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Housing

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INTRODUCTION: FROM CRISIS TO CRISIS

Housing can be an incredibly emotive issue. Shelter and a sense of home is essential to our well-being, which is why the right to housing is enshrined in the conventions of the United Nations (UN), and, in turn, ratified by most national governments. Housing provides us with sanctuary and a sense of identity and belonging. Housing is also seen as an asset: the most expensive purchase most families make or an investment for landlords seeking a steady yield. Building and selling houses can be highly profitable, but they can also bankrupt households, builders, developers, and banks if the market plummets. Losing one's home is highly distressing, as is the sense that one cannot afford a home due to changing house or rental prices. Living in substandard housing or being homeless can be detrimental to one's mental and physical health. Providing high-quality, affordable, and securely tenured housing for all citizens is thus a core stated ambition of most governments. However, there is a marked difference between rhetoric and reality, in part due to the ideology of ruling parties and the machinations of vested interests, but also due to housing being a complex and costly endeavour. Furthermore, there is also, increasingly, a tension between housing as a form of shelter (its use value) and housing as an asset class (its exchange value), particularly in light of the financialization of mortgage markets (Aalbers 2008; Downey 2014).

The central thesis we advance in this chapter is that housing in Ireland is perpetually in crisis. What is more, the crisis in housing pre-dates the crash of 2007/8, building up for at least twenty years and evolving through three distinct phases: 1993–2006 (the Celtic Tiger years); 2007–12 (the crash); 2013– (unstable, uneven, and partial rebalancing). The crises of phases two and three were created by the outcomes and policies adopted during phase one, and have been deepened by recent austerity policies that lacked strategic foresight, placing severe stresses on households and the housing sector.

CRISIS PHASE ONE: 1993–2006 (THE CELTIC TIGER YEARS)

The exact start date of the Celtic Tiger era is still debated, but most commentators accept it was between 1991 and 1995. From the early 1990s the Irish economy began to transform, with a notable rise in key economic indicators such as gross domestic product (GDP) and numbers in employment. As the economy grew, the population increased through immigration and natural increase, and average household size shrank through alterations in family structure. Between April 1991 and April 2006, the population of Ireland increased by 704,129 (20 per cent), the number of households by 440,437 (43 per cent) (CSO 2014a). The demand for housing thus expanded rapidly, as did the need to produce a more diversified stock that would cater for different sizes and types of household. While population and households fell in some localized areas, it increased overall in each local authority, and in some it expanded very rapidly. For example, in Kildare and Meath, the number of households grew by 85 per cent and 87 per cent. This demand had a number of effects—a construction boom, surge in house prices, a large increase in household and mortgage debt, bank indebtedness, over-zoning, urban sprawl, and long-distance commuting—each of which could be considered a crisis in its own right given its dramatic transformative effect and demands.

Between January 1991 and December 2006, 762,631 housing units were completed in Ireland, peaking with 93,419 units being built in 2006 alone (see Figure 15.1; DECLG 2016). Even allowing for replacing obsolescent stock, clearly more units were being built than there were households being formed, especially in the period 2002–6. Nonetheless, house prices rose dramatically. The average new house price rose from €78,715 in Dublin and €66,914 for the country as a whole in 1991, to €416,225 in Dublin (a 429 per cent increase) and €322,634 for the country as a whole (a 382 per cent increase) in 2007 (DECLG 2016. Second-hand homes followed the same trend, with rises in Dublin of 551 per cent and of 489 per cent outside the capital. In the same period, house building costs and wages merely doubled (Brawn 2009). In Q3 1995, the average second-hand house price was 4.1 times the average industrial wage of €18,152; by Q2 2007, second-hand house prices had risen to 11.9 times the average industrial wage of €32,616 (Brawn 2009). Not unsurprisingly, the total value of household mortgage debt increased dramatically, from €47.2 billion in 2002 to over €139.8 billion at the end of 2007, with the average size of a new mortgage (€266,000) being nearly double the 2002 figure (CSO 2008). During this period a 'bubble economy', underpinned by the expansion of debt to households based on perceived increases in the value of their homes, drove economic growth (O'Riain 2014). Moreover, given rapidly rising prices and a strong rental market, the buy-to-let (BTL) market flourished, with a significant number of households becoming 'amateur' landlords. At the same

