

Webinar

ULI Ireland: Promoting Affordable Housing

Date: July 02, 2020

00:00:03 --> 00:00:07: How everyone and welcome. It's now 12:30,
 00:00:07 --> 00:00:11: so we will begin. Hello and welcome to today's webinar
 00:00:11 --> 00:00:16: by the Urban Land Institute on Promoting Housing
 Affordability and
 00:00:16 --> 00:00:21: recognizing the recent release of the ULI Report on Best
 00:00:21 --> 00:00:25: Practices to deliver intermediate housing at scale.
 00:00:25 --> 00:00:26: My name is Tom Faulkner.
 00:00:26 --> 00:00:28: I'm a development director with Hines,
 00:00:28 --> 00:00:31: Ireland and a member of the ULI Young Leaders Committee.
 00:00:31 --> 00:00:34: I'll be moderating today's webinar.
 00:00:34 --> 00:00:37: Firstly, I'd like to thank the ULI Island for arranging
 00:00:37 --> 00:00:42: and hosting today's webinar and especially Andy Kessler
 national coordinator
 00:00:42 --> 00:00:45: for your Lie Island for organizing it.
 00:00:45 --> 00:00:46: I'd also like to thank Tom,
 00:00:46 --> 00:00:49: done the chair of LLR Qli Ireland and I'll be
 00:00:49 --> 00:00:53: handing over to Tom for his closing remarks at the
 00:00:53 --> 00:00:54: end of today's discussion.
 00:00:54 --> 00:00:57: We will endeavour to stick to the hour and to
 00:00:57 --> 00:00:58: wrap up by 1:30 PM,
 00:00:58 --> 00:01:01: but we do have a few minutes provided to go
 00:01:01 --> 00:01:03: a little bit over there.
 00:01:03 --> 00:01:05: I have the honor of being joined today by a
 00:01:05 --> 00:01:07: very distinguished panel,
 00:01:07 --> 00:01:09: and I'll introduce them shortly,
 00:01:09 --> 00:01:12: followed by some brief opening comments.
 00:01:12 --> 00:01:15: The panel will engage in a discussion in response to
 00:01:15 --> 00:01:18: those opening comments and field questions from you,
 00:01:18 --> 00:01:21: the audience, and that is really the purpose of today.
 00:01:21 --> 00:01:24: This is for you, the UI island members and hopefully

00:01:25 --> 00:01:28: providing an opportunity to really engage in this discussion.

00:01:28 --> 00:01:32: We very much encourage your questions and please do submit

00:01:32 --> 00:01:35: them via the Q&A function on the Zoom toolbar.

00:01:35 --> 00:01:37: We will do our best to get through as many

00:01:37 --> 00:01:39: questions as we can within the hour,

00:01:39 --> 00:01:43: and this webinar is being recorded and will be made

00:01:43 --> 00:01:44: available.

00:01:44 --> 00:01:46: If you haven't seen the report,

00:01:46 --> 00:01:49: we would strongly encourage you to have a look.

00:01:49 --> 00:01:52: I notice that the UI island guys emailed that out

00:01:52 --> 00:01:54: to all registered attendees this morning,

00:01:54 --> 00:01:57: and if you didn't see that it is available via

00:01:57 --> 00:02:01: the UI Knowledge Finder along with the European webcast for

00:02:01 --> 00:02:01: its release,

00:02:01 --> 00:02:06: and you can Alternatively email Ireland at uli.org for a

00:02:06 --> 00:02:07: copy of the report.

00:02:07 --> 00:02:10: I understand that there are on today we have many

00:02:11 --> 00:02:17: registered attendees which include representatives from many stakeholders across Ireland

00:02:17 --> 00:02:21: and organisations with responsibility for the provision of homes,

00:02:21 --> 00:02:26: including public and private sectors and elected representatives.

00:02:26 --> 00:02:29: Welcome everyone now to introduce the panel.

00:02:29 --> 00:02:35: The panel today consists of distinguished experts who may.

00:02:35 --> 00:02:38: Who may be familiar to you as leaders in European,

00:02:38 --> 00:02:40: an Irish real estate, namely,

00:02:40 --> 00:02:41: we have joining us today.

00:02:41 --> 00:02:45: Have your younger the Managing director of Catela residential investment

00:02:45 --> 00:02:49: management of Year was in the steering group responsible for

00:02:49 --> 00:02:53: the promoting affordable housing Report and Javier joins us today

00:02:53 --> 00:02:56: from Berlin I believe. Welcome here.

00:02:56 --> 00:02:58: We have Doctor Mark Assilah back,

00:02:58 --> 00:03:00: the chief economist for Patricia AG.

00:03:00 --> 00:03:04: Marcus is another leading voice in European real estate and

00:03:04 --> 00:03:08: also in the steering group for the promoting affordable housing

00:03:08 --> 00:03:08: report.

00:03:08 --> 00:03:12: Welcome markers. And we have Doctor Bill Nolan,

00:03:12 --> 00:03:15: former director of Focus Island founder of Hibernia REIT and
00:03:16 --> 00:03:19: managing partner of Oracle Real Estate Strategies.
00:03:19 --> 00:03:22: Bill is both passionate and expert in the topic for
00:03:22 --> 00:03:25: discussion today with a PhD in social housing finance from
00:03:26 --> 00:03:27: the University of Ulster.
00:03:27 --> 00:03:31: Welcome Bill and welcome to the panel.
00:03:31 --> 00:03:34: To begin some opening remarks and we had the benefit
00:03:34 --> 00:03:37: of a really interesting brief discussion yesterday.
00:03:37 --> 00:03:42: Identifying that there's so much excellent material and
tangible recommendations
00:03:42 --> 00:03:43: mapped out in this report.
00:03:43 --> 00:03:45: It will be difficult to cover at all.
00:03:45 --> 00:03:47: But when we connected briefly,
00:03:47 --> 00:03:51: we identified some key themes to the application of this
00:03:51 --> 00:03:53: report in an Irish context.
00:03:53 --> 00:03:56: And virtually everything we see in the Ulr report is
00:03:56 --> 00:03:59: based on cooperation between the private and public
sectors.
00:03:59 --> 00:04:04: As long term players in the delivery of intermediate housing.
00:04:04 --> 00:04:08: This requires an environment of trust and mutual respect
between
00:04:08 --> 00:04:09: politicians,
00:04:09 --> 00:04:15: administrators, developers, an financiers trust which is now
not present
00:04:15 --> 00:04:15: in Ireland.
00:04:15 --> 00:04:18: The Irish system could be referred to as a basket
00:04:18 --> 00:04:22: case and without serious institutional reform it runs the risk
00:04:22 --> 00:04:24: of remaining that way,
00:04:24 --> 00:04:28: thereby inhibiting our deliver. Our ability to deliver on the
00:04:28 --> 00:04:31: excellent recommendations in the ULI report.
00:04:31 --> 00:04:32: So with that in mind,
00:04:32 --> 00:04:35: I might ask Marcus and Javier to assist initially in
00:04:35 --> 00:04:39: framing the process that was undertaken to produce that
report
00:04:39 --> 00:04:42: to help us a little in defining what is intermediate
00:04:42 --> 00:04:46: housing and whether you would agree with the observation
that
00:04:46 --> 00:04:47: intensive collaboration,
00:04:47 --> 00:04:52: trust and mutual respect between public and private sectors
is
00:04:52 --> 00:04:53: indeed crucial.
00:04:53 --> 00:04:58: Javier, would you like to start us off there?
00:04:58 --> 00:05:00: Yes, thank you Tom. Happy to do so.
00:05:00 --> 00:05:05: So we established the European Council for Residential and

actually

00:05:05 --> 00:05:08: it wouldn't take a long time to think about a

00:05:08 --> 00:05:12: theme that you know is interesting for all European countries.

00:05:12 --> 00:05:17: That theme was obviously portability in housing because for those

00:05:17 --> 00:05:19: who operate on a continental level,

00:05:19 --> 00:05:22: I think we all seem to concur that that this

00:05:23 --> 00:05:24: topic of affordability,

00:05:24 --> 00:05:28: which has social political financial dimensions.

00:05:28 --> 00:05:29: Is one that we see everywhere,

00:05:29 --> 00:05:31: so that was quite easy for us.

00:05:31 --> 00:05:34: And then we did a first step which is in

00:05:34 --> 00:05:37: an analysis where we also had academics and and people

00:05:37 --> 00:05:40: in the field kind of help us to define affordability

00:05:40 --> 00:05:41: and kind of measure it.

00:05:41 --> 00:05:44: That's a report that we didn't think of 1 1/2

00:05:44 --> 00:05:46: two years ago and the conclusion was that,

00:05:46 --> 00:05:49: well, affordability. It's not that easy to define.

00:05:49 --> 00:05:52: No, it's like love, you know we all kind of

00:05:52 --> 00:05:53: know what love is,

00:05:53 --> 00:05:55: but you know if we all define it and then

00:05:55 --> 00:05:58: probably you know the way that Marcus explains it's a

00:05:58 --> 00:06:00: little bit different.

00:06:00 --> 00:06:01: And how I would do it?

00:06:01 --> 00:06:03: But we mean the same thing.

00:06:03 --> 00:06:05: So we found out that affordability,

00:06:05 --> 00:06:08: actually, you know, we all know what it means,

00:06:08 --> 00:06:09: but if you define it,

00:06:09 --> 00:06:12: you can have a big academic debate so that we

00:06:12 --> 00:06:12: said,

00:06:12 --> 00:06:15: well, you know we can do two things.

00:06:15 --> 00:06:18: One is do the academic debate or Secondly know park

00:06:18 --> 00:06:20: that and try to look for solutions.

00:06:20 --> 00:06:23: And that seems to be much better idea.

00:06:23 --> 00:06:26: So this report that you are referring to is actually

00:06:26 --> 00:06:29: the second report on and there we wanted to kind

00:06:29 --> 00:06:30: of.

00:06:30 --> 00:06:33: See what kind of solutions could be found to increase

00:06:33 --> 00:06:38: the provision of affordable housing and what you basically see

00:06:38 --> 00:06:41: in the report is kind of a life cycle.

00:06:41 --> 00:06:44: Walk through all kinds of sectors or parts of the

00:06:44 --> 00:06:45: value chain.

00:06:45 --> 00:06:48: I think that's more correct way of seeing it.

00:06:48 --> 00:06:52: Where you see that actually there's no silver bullet,

00:06:52 --> 00:06:56: but there are sensible things to do in various part

00:06:56 --> 00:06:57: of this value chain.

00:06:57 --> 00:07:00: And you know if I added a little bit.

00:07:00 --> 00:07:03: Up and do some assumptions left and right.

00:07:03 --> 00:07:05: I think you're getting to 10:10,

00:07:05 --> 00:07:08: perhaps 15% more affordable housing,

00:07:08 --> 00:07:11: but that you know, revolutionizing.

00:07:11 --> 00:07:14: Either systems or open on new technology,

00:07:14 --> 00:07:18: so kind of not realistically looking what is possible.

00:07:18 --> 00:07:21: I think that range is possible and it seems to

00:07:21 --> 00:07:22: me that that's huge,

00:07:22 --> 00:07:24: so that's very positive news.

00:07:24 --> 00:07:28: Now your question on what is intermediate housing sort of

00:07:28 --> 00:07:30: falling in love question.

00:07:30 --> 00:07:33: I will still try to give you my definition of

00:07:33 --> 00:07:33: it.

00:07:33 --> 00:07:37: It's it's that part of the housing market where key

00:07:37 --> 00:07:40: workers should not spend should be able to live decently

00:07:40 --> 00:07:41: and not spend.

00:07:41 --> 00:07:46: More than 30% of their household income and housing costs.

00:07:46 --> 00:07:49: So there are people that.

00:07:49 --> 00:07:53: Sick and for longer times unemployed pensioners or students
I

00:07:53 --> 00:07:56: think they've fallen in generally in a different category.

