

Funding Social Housing for Low-Income Households After Ireland's Economic Crisis

Professor Michelle Norris

School of Social Policy, Social Work and Social Justice



SUMMARY

Research by Prof Michelle Norris at UCD has enabled the Irish government to provide more social housing for low-income households. Social housing is vital to supply affordable housing and to tackle homelessness, but limits on public spending make it challenging to provide.

Prof Norris' research has influenced policy in Ireland on social housing, and her findings have helped to shape strategies for putting these policies into practice.

The research has been mentioned in policy statements and parliamentary debates and Prof Norris has been invited to speak to policy-makers, politicians and the media. She has also been appointed to the boards of relevant government agencies and policy advisors.

Prof Norris' research has influenced policy in Ireland on social housing, and her findings have helped to shape strategies for putting these policies into practice.

RESEARCH DESCRIPTION

Prof Norris has had a longstanding interest in social housing, but Ireland's economic bust in 2007-08 inspired her to research its funding in-depth. After the bust, government funding for social house building and purchase was reduced by 88%. "This made me wonder how previous governments funded extensive social housing output despite regular recessions," says Dr Norris.

Researching this issue prompted further questions and research (with Michael Byrne) about increasing the affordability of social housing for government. Some of the factors they looked at include:

1. Why social housing output was higher in the past (2009-date)

Prof Norris found that social housing was affordable when it was funded by loans that were repaid using tenants' rents (linked to debt service costs) and property taxes. Linking rents to tenants' incomes, selling dwellings at sub-market value and abolishing property taxes from the 1960s destabilised this funding model. From 1987, social housing was funded entirely by government grants and so it was exposed to changing public finances.

2. How other European countries fund social housing (2015-16)

Prof Norris found that Austrian and Danish social housing is more affordable because it is mainly funded by commercial loans, which spreads-out costs and reduces exposure to exchequer finances.

3. How social housing influences the housing market? (2015-17)

Social housing's role as a housing market stabilisation measure in Austria inspired Prof Norris to examine Irish social housing's market impact. Due to funding, it is pro-cyclical - it boosted our housing boom and deepened the bust.

4. How Irish social housing funding can be reformed (2016-date)

Prof Norris is currently looking at how the reforms identified in previous research are being put into practice.



Prof Norris with then Minister for Housing Simon Coveney TD in March 2017 prior to the signing of a loan agreement between the Housing Finance Agency and the European Investment for €405 million in loan finance for social housing.

DETAILS OF THE IMPACT

Prof Norris' research has had several impacts on social housing policy and on arrangements for the funding and delivery of social housing in Ireland since the economic bust of 2007-08.

1. Impact on national policy on social housing supply:

Between 2011 and 2016 Prof Norris was a Taoiseach's appointee to the National Economic and Social Council (NESC), which advises the Irish government on economic and social policy. During this time, she contributed to four NESC reports on housing policy by working with NESC staff to scope their focus and by advising them on content. The impact of her research is evident in the emphasis these reports place on the undersupply of social housing in Ireland, the negative socio-economic consequences, and the contribution of social housing financing arrangements to the lack of affordable housing.

These reports went on to influence the 2016 housing ministry policy statement – Rebuilding Ireland – which was researched and partially drafted by NESC staff. The influence of Prof Norris' research is evident in the high targets for additional social housing output set in Rebuilding Ireland and its support for reform of social housing funding arrangements.

2. Impact on arrangements for social housing funding:

In 2011, Prof Norris was appointed by the housing minister as the Chair of the Board of the Housing Finance Agency (HFA) and reappointed for a second term in 2016. This government agency borrows on international markets to finance social housing and mortgages for low-income borrowers. It currently manages €4.4 billion in outstanding loans.

Prof Norris was inspired to apply for this position by her research on the factors which had undermined the financial sustainability of Irish social housing, and how this sector is financed more effectively in other European countries. Her research indicates that relying on central government grants had made Irish social housing vulnerable to cutbacks in harsh economic times, and that replacing grants with loans would spread out the costs of providing social housing and make it more affordable for government.

Prof Norris successfully implemented this strategy through her work with the Housing Finance Agency - between 2011 and 2016 the Agency increased its social housing lending from €7.6 to €261.2 million. Her research on social housing finance abroad shows that diversifying the sources of finance can help to make the social housing sector more financially stable. She has worked to implement this strategy by diversifying the sources of HFA finance to include loans from European Union lenders and she is currently working on improving access to private finance for social housing in Ireland.