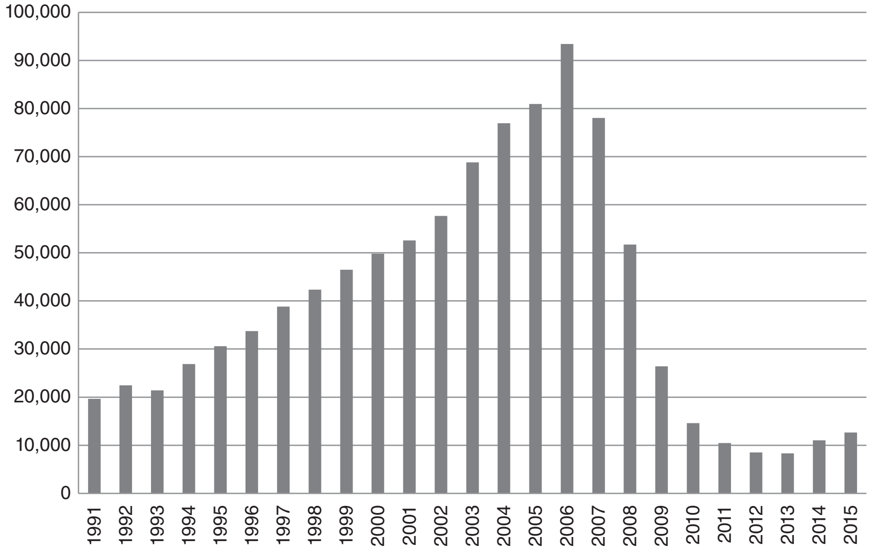

Figure 15.1. Number of completed housing units per annum, 1991–2015
Source: DECLG 2014.

time, state investment in social housing was waning whilst demand was growing, with a turn to the private sector to provide accommodation through a rent supplement scheme. Further, social housing built during the 1950s was coming to the end of its life, needing either substantial refurbishment or replacement.

Given the demand for prime land for development, pressure was placed on local authorities to zone more land; consequently, the cost of land rose dramatically, especially in 2004–6. Land prices jumped in value from just under €10,000 per hectare in 1998 to over €58,400 per hectare in 2006 (Savills HOK 2007). The result was that land became a significant component of housing cost: up to 50 per cent, against a European average of 10–15 per cent (O'Toole 2009). To enable developers to bid for land and to afford the cost of building, bank lending increased substantially. In 2003, the indebtedness of Irish banks to overseas banks was just over 10 per cent of Irish GDP. By 2008 this had risen to 60 per cent of GDP, with over 60 per cent of bank assets tied up in property-related lending (Honohan 2010).

Given the cost of land and housing, households who wished to buy a home but who had limited resources were forced to either buy property that did not suit their future needs, with the aim of trading up later, borrowing beyond their means (e.g. 100 per cent or interest-only mortgages, or taking out multiple loans), or buying in an area further away and commuting. These factors created a context in which a growing number of households had a vested interest in property prices rising further, thus extending a debt-based model of home ownership and perpetuating these trends. Furthermore, the reliance on long-distance commuting led to extensive urban sprawl and the growth of smaller towns around the principal cities and towns.

Somewhat ironically, all of these changes were celebrated by the government, the construction sector, and the media during the Celtic Tiger era. They were taken as a sign that Ireland was catching up with the rest of the developed West in terms of its economy and property sector. It was suggested that a virtuous circle had been created whereby people stepping onto the property ladder were immediately gaining the benefit in their prime asset rising in price, and moreover they had more choice in housing options than ever before; the government was collecting significant tax revenue (value added tax (VAT), capital gains tax, stamp duty, development levies) that could be reinvested into improved services and infrastructure; and the property and banking sector were flourishing whilst helping to bring in overseas investment. Whilst price rises were staggering, potential purchasers and investors were assured that there was still plenty of scope for further expansion. And anyone who suggested that these changes were potentially very harmful to households by saddling them with huge debt and unsustainable commutes, and to the wider Irish economy by reducing competitiveness and producing a bubble that was sure to burst, were roundly attacked by politicians, the media, and the property sector. The worst that could happen, they were told, was a soft landing, wherein prices levelled off to modest growth, and construction slowed in pace. But the bubble did burst, with devastating consequences for citizens, companies, and the state.

CRISIS PHASE TWO: 2007–12 (THE CRASH)

As the global economy slowed and the global subprime banking crisis began, house price rises in Ireland started to slow in September 2006, levelling off in March 2007, and remaining static until November 2007. From December 2007 to February 2012 they fell consistently, before bottoming out and remaining stable until June 2013 (see Figure 15.2). From the peak to the bottom, prices fell by 57.4 per cent in Dublin (houses 55.9 per cent and apartments 63.7 per cent) and 48.7 per cent in the rest of the country (CSO 2015). Ireland experienced one of the deepest house market collapses on record. What was happening with house prices was a barometer for the wider housing sector. As 2008 started it was clear that the promise of a soft landing was empty and all of the issues built up over the course of the Celtic Tiger years exploded into a new set of crises as the property bubble burst and the Irish banking sector collapsed, culminating in the Irish bank guarantee of September 2008, the