00:07:56 --> 00:07:57: If you don't have income,

00:07:57 --> 00:08:00: that's for us. Probably a little bit more social,

00:08:00 --> 00:08:03: so the price point would be a little bit below

00:08:03 --> 00:08:05: and then you have people that are fully active in

00:08:05 --> 00:08:08: the in the market with higher salary levels and they

00:08:08 --> 00:08:11: are kind of open markets or intermediate is a bit

00:08:11 --> 00:08:12: what it says.

00:08:12 --> 00:08:16: It's between the. I open market prices and under and

00:08:16 --> 00:08:19: the social housing prices.

00:08:19 --> 00:08:22: Fantastic thank you and I might look to Marcus for

00:08:22 --> 00:08:23: a little bit on your views.

00:08:23 --> 00:08:27: In terms of that collaboration factor and whether that crosses

00:08:27 --> 00:08:29: international boundaries.

00:08:29 --> 00:08:32: The need for such close collaboration.

00:08:32 --> 00:08:35: I think when what we learned over the the discussion

00:08:35 --> 00:08:38: when we produce the report and we when we started

00:08:38 --> 00:08:39: the study,

00:08:39 --> 00:08:43: I think it's a general challenge for all European cities.

00:08:43 --> 00:08:47: I think providing housing for these key workers is something

00:08:47 --> 00:08:49: that is really challenging for all cities,

00:08:49 --> 00:08:53: and it's also something that the cities need to have

00:08:53 --> 00:08:54: a solution for.

00:08:54 --> 00:08:56: Because we have a division of Labor.

00:08:56 --> 00:08:58: We have different salary levels,

00:08:58 --> 00:09:02: different qualifications levels and all these people have to.

00:09:02 --> 00:09:04: Be able to live within a city,

00:09:04 --> 00:09:06: otherwise the city will not function,

00:09:06 --> 00:09:09: so it is a challenge for the city to provide

00:09:09 --> 00:09:09: it.

00:09:09 --> 00:09:11: But we also learned one thing that at the end

00:09:11 --> 00:09:15: there are a lot of players within the housing market.

00:09:15 --> 00:09:16: Whatever you define it in detail,

00:09:16 --> 00:09:20: it's a little bit like everybody knows what the housing

00:09:20 --> 00:09:20: market is,

00:09:20 --> 00:09:23: but there is not a a very detailed definition about

00:09:23 --> 00:09:24: it,

00:09:24 --> 00:09:26: but all the players in the market,

00:09:26 --> 00:09:28: from developers, investors, the government,

00:09:28 --> 00:09:31: maybe also tenant unions and all the other places they

00:09:31 --> 00:09:33: need to find commonly a solution.

00:09:33 --> 00:09:35: Or maybe the biggest challenge?

00:09:35 --> 00:09:40: The new Europe. European cities currently have because no

00:09:40 --> 00:09:45: single actor will be big enough or or knowledgeable enough to

00:09:45 --> 00:09:47: really be able to come up with a.

00:09:47 --> 00:09:49: Pop that I wouldn't say optimal,

00:09:49 --> 00:09:52: but a very good or the best solution for for

00:09:52 --> 00:09:53: for each city,

00:09:53 --> 00:09:55: because each city is different,

00:09:55 --> 00:09:58: so each city they have to learn from each other

00:09:58 --> 00:10:02: but also the different market participants have to learn from

00:10:02 --> 00:10:03: each other.

00:10:03 --> 00:10:04: How can we do things?

00:10:04 --> 00:10:07: What type of framework do we need?

00:10:07 --> 00:10:10: What type of collaboration do we need to really come

00:10:10 --> 00:10:11: up with a solution?

00:10:11 --> 00:10:15: Because otherwise we will possibly fail on their end and

00:10:15 --> 00:10:18: we need to be sure that whatever we do.

00:10:18 --> 00:10:20: It's not a horizon of 1224 months,
00:10:20 --> 00:10:23: it has to be a mid to long-term horizon,
00:10:23 --> 00:10:29: creating stability and predictability for all the players.
00:10:29 --> 00:10:30: That makes a lot of sense.
00:10:30 --> 00:10:34: Thank you Marcus and I know you've identified before that
00:10:34 --> 00:10:37: the prominence of Dublin in the European context as an
00:10:37 --> 00:10:40: attractive city and there are mega trends pushing on that
00:10:40 --> 00:10:43: that demand here, among other cities across Europe.
00:10:43 --> 00:10:47: So value those comments in terms of applying that context.
00:10:47 --> 00:10:50: Then Bill, I would be very interested in your views
00:10:50 --> 00:10:54: on heavier than Max's introduction there and how that might
00:10:54 --> 00:10:56: apply in an Irish context.
00:10:56 --> 00:10:58: Tom, nice to be here,
00:10:58 --> 00:11:01: Tom. You referred in your introduction to Ireland being a
00:11:01 --> 00:11:04: basket case in terms of housing and I have to
00:11:04 --> 00:11:06: I have to endorse that.
00:11:06 --> 00:11:09: And the reason for that is that the housing system
00:11:09 --> 00:11:12: that we have was effectively invented well over 100 years
00:11:12 --> 00:11:15: ago to solve a rural housing problem.
00:11:15 --> 00:11:17: And it did that very effectively.
00:11:17 --> 00:11:21: It basically house but 50,000 farm laborers and people
00:11:21 --> 00:11:23: working
00:11:23 --> 00:11:24: in the country that was at a time that nearly
00:11:24 --> 00:11:27: 80%
00:11:27 --> 00:11:31: of the Irish population lived in the country.
00:11:31 --> 00:11:36: But the problem we have is that that system has
00:11:36 --> 00:11:40: been has been imported into the urban urban situation
00:11:40 --> 00:11:45: affectively
00:11:45 --> 00:11:45: with only sticking plaster changes and we have to go
00:11:45 --> 00:11:50: back and and in invent or create a consensus housing
00:11:50 --> 00:11:54: system.
00:11:54 --> 00:11:57: We're going forward there. There is huge amount of friction
00:11:57 --> 00:12:02: between the different players in Ireland.
00:12:02 --> 00:12:06: Between them, social housing providers and.
00:12:06 --> 00:12:08: And on the market, I mean,
00:12:08 --> 00:12:11: there's a. There's a huge them and us.
00:12:11 --> 00:12:14: Element in it in that the social housing providers regard
00:12:14 --> 00:12:17: that as their territory in the market,
00:12:17 --> 00:12:20: people are told don't don't come into it.
00:12:20 --> 00:12:23: On the other hand, we have a situation where because
00:12:23 --> 00:12:26: of the failure to provide social housing,
00:12:26 --> 00:12:29: the the government have to reach into the market and
00:12:29 --> 00:12:32: now rent about 1/3 of the PRS units in the

00:12:23 --> 00:12:24: in the market,
 00:12:24 --> 00:12:26: and then sublet those out at nominal,
 00:12:26 --> 00:12:29: effectively. Nominal rents to social tenants.
 00:12:29 --> 00:12:32: So there there is a there is a partnership there,
 00:12:32 --> 00:12:37: but it is not. A smooth partnership now.
 00:12:37 --> 00:12:40: I have been arguing for some time with others,
 00:12:40 --> 00:12:43: including Tom, done that we need to sit down,
 00:12:43 --> 00:12:46: sit the politicians down and to get them around a
 00:12:46 --> 00:12:48: table and kill some of the sacred cows.
 00:12:48 --> 00:12:51: A lot of the problems in the housing situation in
 00:12:51 --> 00:12:53: the housing market in Ireland,
 00:12:53 --> 00:12:57: the housing, the housing environment is that there are there
 00:12:57 --> 00:13:00: are commitments which are argued for by bullet,
 00:13:00 --> 00:13:03: particular political interests, for for example,
 00:13:03 --> 00:13:06: our rents in Ireland are for social housing are average
 00:13:06 --> 00:13:07: about 200.
 00:13:07 --> 00:13:11: Euros a month. Where is the same equivalent for a
 00:13:11 --> 00:13:13: social house in Europe?
 00:13:13 --> 00:13:15: Would probably be 807 hundred,
 00:13:15 --> 00:13:17: maybe 900 euros a month.
 00:13:17 --> 00:13:21: Now one of the problems is that they knock on.
 00:13:21 --> 00:13:24: Effect of that is that the cost that the rent
 00:13:24 --> 00:13:28: that is collected doesn't actually pay for the cost of
 00:13:28 --> 00:13:31: management and the knock on effect of that is that
 00:13:31 --> 00:13:35: the housing stock is actually rundown so but that's a
 00:13:35 --> 00:13:40: sacred cow and would require political consensus to actually.
 00:13:40 --> 00:13:42: To actually deal with it,
 00:13:42 --> 00:13:47: another sacred cow instead of tenant purchase we we built
 00:13:47 --> 00:13:52: over the years 400,000 houses for social tenants and we
 00:13:52 --> 00:13:56: have sold 3/4 of those into to the tenants.
 00:13:56 --> 00:13:58: Reality is when you look at us,
 00:13:58 --> 00:13:59: those houses that were sold,
 00:13:59 --> 00:14:03: they actually end up very often back in the housing
 00:14:03 --> 00:14:06: stuff because they were bought back on the rented back
 00:14:06 --> 00:14:07: to to the government.
 00:14:07 --> 00:14:11: So we have huge numbers of these kind of dysfunctionality's.
 00:14:11 --> 00:14:14: So my starting point is that we need to get
 00:14:14 --> 00:14:17: all the parties as you said administrators,
 00:14:17 --> 00:14:21: politicians, financials around the table.
 00:14:21 --> 00:14:24: We need to get a rent system that actually pays
 00:14:24 --> 00:14:25: for the accommodation,
 00:14:25 --> 00:14:29: directly or indirectly.

00:14:29 --> 00:14:31: Is that in itself? Would you want to make a

00:14:31 --> 00:14:33: move on cost base rents in if you want me

00:14:33 --> 00:14:34: to?

00:14:34 --> 00:14:36: I think that's perfect. I think we might come back

00:14:37 --> 00:14:40: to cost based rates because there is so important in

00:14:40 --> 00:14:40: this discussion,

00:14:40 --> 00:14:42: but I think I see first of all,

00:14:42 --> 00:14:45: I'd just like to remind our audience to to get

00:14:45 --> 00:14:47: involved and use the Q&A function there.

00:14:47 --> 00:14:50: We have had our first question coming in from John

00:14:50 --> 00:14:51: O'Connor.

00:14:51 --> 00:14:54: Thank you John and the question for the panel is

00:14:54 --> 00:14:57: what is the view of the panel members between affordable

00:14:57 --> 00:14:59: housing for purchase and affordable housing?

00:14:59 --> 00:15:02: For rent

00:15:02 --> 00:15:04: maybe I just pick, pick that up.

00:15:04 --> 00:15:08: I think the interesting point is if you look at

00:15:08 --> 00:15:11: today's discussion that is taking place across Europe,

00:15:11 --> 00:15:16: it's heavily focused. I would say on affordability to rent.

00:15:16 --> 00:15:20: I think it is the provision of housing for key

00:15:20 --> 00:15:21: workers to rent.

00:15:21 --> 00:15:25: If you look at the affordability definition and the concept

00:15:25 --> 00:15:28: at how it is and how it is thought of

00:15:28 --> 00:15:30: and how it has to be developed,

00:15:30 --> 00:15:34: it has the two 2 dimensions of affordability to rent

00:15:34 --> 00:15:36: an affordability to own.

00:15:36 --> 00:15:40: But I think from the political side currently it's only

00:15:40 --> 00:15:44: the affordability to rent that is really taking into into

00:15:44 --> 00:15:45: the focus.

00:15:45 --> 00:15:49: But ultimately, if you really deal with a Ford ability

00:15:49 --> 00:15:49: of housing,

00:15:49 --> 00:15:52: it should have both dimensions,

00:15:52 --> 00:15:55: because that's what the concept is about.

00:15:55 --> 00:16:00: Nevertheless, I'm realistic enough to know that the challenge

00:16:00 --> 00:16:02: for

00:16:02 --> 00:16:06: the cities is to house people.

00:16:06 --> 00:16:06: And therefore the for rent might be the more pressing

00:16:06 --> 00:16:06: one.

