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Housing: The Changing Meaning of Social  
Housing in Ireland**

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# **From Asset Based Welfare to Welfare Housing: The Changing Meaning of Social Housing in Ireland**

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## ***Abstract***

This article examines the most distinctive and significant aspect of social housing in Ireland – its changing meaning. It highlights the distinctive nationalist and agrarian ideological drivers behind its foundation and early growth. As a result social housing, was defined not only as a measure to improve the housing conditions of the poor but also as a stepping stone to home ownership. Thus it has more in common with the asset based welfare strategies of south-east Asia than with social housing in the rest of north-west Europe. From the mid-1980s, this situation changed and following radical cuts in output, the sector declined in size and evolved towards the model of welfare housing now found in many other western countries. However policy makers have struggled to address the implications of this transition and vestiges of the traditional meaning of social housing are still evident. Consequently, the boundaries between social housing, private renting and home ownership in Ireland have grown increasingly nebulous.

## Introduction

Compared to most other north-west European countries, the social housing sector in Ireland is small and arrangements for its provision and funding are atypical. In 2006 the sector accommodated 11 per cent of Irish households, 75 per cent of its dwellings are procured and managed directly by local authorities and practically all funding is derived from direct government grants (Central Statistics Office, 2006). However, the meaning of social housing in Ireland – what it is *for* – has gone through a particular trajectory since its early years, and in this article we argue that this evolution of meaning is the sector's most distinctive characteristic.

For much of its history, Irish social housing not only sought to improve housing conditions for those on lower incomes but also served as a stepping stone to owner occupation. In this regard it had more in common with the 'asset based welfare' strategies that are common in south-east Asia and have recently gained favour with some western governments, particularly in English speaking countries (Regan and Paxton, 2001). From the mid-1980s, this situation changed and following radical cutbacks in funding and output, the sector contracted and evolved towards the model of welfare housing now common in other western countries. However policy makers have struggled to address the implications of this transition and vestiges of the traditional meaning of social housing are still evident, as a result, the boundaries between social housing, private renting and home ownership in Ireland have become increasingly nebulous.

In this article, we first sketch in the historical emergence of social housing in Ireland as asset-based welfare and then outline the reforms of the 1980s which changed it

into welfare housing. We follow that with an account of the policy experimentation which accompanied this new role, as the housing authorities sought to cope with problems characteristic of the narrower welfare function of social housing. In order to illustrate the distinctiveness of these developments they are compared with the United Kingdom, the country where the social housing system is most similar to Ireland's. The conclusions reflect on the implications of the Irish case for the comparative study of housing systems.

### **1900-1980: Social Housing as Asset Based Welfare**

The foundations of Irish social housing were laid under British rule in the late nineteenth and early twentieth centuries. In the earliest years, there was little that was unusual about its form or function: as in Britain, the early social housing providers were charitable bodies that sought to provide the then standard responses to the then standard problems of housing for the poor, inspired by concerns about public health, social order and economic efficiency as well as shelter (Pooley 1992). But as state funding for the sector grew, local authorities took over as the main providers, spurred in part by their desire to expand their role and in part by the inability of the non-profit sector to provide sufficient output. While the main features of this model were found also in Britain, there were some differences of detail in the Irish case. The labour movement and socio-democratic values were a weaker influence in Ireland, while sectarian tensions played a stronger role, particularly in that the philanthropic housing providers were largely Protestant, but as franchise extended local authorities became increasingly dominated by Catholics (Power, 1993).

Irish social housing began to diverge from the British model as it became entangled with the politics of land reform from the early 1900s onwards. Some bias towards rural areas had been evident from the earliest manifestations of state involvement in housing in the 1860s, but as the century ended, agrarian politics moved to centre stage in Irish politics and in the process stamped an enduring character on social housing. This development first had the effect of boosting the size and rural orientation of Irish social housing but eventually it also gave rise to the asset-based welfare role that was to be its distinguishing feature until the 1980s (Fahey, 2002).