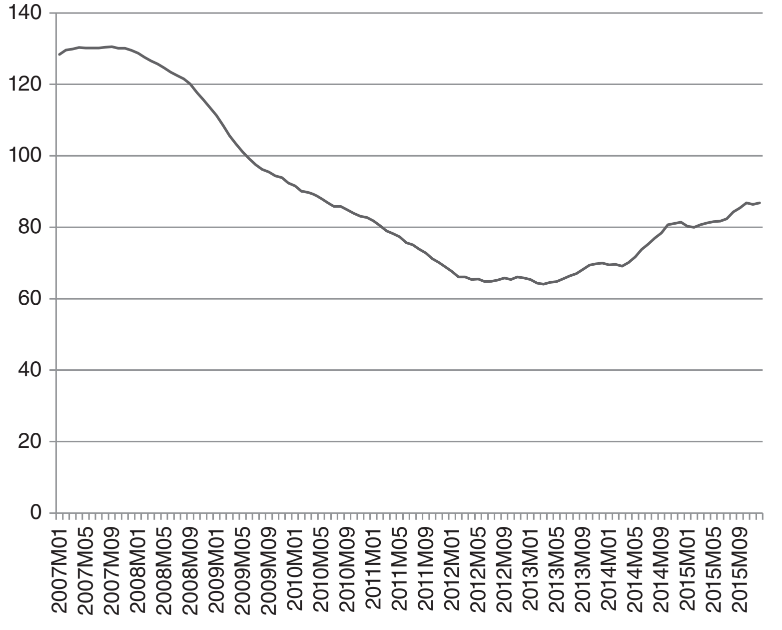

Figure 15.2. Change in property price index: 2007–14
Source: CSO 2015.

creation of the state-owned National Assets Management Agency (NAMA) in September 2009 (which bought €74 billion of distressed property loans from the Irish banks), and the €85 billion International Monetary Fund (IMF)–European Union (EU)–European Central Bank (ECB) bailout in November 2010 (see Kitchin et al. 2012).

Whilst the global financial crisis was the trigger for the Irish crisis, Irish banks were only slightly exposed to US subprime loans; rather, they were massively exposed to property and development loans in a bubble market (O'Toole 2009). Moreover, it soon became clear that not only were prices overinflated, but that there was a massive oversupply of housing stock and over-zoning of land. Between 2005 and 2007, 252,403 housing units were completed in Ireland (connected to the electricity grid), with another 78,144 added in 2008 and 2009 as legacy construction slowed (DECLG 2016). This was despite the fact that the 2002 census had reported 177,254 vacant units (excluding holiday homes) and the 2006 census 216,533 vacant units (excluding holiday homes) (CSO 2014a). Put simply, housing units had been built in excess of demand across the entire country, with several local authorities having vacancy rates, excluding holiday homes, above 15 per cent. The extent of the oversupply was clarified by the 2011 census, which reported that 230,056 units were vacant (excluding holiday homes), 168,427 houses and 61,629 apartments out of a total housing stock of 1,994,845 (CSO 2012). Allowing that one would always expect some units to be vacant in any housing market (*c*.6 per cent) then oversupply was approximately 110,000 units. With supply outstripping demand, there was no demand to support existing prices, moreover, due to the banking crisis, there was no credit to enable purchases.

The most visible manifestation of the oversupply issue were, and continue to be, unfinished estates. After some speculation as to how many such estates existed, the National Survey of Housing Developments reported that there were 2,846 documented unfinished estates in Ireland, present in every local authority (Housing Agency 2010; see Figure 15.3). With respect to the units on these estates, 78,195 were complete and occupied, 23,250 complete and vacant, and 19,830 under construction, with planning permission in place for a further 58,025 units. The 2013 survey recorded 1,811 estates, which all had outstanding issues of planning and development (estates with issues of vacancy only were excluded), on which there were 82,432 dwellings: 57,642 complete and occupied, 8,694 complete and vacant, and 16,135 under construction (19.6 per cent) (Housing Agency 2013). Only 193 recorded development activity. Of these, 82,432 dwellings, 47.9 per cent, had incomplete roads, 18.7 per cent incomplete footpaths, 21.9 per cent incomplete lighting, 19.4 per cent lacked potable water, 18.6 per cent lacked fully operational storm water systems, and 19.4 per cent lacked fully operational waste water systems. Of 4,033 planned open space areas, only 2,205 were complete.

Those households who found themselves residing on these unfinished estates have also had to contend with anti-social behaviour and vandalism, an unsafe environment for children to play in, a diminished sense of place and community, and often poor access to services such as schools, crèches, medical centres, and public transport (Kitchin, O'Callaghan, and Gleeson 2014). In cases where an estate management company was meant to be operating, low levels of occupancy made such companies unviable, meaning that service provision has been patchy or non-existent (Mahon and O'Cinneide 2010). There has also been the stress of an uncertain future with regards to the situation improving and personal finances concerning mortgage payments and negative equity.