00:16:06 --> 00:16:10: Nevertheless, you should not forget the phone to own and

00:16:10 --> 00:16:13: in the medium to long term as this is part

00:16:13 --> 00:16:16: of the the overall housing spectrum and it gives households

00:16:16 --> 00:16:20: the choice the opportunity to go for one or the

00:16:20 --> 00:16:20: other,

00:16:20 --> 00:16:23: and choice is always something people like to have.

00:16:26 --> 00:16:29: Great question. I'd love to hear Bill's view on that.

00:16:29 --> 00:16:32: In terms of that Irish context in terms of build

00:16:32 --> 00:16:35: for rent versus build for sale and you were about

00:16:35 --> 00:16:38: to allude to the role of cost rental there as

00:16:38 --> 00:16:40: well.

00:16:40 --> 00:16:42: Anne.

00:16:42 --> 00:16:46: The political environment in Ireland is very much trying to

00:16:46 --> 00:16:50: trying to have owner occupation that has been a tradition

00:16:50 --> 00:16:54: in the in in Ireland and basically the political structure

00:16:54 --> 00:16:57: going back. Many decades is to try and support owner

00:16:57 --> 00:17:02: occupation and I think our new government have actually

00:17:02 --> 00:17:06: written

00:17:06 --> 00:17:10: that into their program for government that they actually want

00:17:10 --> 00:17:13: to get owner, owner occupation as promotions much as

00:17:13 --> 00:17:17: possible.

00:17:17 --> 00:17:18: On the other hand, the market is the market is

00:17:18 --> 00:17:22: is is going the opposite direction the market is moving

00:17:22 --> 00:17:26: towards a 30%

00:17:26 --> 00:17:30: rental situation rather than an owner occupation and that

00:17:30 --> 00:17:34: comes

00:17:34 --> 00:17:36: down to the desire of of tenants to have flexibility.

00:17:36 --> 00:17:39: The inability to. October to raise money and the and

00:17:39 --> 00:17:42: the needs that the level of deposits that they have

00:17:42 --> 00:17:45: to get to actually borrow.

00:17:45 --> 00:17:49: So there there is, there is a dynamic going on

00:17:49 --> 00:17:51: there.

00:17:51 --> 00:17:55: I think that probably at the 30%

00:17:55 --> 00:17:57: mix level is where we will stabilize.

00:17:57 --> 00:18:00: I think there will be the war and I think

00:18:00 --> 00:18:01: there will be.

00:18:01 --> 00:18:03: Financial benefits for our encouragement for people to own

00:18:03 --> 00:18:05: under

00:18:05 --> 00:18:08: the present under the new administration.

00:18:08 --> 00:18:08: But I think that the market will actually still be

00:18:08 --> 00:18:11: there for rental.

00:18:11 --> 00:18:14: And I think if we get if we get to

00:18:14 --> 00:18:17: the level of cost rental,

00:18:17 --> 00:18:20: I think that and you have security of tenure and

00:18:20 --> 00:18:23: cost rental.

00:18:23 --> 00:18:26: I think that will move more people into the rental

00:18:26 --> 00:18:29: situation rather than owner occupation.

00:18:14 --> 00:18:16: One of the problems is we haven't had.

00:18:16 --> 00:18:19: We haven't had security of tenure in this country and

00:18:19 --> 00:18:22: it comes back to the Anglo Saxon approach to housing.

00:18:22 --> 00:18:27: Rather than the European approach to housing which we might

00:18:27 --> 00:18:28: touch on later,

00:18:28 --> 00:18:32: but security of tenure predictability of rent,

00:18:32 --> 00:18:36: they will all come with a cost benefit system and

00:18:36 --> 00:18:39: the benefits of owner occupation.

00:18:39 --> 00:18:46: May not be as as strong in that situation.

00:18:46 --> 00:18:49: Thanks Bill, and I think there's a few questions that

00:18:49 --> 00:18:52: came in before the web and R and I see

00:18:52 --> 00:18:55: ones come in now from Brian Moran in relation to

00:18:55 --> 00:18:58: the public sector actors and with such a big onus

00:18:58 --> 00:19:01: on them in that program for government you mentioned at

00:19:01 --> 00:19:05: the question is how do we educate the public sector

00:19:05 --> 00:19:09: actors, but political actors and state employees on real costs

00:19:09 --> 00:19:13: for delivery and to work with the private sector?

00:19:13 --> 00:19:15: That collaboration is obviously key.

00:19:17 --> 00:19:20: Have you, would you have you or yeah,

00:19:20 --> 00:19:23: I think education sounds a bit better nihilistic,

00:19:23 --> 00:19:27: but I I think what the question means is that

00:19:27 --> 00:19:31: perhaps there's been a leakage of know how within the

00:19:31 --> 00:19:32: public sector,

00:19:32 --> 00:19:34: to perhaps fully analyze, measure,

00:19:34 --> 00:19:39: and then manage the housing challenges that the country has,

00:19:39 --> 00:19:42: and that then together with other stakeholders.

00:19:42 --> 00:19:45: So this is a bit my my reading of of

00:19:45 --> 00:19:46: the question.

00:19:46 --> 00:19:50: And and you sense already at your answer is it's

00:19:50 --> 00:19:51: not a quick fix,

00:19:51 --> 00:19:55: if that's if that's the underlying problem that we want

00:19:55 --> 00:19:56: to address,

00:19:56 --> 00:19:58: because I think we need law,

00:19:58 --> 00:20:03: we need perhaps to pay people in the public sector

00:20:03 --> 00:20:05: a little bit more.

00:20:05 --> 00:20:08: It's much more movement between public and private

00:20:08 --> 00:20:11: sectors,

00:20:11 --> 00:20:15: and I also think that.

00:20:15 --> 00:20:18: We need to think about institutions that parapublic where they

00:20:18 --> 00:20:21: are not dependent of the political cycle,

00:20:18 --> 00:20:23: which is much shorter than the cycle of most institutional
00:20:23 --> 00:20:24: investors.

00:20:24 --> 00:20:26: By the way, so so that you can kind of
00:20:26 --> 00:20:30: create also an institution that can really in cap can
00:20:30 --> 00:20:33: learn and encapsulate knowledge.

00:20:33 --> 00:20:36: That's not an easy fix that needs time,
00:20:36 --> 00:20:39: and I'm not sure whether time is now really what
00:20:39 --> 00:20:42: you want to go for necessarily,
00:20:42 --> 00:20:45: because. A crisis and we are in the post Corona
00:20:45 --> 00:20:46: time,
00:20:46 --> 00:20:48: I mean.

00:20:48 --> 00:20:51: Ability question will be much more important than it was
00:20:51 --> 00:20:54: before because we will have much more at higher levels
00:20:55 --> 00:20:57: of unemployment in the European countries.

00:20:57 --> 00:21:01: So the question will come back again and historically if
00:21:01 --> 00:21:04: you see also for kind of what you were referring
00:21:04 --> 00:21:07: to them and have rain and the Rhine central for
00:21:07 --> 00:21:10: European countries, not other side of the channel.

00:21:10 --> 00:21:15: Their housing fundamentals were actually established mostly
out of crisis

00:21:15 --> 00:21:18: and mostly out of wars or other crisis now.

00:21:18 --> 00:21:20: But also financial crisis France,
00:21:20 --> 00:21:24: the Netherlands had a huge reform in 211 to 12
00:21:24 --> 00:21:24: or 12.

00:21:24 --> 00:21:29: Something like that, and that will form of the housing
00:21:29 --> 00:21:31: market both.

00:21:31 --> 00:21:35: Ownership and social housing and affordable housing
challenges so I

00:21:35 --> 00:21:35: can access 2.

00:21:35 --> 00:21:38: Three legs are quite a clever reform was the only
00:21:38 --> 00:21:40: reform since the Second World War.

00:21:40 --> 00:21:43: So we had a consensus after the Second World War
00:21:43 --> 00:21:47: and it actually was accepted by a different political parties.

00:21:47 --> 00:21:49: Everything was challenged a little bit,
00:21:49 --> 00:21:52: of course, and there was some minor modifications.

00:21:52 --> 00:21:55: Every now and again, but the reset button,
00:21:55 --> 00:21:59: kind of that was pushed following the financial crisis because
00:21:59 --> 00:22:01: some unintended consequences have gone too big.

00:22:01 --> 00:22:04: And a crisis is the moment where you can.

00:22:04 --> 00:22:07: Also, you know if you have the matter of courage
00:22:08 --> 00:22:09: and of personality.

00:22:09 --> 00:22:12: Also next to know how courage is very important that

00:22:12 --> 00:22:15: you just take the bull by the horns.

00:22:15 --> 00:22:18: Get some friends on the other side of your political

00:22:18 --> 00:22:22: or personal convictions and say let's do this together right?

00:22:22 --> 00:22:26: Because because that's that's what we want to do and

00:22:26 --> 00:22:29: I guess so time is the timing is interesting for

00:22:29 --> 00:22:30: Ireland.

00:22:30 --> 00:22:32: Because yeah, perhaps Ireland has.

00:22:32 --> 00:22:36: An opportunity to kind of engage in a little bit

00:22:36 --> 00:22:40: of of of a similar ish kind of trajectory.

00:22:40 --> 00:22:43: Really interesting, thank you. Have you ran with the new

00:22:43 --> 00:22:46: government in place for what less than a week?

00:22:46 --> 00:22:48: It couldn't be more critical time.

00:22:48 --> 00:22:50: I think that points there about a long term vision

00:22:50 --> 00:22:54: that managing that transition period and making sure we don't

00:22:54 --> 00:22:57: turn the tap off is that incredibly important.

00:22:57 --> 00:22:59: We have another really interesting question here,

00:22:59 --> 00:23:02: which I'd like to go around the houses on,

00:23:02 --> 00:23:05: given I believe the European context came up in in

00:23:05 --> 00:23:08: the report released Webinar previously and that is a question

00:23:08 --> 00:23:09: from Sean Golden,

00:23:09 --> 00:23:12: which is that. What is the view of the panel

00:23:12 --> 00:23:15: members on the use of balanced regional development to quell

00:23:15 --> 00:23:19: the immense pressure on the market in Dublin and other

00:23:19 --> 00:23:23: urban centres? For example using mechanisms to make it easier

00:23:23 --> 00:23:26: for workers to work outside of Dublin or other areas

00:23:26 --> 00:23:29: with drastic affordability issues.

00:23:29 --> 00:23:32: I think it's it's. It's quite a an interesting one

00:23:32 --> 00:23:36: because I think it's something that is discussed all across

00:23:36 --> 00:23:36: Europe.

00:23:36 --> 00:23:41: Nevertheless, because we have seen urbanization as the main driver

00:23:41 --> 00:23:44: of the last decade or two decades or whatever that

00:23:44 --> 00:23:46: created that challenge.

00:23:46 --> 00:23:49: But why are people moving to the cities?

00:23:49 --> 00:23:52: It simply be cause cities offer opportunities,

00:23:52 --> 00:23:57: offers choice. Via jobs opportunities to get employment or whatever

00:23:57 --> 00:24:01: and also it's about collaboration with colleagues,

00:24:01 --> 00:24:03: friends and people and other immunities.