3. Strategies for implementing these policies

Prof Norris is currently researching strategies for implementing the reforms she has proposed to social housing policy and funding arrangements with local authorities and non-profit sector social housing providers. "My interaction with officials and councillors in South Dublin County Council has inspired proposals for the reform of social housing funding in this local authority," she explains. "An Irish Research Council grant has enabled me research non-profit social housing providers' experience of the transition from grant to loan finance, which inspired me to reform HFA loan assessment procedures in 2016."



Prof Norris addressing the Joint Oireachtas Committee on the Environment, Culture and the Gaeltacht in April 2012 on her appointment as chair of the Housing Finance Agency.



Addressing the National Economic and Social Council housing policy consultation conference in Dublin, September 2015.



RESEARCH

Academic Publications:

Research theme 1:

Norris, M (2016) *Property, Family and the Irish Welfare State*. Basingstoke: Palgrave Macmillan.

Redmond, D. and Norris, M. (2014) 'Social Housing in Ireland' in Scanlon, K, Whitehead C and Fernandez, M (eds). *Social Housing in Europe*. London: Wiley-Blackwell. pp.145-164.

Norris, M (2014) 'Path Dependence and Critical Junctures in Irish Rental Policy: From Dualist to Unitary Rental Markets?'. *Housing Studies*, 29 (5):616-637. [downloadable from: www.tandfonline.com/doi/abs/10.1080/02673037.2013.873114] [DOI 10.1080/02673037.2013.873114]

Norris, M and Fahey, T; (2011) 'From Asset Based Welfare to Welfare Housing: The Changing Meaning of Social Housing in Ireland'. *Housing Studies*, 26 (3):459-469. [downloadable from: www.tandfonline.com/doi/abs/10.1080/02673037.2011.557798?src=rcs&journalCode=chos20] [DOI 10.1080/02673037.2011.557798].

Norris, M and O'Connell, C; (2010) 'Social Housing Management, Governance and Delivery in Ireland: Ten Years of Reform on Seven Estates'. *Housing Studies*, 25 (3):317. [downloadable from: www.tandfonline.com/doi/abs/10.1080/02673031003711535] [DOI 10.1080/02673031003711535].

Norris, M and Coates M; (2010) 'Private sector provision of social housing: an assessment of recent Irish experiments'. *Public Money & Management*, 30 (1):19-26 [downloadable from: www.tandfonline.com/doi/abs/10.1080/09540960903492307] [DOI 10.1080/09540960903492307].

Research theme 2:

Norris, M and Byrne, M (2017), "Housing Market Volatility, Stability and Social Rented Housing: comparing Austria and Ireland during the global financial crisis" *Journal of Housing and the Built Environment*, forthcoming. A preliminary version was published as a UCD Geary Institute working paper and is downloadable from www.ucd.ie/geary/static/publications/workingpapers/gearywp201705.pdf.

Research Theme 3:

Byrne, M and Norris, M (2017) 'Pro-cyclical social housing and the crisis of Irish housing policy: marketization, social housing and the property boom and bust'. *Housing Policy Debate*, [downloadable from www.tandfonline.com/doi/abs/10.1080/10511482.2016.1257999?journalCode=rhpd20] [DOI 10.1080/10511482.2016.1257999]

Norris, M and Byrne, M (2015) 'Asset Price Keynesianism, Regional Imbalances and the Irish and Spanish Housing Booms and Busts'. *Built Environment*, 41 (2):205-221. [downloadable from: www.ingentaconnect.com/contentone/alex/benv/2015/0000041/0000002/art00008] [DOI 10.2148/benv.41.2.227]

Norris, M and Coates D (2014) 'How housing killed the Celtic tiger: anatomy and consequences of Ireland's housing boom and bust'. *Journal of Housing and the Built Environment*, 29 (2):299-315. [downloadable from: <https://link.springer.com/article/10.1007/s10901-013-9384-z>] [DOI 10.1007/s10901-013-9384-z]

Research Grants:

Research theme 1:

April 2017 - €29,000 from the Community Foundation for Ireland (NGO which funds social projects and research) for research entitled: "The Future of Council Housing: an analysis of the financial sustainability of local authority provided social housing".