The origins of these outcomes lay in the British government's response to separatist politics in late-nineteenth century Ireland and in particular to popular discontent with the rural landholding system from which separatism drew much of its energy (Bull, 1996;). At the top of this system was a small class of largely Protestant, British-oriented landlords, while the tenant farmers were Catholic and increasingly nationalist in outlook. Hoping to defuse the tensions arising from this cleavage, the British government sponsored a full scale buy-out of land-holdings by the tenantry – and as an off-shoot, provided generous subsidies to rural county councils to house rural labourers. Social housing, in effect, was offered as a 'consolation prize' to the rural working class as it was excluded from the benefits of land reform but was politically significant enough not to be ignored entirely (Fahey, 2002). A body of rural social housing legislation (Labourer's Acts), emerged in a lagged sequence following the land reform legislation (Land Acts) from the early 1900s to the 1930s, separate from that governing urban social housing (Housing of the Working Classes Acts). This segmentation between the rural and urban housing legislation was largely driven by the British government's desire to isolate rural housing subsidies in Ireland

and avoid having them interpreted as precedents which Irish and British municipalities could clamour to follow.

The impact of state support on the size and rural orientation of the social housing sector was evident by 1914. Local government in Ireland had by then provided almost 45,000 social dwellings, compared to 24,000 units provided by their counterparts in Britain. In Ireland, 82 per cent of social housing was in rural areas, compared to 2 per cent in Britain (Fraser, 1996; Malpass and Murie, 1999). Notably, the anti-urban bias in social housing provision continued for some time after the foundation of the independent Irish state in 1922, which, coupled with shortage of finance, meant that little progress was made in tackling urban slums until the 1932 Housing Act initiated an ambitious clearance programme (O'Connell, 2007). As Table 1 shows, between then and the late 1950s social housing output accounted annually for between a third and a half of total house building, and it was not until the 1970s that private sector building expanded to make up the larger share of the total.

*Table 1 Social and Private Housing Output and Social Housing Sold to Tenants, 1920s –2007.*

	1920s	1930s	1940s	1950s	1960s	1970s	1980s	1990s	2000-07
Social Housing	6,920	38,450	20,768	52,500	29,124	61,953	42,893	20,184	46,926
Private Housing	10,910	31,657	37164	49,188	64,835	176,230	182,203	275,186	468,318
Social Housing Sold to Tenants					64,490	59,566	46,204	17,024	10,649

Source Minister for Local Government (1964), Department of Local Government (Various Years) and Department of the Environment, Heritage and Local Government (Various Years).

Note: The 1920s refer to 1923–1929 only; private sector building figures from the 1920s to the 1950s only include dwellings built with State aid, but the available evidence indicates that this probably incorporates the vast majority of private sector dwellings built. Annual data on sales of social housing to tenants between the 1930s and 1960s are not available, but as the available evidence indicates that the vast majority of these sales took place after 1951 these figures are included in the data for the 1960s. Data on housing association social housing output is included from 1984, however as no arrangements for the sale of these dwellings to tenants were in place during the period under review, they are not included in the data on social housing sold to tenants.

The second major spin-off of land reform for social housing – its conversion to an asset-based welfare role – emerged in the 1930s, though it took a further three decades to fully mature and percolate the system. The land reform catalyst for this development occurred in 1933 when the government cut by half the outstanding annuities that farmers were obliged to pay arising from the Land Act settlements. Complaining of the lack of even-handedness which this concession represented, rural social housing tenants campaigned for a right to buy their dwellings on similar subsidised terms. Following a ringing endorsement of the social value of small property ownership by a government commission set up to investigate this issue, they were afforded this right by the 1936 Labourers Act, with purchase annuities discounted to 75 per cent of pre-purchase rents. Although tenant purchase did not properly take off until annuities were reduced further, to 50 per cent of rents in 1951, by the mid 1960s 80 per cent of the dwellings built under the Labourers' Acts were owner-occupied. The asset-based welfare aspect of this transition was amplified by the fact that these cottages typically came with gardens large enough to enable significant self-provisioning of food (Walsh, 1999).