00:24:03 --> 00:24:06: So I think the big challenge is how can you

00:24:06 --> 00:24:08: make people move outside.
 00:24:08 --> 00:24:12: 'cause if you would have the job opportunity outside for
 00:24:12 --> 00:24:13: the employer,
 00:24:13 --> 00:24:14: who then moves out there,
 00:24:14 --> 00:24:17: he might have the advantage being the only one.
 00:24:17 --> 00:24:21: So he gets his employees for from the local community.
 00:24:21 --> 00:24:25: Nevertheless, the talent pool is much more limited so.
 00:24:25 --> 00:24:29: Did the economically speaking external economies of scale
 that you
 00:24:29 --> 00:24:32: have within the city like the good example,
 00:24:32 --> 00:24:35: is the financial Center of London that I mean the
 00:24:35 --> 00:24:37: high qualified intelligent people.
 00:24:37 --> 00:24:40: They they all want to will be attracted to London
 00:24:40 --> 00:24:45: despite what's currently happening because it simply offers a
 unique
 00:24:45 --> 00:24:49: environment to learn to collaborate in to exchange ideas.
 00:24:49 --> 00:24:52: And therefore I think the challenge getting people to the
 00:24:52 --> 00:24:54: regions is it sounds easy.
 00:24:54 --> 00:24:57: And maybe the crisis can be a catalyst for some
 00:24:57 --> 00:24:57: of.
 00:24:57 --> 00:25:01: Home working being a possible solution to or work and
 00:25:01 --> 00:25:06: facilitate Home Office as as a part time solution for
 00:25:06 --> 00:25:06: that.
 00:25:06 --> 00:25:11: But ultimately I think urbanization will not be reversed and
 00:25:11 --> 00:25:14: therefore the challenge will speak to cities.
 00:25:14 --> 00:25:16: It's maybe not not the answer.
 00:25:16 --> 00:25:20: A lot of people would like to say to have,
 00:25:20 --> 00:25:24: but the problem is how can you create incentives for
 00:25:24 --> 00:25:26: companies to move out too often?
 00:25:26 --> 00:25:28: Jobs in regional or more.
 00:25:28 --> 00:25:31: Or less attractive in currently less attractive areas,
 00:25:31 --> 00:25:36: becausw whoever moves first has the disadvantage that he
 might
 00:25:36 --> 00:25:37: fail and which got within.
 00:25:37 --> 00:25:39: How do you support this?
 00:25:39 --> 00:25:42: And I think that's it comes back to the knowledge
 00:25:42 --> 00:25:45: question which other cities at the end you can find
 00:25:46 --> 00:25:49: a solution via better public transport that people can easier
 00:25:49 --> 00:25:53: commute. Maybe it's not only car related,
 00:25:53 --> 00:25:55: it's it's train related or whatever,
 00:25:55 --> 00:25:57: so that can be a solution,
 00:25:57 --> 00:26:00: But the question also here is that is something very
 00:26:00 --> 00:26:01: long term,

00:26:01 --> 00:26:04: ten 1520 years it brings us back to where we
00:26:04 --> 00:26:05: started.
00:26:05 --> 00:26:07: Possibly we need a vision for the next two 1
00:26:08 --> 00:26:10: two decades and not a vision for the next two
00:26:11 --> 00:26:14: years and maybe 2 to add something to some years
00:26:14 --> 00:26:16: words. Education has a lot to do,
00:26:16 --> 00:26:20: possibly also with transparency, because I think there's a lot
00:26:20 --> 00:26:23: of misconception about what costs and returns are.
00:26:23 --> 00:26:26: In the public sector and what we really return in
00:26:26 --> 00:26:29: the private sector is always mentioned.
00:26:29 --> 00:26:32: You have to double digit returns when you when you
00:26:32 --> 00:26:34: do the investments in real estate.
00:26:34 --> 00:26:37: And I think if you do the classical multifamily housing,
00:26:37 --> 00:26:40: I want to see where you get these double digit
00:26:40 --> 00:26:43: returns with a institutional investment class.
00:26:43 --> 00:26:46: I think transparency is also something that will help less
00:26:46 --> 00:26:49: in addition to increased collaboration.
00:26:51 --> 00:26:55: Fantastic. Thank you, bill. Do you have any views on
00:26:55 --> 00:26:59: that in terms of the regional question?
00:26:59 --> 00:27:01: I would actually agree with Marcus.
00:27:01 --> 00:27:05: I think cities are just going to grow and I
00:27:05 --> 00:27:08: think politicians don't particularly like it.
00:27:08 --> 00:27:11: It doesn't suit their their voter base,
00:27:11 --> 00:27:15: but the economies of scale going cities and the attraction
00:27:15 --> 00:27:18: for young people to be in cities.
00:27:18 --> 00:27:20: I mean I have got my children,
00:27:20 --> 00:27:24: my children. I live. I live 30 miles outside Dublin
00:27:24 --> 00:27:28: but all my children departed the nest more than 20
00:27:28 --> 00:27:30: years ago and insist on living.
00:27:30 --> 00:27:33: And in town why? Because their jobs are down the
00:27:33 --> 00:27:33: road.
00:27:33 --> 00:27:36: This Tennis Club is down the road.
00:27:36 --> 00:27:37: The friends are down the road.
00:27:37 --> 00:27:41: They go to the restaurants and they meet their friends
00:27:41 --> 00:27:43: there and in many ways urban living is.
00:27:43 --> 00:27:46: It is a social activity.
00:27:46 --> 00:27:49: They they have an integrated life,
00:27:49 --> 00:27:52: which is far more complicated than miners are.
00:27:52 --> 00:27:56: My never was it's and they could not have that
00:27:56 --> 00:28:02: kind of sophisticated relationship driven life in a rural location.
00:28:02 --> 00:28:05: And you know the the Tennis Club is 10 minutes
00:28:05 --> 00:28:06: away.

00:28:06 --> 00:28:09: The swimming pool is 15 minutes away and my I
00:28:09 --> 00:28:13: don't see my grandchildren very often because they want to
00:28:13 --> 00:28:16: be in town too because their friends are in town.
00:28:16 --> 00:28:18: So I think we are in a in a trend
00:28:18 --> 00:28:20: which is unlikely to change.
00:28:20 --> 00:28:23: But you know I've seen so many things that I
00:28:23 --> 00:28:25: thought might change my life.
00:28:25 --> 00:28:29: I it's possible that that technology will actually move this
00:28:29 --> 00:28:32: move this around in a different way,
00:28:32 --> 00:28:34: but you know. I, my grandchildren,
00:28:34 --> 00:28:36: will not will want to live in in towns and
00:28:37 --> 00:28:38: we want to live in large towns.
00:28:38 --> 00:28:41: They want to get to the country they want to
00:28:41 --> 00:28:43: get to the country in the at the weekends.
00:28:43 --> 00:28:46: Of course, I mean, I call it the Paris effect.
00:28:46 --> 00:28:49: People want to be in the city during the week,
00:28:49 --> 00:28:52: but they want to go to the Britney over their
00:28:52 --> 00:28:54: country houses at the weekend or Holidays.
00:28:54 --> 00:28:58: I think that's going to be the pattern.
00:28:58 --> 00:29:02: Interesting, sounds like there's a real need for infrastructure
investment
00:29:02 --> 00:29:05: as well to open up more locations for this kind
00:29:05 --> 00:29:06: of growth overtime,
00:29:06 --> 00:29:09: and it sounds like that might fall into something we
00:29:09 --> 00:29:12: spoke about earlier in terms of a robust long-term plan.
00:29:12 --> 00:29:16: Some of the questions coming in talk a little bit
00:29:16 --> 00:29:18: about the the cost of delivery.
00:29:18 --> 00:29:21: And it's really interesting because we have a different
narratives.
00:29:21 --> 00:29:24: I think in the Irish context around what it actually
00:29:24 --> 00:29:25: costs to deliver units.
00:29:25 --> 00:29:28: I would be very interested in Bill to continue with
00:29:28 --> 00:29:29: you there,
00:29:29 --> 00:29:32: just in terms of the cost to deliver units.
00:29:32 --> 00:29:35: We get some media suggesting that it's in the two
00:29:35 --> 00:29:38: hundreds and yet we on the development side see a
00:29:38 --> 00:29:42: very real number that's significantly greater than that.
00:29:42 --> 00:29:44: Where do you see that?
00:29:44 --> 00:29:47: I think it goes back to the to the to
00:29:47 --> 00:29:52: the level of debate that is taking place both in
00:29:52 --> 00:29:56: the media and in and very off technically is that.
00:29:56 --> 00:30:01: That the. When I moved out of commercial property
effectively

00:30:01 --> 00:30:02: into residential,
 00:30:02 --> 00:30:05: I had no idea of the complexity of the residential
 00:30:05 --> 00:30:08: sector as opposed to the commercial sector.
 00:30:08 --> 00:30:10: The commercial sector works with tenants,
 00:30:10 --> 00:30:12: works with landlords, work with builders.
 00:30:12 --> 00:30:14: When you get into the residential sector,
 00:30:14 --> 00:30:18: you've got a totally different environment because you're
 dealing with
 00:30:18 --> 00:30:21: a more complicated form of real estate.
 00:30:21 --> 00:30:23: But you're also dealing with the media.
 00:30:23 --> 00:30:27: You're dealing with politicians, etc etc so.
 00:30:27 --> 00:30:31: The debate that take that are taking place on provision
 00:30:31 --> 00:30:34: of housing are are what I would call pub level
 00:30:34 --> 00:30:38: rather than at A&A long way from academic or informed
 00:30:38 --> 00:30:42: level. Ann and I think that's one of the changes
 00:30:42 --> 00:30:45: we have to try and achieve as as as a
 00:30:45 --> 00:30:48: ULI can change is trying to get people get the
 00:30:48 --> 00:30:53: level of debate so that people understand that delivering a
 00:30:53 --> 00:30:57: house you can deliver US 3 bedroom semi D today
 00:30:57 --> 00:31:00: in suburban Dublin cost about 350 to 400,000.
 00:31:00 --> 00:31:03: And less than half that is the concrete.
 00:31:03 --> 00:31:06: The rest of it is infrastructure around certain services,
 00:31:06 --> 00:31:09: etc. And taxation. There's a big chunk of taxation and
 00:31:09 --> 00:31:13: I'd be interested in Xavier and Marcus's views on taxation.
 00:31:13 --> 00:31:14: We charge we charge 13%
 00:31:14 --> 00:31:17: on the cost of a of building a house here,
 00:31:17 --> 00:31:20: and that goes straight through into the bottom line and
 00:31:20 --> 00:31:22: enter into rental levels.
 00:31:22 --> 00:31:25: And I suspect that that doesn't apply another in other
 00:31:25 --> 00:31:26: countries,
 00:31:26 --> 00:31:29: but I'd be interested to hear what their comment is
 00:31:29 --> 00:31:30: if I may pose a question,
 00:31:30 --> 00:31:34: but the. Costs are higher here.
 00:31:34 --> 00:31:37: It then they are in other countries.
 00:31:37 --> 00:31:40: Why? An? Because? Because we are an island country and
 00:31:40 --> 00:31:43: a lot of our materials have to be brought from
 00:31:43 --> 00:31:44: abroad.
 00:31:44 --> 00:31:47: So where are you importing steel and glass and all
 00:31:47 --> 00:31:49: those materials from abroad?
 00:31:49 --> 00:31:52: And there's an add-on cost there.
 00:31:52 --> 00:31:56: And the second thing is the different differential between
 houses

00:31:56 --> 00:31:57: and apartments.

00:31:57 --> 00:32:03: We have been traditionally very efficient at building the semi detached house.

00:32:03 --> 00:32:04:

00:32:04 --> 00:32:08: Most of our builders builder developers were originally tradesmen,

00:32:08 --> 00:32:11: carpenters or block layers and so on,

00:32:11 --> 00:32:14: and they know exactly how to achieve economies of scale

00:32:14 --> 00:32:17: from building large numbers of semi detached houses.

00:32:17 --> 00:32:21: We have not had a tradition of building apartments and

00:32:21 --> 00:32:23: we do not have the economies of scale and the

00:32:24 --> 00:32:28: experience that that exists in countries like Germany in building

00:32:28 --> 00:32:31: apartments are cost of apartments are high because we don't

00:32:31 --> 00:32:33: build many of them are.

00:32:33 --> 00:32:36: Cost of housing is. Is relatively efficient,

00:32:36 --> 00:32:39: so coming back to my house or 350,000 that is

00:32:39 --> 00:32:43: 50,000 of that nearly \$50,000 made over taxation.

00:32:43 --> 00:32:46: So when you take that off your down to 300,000,

00:32:46 --> 00:32:50: I'd be interested to hear what a semi detached 3

00:32:50 --> 00:32:54: bedroom house cost to build in in Germany or in

00:32:54 --> 00:32:54: Holland.

00:32:54 --> 00:32:58: Yeah, very interesting go thank you and I think it's

00:32:58 --> 00:33:01: interesting to look at the proportion of apartment living in

00:33:01 --> 00:33:04: Ireland versus mainland Europe as well.