Severe cutbacks in government spending and austerity budgets meant that a minimum-policy, minimum-cost approach has been taken with respect to unfinished estates, with the government initially allocating just €5 million for tackling health and safety issues (e.g. knocking down unsafe structures, fencing off and tidying up areas) and seeking to establish Site Resolution Plans (SRPs) for each estate. SRPs are plans collectively put together by all vested interests—local authorities, developers, banks, residents—and provide a roadmap for how to deal with issues on an estate, but crucially are voluntary and have no statutory tools beyond existing legislation (difficult to apply to bankrupted entities), nor finances beyond the government fund. As such, the extent to which outstanding problems are addressed through SRPs varies widely between different local authorities and different estates.

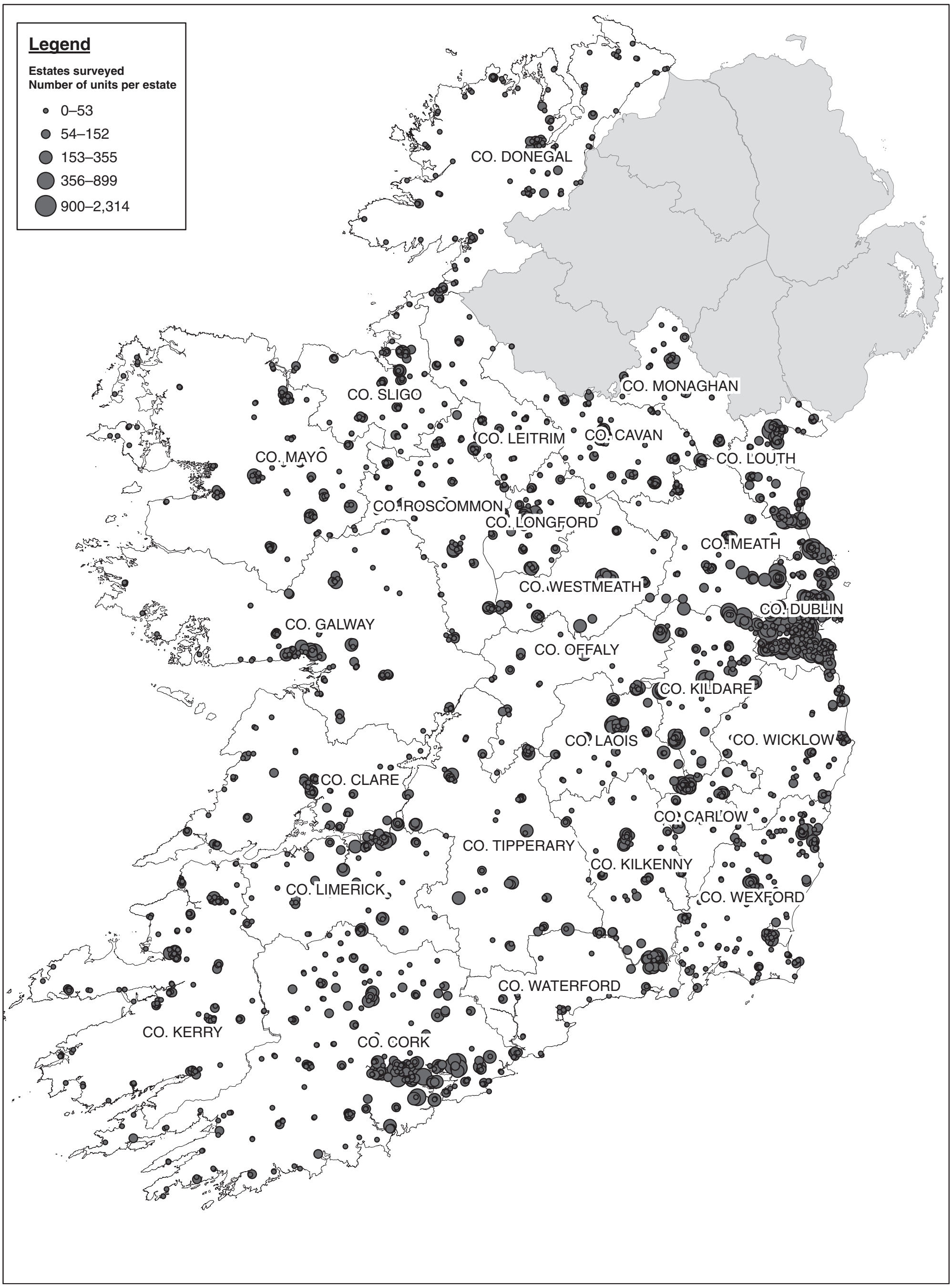

Figure 15.3. Location of unfinished estates and number of units per estates, 2010

Source: Housing Agency <http://www.housing.ie/Housing/media/Media/2010%20National%20Housing%20Survey/2010-National-Map_Location-of-Surveyed-Developments.pdf>.

