guidelines for the Dublin Area (2000), Action on Housing (2000) and the Local Government Planning and Development Act 2000 have attempted to address the issue of affordable housing. An alternative approach shaped by a clear focus on integrated urban planning to solve supply deficiencies in major growth centres such as Dublin is suggested. The recognition of the complex inter-tenure nature of the housing market and its integration with other urban city building and regeneration priorities are essential. A narrow focus of price stabilisation at current high levels is both unlikely to result from the current policy mix and significantly fails to address the deeper issue of the need for more affordable housing supply for purchasers and renters within the context of a rapidly developing urban region.

Between 1994 and 1999 the East Region (Dublin and the Mid-East) accounted for approximately 50 per cent of national population growth in the over 15 years of age category, 49 per cent of the increase in numbers at work but only 36.5 per cent of new housing produced. This picture of imbalance between supply and demand is particularly pronounced if the housing production levels for the Dublin area alone are examined. Despite clear evidence of major employment growth, economic development and inward migration house production levels have remained static at 9-10,000 units annually over this period (Williams and Shiels, 2000). The housing affordability problem has originated with the rapid economic growth in the main growth centres and critical supply shortages in these areas have played a major role in creating a national housing problem.

A continuation of the current uncontrolled expansion of housing into outer Leinster or green-field sites is broadly accepted as unsustainable and will have significant long-term environmental and infrastructure development cost implications. An additional worrying trend are suggested responses based upon temporary infrastructure solutions. The more sustainable, expedient and economic option is to seriously address the housing need issue as a city/town building opportunity through a major urban regeneration drive based upon the large amounts of underutilised urban development spaces evident in Irish urban areas.

An absence of vision in dealing with this issue at source i.e. in Dublin, Galway and the other growth centres has resulted in significant dispersal of housing activity in a

¹ Further elaboration is provided in Williams and Shiels (2000).

sprawl type pattern towards outer areas with rapid acceleration of prices ongoing. Allowing such critical shortages to develop, linked to the failure to meet expanding infrastructure requirements and the absence of progress on strategic planning implementation measures are likely to place significant constraints on the future progress of the Dublin Region. Apart from the negative economic and social implications of the lack of affordable housing, it also raises difficulties such as attracting further workers to the region. Basic issues including transport provision, waste management and the availability of serviced development land are not being adequately addressed, indicating the necessity of significant reforms in the nature and processes of urban governance.

DOELG house price statistics showing house price inflation at 20 per cent indicates that the problem of affordability has worsened in 2000, with such levels of price increase greatly in excess of general prices and wage inflation. Short-term implications of the housing affordability problems have resulted in a range of initiatives including "Action on House Prices, Housing Loans Initiatives along with a second and third official Reviews and Assessments of the Housing Market. These initiatives have failed to calm house price inflation as they have been directed primarily at demand management or supporting and subsidising demand. In the face of inadequate supply levels, such measures including support for home purchasers have been quickly incorporated into the market at higher price levels.

Fundamental problems with such policy approaches have included:

- Absence of measures to address critical supply shortages in the main urban growth centres particularly Dublin.
- The emergence of a sprawl type pattern of development, which will involve significant future additional spending on hard and soft infrastructure.
- The distortion effect caused by the use of national taxation measures to solve local/regional problems. This is particularly noted with the impact of continued fiscal support for resort schemes, which both artificially increase local house prices and divert scarce construction resources from affordable housing provision.
- Absence of recognition of the role of sentiment in property market actions. Perceptions of supply deficiencies encourage investment in housing markets in expectation of further gains. This means that price increases may actually stimulate further demand contrary to conventional economic theory on the allocation of scarce goods.
- Interventions which aim to deter investors fail to appreciate the long-term role of such investors and the complex inter-tenure nature of the market. A growing urban economy needs a strong rental sector and deterring investors from the market will inevitably lead to increasing rentals and supply shortages.
- Finally the aim of price stabilisation in the new homes market for first time buyers is not possible in any market where overall supply is clearly deficient as is the case in the Dublin market.

In the absence of a positive result from the existing initiatives many commentators have argued that a policy of non-intervention and allowing the market and the forces of supply and demand decide is the only response. This response however shows an absence of understanding of the dynamics of the urban property market where

development potential can only be created by the existence of infrastructure, transportation and services all controlled directly by the public sector. In turn this development potential can only be realised with the legal and planning consents required by public authorities. Government/Public sector involvement is not therefore optional but is already central to the process. How this involvement can be more successfully directed remains however at issue.

Present Trends and Policy Responses

In particular, the continuation of present policies means that the demand for affordable housing is not being met within the Dublin area and is causing purchasers to move to adjacent counties. This will entail having to manage the problems of scattered urbanisation and low population densities. With the private motor car becoming the preferred or only method of transport in such areas previous commitments made to principles of sustainable development are null and void. Many international cities have experienced similar low-density development. Much of the research on controlling and reducing negative impacts of such development favours policy approaches based upon the concept of the compact city.