00:33:04 --> 00:33:07: In terms of that level of acceptance demonstrated there and

00:33:07 --> 00:33:10: we have a long way to go measured against our

00:33:10 --> 00:33:13: earlier discussion there around the houses we want to live

00:33:13 --> 00:33:16: in the cities we want to build and the need

00:33:16 --> 00:33:17: for that infrastructure.

00:33:17 --> 00:33:21: That long term vision to deliver those cities and more

00:33:21 --> 00:33:25: apartments coinciding with that culture around apartment building.

00:33:25 --> 00:33:28: I'm I guess one of the questions coming in further

00:33:28 --> 00:33:29: to that point.

00:33:29 --> 00:33:32: Actually, before I do, I would like to grab one

00:33:32 --> 00:33:35: of Wills quest bills questions in there,

00:33:35 --> 00:33:38: around around taxation and on the the cost stack for

00:33:38 --> 00:33:40: any individual unit.

00:33:40 --> 00:33:43: We see that as a very significant component as you

00:33:43 --> 00:33:45: outlined there that can be 13 1/2%

00:33:45 --> 00:33:49: on residential units and for us that's taking a big

00:33:49 --> 00:33:50: part of the pie.

00:33:50 --> 00:33:53: I'd like to pose a question to to Javier and

00:33:53 --> 00:33:57: Marcus around around that and whether taxation concessions on.

00:33:57 --> 00:34:02: Intermediate housing or housing generally is something you see elsewhere.

00:34:02 --> 00:34:03: If I can pick that one up,

00:34:03 --> 00:34:06: you know we see it definitely elsewhere,

00:34:06 --> 00:34:09: and I think that's an interesting point in the premise

00:34:09 --> 00:34:10: there that you know there's,

00:34:10 --> 00:34:12: for instance, if I look at iPhones,

00:34:12 --> 00:34:14: there's no lack in iPhones.

00:34:14 --> 00:34:15: Everyone can get an iPhone,

00:34:15 --> 00:34:17: and I don't eat any kind of tax subsidy to

00:34:18 --> 00:34:20: buy my iPhone in housing markets across Europe.

00:34:20 --> 00:34:23: the Irish situation specific, and perhaps a little bit more

00:34:23 --> 00:34:25: intense and elsewhere,

00:34:25 --> 00:34:27: but we have kind of broken housing markets,

00:34:27 --> 00:34:30: right? So the market that kind of works for iPhones

00:34:30 --> 00:34:32: kind of doesn't seem to work for.

00:34:32 --> 00:34:36: For housing, so it's that's an interesting kind of starting

00:34:36 --> 00:34:36: point,

00:34:36 --> 00:34:39: and if you take that as a starting point that

00:34:39 --> 00:34:43: you know the market doesn't seem to function,

00:34:43 --> 00:34:46: the market that is currently structured so you know what

00:34:46 --> 00:34:49: kind of extra work and the government taken.

00:34:49 --> 00:34:53: That's a bit question, then in terms of no taxation

00:34:53 --> 00:34:57: or other kinds of subsidies that the government can have

00:34:57 --> 00:34:59: to kind of nudge or push prices down,

00:34:59 --> 00:35:03: and behavior of people in the right direction.

00:35:03 --> 00:35:07: Then of course that's isn't isn't effective instrument.

00:35:07 --> 00:35:10: I think the French will have quite a lot of

00:35:10 --> 00:35:13: knowledge on both the social welfare state and taxation.

00:35:13 --> 00:35:17: They kind of have this logmar intermediary definition,

00:35:17 --> 00:35:21: which is almost literally kind of intermediate housing,

00:35:21 --> 00:35:23: right? It's the same concept,

00:35:23 --> 00:35:25: and it's basically for key workers,

00:35:25 --> 00:35:29: so it it's. It's actually what we're talking about.

00:35:29 --> 00:35:33: And they have this kind of subsidies that are both.

00:35:33 --> 00:35:38: Back to waste. Once you reduce their faith in everything

00:35:38 --> 00:35:39: from 20 to 10%.

00:35:39 --> 00:35:42: Considerable Ann and also you don't pay property.

00:35:42 --> 00:35:46: Local property taxes for period of 20 years if you.

00:35:46 --> 00:35:49: If you don't it should keep the the asset in

00:35:49 --> 00:35:53: affordable housing rental brackets or there is regulation around now

00:35:54 --> 00:35:58: and it has been quite effective in producing intermediate housing

00:35:58 --> 00:36:01: in the Netherlands. You have drop off transfer tax.

00:36:01 --> 00:36:05: It's not really Viti but it's brand protects that was

00:36:05 --> 00:36:06: dropped from 6%

00:36:06 --> 00:36:09: to 2% during the crisis and it's also.

00:36:09 --> 00:36:13: Was also dropped. A few converted officers into raising right?

00:36:13 --> 00:36:16: So that's also kind of instruments to work to work

00:36:16 --> 00:36:16: with,

00:36:16 --> 00:36:20: so it is an effective instrument to notch behavior.

00:36:20 --> 00:36:23: But I also think that the fundamental problem at all

00:36:23 --> 00:36:23: of that,

00:36:23 --> 00:36:27: it's scalability. We don't have states that have a lot

00:36:27 --> 00:36:27: of cash.

00:36:27 --> 00:36:29: We on the end of a debt cycle,

00:36:29 --> 00:36:33: don't wait. You look at the Bretton Woods styles of

00:36:33 --> 00:36:36: a system that levels that we had after World War

00:36:36 --> 00:36:39: were kind of restructured and now we have very high

00:36:39 --> 00:36:43: levels. So I'm not sure you know how sustainable that

00:36:43 --> 00:36:43: is.

00:36:43 --> 00:36:45: You would want to see.

00:36:45 --> 00:36:47: Also, you know what can we do in terms of

00:36:47 --> 00:36:51: affordable social with a market based principles,

00:36:51 --> 00:36:55: rather many impact impact investors that think that housing isn't

00:36:55 --> 00:36:58: it some sensible social investment.

00:36:58 --> 00:37:01: You can make a decent stable return and that doesn't

00:37:01 --> 00:37:03: need to be that high.

00:37:03 --> 00:37:07: And it is still competitive in this environment because

00:37:07 --> 00:37:09: interests

00:37:09 --> 00:37:11: are so low if compared to,

00:37:11 --> 00:37:14: for instance, state bonds so.

00:37:14 --> 00:37:17: It's it's I'm not going into another direction,

00:37:17 --> 00:37:19: I know, but I just want to chip it in

00:37:19 --> 00:37:23: that that this point of scalability.

00:37:23 --> 00:37:26: I think with all tax and subsidy questions is one

00:37:26 --> 00:37:29: that you really need to think about.

00:37:29 --> 00:37:33: OK, thanks earlier. I think there's a few questions coming

00:37:33 --> 00:37:36: in around the content of the report and how we

00:37:36 --> 00:37:40: can sort of quick snapshots as to takeaways and the

00:37:40 --> 00:37:40: recommendations of the report and in advance of our

audience.

00:37:40 --> 00:37:43: Sort of getting into the detail of that report.

00:37:43 --> 00:37:45: I think it would be interesting.

00:37:45 --> 00:37:49: There's a question there from Karina works that I might

00:37:49 --> 00:37:51: ask Bill to have a look at,

00:37:51 --> 00:37:54: and in the interim I just want to look to

00:37:54 --> 00:37:56: ask Marcus if if.

00:37:56 --> 00:37:58: We could talk about John O'Connor's question here.

00:37:58 --> 00:38:01: The key messages from the UI promoting housing affordability report

00:38:01 --> 00:38:04: based on our discussion yesterday and and the great discussion

00:38:04 --> 00:38:05: we're having today.

00:38:05 --> 00:38:08: Marcus, are there some key points that you would highlight

00:38:08 --> 00:38:11: there from your experience in in the steering group for

00:38:11 --> 00:38:11: the report?

00:38:11 --> 00:38:14: We haven't touched on?

00:38:14 --> 00:38:17: I think we've we've touched on already on quite a

00:38:17 --> 00:38:19: lot of what we have experienced,

00:38:19 --> 00:38:22: but I think one of the key learning of when

00:38:22 --> 00:38:25: we set up the report and also about the project

00:38:25 --> 00:38:27: because I think for for you rely Europe.

00:38:27 --> 00:38:30: That report is not the end of the project.

00:38:30 --> 00:38:32: We want to keep that ongoing.

00:38:32 --> 00:38:35: I think what we learned is there is no one

00:38:35 --> 00:38:38: size fits all solution that you can apply across all

00:38:38 --> 00:38:42: cities across all countries or called across all regions.

00:38:42 --> 00:38:46: It's simply. The idea of the report was show examples

00:38:46 --> 00:38:49: that worked and then take your local situation.

00:38:49 --> 00:38:52: Take your local market players,

00:38:52 --> 00:38:57: your political governmental, whatever players you have and try to

00:38:57 --> 00:38:59: figure out how can it be adapted.

00:38:59 --> 00:39:02: Not saying this worked in Barcelona,

00:39:02 --> 00:39:04: so that's why we do it in Dublin.

00:39:04 --> 00:39:07: It's it's a coastal city as well,

00:39:07 --> 00:39:10: so it worked in Barcelona and should work in Dublin

00:39:10 --> 00:39:11: as well.

00:39:11 --> 00:39:15: No, no think about cleverly think about in a group

00:39:15 --> 00:39:16: with a group of.

00:39:16 --> 00:39:20: Intelligent people operating in that sector and think how can

00:39:20 --> 00:39:21: it be adapted?

00:39:21 --> 00:39:23: What do we need to change?

00:39:23 --> 00:39:26: What can we take on and maybe look at other
00:39:26 --> 00:39:27: examples?
00:39:27 --> 00:39:31: How can we possibly integrate something that worked in that
00:39:31 --> 00:39:33: that special context to that project?
00:39:33 --> 00:39:37: So I think the biggest takeaway is also think about
00:39:37 --> 00:39:37: it.
00:39:37 --> 00:39:41: Take take a look and then discuss what can work.
00:39:41 --> 00:39:45: The project of this affordability report is also to create
00:39:45 --> 00:39:46: a library of.
00:39:46 --> 00:39:51: Different projects across the European countries and across
the cities
00:39:51 --> 00:39:54: that should grow overtime so that everybody can take a
00:39:54 --> 00:39:55: look at,
00:39:55 --> 00:39:58: think about, and then how can it be adapted.
00:39:58 --> 00:40:01: It's not to say the report tells you how to
00:40:01 --> 00:40:02: do it.
00:40:02 --> 00:40:05: The report should give you in ideas and ways how
00:40:05 --> 00:40:07: you can tackle it,
00:40:07 --> 00:40:11: and then discuss how you can implement it.
00:40:11 --> 00:40:15: Fantastic collaboration and transparency. Two things that
seem to be
00:40:16 --> 00:40:19: coming up again and again and the calls for housing
00:40:19 --> 00:40:22: Commission or Task Force seem incredibly relevant.
00:40:22 --> 00:40:25: A question here from Pat Farrell that I'd like to
00:40:25 --> 00:40:26: pose.
00:40:26 --> 00:40:29: Or sorry I've I've skipped over the one day and
00:40:29 --> 00:40:29: Bill will.
00:40:29 --> 00:40:33: Carina Wilkes has asked. It has been reported that
unaffordable
00:40:33 --> 00:40:36: housing in England is due to four factors.
00:40:36 --> 00:40:39: The shortage of land for development,
00:40:39 --> 00:40:42: the lack of finance available for major infrastructure.
00:40:42 --> 00:40:47: Low productivity growth in construction and insufficient
market diversity or
00:40:47 --> 00:40:50: a concentrated market does the panel think these apply in
00:40:50 --> 00:40:51: Ireland?
00:40:51 --> 00:40:53: Wonder if you have any thoughts?
00:40:53 --> 00:40:55: OK, let's start on the on the I'm going to
00:40:55 --> 00:40:57: ask you to repeat those questions,
00:40:57 --> 00:40:59: but that start on the land one.
00:40:59 --> 00:41:02: I think there is England is A is a country
00:41:02 --> 00:41:04: with the population of 60,000,000 odd.
00:41:04 --> 00:41:07: We have a population of just over 4 million.