The full maturation of this system came with the 1966 Housing Act, which unified the urban and rural housing codes and in the process applied the right-to-buy provisions of the rural code to the urban social housing sector. The result was that Irish social tenants enjoyed a universal right to purchase their homes 14 years before their counterparts in the UK. In urban areas, take-up of this right was limited at first, but it rose dramatically from the mid-1970s, when particularly generous discounts for purchasers were introduced. By the 1980s two thirds of the dwellings built by local

authorities had been sold to tenants and they accounted for a quarter of the owner occupied stock. Tenant purchase not only raised the rate of home ownership in Ireland to one of the highest in western Europe it also effected a relatively even distribution of home ownership and housing wealth across the social class spectrum. In 2000, 70 per cent of households with income in the bottom income quintile were home owners and they owned 15 per cent of housing wealth – a not very large difference from the 90 per cent of households in the top income quintile who were home owners and owned 25 per cent of housing wealth (Fahey *et al*, 2004).

Although the influence of the nationalist and agrarian ideologies which shaped the early history of social housing in Ireland had waned by the middle of the twentieth century, the ideological drivers of the continuing high rates of output and sales during this period never acquired the associations with social democracy found in many parts of Europe. Rather, social housing was supported by all parties and was seen by government not just as a central mechanism for meeting housing need but also as a means of stimulating employment, particularly in periods of economic decline (O'Connell, 2007). Similarly, at no time in its history was the push for tenant purchase driven by the neo-liberal ideology associated with the introduction of similar policies in other countries, particularly in Margaret Thatcher's Britain (Malpass, 2005). In Ireland, rather, it was readily viewed by parties of both the centre-left and centre-right as a progressive form of wealth distribution which was quite compatible with welfare state principles. In fact the expansions of the sales schemes for rural county council cottages in the 1950s and for urban social housing in the 1970s were promoted by Labour Party ministers, based on the view that access to property



ownership was a benefit that the urban working class should also be able to enjoy (O'Connell, 2007; Carey 2005).

### **The 1980s: Redefinition**

The mid 1980s were a 'critical juncture' in the long-term evolution of social housing in Ireland. The expansionary state spending which had sustained social housing output over the preceding decades ran into difficulties as the economy stagnated, unemployment and emigration soared, and government expenditure ran out of control. The government sought to escape from this quagmire by turning towards a new low-tax, low-spend economic and social model – and social housing was one of the early targets of this new approach (FitzGerald, 2000). Spending on this sector was cut back severely, consequently output fell from 7,002 units in 1984 to 768 in 1989. As private sector building continued to grow, the reduction in social housing output was even more marked in relative terms (See Table 1).

The primary driver of this development was the practical imperative of resolving the fiscal crisis, which led to swingeing cuts in all public capital expenditure, not just on social housing. Although policy shifted in a neo-liberal direction and some neo-liberal elements emerged in the political system, there was relatively little ideological debate about welfare state reform. Spending cuts were supported by a broad consensus, initially of all political parties and then of the social partners in the corporatist pay and policy determination system established during this period (Taylor, 2005). Furthermore, an ideological assault on public sector capacity to deliver good social services was also largely lacking. Although local authority management of social housing had been the subject of some criticism (eg. Blackwell, 1988), the sector was

far from 'delegitimised', as Dunleavy (1981) argued its British counterpart had become by the 1980s. Thus housing policy developments in this period, as in the case of sales of social housing noted earlier, were ideologically *ad hoc* and showed no strong principled preference for market-based solutions to social problems.

No matter what the intent of the reforms of the 1980s, their effect was to redefine the role of social housing: it ceased to become available to workers on low-incomes and instead became welfare housing, increasingly targeted on a narrow range of long-term welfare dependent households. The association between poverty and social housing tenure had always been present to some degree, since a consequence of tenant purchase was that only the worst-off households remained renting (though this also meant that social housing *neighbourhoods* typically contained a mix of social tenants and former tenants who had bought their dwellings). But from the mid 1980s, the association of social housing with poverty became more direct – the proportion of tenants with incomes below 60 per cent of the national median grew from 59 to 75 per cent between 1987 and 1994 - partly because of the impact of the recession on existing tenants and partly because the small volume of new social house building became more targeted on the poor (Nolan and Whelan 1999). Table 1 reveals that the former role of social housing as a stepping stone to home ownership also sharply declined – during the 1990s sales to tenants fell to half the level of the 1980s. This occurred firstly because the tenant population became poorer in relative terms and less able to buy, and secondly because from the late 1970s sales prices were calculated on the basis of the market value of dwellings, and rapid house price inflation from the mid-1990s onwards rendered this option increasingly unaffordable (Norris, *et al*, 2007).