Beyond vacancy and unfinished estates, there has been a concern related to the quality of dwellings constructed during the Celtic Tiger era. Building control and standards were deregulated in Ireland in 1990, with local authority planning enforcement only undertaking inspections on 10–15 per cent of sites and not at all stages of development. Self-certification, plus high-volume construction, meant that many substandard units were built, along with units that only met minimum standards. Many units or extensions were built without planning permission or building control certification, making them now difficult to sell as banks tighten up the conditions for lending. The highest profile case relates to Priory Hall in Dublin, where 187 apartments were found to breach fire hazard regulations, with residents forced to vacate their homes for two years whilst continuing to pay mortgages, but there have been numerous other similar examples. Further, there are estimated to be in excess of 20,000 homes whose foundation hardcore and building blocks are contaminated with pyrite, though the Department of Environment, Community and Local Government (DECLG) presently only recognizes 74 estates containing 12,250 units, predominately located in Dublin City, Fingal, Meath, Kildare, and Offaly (DECLG 2012).

In addition to oversupply of dwellings, there was also an oversupply of zoned land and commercial premises. In June 2008, there were 14,191 hectares of serviced zoned land in the state, enough for up to 462,000 potential new units (DECLG 2016). In addition, there were another 30,000 hectares of unserviced zoned land. In many parts of the country there was enough zoned land for dozens of years of supply (Kitchin et al. 2010). For example, in Monaghan, a mostly rural local authority with a housing stock of 21,658 units in 2006, there was enough zoned land for an additional 18,147 units. Not unsurprisingly, land prices plummeted by between 75–98 per cent in value post-2007. In Dublin, some 782,500m^2 of office space (23 per cent) was vacant in 2010 (Savills HOK 2010). After a substantial growth in the construction of hotels during the Celtic Tiger era, at the end of 2008, 15,000 guest rooms (26 per cent) were deemed to be in excess of demand (Peter Bacon and Associates 2009).

As the housing market plummeted and the wider economy crashed, with unemployment rising from 4.6 per cent in Q4 2007 to peak at 15.1 per cent in Q3 2011, and households facing tax rises and pay cuts, increasing financial pressure was placed onto households (CSO 2014b). Faced with paying high payment rates on their mortgages, many households struggled to keep up with payments. In Q3 2009, 3.3 per cent of principal residence mortgages were in arrears by over ninety days. By Q3 2013, this had peaked at 12.9 per cent (99,189 mortgages), with 18.4 per cent in some level of arrears (141,520) (Central Bank 2016). With respect to BTL mortgages, 21.2 per cent (31,227) were in arrears of over ninety days, with 27.4 per cent (40,426) in some level of arrears in Q3 2013. And as house prices dropped, the number of households in negative equity grew to include more than 50 per cent of residential properties with a mortgage (RTÉ 2012). Similarly, rent arrears to local authorities, boroughs, and town councils increased from €32.8 million in January 2008 to €58.5 million in December 2011 as tenants struggled to pay their bills (DECLG 2016).

The huge house price rises in the Celtic Tiger years, followed by the financial pressures of the crash, had significant spillover effects with respect to social housing demands and homelessness. In 1999, there were 39,176 households on the social housing waiting list, rising to 48,413 in 2002, 56,249 in 2008, and 98,318 in 2011 (DECLG 2016). The vast majority of people on the list are because they cannot afford private rental accommodation and are unable to purchase a property. Between 1994 and 2007, 47,769 social housing units were built in Ireland, plus, between 1999 and 2007, 9,378 were acquired through purchase and 1,201 long-term leases acquired through the Rental Accommodation Scheme (RAS) (DECLG 2016). At the same time, 22,633 local authority units were sold to tenants (many of these funded by mortgages provided by local authorities, a large proportion of which are now in arrears). However, the austerity programme implemented by two governments from 2008 onwards dramatically reduced state investment in social housing. The capital expenditure for social housing was reduced by 80 per cent (from €1.3bn to €275m) between 2008 and 2013, and funding for the National Regeneration Programme reduced from €121 million in 2008 to €80 million in 2013: a 34 per cent reduction. Between 2008 and 2013, 10,745 social housing units were built (nearly all—8,267—in 2008–9, much of it replacement stock in regeneration schemes), 3,293 were acquired through purchase, and 8,707 long-term leases were acquired through RAS. While some stock was being built or acquired, then, social housing needs were outstripping the state's ability to supply suitable affordable accommodation. Indeed, the proportion of social housing stock in Ireland has fallen from 18 per cent of all residences in 1961 to 8 per cent in 2011 (CSO 2012). The shortfall in social housing is made up through privately rented accommodation subsidized by rent supplement. A total of 97,260 households were receiving rent supplement in late 2010, an increase of 63 per cent on the previous three years, with spending rising from €70 million in the mid-1990s to €516.5 million in 2010. Even with the state providing social housing or rent supplement, the financial and other pressures placed onto individuals and households during the crash saw a rise in homelessness: between 2008 and 2011 the number of homeless households increased by 68 per cent to 2,348, with 3,808 people in accommodation for the homeless (Housing Agency 2011).