00:41:07 --> 00:41:09: We don't have a scarcity of land.

00:41:09 --> 00:41:10: We are you just fly over.

00:41:10 --> 00:41:12: When you're flying across Dublin,

00:41:12 --> 00:41:15: you just look down and you see an awful lot

00:41:15 --> 00:41:16: of green.

00:41:16 --> 00:41:20: Very close to relatively close to the city center.

00:41:20 --> 00:41:23: Now what we do have is a shortage of public

00:41:23 --> 00:41:26: transport and particularly rail public transport.

00:41:28 --> 00:41:31: Dublin is roughly the same size as in in in

00:41:31 --> 00:41:33: in land area as Paris,

00:41:33 --> 00:41:35: yet our population is is is is 18 the size

00:41:36 --> 00:41:36: of Paris.

00:41:36 --> 00:41:40: But if you look at the rail service in Paris

00:41:40 --> 00:41:44: you will find that they have multiple rail going out

00:41:44 --> 00:41:47: of going out to the land that is available.

00:41:47 --> 00:41:50: My father was a town planner and he said,

00:41:50 --> 00:41:53: you say that the development followed the pipes and you

00:41:53 --> 00:41:56: know that's the reality and if you look at the

00:41:56 --> 00:42:00: expansion of London during the end of the beginning of

00:42:00 --> 00:42:03: the last century, basically it followed the railway station,

00:42:03 --> 00:42:07: railway lines. The railway lines were built very often by

00:42:07 --> 00:42:11: by developers are the tube lines and kind of development

00:42:11 --> 00:42:12: followed them.

00:42:12 --> 00:42:15: So we we have we got caught in that development

00:42:15 --> 00:42:18: followed the road so we tend to have a relatively.

00:42:18 --> 00:42:21: Low density and the whole the whole emphasis here now

00:42:21 --> 00:42:24: is on policy is to try and get people get

00:42:24 --> 00:42:27: get density up along transport corridors.

00:42:27 --> 00:42:30: The one of the one of the difficulties about that

00:42:30 --> 00:42:34: here is that you can build a semi detached house.

00:42:34 --> 00:42:37: I said earlier for for 350,000 out in the suburbs.

00:42:37 --> 00:42:41: But when you want to build an apartment closer to

00:42:41 --> 00:42:44: the city center it's going to cost you 400 or

00:42:44 --> 00:42:47: 450,000 for a 2 bedroom apartment.

00:42:47 --> 00:42:49: But now and the problem is the market,

00:42:49 --> 00:42:53: the market is not prepared to pay the price in

00:42:53 --> 00:42:56: the extra price for for that for that apartment.

00:42:56 --> 00:43:00: So basically we have a an anomaly here with the

00:43:00 --> 00:43:02: policy of urbanization,

00:43:02 --> 00:43:05: but we have a market situation which is driving sub

00:43:05 --> 00:43:06: urbanization,

00:43:06 --> 00:43:10: so that is an anomaly that needs to get needs

00:43:10 --> 00:43:13: to get sorted out at at policy level and at
00:43:13 --> 00:43:15: implementation level problems.
00:43:15 --> 00:43:20: A second question. The low productivity growth in
construction and
00:43:20 --> 00:43:24: insufficient market diversity or a concentrated market I,
00:43:24 --> 00:43:28: I think our construction industry is remarkably robust.
00:43:28 --> 00:43:32: Its ability to move from zero to producing 20,000 houses
00:43:32 --> 00:43:35: in the space of three or four years is absolutely
00:43:35 --> 00:43:36: remarkable.
00:43:36 --> 00:43:38: So I think we have it.
00:43:38 --> 00:43:41: We have a construction industry which is very good by
00:43:41 --> 00:43:43: international levels,
00:43:43 --> 00:43:45: I mean go back to the bad days of the
00:43:45 --> 00:43:48: of the Celtic Tiger we were producing.
00:43:48 --> 00:43:50: 90,000 houses at the top.
00:43:50 --> 00:43:53: Now I know we had we had problems with standards
00:43:53 --> 00:43:53: and so on,
00:43:53 --> 00:43:57: but still we we poured 90,000 foundations a year and
00:43:57 --> 00:43:58: built the houses.
00:43:58 --> 00:44:02: You know, we didn't necessarily building with the right place,
00:44:02 --> 00:44:05: which was what was a policy problem rather than a
00:44:05 --> 00:44:06: construction problem.
00:44:06 --> 00:44:10: So I think our construction industry is actually very very
00:44:10 --> 00:44:13: good and it is got better and better.
00:44:13 --> 00:44:17: And I think the standards that have been imposed on
00:44:17 --> 00:44:18: it recently.
00:44:18 --> 00:44:21: Have actually improved it. I mean there was a time
00:44:21 --> 00:44:23: when you were buying a new house.
00:44:23 --> 00:44:25: You have to worry about about whether the proof was
00:44:25 --> 00:44:28: properly was was was going to stay there.
00:44:28 --> 00:44:32: Nowadays there are so much certification and specification
checking I
00:44:32 --> 00:44:34: think you know you could almost buy a house off
00:44:34 --> 00:44:37: off the peg and know that it's going to be
00:44:37 --> 00:44:39: as good as a car that you would get from
00:44:39 --> 00:44:40: from Jaguar,
00:44:40 --> 00:44:42: Arneson, wherever it happens to be.
00:44:42 --> 00:44:44: So I don't think we have any problem with housing
00:44:45 --> 00:44:46: standards here provided,
00:44:46 --> 00:44:50: provided our enforcement continues. What was the 3rd
question?
00:44:50 --> 00:44:53: You've covered them all. You've done well.
00:44:53 --> 00:44:56: So much Bill now I think of fantastic answer there

00:44:56 --> 00:44:59: and I I think it's an interesting comparison to the

00:44:59 --> 00:45:02: to the to the UK context in question that I'd

00:45:02 --> 00:45:05: like to pose to to to have year is when

00:45:05 --> 00:45:08: we look at a functioning affordable housing market like the

00:45:08 --> 00:45:09: UK,

00:45:09 --> 00:45:12: where there's sort of clear regulation and a lot of

00:45:12 --> 00:45:15: investment appetite to participate in that market.

00:45:15 --> 00:45:18: That's something that we are yet to see developed to

00:45:18 --> 00:45:21: the same sort of scale in an Irish context.

00:45:21 --> 00:45:24: What are the initial things of the first things?

00:45:24 --> 00:45:26: That a housing Commission, for example,

00:45:26 --> 00:45:30: needs to discuss in formulating the framework for a functional

00:45:30 --> 00:45:34: affordable housing market to come into play in Ireland.

00:45:34 --> 00:45:37: But funny that you would take the UK as an

00:45:37 --> 00:45:40: example because we would not have chosen the UK as

00:45:40 --> 00:45:41: an example,

00:45:41 --> 00:45:44: it's a market worth which actually has a longstanding debate

00:45:44 --> 00:45:47: since the 70s as well on there and how to

00:45:47 --> 00:45:50: increase production of rental and affordable homes.

00:45:50 --> 00:45:52: But that's part that I mean it's a it's a

00:45:52 --> 00:45:53: different topic,

00:45:53 --> 00:45:56: so I think with the key thing that we,

00:45:56 --> 00:46:00: the key things were already a little bit sad so.

00:46:00 --> 00:46:03: It's it's. It's a matter of courage and courage.

00:46:03 --> 00:46:06: You need to kind of define a clear strategy.

00:46:06 --> 00:46:10: So I think there is no lack such on knowledge

00:46:10 --> 00:46:10: or data.

00:46:10 --> 00:46:14: I think everyone knows more or less pretty well where

00:46:14 --> 00:46:15: the problems are.

00:46:15 --> 00:46:18: We need to find a consensus in Ireland.

00:46:18 --> 00:46:21: So you need to kind of go with the people

00:46:21 --> 00:46:24: that are on the opposite side of what you think

00:46:24 --> 00:46:26: and kind of you know,

00:46:26 --> 00:46:30: grab them lovingly in your arms and embrace them and

00:46:30 --> 00:46:30: say no,

00:46:30 --> 00:46:32: we're going into a room.

00:46:32 --> 00:46:35: And we're not getting out until we have a common

00:46:35 --> 00:46:38: strategy as to how we will agree on solving the

00:46:38 --> 00:46:38: housing crisis.

00:46:38 --> 00:46:41: That from my perspective and really boom.

00:46:41 --> 00:46:44: Bust boom bust. So only market where we failed to

00:46:44 --> 00:46:46: invest in Europe and in only Mark where we wanted

00:46:46 --> 00:46:49: to invest and we failed to to invest because the
00:46:49 --> 00:46:52: boom bust was kind of too complicated for me to
00:46:52 --> 00:46:52: follow.
00:46:52 --> 00:46:54: So I think that also the Irish.
00:46:54 --> 00:46:57: It makes the Irish housing market and probably also lose
00:46:57 --> 00:47:00: a lot of capital and energy because you suffer.
00:47:00 --> 00:47:03: Mostly I think of this short boom bust cycle.
00:47:03 --> 00:47:06: So you need kind of a strategic plan that is
00:47:07 --> 00:47:11: long term and kind of involves the key stakeholders and
00:47:11 --> 00:47:15: in that sense you know they'll be careful with examples,
00:47:15 --> 00:47:18: but you know the kind of way that the Germans
00:47:18 --> 00:47:22: or the French or the Dutch in all different degrees,
00:47:22 --> 00:47:26: but they kind of seem to be able the Austrians
00:47:26 --> 00:47:29: to take a long term view on solving the housing
00:47:29 --> 00:47:32: market with various stakeholders.
00:47:32 --> 00:47:34: And it's not. Perfect either,
00:47:34 --> 00:47:37: but I think that seems to be missing in Ireland.
00:47:37 --> 00:47:40: This long-term approach of consensus,
00:47:40 --> 00:47:43: and I think that's the key point.
00:47:43 --> 00:47:46: Thanks, thanks for being there was one question that I
00:47:46 --> 00:47:50: accidentally dismissed around standards and the cost of
delivery in
00:47:51 --> 00:47:51: Ireland,
00:47:51 --> 00:47:55: suggesting that the quality of housing standards is very high
00:47:55 --> 00:47:56: by global comparison,
00:47:56 --> 00:47:58: which I would agree with.
00:47:58 --> 00:48:00: The current standards are very are very high,
00:48:00 --> 00:48:03: but it's interesting. I think it ties into alot of
00:48:04 --> 00:48:07: the other points we've discussed today around the cost of
00:48:07 --> 00:48:09: delivery and the standards for housing,
00:48:09 --> 00:48:13: whether they should be reduced or or even improved as
00:48:13 --> 00:48:13: as some.
00:48:13 --> 00:48:17: Political suggestions are at the moment I would suggest from
00:48:17 --> 00:48:20: our analysis that the standards are very robust and to
00:48:20 --> 00:48:23: keep pace with NS AB which is flagged in the
00:48:23 --> 00:48:27: question will need to keep those standards relatively high
from
00:48:27 --> 00:48:29: a constructability point,
00:48:29 --> 00:48:32: but I think you know there are other things other
00:48:32 --> 00:48:35: opportunities we we can look at we can continue to
00:48:35 --> 00:48:38: build fantastic quality homes as Bill said with a very
00:48:38 --> 00:48:44: functional construction sector, but standards are something
that will need

00:48:44 --> 00:48:45: to be very.

00:48:45 --> 00:48:49: Very intensively looked at by a very informed Council,

00:48:49 --> 00:48:52: and I think the Housing Commission has a role to

00:48:52 --> 00:48:56: do to oversee the development of those standards without allowing

00:48:56 --> 00:48:59: any wins to influence massive shifts in those standards.

00:48:59 --> 00:49:03: If we are also to achieve their sustainability goals that

00:49:03 --> 00:49:05: ends up prescribed for the EU,

00:49:05 --> 00:49:08: I might move on to this question from Pat Farrell

00:49:08 --> 00:49:09: an important question.

00:49:09 --> 00:49:12: For for targeted for Bill and that is your thoughts

00:49:12 --> 00:49:15: on how we close the affordability or viability gap.