## **1990 to Date: Social Housing as Welfare Housing**

Although the years since 2000 have seen marked increase in social housing construction, it has failed to regain the relative levels of output seen prior to the 1980s. Consequently since 1990, social housing policy has struggled cope with the sector's new welfare role. To that end a number of policy innovations have been introduced, with mixed success. In this section we review these innovations and argue that the resulting mix of the new and traditional role for social housing has blurred the boundaries between this and the other main housing tenures.

### *Rent Supplement and the Rental Accommodation Scheme.*

In Ireland as in many other western European countries, the immediate response to cuts in social housing was a shift towards housing allowances for private renters as a means of accommodating poor households. In Ireland, the principal such scheme is 'rent supplements' provided to benefit-dependant private renters. Although the benefit was originally designed as a short term housing support, the number of claimants grew by 107 per cent between 1994 and 2005 and the average duration of claims lengthened substantially, so during this period rent supplemented private rented housing became a *de facto* parallel social housing system (Norris, *et al*, 2008).

However, more recent years have seen growing doubts about the efficacy of this solution. Spending on this benefit has inflated even more rapidly than claimant numbers and a series of studies have highlighted the poor quality of the accommodation rented to claimants (Norris *et al.*, 2008). In response government

announced in 2002 that, under a new Rental Accommodation Scheme (RAS), local authorities would take responsibility for administration of rent supplement claims of eighteen months or longer duration and they would long-term lease accommodation from private landlords for letting to these households. The hope was that the market power of local authorities, compared to individual rent supplement claimants, would yield cost savings on rents and improve the quality of accommodation available to claimants.

Notably, since then, RAS claimants have been included in the 'social housing' category in the housing ministry's *Annual Housing Statistics Bulletin* and this definition was formalised by the 2008 Housing (Miscellaneous Provisions) Act, which refers to RAS as 'social housing support' and extends local authorities' social housing management powers to this sector.

#### *Supporting Low-Income Home Buyers:*

As social housing reduced its role as a route to home ownership in the 1990s and rising house prices made home purchase more difficult, the government devised range of other means to enable low income householders to buy their own homes. These include: the affordable housing schemes (housing sold at a discount from market value); the shared ownership scheme (households buy part of the equity in a dwelling, the local authority buys the remainder) and the mortgage allowance (which pays an annual allowance towards the mortgage costs of social tenants who surrender their dwellings and purchase a home). These measures now play a significant role – Norris *et al* (2007) estimate that between 1991 and 2002, 29 per cent of new home owners availed of them, but they question the sustainability of

these purchases because of very high mortgage arrears. Between 1990 and 2003, for instance, 38 per cent of a sample of participants in the shared ownership scheme were in arrears of three months or more. From the perspective of the discussion at the hand however, the most significant implication of this pattern is what it reveals about the boundaries between social housing and owner occupation. The extent of these the arrears in these schemes, local authorities' lack of interest in addressing them (dwellings bought using these measures are rarely repossessed) and the housing ministry's regular efforts to extend their take up (for instance, an Affordable Homes Partnership tasked with this function was established in 2005) indicate that these measures are not in fact part of the mainstream owner occupied sector, but should be properly understood as a form of social housing, within the meaning traditionally ascribed to that sector in Ireland.

*Mainstream Social Housing Provision and Management:*

The last two decades have also seen a number of reforms to arrangements for delivery of social housing in Ireland, which ostensibly have much in common with those introduced in Britain during the same period. However more detailed examination reveals that these reforms are not entirely comparable and the Irish social housing sector remains distinctive in a number of respects.