Further, much social housing stock is acknowledged to be in poor condition and also in areas with strong social and economic disadvantage, with social problems, high unemployment, drug addiction, gang-related crime, and low education participation rates. After extensive local community campaigning, prior to the crash the decision was taken to implement large-scale regeneration schemes in north Dublin (Ballymun) and other Dublin estates, Limerick (Moyross and St Mary's), and a number of regional towns, including Sligo, Dundalk, and Tralee. The funding mechanism for such regeneration was public–private partnerships (PPPs), involving a transfer of local authority land to a private developer who would then build and sell owner-occupier housing and commercial/retail units in return for providing a reduced amount of new social housing and some community facilities on the remainder of the site (Hearne 2011). The use of PPPs for regeneration would, it was argued, create a better social mix, diminishing concentrations of social and low-income housing (DEHLG 2005). These schemes collapsed with the crash as both private and public finances evaporated. This left thousands of local authority tenants living in substandard conditions whilst awaiting relocation, and many hundreds permanently relocated in preparation for regeneration. Given that old units were slated for demolition (so at least half were empty), and the reduction in local authority maintenance budgets, conditions in these estates deteriorated further, condemning families to live in unhealthy and unsafe environments. At the same, planned investment in Traveller accommodation also stalled during this period, with 361 Traveller families living on unauthorized sites, 2,717 in private rented accommodation, and 663 in shared housing in 2013 (DECLG 2016).

CRISIS PHASE THREE: 2013– (UNSTABLE, UNEVEN, AND PARTIAL REBALANCING)

The levelling off in the fall in house prices, followed by a gradual and then rapid increase of prices in Dublin (rising by 24.1 per cent between October 2012 and 2013, before levelling off again in response to Central Bank interventions), is indicative of the start of a new phase in the ongoing housing crisis. This phase sees the continuation of serious problems of phase two, such as social housing need, private rent rises, mortgage arrears, negative equity, and unfinished estates, but varying levels of change depending on the extent to which solutions are put in place and the wider economy starts to recover. For example, the numbers receiving rent supplement fell by 23 per cent from 2010 to 74,080 in 2014 (*Irish Times* 2014a). Large-scale de-zoning has significantly reduced the amount of serviced zoned land. By Q3 2015, mortgage accounts remaining in arrears had dropped to 92,291 (12.3 per cent), with 65,584 in arrears for over ninety days (8.7 per cent) (Central Bank 2016). With respect to BTL mortgages, 30,288 (22 per cent) were in arrears at the end of June, with 24,890 (18.1 per cent) in arrears of over ninety days. Moreover, by December 2014, 49,000 households had been issued with legal letters seeking repossession, and full court proceedings to repossess homes have been initiated in 23,751 cases (Weston 2014). On the BTL side, 18,000 mortgage holders had been issued with repossession letters and 8,618 with court proceedings.

The new or deepening crises in this period are a lack of supply in some areas and associated rising housing and rental prices, continued problems of social housing provision, and rising homelessness in response to a changing rental market. Whilst there was oversupply in every single local authority for both houses and apartments (with the exception of south Dublin for houses) in 2011 (Kitchin et al. 2010), the extent of this oversupply varied geographically. Much of rural Ireland had extensive levels of vacancy. In Dublin, the overall vacancy rate for the four local authorities was 8.3 per cent (43,707 units) (CSO 2012). While the vacancy rate of houses was low, with only small pockets of oversupply, the vacancy rate for apartments was 16–19 per cent. Since 2011, despite emigration nationally, population and households have been growing in Dublin through natural increase, labour migration, and household fragmentation. Moreover, the levelling off of prices instilled confidence that the bottom of the market had been reached. In combination, the result was an increase in demand by investors trying to maximize return on investment and rental yields and households looking to enter the market. What oversupply there was in the capital has thus been absorbed. With respect to new supply, however, construction has remained moribund. Between January 2012 and December 2015 only 40,471 units were available nationwide, 8,785 of which were in Dublin (see Figure 15.1; DECLG 2016). Assessments by both the Housing Agency and the Economic and Social Research Institute (ESRI) suggest that *c*.8,000 units are required per annum in Dublin (Housing Agency 2014; Morgenroth 2014). The ESRI estimate that all but 14 per cent of required units needed nationwide will need to be in the greater Dublin region (four local authorities plus Meath, Kildare, Louth, and Wicklow). In contrast, they estimate that many counties will not need new supply because of existing oversupply (Donegal, Kerry, Mayo, Tipperary, Leitrim, Sligo, Cavan, Roscommon, and Longford are projected to still have oversupply in 2021). Overall, it is estimated that between 12,500 and 16,000 new units per annum are required, a rate that is actually quite modest—typically over the past forty-five years new build has been 20–30,000 per annum, rising to 40,000+ post-1998. The effect of very little new supply for either purchase or rent, but rising demand, has led to the inflation in prices. The Daft.ie (2016) Report for Q4 2015 details that rents nationally are up 32 per cent since their lowest point in 2011, and in Dublin rents are less than 1 per cent below their previous peak and in some cases are higher than the peak of the boom.