00:49:15 --> 00:49:18: To assist more people to own their own homes.

00:49:23 --> 00:49:26: Who is that question for Tom?

00:49:26 --> 00:49:31: For me, sorry. I mean your answer is the answer

00:49:31 --> 00:49:33: is it's you know.

00:49:33 --> 00:49:36: We were caught it were caught in a in a

00:49:36 --> 00:49:37: three legged stool.

00:49:37 --> 00:49:42: Situation is affordability, cost, cost of delivery and finance.

00:49:42 --> 00:49:45: I mean, those three have to to have to make

00:49:45 --> 00:49:47: to make housing viable.

00:49:47 --> 00:49:49: All of those have to have to be have to

00:49:49 --> 00:49:53: stand together and the the the weaknesses,

00:49:53 --> 00:49:55: the affordability side of it.

00:49:55 --> 00:50:00: So basically who? How do you subsidize the difference between

00:50:00 --> 00:50:04: what it costs about somebody can afford?

00:50:04 --> 00:50:06: And I don't know the answer to that.

00:50:06 --> 00:50:09: I mean there you have a concrete block and a

00:50:09 --> 00:50:13: yard of gaana meter of concrete cost the same regardless

00:50:14 --> 00:50:16: of who's occupying the man.

00:50:16 --> 00:50:18: Water, water, water, salary level is.

00:50:18 --> 00:50:22: So I mean, various proposals have come forward.

00:50:22 --> 00:50:25: You've got the shared equity scheme in the UK where

00:50:25 --> 00:50:27: the government owned 20%

00:50:27 --> 00:50:31: and put up and could give you alone for that

00:50:32 --> 00:50:32: amount.

00:50:32 --> 00:50:35: Yes, that could work, but you know,

00:50:35 --> 00:50:38: is it just simply going to put up the price

00:50:38 --> 00:50:42: of houses by my increasing competition for the available stock?

00:50:42 --> 00:50:46: I don't know. That's the state owned equity part of

00:50:46 --> 00:50:48: your house is an issue.

00:50:48 --> 00:50:50: I have no expertise in at all and my my

00:50:50 --> 00:50:54: expertise is in the rental side and on the investment

00:50:54 --> 00:50:55: side.

00:50:55 --> 00:50:57: So how you do a shared equity?

00:50:57 --> 00:51:00: I don't know. So then in terms of the cost

00:51:00 --> 00:51:01: rental piece,

00:51:01 --> 00:51:04: it was something we were intending to come back to

00:51:04 --> 00:51:05: Bill.

00:51:05 --> 00:51:08: But your I guess suggestions there about how we could

00:51:08 --> 00:51:12: implement an effective cost rental model I think would be

00:51:13 --> 00:51:16: a really interesting place to dig in a little deeper.

00:51:16 --> 00:51:19: OK, some of you may have seen the paper.

00:51:19 --> 00:51:22: The article I wrote in the Sunday business post last

00:51:22 --> 00:51:23: 10 days ago,

00:51:23 --> 00:51:26: basically advocating a cost based rental model,

00:51:26 --> 00:51:29: which was what was with the core of my of

00:51:29 --> 00:51:30: my PhD thesis.

00:51:30 --> 00:51:34: And it's very clear to me that the only way

00:51:34 --> 00:51:38: to do that is through through financing and cheap financing.

00:51:38 --> 00:51:41: I mean, we the example I put forward in that

00:51:41 --> 00:51:46: was that you could have it with with government guarantee

00:51:46 --> 00:51:49: to enable cheap financing that you would be able to

00:51:49 --> 00:51:53: have a rental of about ???1000 a month or ???250

00:51:53 --> 00:51:53: a week.

00:51:53 --> 00:51:57: I think that's affordable in the Irish for the average

00:51:57 --> 00:51:59: Irish tradesman,

00:51:59 --> 00:52:04: Middle Lincoln professional. Anne. I present market rent for

00:52:04 --> 00:52:09: that

00:52:09 --> 00:52:12: for that house in Dublin is probably 2000 a month

00:52:12 --> 00:52:15: or more and probably moves up to 4050%

00:52:15 --> 00:52:18: of the of income.

00:52:18 --> 00:52:22: As mark aside early, you have to be in the

00:52:22 --> 00:52:24: in the range where you're the rent paid by a

00:52:24 --> 00:52:27: tenant is is is is 30%

00:52:27 --> 00:52:31: or less of their income now at at ???1000 a

00:52:31 --> 00:52:33: month that would fit the middle link of the average

00:52:33 --> 00:52:35: middle income.

00:52:35 --> 00:52:37: Tenant.

00:52:37 --> 00:52:41: So my argument is that you can provide through an

00:52:41 --> 00:52:43: appropriate vehicle,

00:52:43 --> 00:52:48: probably through the housing associations are with impact

investor or

00:52:48 --> 00:52:50: impact Investor Company.

00:52:50 --> 00:52:55: You can provide high volumes of affordable rental at about

00:52:55 --> 00:52:56: 1000 euros per month.

00:52:59 --> 00:53:02: Provided you will get the support from from the state

00:53:02 --> 00:53:04: and that state my proposal.

00:53:04 --> 00:53:08: My specific proposal was that that was actually done through

00:53:08 --> 00:53:12: the local authorities who would give known as a step

00:53:12 --> 00:53:15: in agreement so they would effectively in the event of

00:53:15 --> 00:53:18: the promoter of the housing going bust,

00:53:18 --> 00:53:21: that the government would step in and make good.

00:53:21 --> 00:53:24: The borrower with that structure in place.

00:53:24 --> 00:53:26: Then the.

00:53:26 --> 00:53:30: Possible to get money long term money on the market

00:53:30 --> 00:53:31: at 2,

00:53:31 --> 00:53:34: two and a half 3%.

00:53:34 --> 00:53:36: Nearby finance cost based housing.

00:53:36 --> 00:53:37: Now there was an echo.

00:53:37 --> 00:53:40: There needs to be an equity element in it and

00:53:40 --> 00:53:42: that can come either from.

00:53:42 --> 00:53:45: Housing associations are from impact investors.

00:53:45 --> 00:53:49: I have experience of working with impact investors and probably

00:53:49 --> 00:53:53: the biggest impact investor in Ireland is the state through

00:53:54 --> 00:53:55: it through its.

00:53:55 --> 00:53:59: Through its investment vehicle.

00:53:59 --> 00:54:04: And they are. They are interested in supporting this type

00:54:05 --> 00:54:08: of of cost based rental housing.

00:54:08 --> 00:54:10: So am I believe that it is doable,

00:54:10 --> 00:54:14: but up to now, the Department of Finance in Ireland

00:54:14 --> 00:54:18: have been absolutely resolute against any kind of guarantee system

00:54:18 --> 00:54:20: in respect of borrowing.

00:54:20 --> 00:54:24: Now all those kind of guarantees systems do exist in

00:54:24 --> 00:54:27: virtually every other European country.

00:54:27 --> 00:54:29: the Dutch have a system which is,

00:54:29 --> 00:54:32: which is not quite a guarantee the government end up

00:54:33 --> 00:54:35: as a long term as a long term long stop,

00:54:35 --> 00:54:39: but there's there are insurance.

00:54:39 --> 00:54:42: Provisions in the middle. So the guarantee is given by

00:54:42 --> 00:54:45: an insurance fund with a long stop from the government.

00:54:45 --> 00:54:48: But the the long and the short of it is

00:54:48 --> 00:54:51: that the finance year the provider of bond financing is

00:54:51 --> 00:54:53: sure that he's going to get his interest,

00:54:53 --> 00:54:57: and he's going to get his money back.

00:54:57 --> 00:55:00: And I don't think we are going to get cost

00:55:00 --> 00:55:05: based housing unless the government changes the Department finance in

00:55:05 --> 00:55:10: particular changes their approach to giving or arranging guarantees structures

00:55:10 --> 00:55:14: for for long term debt.

00:55:14 --> 00:55:16: That's sorry, bit long winded,

00:55:16 --> 00:55:18: but that's that's it. If you want to read the

00:55:18 --> 00:55:22: whole article and read the Sunday business Post 10 days ago,

00:55:22 --> 00:55:25: critically important bill and so important for right now.

00:55:25 --> 00:55:28: So thank you so much for that outline.

00:55:28 --> 00:55:31: It's interesting as as we've been working through today I've

00:55:31 --> 00:55:35: had the the nine recommendations of the report to the

00:55:35 --> 00:55:35: side here,

00:55:35 --> 00:55:38: and it feels like we've covered a lot of ground,

00:55:38 --> 00:55:41: so that's fantastic. I guess before I hand over to

00:55:41 --> 00:55:41: Tom,

00:55:41 --> 00:55:44: done from the ULI, the Cheruvu Island 2.

00:55:44 --> 00:55:46: To provide some closing remarks,

00:55:46 --> 00:55:48: I would love to go round the panel swiftly and

00:55:48 --> 00:55:50: just capture any final comments.

00:55:50 --> 00:55:53: Sort of an elevator wrap up from each of you

00:55:53 --> 00:55:56: as to anything you think we may not have covered

00:55:56 --> 00:55:59: or you think is critically important to the Irish context

00:55:59 --> 00:56:02: for applying the recommendations of the urali.

00:56:02 --> 00:56:07: Promoting affordable housing report today and I'd like to start

00:56:07 --> 00:56:08: with Marcus.

00:56:08 --> 00:56:11: If I mention it quite a several.

00:56:14 --> 00:56:18: I all the things of social distancing and code.

00:56:18 --> 00:56:21: Look big, look for a big round table and everybody

00:56:21 --> 00:56:22: on that.

00:56:22 --> 00:56:25: We exchange ideas and and discuss what your long term

00:56:25 --> 00:56:26: goals are.

00:56:26 --> 00:56:29: Because I think the long term goals is what you

00:56:29 --> 00:56:30: easily can agree on.

00:56:30 --> 00:56:33: And if you have this then work on achieving these

00:56:33 --> 00:56:36: goals and therefore I think you need a big round

00:56:36 --> 00:56:38: table in the current situation.

00:56:40 --> 00:56:42: Really pertinent, thank you. Have yeah,

00:56:42 --> 00:56:43: well you know I was.

00:56:43 --> 00:56:46: I was listening to Bill's last comments and I were
00:56:47 --> 00:56:49: thinking it sounds a little bit.
00:56:49 --> 00:56:52: Cynical, but but it didn't sound optimistic to me and
00:56:52 --> 00:56:55: I know Bill very optimistic and solution and creative thinkers.
00:56:55 --> 00:56:58: So you know if if if you have an idea
00:56:58 --> 00:57:01: that discourse based rental discussions cannot kind of.
00:57:01 --> 00:57:04: It's very important, cannot kind of get to the level
00:57:04 --> 00:57:06: that it needs to get at then think about you
00:57:07 --> 00:57:09: know what does the other side need and what do
00:57:09 --> 00:57:11: you need to give the other side.
00:57:11 --> 00:57:13: Kind of two. And in this case it seems to
00:57:14 --> 00:57:16: be the finance Department to get them on the table.
00:57:16 --> 00:57:19: And you know the housing market has kind of two
00:57:20 --> 00:57:20: legs.
00:57:20 --> 00:57:23: And those are interconnected and one is the rental lack
00:57:23 --> 00:57:25: and has a social component in it.
00:57:25 --> 00:57:29: The other one is the owner occupied by the Finance
00:57:29 --> 00:57:29: Department.
00:57:29 --> 00:57:32: Generally is more interested in the owner occupier,
00:57:32 --> 00:57:36: part of the market, because that's where most of their
00:57:36 --> 00:57:39: kind of income and incentives are generally to be found.
00:57:39 --> 00:57:41: So if you thinking about that,
00:57:41 --> 00:57:44: this is the moment to kind of push the reset
00:57:44 --> 00:57:44: button.
00:57:44 --> 00:57:48: Think about the coherence between the two sides of the
00:57:48 --> 00:57:51: housing market and try to find a kind of a
00:57:51 --> 00:57:51: package deal.
00:57:51 --> 00:57:54: Compromise is that you know you have to be able
00:57:54 --> 00:57:55: to compromise.
00:57:55 --> 00:57:58: I think if you want to find a solution for
00:57:58 --> 00:58:00: this kind of a complex and it seems to be
00:58:00 --> 00:58:04: kind of pillar structure argumentation that you have an island
00:58:04 --> 00:58:06: where you kind of cannot seem to be able to
00:58:06 --> 00:58:09: kind of get out of the cocoon and you need
00:58:09 --> 00:58:11: to be able to get out of the computers.
00:58:11 --> 00:58:14: Think about those two legs and if you can exchange
00:58:14 --> 00:58:17: very important parts for each of the protagonist and and
00:58:17 --> 00:58:20: at least you know get together showing them that you
00:58:20 --> 00:58:25: have the intention. Find a solution with that.
00:58:25 --> 00:58:30: And bill. I think that my wish would be that
00:58:30 --> 00:58:32: the level of the base.
00:58:32 --> 00:58:36: It goes up from pub level to being an informed

00:58:37 --> 00:58:38: discussion.