The adoption of the European Model of a more compact urban form, with clear demarcation between built up areas and countryside, extensive pedestrian zones and effective traffic management has been widely advocated in the Irish context. Gribbin (1999) recommends the more intense development of existing urban areas within 1km of the intended transportation structure. This additional population would support a greater diversity of ancillary land uses such as retail and services. Obviously, this approach would need to be integrated with planning and development to create environmentally sustainable areas.

Sustainability in Urban Development

The strategy for achieving sustainable development in the context of rational spatial planning and urban renewal has been adopted in "Sustainable Development – A Strategy for Ireland" (DOE, 1997). Issues include:

- Encouraging careful location of residential, commercial and industrial uses;
- Planning and making effective use of existing developed urban areas;
- Integrated strategic, economic and social planning.

Progress has been achieved in terms of renewal of some existing developed urban areas and in integrating strategic social and economic planning. However, examination of the concerns relating to the Dublin Region and its peripheral development show a worsening problem with strategies offered and discussed but progress minimal. The commitment of large-scale capital investment in urban infrastructure is welcomed. Past experience indicates that such major inflows of investment will require careful monitoring, information and control. If national environmental policy is inadequately developed with regard to legal and fiscal frameworks, the full potential of such investments may not be realised (Honohan, 1997). The creation of a new transportation system alone may not lead to more efficient or environmentally sustainable patterns of transport use. Alternatives to existing policies in transportation pricing, subsidies and taxes have been explored at the international level in the European Commission Green Paper Towards Fair and

Efficient Pricing in Transport (1995). The use of transport taxes has been advocated to contribute to the development of an efficient and environmentally friendly transport system in Ireland (ESRI, 1998).

European experience is that mixed-use medium-density urban development is a useful model and results in compact, sustainable and accessible urban areas. In the US, the adoption of a similar pattern of Smart Growth developments is regarded as a potential solution to traffic pollution, air pollution and sprawl. Modifications of standards to street design, requiring buildings to be set back, have resulted in more pedestrian orientated developments that are transit friendly with mixed uses (O'Neill, 1999). This flexibility along with the collaborations and integration required are difficult to achieve but enhance developments in growing areas sufficiently to warrant serious attention.

Rapid economic development as experienced in Dublin will inevitably result in a certain amount of Edge City industrial and commercial development. Facilitating the significant levels of inward economic investment within the existing built-up areas would not have been possible. This is not the case with housing, which is more suited to development in areas where land resources with existing under-utilised infrastructure and facilities are present. Policies to bring derelict and under-used urban lands into use have been inadequate and ineffective. Developers instead built on green-field sites because it was easy and fast and often replicates previous successful developments. Major road building programmes have facilitated this trend, as did the existence of fragmented urban governance systems. The desire of developers for inexpensive green-field sites often leads to a leapfrog effect as areas mature. Developers, rather than competing for remaining in-fill sites often subject to stringent planning or environmental requirements, move on to areas where such constraints are less.

Fiscal policy interventions in Ireland, in the housing area, have tended to systematically favour and support new build at green-field locations. This has included initiatives such as preferential taxation treatment in terms of stamp duty and first-time buyers grants aimed at new housing. When demand for housing is high, total demand is at its highest at central locations. Purchasers, however, will also buy houses at more peripheral locations due to lack of supply. As this land is readily available at cheaper prices, it is often more profitable for a speculative developer. The results of these demand and supply factors encourage the emergence of sprawl into peripheral areas around the more desirable centre. Purchasers in Ireland as elsewhere are often prepared to move further from the city in order to avail of cheaper housing. Long-term transportation costs and the lack of proper infrastructure and facilities are tolerated in order to acquire a home.

A major factor in the more successful examples of the North European Compact Urban Model is the existence of strong and effective planning and urban governance structures. In the absence of such structures, the pattern of urban development emerging in the Dublin region has signs of creating many of the major disadvantages associated with sprawl. The pattern is one of speculative single land-use development, particularly for housing, at greater distances from the city. This allied with an increased dependence on edge city retail developments encourage car usage and complement the edge city employment pattern in a combination which negates stated policies on sustainability.

Statements of aspirations and goodwill will be insufficient to alter market forces

sufficiently to deliver such solutions. A regional planning and development process capable of delivering such solutions will often conflict with individual preferences and vested interest groups. Whether the collective political will to deliver the alternatives to sprawl exists is open to debate.