One effect of rent increases is that families who are income insecure—low wage, uncertain hours, flexible working, dependent on welfare—who reside in private rental accommodation cannot afford rent increases and rent supplement is not sufficient to cover the gap, with more than half of those receiving rent supplement having to top up their rent. Consequently, they are being priced out of their homes in favour of those who can afford the new rental price. These families find it difficult to find alternative private rented accommodation due to rent inflation across the rental sector and landlord preferences for tenants not reliant on rent supplement. With no social housing available, these families find themselves homeless. Nationally, homeless charity the Simon Community reported that in 2012, there was an increase of 24 per cent in those using their services, to over 5,000 individuals (*Irish Times* 2014b). The Dublin Region Homeless Executive (DRHE) detail that, in 2015, a total of 5,480 adult individuals accessed homeless accommodation during 2015 in Dublin (DRHE 2016a). As of January 2016, there were 769 families homeless in Dublin, living in emergency homeless accommodation (DRHE 2016b).

Without a significant increase in the level of supply, competition for property is going to get worse, with rising purchase and rental prices and increasing homelessness. In theory, a lot of the right criteria for creating supply exist. There is an excess of demand; there are 6,400 acres of zoned serviced land available in the four Dublin authorities for 132,000 units (DECLG 2014); there are a lot of outstanding planning permissions still in effect and local authorities want to give permission for developments that meet development plan/zoning criteria; and material and labour costs are significantly lower than the boom time. Yet despite these conditions and the need to create supply it is clear that a hangover from phase two of the crisis is blocking development. The state's finances are limited, there are competing demands for scarce resources, and the government is reluctant to significantly increase capital spending on housing and associated infrastructure. The banks are in a weak state and reluctant to lend for development. Builders and developers have no initial capital to draw down additional finance. With respect to land, it may be the case that owners are reluctant to put it into development because they bought it in the boom and cannot afford to develop at present housing prices. With respect to planning, it may be that developers are seeking permissions that contravene development plans or are trying to alter existing permissions. The property industry also argues that the system needs streamlining and simplifying. Crucially perhaps has been the emergent tension between different types of investment finance in Irish property markets. In the post-crash era the state introduced a series of new financial measures, including the establishment of NAMA and Real Estate Investment Trusts (REITs), which bundled together property portfolios, thus making it easier for international funds to invest in Irish property assets. The rate of return on these investments is often more favourable and seen to be less risky than it would be to invest in new construction projects. NAMA's need for rental growth is likely to be one of the reasons the government is refusing to give private tenants (the majority of those on social housing lists) relief through rent controls. By pushing for maximum commercial returns, NAMA is working against the interests of those looking for an affordable and secure home. The combination of these factors is fuelling a set of related supply-led crises that seems likely to continue for a number of years.

CONCLUSION

The last twenty-five years has seen a tumultuous set of changes with regards to Ireland's housing sector and market. Throughout the entire period it has been transitioning through three phases of crisis. In the first phase, there were crises of creating enough supply, very quickly causing prices to rise to levels that were unaffordable for low- and middle-income households and reducing competitiveness, a significant increase in household debt and bank debt to precarious levels, over-zoning of land and dramatic price increases, and the expansion of urban sprawl and long-distance commuting. The unfolding of this phase was shaped by the adoption of neoliberal ideas and practices with respect to governance and economy. This prioritized market-led development, deregulation, PPPs, and low corporate taxation. Both the construction and banking sectors saw a relaxation of regulatory oversight. The state started to withdraw from social housing provision, instead relying on the private rental sector, and when it did provide social housing it was through PPPs. While demand was high, the property sector was afforded a range of very generous tax breaks and incentives. Moreover, there was a laissez-faire uncoordinated approach to housing and planning policy. Although a national spatial strategy was introduced in 2002 it was never implemented and was ignored by local authorities. Instead, the planning system became developer-led, being pro-growth in ethos with a presumption for development operating, and was consistently undermined by localism, clientelism, and cronyism. In short, Irish policy was uncoordinated, piecemeal, and favoured development interests, with too few checks and balances, thus enabling a property bubble to rapidly inflate, accompanied by an oversupply of stock.