00:58:38 --> 00:58:42: How to achieve that is is challenging?

00:58:42 --> 00:58:46: They the if you I have found that if you

00:58:46 --> 00:58:50: start trying to explain how the housing system works.

00:58:50 --> 00:58:54: People have two interests. One is you're finishing up quickly

00:58:54 --> 00:58:57: and the 2nd is what's the price of what my

00:58:57 --> 00:59:00: house going to be worth in 10 years time that

00:59:00 --> 00:59:03: the that it is hugely complicated and you you have

00:59:03 --> 00:59:07: to lift the bonnet of the car to actually understand

00:59:07 --> 00:59:10: how the engine works and so few people,

00:59:10 --> 00:59:13: particularly politicians are prepared to do that.

00:59:13 --> 00:59:17: Very few politicians actually understand the procurement

00:59:17 --> 00:59:21: process,

00:59:21 --> 00:59:23: the finance process, the actual construction process.

00:59:23 --> 00:59:27: And if you understand housing,

00:59:27 --> 00:59:28: you have to, you have to understand the makeup and

00:59:28 --> 00:59:32: and the working.

00:59:32 --> 00:59:35: The motivation of the constituent parts.

00:59:35 --> 00:59:39: And you know you take management,

00:59:39 --> 00:59:41: the management of social housing and rental housing is is

00:59:41 --> 00:59:45: complicated and it is sophisticated.

00:59:45 --> 00:59:48: But again, the only person is really worried about the

00:59:48 --> 00:59:52: management is it is the guy who's got a leak.

00:59:52 --> 00:59:54: He's got his dishwasher leaking either his own one or

00:59:54 --> 00:59:56: the one on the roof above him.

00:59:56 --> 00:59:58: And that's what management is to him.

00:59:58 --> 01:00:03: But you know the management,

01:00:03 --> 01:00:08: the delivery, the design, they are all interconnecting parts.

01:00:08 --> 01:00:09: Which which are not really understood and people and don't

01:00:09 --> 01:00:12: get discussed.

01:00:12 --> 01:00:16: The pub in the in the pub discussion and we

01:00:16 --> 01:00:16: have so many pub discussions on television and it's

01:00:16 --> 01:00:19: wonderful

01:00:19 --> 01:00:22: there.

01:00:22 --> 01:00:26: Media love it because basically you get three people in

01:00:26 --> 01:00:30: and a lot of different views on design that have

01:00:30 --> 01:00:32: different views on financing and off you go for an

01:00:32 --> 01:00:33: hours entertainment with with with for the actual media

01:00:33 --> 01:00:37: sponsor.

01:00:37 --> 01:00:40: So get the level of debate up and I think

01:00:40 --> 01:00:43: that our housing,

01:00:43 --> 01:00:46: age, Housing, Housing Commission backed up by a housing

01:00:46 --> 01:00:49: research

01:00:37 --> 01:00:38: unit,

01:00:38 --> 01:00:41: we don't have a housing research unit we did have.

01:00:41 --> 01:00:43: About 30 years ago in the forest,

01:00:43 --> 01:00:45: for better. But we really need an in depth housing

01:00:45 --> 01:00:49: research unit which is respected by all the players and

01:00:49 --> 01:00:52: which can which can pronounce authoritatively on issues as they

01:00:52 --> 01:00:54: come up.

01:00:54 --> 01:00:57: Interesting thanks bill. And with that I might hand over

01:00:57 --> 01:01:00: to Tom Dunn and thank you from myself to all

01:01:00 --> 01:01:01: of the panelists.

01:01:01 --> 01:01:04: Super interesting Tom and thanks very much Marcus.

01:01:04 --> 01:01:07: That was really interesting conversation discussion.

01:01:07 --> 01:01:11: I thought the quality of the debate taking Bill's point

01:01:11 --> 01:01:14: about the level of debate that point the bill made,

01:01:14 --> 01:01:17: certainly would not apply to the conversation.

01:01:17 --> 01:01:18: I think we've had here today.

01:01:18 --> 01:01:21: I think it's been really in depth and it was

01:01:21 --> 01:01:24: of course founded on that very good report that the

01:01:25 --> 01:01:25: ULI.

01:01:25 --> 01:01:27: Has produced and that is one of the strengths and

01:01:28 --> 01:01:30: one of the great benefits that the UI provides in

01:01:30 --> 01:01:31: a country like Ireland.

01:01:31 --> 01:01:34: Whereas Bill says the level of debate needs to be

01:01:34 --> 01:01:37: opted and the UI is making a serious contribution to

01:01:37 --> 01:01:37: that,

01:01:37 --> 01:01:40: I think through producing reports like this.

01:01:40 --> 01:01:42: Can I just make a couple of observations?

01:01:42 --> 01:01:45: First of all, I think Marcus made the point that

01:01:45 --> 01:01:46: often.

01:01:46 --> 01:01:49: Solutions to crisis come solutions to problems,

01:01:49 --> 01:01:52: crisis. I was struck by the point you made that

01:01:52 --> 01:01:56: you know the long term settle settled approach to housing

01:01:56 --> 01:02:00: was only upset by the financial crisis and presumably will

01:02:00 --> 01:02:01: be upset by this crisis too,

01:02:01 --> 01:02:05: and that this crisis is an opportunity to do something

01:02:05 --> 01:02:08: about on about the long term way we've been doing

01:02:08 --> 01:02:09: things,

01:02:09 --> 01:02:13: particularly in Ireland. And I think this crisis does provide

01:02:13 --> 01:02:14: an opportunity,

01:02:14 --> 01:02:16: and I think what Bill was saying.

01:02:16 --> 01:02:19: Is right that we need some sort of long?

01:02:19 --> 01:02:24: Term well constructed discussion about housing in Ireland fitting all

01:02:24 --> 01:02:27: the great the actors together and making sure that they

01:02:27 --> 01:02:31: all interact and understand the way each other comes at

01:02:31 --> 01:02:34: the problem. I I just would make one observation on

01:02:34 --> 01:02:38: that which I don't think came up in this conversation,

01:02:38 --> 01:02:41: but I think it's kind of important and that is

01:02:41 --> 01:02:44: that there's an ideological issue in housing.

01:02:44 --> 01:02:47: If I look across the solutions that are put forward

01:02:47 --> 01:02:50: in Ireland you can see deep ideological.

01:02:50 --> 01:02:53: Foundations for a lot of these which come from views

01:02:53 --> 01:02:55: about how big a state we should have.

01:02:55 --> 01:02:58: For example, you know in in one world view if

01:02:58 --> 01:03:01: the state gets involved and captures a lot of the

01:03:01 --> 01:03:02: resource is well,

01:03:02 --> 01:03:04: then it will have a lot of resource is to

01:03:04 --> 01:03:08: provide housing for a greater proportion of the population than,

01:03:08 --> 01:03:10: for instance is done in Ireland.

01:03:10 --> 01:03:14: So the ideology about housing is something that maybe you will.

01:03:14 --> 01:03:14:

01:03:14 --> 01:03:17: I should start thinking about a little bit.

01:03:17 --> 01:03:18: So with those few remarks,

01:03:18 --> 01:03:20: can I just thank yourself?

01:03:20 --> 01:03:23: Comfort doing a great job of moderating a weapon are

01:03:23 --> 01:03:26: which is that skill to be watched in the future,

01:03:26 --> 01:03:29: because probably we're going to have more of these.

01:03:29 --> 01:03:32: If this is the way the world is going to

01:03:32 --> 01:03:32: go.

01:03:32 --> 01:03:35: And I think thank Marcus and Xavierre for coming in

01:03:35 --> 01:03:37: and giving us the benefit of that.

01:03:37 --> 01:03:40: I would make the observation that I think somebody in

01:03:40 --> 01:03:43: the course of their conversation made the point that asked

01:03:44 --> 01:03:45: about the situation.

01:03:45 --> 01:03:47: In the UK. One of the problems in Ireland we

01:03:47 --> 01:03:50: have been bedevilled with trying to solve problems.

01:03:50 --> 01:03:53: Has been that is the first port of call because

01:03:53 --> 01:03:54: we speak English,

01:03:54 --> 01:03:57: they speak English. If we've got a problem often the

01:03:57 --> 01:03:59: first thing we do is find out what has been

01:03:59 --> 01:04:02: done in the UK and that overly influences us.

01:04:02 --> 01:04:04: I think one of the benefits for island of the

01:04:04 --> 01:04:07: UK leaving the European Union is we might stop ourselves
 01:04:07 --> 01:04:10: doing that because I think a lot of the problems
 01:04:10 --> 01:04:12: that we have are not going to be solved by
 01:04:12 --> 01:04:14: looking to what has been done in the UK and
 01:04:14 --> 01:04:17: I think that's been the case for for about half
 01:04:17 --> 01:04:19: a century for more than half century for hundred.
 01:04:19 --> 01:04:21: Since you so can I thank Marcus.
 01:04:21 --> 01:04:24: Xavier for coming in and giving us the benefit of
 01:04:24 --> 01:04:25: their worldview.
 01:04:25 --> 01:04:27: I think this is probably important.
 01:04:27 --> 01:04:31: Can I thank Andy for organizing this and putting together?
 01:04:31 --> 01:04:33: And of course, the UI staff are doing all this.
 01:04:33 --> 01:04:36: These things don't come together that easily.
 01:04:36 --> 01:04:38: They take a bit of technology and take a bit
 01:04:38 --> 01:04:40: of effort to put together.
 01:04:40 --> 01:04:42: So can I just say thanks very much?
 01:04:42 --> 01:04:45: I actually don't know how you clap on webinars.
 01:04:45 --> 01:04:46: Tom, do you know?
 01:04:50 --> 01:04:52: Usually at the end of these sessions,
 01:04:52 --> 01:04:54: there's a big round of applause,
 01:04:54 --> 01:04:56: so I don't know if zoom has constructed at a
 01:04:56 --> 01:04:58: button that I should press,
 01:04:58 --> 01:05:01: or you should fast to simulate that round of applause,
 01:05:01 --> 01:05:03: but maybe we will do this waving her hands as
 01:05:04 --> 01:05:06: they do in the in the in the death circles
 01:05:06 --> 01:05:07: you know.
 01:05:07 --> 01:05:09: So thank you very much for coming along,
 01:05:09 --> 01:05:12: and may I also thank the audience and the people
 01:05:12 --> 01:05:14: who participated in this seminar,
 01:05:14 --> 01:05:16: because I think this is very important.
 01:05:16 --> 01:05:19: Still made the point. To have a discussion and to
 01:05:19 --> 01:05:21: raise the level of debate in Ireland so can I
 01:05:21 --> 01:05:24: ask each of you to go away with those words.
 01:05:24 --> 01:05:26: That Bill said that we've got to elevate the level
 01:05:26 --> 01:05:29: of conversation about housing in Ireland from the level of
 01:05:29 --> 01:05:30: the pub,
 01:05:30 --> 01:05:32: and we've done a good work on that today.
 01:05:32 --> 01:05:35: So thank you all very much.
 01:05:35 --> 01:05:37: Thank you, thank you there.
 01:05:40 --> 01:05:42: Now who presses what button?

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