The first category of reforms in delivery sought to promote social housing provision by the non-profit sector of as an alternative to municipal provision. This commenced in 1984 when state funding for special needs housing provision by this sector was introduced (this client group had been largely ignored by local authorities). Public funding for general needs non-profit housing arrived in 1993 and raised the prospect that these agencies would take over from local authorities as the primary providers of social housing in Ireland, as has happened in Britain (Malpass, 2005). Although the non-profit sector now provides 25 per cent of social housing in Ireland, this development has not materialised because local authority output has also grown since the mid 1990s and the British model of large scale transfer of stock from municipal to non-profit landlords has not been introduced here. More significantly, for the topic at hand, the roles of these two categories of social housing have grown increasingly similar in recent years. Non-profit providers are more involved in the provision of general needs housing, successive housing acts have also increased their role in building dwellings for sale to low income home owners and the 2008 Housing Act applies arrangements for the sale of social housing to tenants (via a new incremental purchase scheme) to this sector for the first time. The latter development is driven by an increasing an increasing emphasis on tenure mix in

housing for the less well-off, through the inclusion of dwellings for sale to low income home owners in new social estates, but it also reveals that policy makers are reluctant to relinquish the view of social housing as an access route to home ownership.

The second category of delivery reforms focus on improving social housing management, particularly in local authorities. Some of these measures had an enabling orientation, as they aimed to assist local authorities to improve their housing management performance by providing guidance, training and grant aid, while others are enforcement tools, which set performance benchmarks and established monitoring systems (Norris and O'Connell, 2001). This development marks a break from the traditional disregard for management quality in social housing in Ireland, as indicated, for example, by the lack of a distinct career path, professional body or training for social housing managers. This disregard was directly related to sales to tenants, which kept the sector small and reduced its management burden, while in recent years, declining sales and increased residualization have had the opposite effect. However it is important not to over-state the extent and impact of recent these reforms. Few relevant reforms have been applied to the non-profit sector or underpinned by legislation. Compared to many other northern European countries the social housing regulation regime in Ireland remains light and Irish social landlords provide a relatively limited range of services to tenants (Cowan and McDermont, 2006). In this regard social housing in Ireland has less in common with social housing systems internally, and with the growth in regulation of private renting in Ireland via the RAS and enhancements to tenants' rights introduced by the Residential tenancies Act, 2001, more in common with private rented housing.

## **Conclusions**

Social housing in Ireland is now 'for' a different, and in many ways narrower, purpose than it was for much of its history. In the past, its peculiar feature was its role as a form of asset based welfare: between the 1930s and the 1980s it opened the path to home ownership initially for the rural working class and subsequently for their urban counterparts. Since then, property ownership has continued to be a strong focus of Irish housing policy, but social housing has played a smaller direct role in that concern. Rather since the mid 1980s, the sector has contracted and narrowed its focus to the welfare dependant population. In order to address the implications of this new role a number of policy innovations have been trialled, with mixed success, and the resulting mix of the new and traditional role for social housing has blurred the boundaries between this and the other main housing tenures.

Although the severe economic downturn and associated political crisis which has recently hit Ireland means that the future meaning of its social housing sector is difficult to predict, the tenor of recent housing policy reforms indicate that state intervention in the housing system is likely to expand. Regulation of the private rented sector has increased radically, as has mainstream social housing output – Table 1 demonstrates that in absolute terms levels of output since 2000 exceed those of the 1970s. Thus, welfare housing may be a passing rather than a long term role for the Irish social rented sector.

For comparative housing studies, social housing in Ireland is interesting in a number of respects. Recent policy developments here are an interesting variant on the theme of how to make welfare housing work which has been a key concern of policy



makers in many western countries over the last two decades. Viewed in an historical perspective, the role of social housing in Ireland as a form of asset based welfare, long before this approach became fashionable in most western European countries is also significant. More fundamentally the Irish case raises questions about the value of the comparisons of tenure patterns employed in many international housing reviews and highlights the importance of closely examining the definitions of tenure on which these studies are based. Cowan and McDermont (2006) argue that there is a need to examine what is 'social' housing social housing in the UK following the wholesale reform of the sector since the 1980s. The Irish case reveals a need to examine the 'social' aspects of home ownership. In Ireland, and also on some other western countries such as Norway where Gulbrandesn (2004: 160) reports that government has sought to 'combat the property rights of the few (the landlords) by spreading ownership among the many (the tenants)', state promotion of home ownership was driven by collectivist intentions and in many ways this policy has had the same decommodifying outcomes as has large scale provision of social housing elsewhere.

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