The result was that when the property bubble burst, the fallout was catastrophic for households, the state, and the wider economy. House prices plunged, estates remained unfinished, households were faced with extensive mortgage arrears and negative equity and/or poor build quality, the social housing waiting list extended, and more households became homeless. Rather than a radical change in policy, however, the Irish Government's response to the crash was to persist with the same neoliberal ethos, protecting the interests of the banking and development sector through bank bailouts and the creation of NAMA, enforcing austerity measures that placed significant stresses on households, and making little to no changes to housing and planning policy, other than to significantly cut the resourcing of the responsible departments and local authorities and to massively reduce capital spend on regeneration and new social housing stock. Moreover, it scrapped entirely the National Spatial Strategy and National Development Plan that might have provided a strategic framework, instead replacing them with short-term initiatives split across different government departments (Kitchin 2015). Further, most policy has been minimal effort, minimal cost in nature, with few legislative and policy changes, and a hope that the market returns and economy recovers and serendipitously fixes the problems. In part, this was due to the same government being in place post-crash as pre-, followed by diktats from the IMF–EU–ECB as part of the sovereign debt bailout. But was also the result of an unwillingness to implement reform and put in place a strategic, coordinated approach to development, which Irish politicians have long resisted, given the roll of planning in local politics and the strength of the property lobby (Kitchin et al. 2012). Instead, policy related to housing and planning remained fractured and fragmented in the years immediately after the crash, lacking any systematic or integrated framework.

Instead of the market returning and fixing the problems, a third phase in the crisis has emerged in which, in selected areas, demand has risen, oversupply has been mopped up, but no new supply is being created. This has driven up purchase and rental prices, but also created rising homelessness. A number of inter-related issues have contributed to the poor planning for future demand, including a piecemeal, reactive rather than proactive housing policy, a decimated construction and domestic banking sector, and a lack of long-term housing and planning statistics and active predictive forecasting based on demographics and planning policy. Somewhat belatedly the government response was Construction 2020 (Irish Government 2014). It detailed seventy-five action points, though they are not framed within an overall holistic framework. However, rather than setting out concrete policies, it charted a roadmap for finding solutions rather than providing solutions, proposing a set of new committees, task forces, review groups, and consultations. In effect, it was a strategy for thinking about action (see also the four recent reports by the National and Economic Social Council (NESC) on housing, nos 138, 140, 141, 142[1]). Key elements of the strategy such as a revised national spatial strategy are still not in place in early 2016, let alone implemented. Just as supply and demand became disconnected in the Celtic Tiger years, policy responses and the post-crash crises have become disconnected, hopelessly out of sync with each other in terms of the actions needed and the temporal speed and resourcing required. The consequence is that the stresses and pressures of

[1] <http://www.nesc.ie/en/publications/publications/nesc-reports/>.

a failing housing sector and austerity measures continue to bear down on households.

In our view, two things need to happen to help address the crises we have discussed. First, the government needs to fast-track Construction 2020, reframing it into a holistic, sustainable, and non-cyclical approach to housing and planning—that frames them as a sector and public good, not a simply a vehicle for capital accumulation—and start implementing policy and programmes. At the top of the agenda must be prioritizing the creation of supply in selected areas, including an extensive social housing building programme, to tackle the issue of homelessness, and resolving unfinished estates, making them safe and attractive places to live. We appreciate that, to date, policymaking in Ireland has been piecemeal, with different elements introduced at different times by varying governments and ministers with different ideological ambitions and a limited time horizon (the next election as opposed to fifty years' time), and also the multi-scalar and multi-agency nature of delivery and governance of housing, and the diversity vested interests with different modus operandi and ambitions operating in the sector and seeking to influence policy and delivery. However, it is vital that a holistic approach is quickly established and enacted, rather than becoming bogged down in politics and inaction (it is interesting that policy to guarantee banks and bailouts costing billions can be taken overnight, but measures to tackle long-term housing crises can be neglected for years).

Second, the government needs to lessen austerity measures and be a more proactive player in the housing sector, using construction and investment in social housing and selected public infrastructure as a way of tackling housing issues at the same time as growing the economy, as well as taking a more active role in the private rented sector. This includes using NAMA to provide sites, stock, and finance for the provision of social and private housing without seeking to gain maximum commercial return, thus overinflating prices. The private rented sector now accounts for a fifth of all households, and in urban centres it is even more significant with almost 40 per cent of people renting in Galway, 35 per cent in Dublin, and 29 per cent in Cork. Government could pass regulations to restrict the rate of rent inflation in any one tax year to, for example, 5 per cent, and then recoup a higher rate of tax on rental incomes where a landlord has breached this cap. However, there are no moves to do so. The reason is that housing policy remains dominated by the interests of the property industry, including the banks, developers, estate agents, solicitors, landlords, and increasingly, international capital and vulture fund investors who are buying up huge swathes of Irish residential property, and who all seek rapidly rising property prices. Unless there is a more proactive, coordinated response, the crises of phase two will affect households for much longer and the crises of phase three will deepen, worsen, and last for much longer.

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