Research Themes 2 and 3:

November 2015-November 2016 - €25,000 from the Housing Agency (agency of the Department of Housing, Planning, Community and Local Government) for research entitled: "Social Housing Finance in Ireland, Austria and Denmark". At the Agency's request this was processed as a service level agreement and the associated research grant number is V1177.

Research Theme 4:

March 2016-November 2016 - €6,100 from the Irish Research Council for a project entitled "The Future of Social Housing". The research account number is: R15654.

April 2017 - €29,000 from the Community Foundation for Ireland (NGO which funds social projects and research) for research entitled: "The Future of Council Housing: an analysis of the financial sustainability of local authority provided social housing".

IMPACT

Appointment to the Boards of Relevant Government Agencies and Policy Fora:

In 2011 I was appointed by An Taoiseach as an independent member of the National Economic and Social Council (NESC), which advises the Irish government on economic and social policy. Between then and the end of my term in 2016 I made key contribution to the production of four council reports on housing policy (two published in 2015 and two in 2014). This involved working with the Council's staff in scoping the reports, advising them on content and consultation mechanisms and on speakers for the conference organised to enable stakeholder consultation on the content of the reports (see photo 3 attached). In addition, I offered detailed comments on the reports at Council meetings which are held monthly.

The key impact of my research on these reports was in highlighting the undersupply of social housing in Ireland after the economic crisis, the negative social, economic and policy implications of the overreliance on the market to house low income households and the contribution which the arrangements for funding social housing in Ireland has made to this situation (see: research themes 1 and 3 as outlined above). This impact is evidenced by the very extensive references to my research in particular in the first of these reports - *Home Ownership and Renting: What road is Ireland on* (downloadable from: http://files.nesc.ie/nesc_reports/en/140_Home_ownership_and_Rental.pdf) which references my research 23 times.

These reports subsequently had a major impact on the latest Department of Housing, Planning, Community and Local Government housing policy statement - *Rebuilding Ireland* - which was published in 2016 and researched and partially drafted by National Economic and Social Council Staff. The influence of my research is evident in the high targets for additional social housing output set in *Rebuilding Ireland*, its recognition that the way in which social housing is financed must be reformed in order to achieve this and that the government has relied too much on the private rented sector to house low income households in recent years.

Also in 2011, following my response to a public advertisement and in recognition of my housing policy expertise I was appointed by the housing minister as the Chair of the Board of the Housing Finance Agency (HFA) in 2011 and I was reappointed for a second term in 2016. This government agency borrows on international markets to finance the provision of social housing and mortgages for low income borrowers. It currently manages €4.4 billion in outstanding loans.

I was inspired to apply for this position by my research on the factors which had undermined the financial sustainability of the Irish social housing sector (see: research theme 1 above) and how this sector is financed more effectively in other European countries (theme 2 above). From this research, I had formed the view that heavy reliance on central government grants had rendered the Irish social housing sector vulnerable to cuts during periods of fiscal retrenchment and that replacing grants with loan finance would spread out the costs of provision and therefore render social housing provision more

affordable for government. Through my work with the Housing Finance Agency I have had significant success in implementing this strategy. When I took over as chair in 2011, the HFA played a minor role in financing social housing (it approved just €7.6 million in social housing loans that year) whereas by 2016 it was the primary source of social housing finance (it approved €261.2 million in social housing loans in 2016). My research on social housing finance in other European countries also demonstrates that diversifying the sources of finance for social housing can help ensure the financial sustainability of the sector (see research theme 2 above). As chair of the HFA board I have worked to implement this strategy by diversifying the sources of finance employed by the Agency. It was traditionally funded from capital markets but in recent years has negotiated loans from European Union lenders (the European Investment Bank and the Council of Europe Development Bank) (see photo 2). I am also currently working on improving access to private finance for social housing in Ireland - this is a major source of funding for the sector in most of the rest of Western Europe.

Interaction with National Politicians and Local Politicians

In order to increase the impact of my research I have devoted significant energies to interacting with national and local politicians and explaining to them that in my view increasing social housing output is not solely a matter of increasing government funding, rather financing arrangements must be reformed to ensure that they are affordable, sustainable and diverse.