The 1998 Action on House Prices, among its key recommendations, proposed increasing housing densities in key locations in order to increase housing supply with a limited amount of development land (Bacon et al., 1998). This was followed by the Government's announcement in April 1998 that it intended to facilitate increased residential densities in inner urban "brown-field" sites or public transport nodes (DoELG, 1998). Guidelines on housing density were prepared in February 1999 (McCabe et al., 1999), but since this time, much discussion but very little further advancement of medium-density residential proposals has occurred. There are currently two medium-density housing schemes being developed in Dublin, at Blanchardstown and Santry Woods. Both schemes met with considerable planning difficulties due to local opposition, as many residents believed they were out of character with the existing low-density suburban landscape of the area.

It is increasingly evident that public mistrust of the planning and development process has developed to such an extent that virtually all development proposals face significant opposition. Public cynicism is largely based upon perception of past failure to deliver development benefits to the wider community. Attempts to build such trust and acceptance may require changes in present approaches to planning and indeed may necessitate moves towards a more explicit recognition of the need for community planning gain mechanisms.

Immediate Priorities

Supply side initiatives that could calm the Dublin market have, by comparison, been lacking in urgency with regard to implementation. Proposals for transportation and utilities infrastructure have now been discussed over a twenty-year period. The examples of promises of increasing capacity on the existing transportation corridors and major enlargement of the urban rail system without specific guaranteed funding commitments and target completion dates bring planning and public policy procedures into question. While the aspiration has now been adopted of dealing with urban development issues in an integrated manner linking transportation, land uses and associated services, the reality of development occurring has been different.

By international standards, the Dublin Region has a low level of population, adequate land supply, a strong economy and high levels of public finance available. With good urban governance and management in place and a co-ordinated response, solutions are possible. The political commitment to such reforms and resources delivery and implementation has now become critical to the region's future development. Operational rather than aspirational strategic planning is required. Current problems are a result of outdated structures, systems and processes rather than the fault of legislation or individual organisations.

Densification of the existing Dublin Area has not been fully considered by policy makers despite some obvious advantages. A renewal emphasis, building on the success of previous urban renewal strategies, could be used to ensure that the substantial numbers of still under-utilised city properties are brought to their full potential use. Vacant and under-utilised floor space over ground floor commercial users remains a feature of all Irish urban areas. Contrary to the position in the outer Leinster area

such city districts often have schools, health and other facilities in a disused or rundown state due to population movement.

The significant amounts of land in the existing urban area in various forms of public ownership represent the most obvious problem. Ongoing studies at DIT show that the planned release of a significant portion of such lands onto the development market could play a significant role in first stabilising the Dublin market and then contributing to the supply response required.

While this process has already commenced in Central Dublin, many of the same factors apply in older areas of suburban Dublin where a previous generation of low density housing now has ageing populations, falling school numbers and infrastructure in place. Such districts are often in need of development in a general sense as they have been neglected and not well provided for in the past. In areas such as the North Fringe of Dublin, the opportunities for improving peripheral disadvantaged areas through development are best evidenced by projects such as Ballymun Urban Regeneration Project. A reduced emphasis on outdated single use zonings has allowed development to occur in an integrated manner. The potential for increased population density with commercial redevelopment complementing a mix of housing types while re-using disused or vandalised open space is obvious.

In conclusion if a serious response to the current housing shortage is intended to be implemented in a sustainable manner the densification and regeneration of the existing urban area provides a way forward. In addition, an approach based upon this option has the additional twin merits of utilising existing infrastructure and facilities and a capacity to be implemented over a shorter time period than continued expansion at peripheral green-field locations. An essential element to the success of such approaches would be a new approach to urban planning and development based upon integrated policy objectives and an acceptance of the necessity for explicit community planning gain arrangements.

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BERNA GRIST, Irish Planning Law, Dublin: Institute of Public Administration, 1999, 12.70.

This slim volume (93 pages) is a very lucidly written overview of the planning system in Ireland, directed at the non-specialist. It is of particular value for those who wish to understand the evolution of the planning system as we experience it today, and those who wish to know how to operate it today. It is interesting to observe how the policy system has evolved over time in response to various inadequacies. From an economics point of view, this can be interpreted as follows: the planning system allows various rent seekers to maximise their position at the expense of the public interest. This rent capture gradually becomes obvious to the public and those responsible for the design and operation of the system, and these opportunities are curtailed; the rent seekers search out new opportunities. Examples include:

- Membership of the national appeals board (An Bord Pleanála) – formerly appointed entirely at the discretion and choice of the Minister, now selected by the Minister from panels of names provided by various vocational and conservation groups.
- "Section 4" council resolutions, whereby Councillors can direct a manager to take a development decision – formerly voted through by Councillors not representing the area in which the proposed development would take place, now three-quarters of the Councillors from the area to which the section 4 is to apply must support the direction to the manager.
- Claims for compensation where development is not permitted. Formerly, even where development on lands zoned agricultural was denied permission, very substantial compensation claims were sustained by the courts; now the conditions under which it is payable are much more restrictive.
- Listing of buildings for conservation – formerly at the discretion of the local authority, now a mandatory requirement.

It is also striking how little economic considerations, broadly defined, feature in