To this end in recent years I addressed policy conferences held by the Labour Party, Sinn Féin and the Independent Alliance between May 2013 and November 2015 and in my role as Housing Finance Agency chair I have given evidence to Joint Oireachtas Committee (parliamentary committee) on the Environment, Culture and the Gaeltacht on four occasions since 2011 (see picture 1). The significant impact which this work has had on the national debate on social housing is evidenced by the fact that my work has been referenced in parliamentary debates or parliamentary committees (outside of my appearances to give evidence) on six occasions since 2012. These debates took place on the following dates

- Thursday, 1 May 2014 (Dáil Debate mentioned by Catherine Murphy TD).
- Tuesday, 19 July 2016 (Dáil Debate mentioned by Richard Boyd Barrett TD).
- Wednesday, 8 February 2012 (Dáil Debate mentioned by Pearce Doherty TD).
- Tuesday, 15 April 2014 (Joint Oireachtas Committee on the Environment, Transport, Culture and the Gaeltacht, mentioned by Catherine Murphy TD).
- Wednesday, 7 May 2014 (Joint Oireachtas Committee on the Environment, Transport, Culture and the Gaeltacht, mentioned by Catherine Murphy TD).
- Tuesday, 1 October 2013 (Joint Oireachtas Committee on the Environment, Transport, Culture and the Gaeltacht, mentioned by Brian Stanley TD).
- Thursday, 24 May 2012 (Joint Oireachtas Committee on the Environment, Transport, Culture and the Gaeltacht, mentioned by Kevin Humphries TD).

Notably in his comments Kevin Humphries mentioned “Dr. Michelle Norris, from the Housing Finance Agency, recently attended a meeting here. She is one of few people who gave us a comprehensive response to our queries and that should be noted. Her response was part of our correspondence under any other business. Her document is one of the best that we have received because she took the time to respond to each one of the points that we made”.

I also regularly meet with local authority councillors who are responsible for implementing social housing policy at local level. In February 2014 and September 2016, I made presentations to South Dublin County Council and Dublin City Council meetings respectively. The former presentation had a significant impact on policy in this local authority and inspired councilors to put forward proposals for the reform of financing of council provided social housing. This local level impact of my research is discussed in an article in the Journal online newspaper:

www.thejournal.ie/irelands-social-housing-problems-1456582-May2014/

Initiations to Speak to Relevant Policy Maker and Practitioner Conferences

The impact of my research on social housing policy has also been heightened by my regular participation in policy maker and practitioner conferences. In recent years, I have made the following presentations to conferences of this type:

- Norris, M (2016) “Affordable and Sustainable Social Housing Finance” paper presented to the Housing Agency Annual Conference Dublin Castle, Dublin, 24-May.
- Norris, M (2016), “Paying for a Social Housing Building Programme” - Paper presented to the Annual Local Authority Housing Practitioners Conference, Newbridge Co Kildare, 18 July.
- Norris, M and Byrne, M (2016), “Social Housing and Housing Market Stability: Ireland and Austria Compared” paper presented to the Dublin Economics Workshop, Trinity College Dublin, 10 June.
- Norris, M (2015) “Financing and Delivering Social Housing: challenges, causes and solutions”. - paper presented to a European Commission Conference, 9 November.
- Norris, M (2015) “Meeting the Challenge of Financing and Delivering Social Housing” paper presented to the Simon Communities of Ireland Conference: Changing the Forecast responding to the homeless and housing crisis Dublin, 28-September.
- Norris, M (2015) “Financing and Delivering Social Housing” paper presented to the Department of the Environment and Royal Institute of Architects of Ireland Joint Housing Conference Dublin, 09, February.
- Norris, M; (2011) “Funding Social Housing in an Era of Austerity” paper presented to the Focus Ireland and Threshold Joint Conference - the Government's Housing Policy Statement: Implications for tackling homelessness, 11 September.

Initiations to Participate in Media Discussions.

The impact of my research on policy debates is further evidenced by the fact I am regularly invited to appear on the media to talk about social housing in Ireland. Since 2012 I have:

- published two half page opinion pieces on social housing in the Irish Times (downloadable from: www.irishtimes.com/news/social-affairs/getting-the-foundations-right-for-social-housing-1.1887314 and www.irishtimes.com/opinion/michelle-norris-action-plan-must-deliver-on-social-housing-targets-1.2727577).
- appeared on radio (Morning Ireland and Marion Finucane Shows on RTÉ and George Hook show on Newstalk and French and Finnish Radio).
- appeared on TV (including RTE Primetime and the Week in Politics shows and TV3).