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The Private Rented Sectors in the North and South of Ireland: A Case Study in Convergence Analysis

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Abstract. The theme of this paper centres on the convergence and divergence of housing policy between two regimes inhabiting the same geographical space on the island of Ireland, as reflected in the development of the private rented sector (PRS) in both jurisdictions. Using a historical comparative analysis of key indicators, this paper aims not just to present an accurate picture of the state of policy towards the sector in both jurisdictions today, but to place this analysis within a framework which looks at the backdrop of overall housing systems. The paper postulates that while Northern Ireland and the South of Ireland are reflective of the Anglo Saxon tradition in housing, major historical differences in their pathways have brought clearly identifiable policy outcomes indicative of their differing status in comparative welfare analysis. While both jurisdictions have diverged significantly during the course of the twentieth century in the profile of policy and housing tenure mix, showing examples of path dependency at work, there is clear evidence of more recent convergence. More recent changes in housing policy in both jurisdictions away from direct social housing provision and the changing role of the private rented sector are also examined and a convergence theory is proposed.

Keywords: private rented sector, social housing, convergence, regulation, Northern Ireland, Southern Ireland

JEL Codes: R21, R28, R31, R38

1. Introduction

This paper presents a comparative historical analysis of the development of the private rented sectors (PRS) in the North and South of Ireland from the beginning of the twentieth century to the present time. The historical pathway and key features of both sectors are compared. The evolution of government policies in both jurisdictions is also examined and conclusions drawn on the role played by the private rented sectors in overall housing policy terms. The intention is not, as Kemeny puts it when critiquing

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comparative analysis (Kemeny, 1992), to present a 'simplistic inventory of differences' but to look at the variations as reflective of differences in the overall housing systems in both cases.

Ireland is a unique island within a European Union context (the island of Cyprus is only partly within the EU) in that it contains two distinct political jurisdictions which have shared identities and historical and administrative roots. Both countries were part of the United Kingdom until the Republic of Ireland/Free State gained its political independence in 1922. Northern Ireland at the time of separation, though smaller in size and population, was a more economically developed country with an advanced industrial base while the Republic was a distinctly agricultural country with a weak industrial sector. Since that time, the Republic has developed its economy to a point where it has exceeded the average GDP per head of the EU, while the North's economy has failed to grow at the same rate, in large part due to three decades of violent political conflict.

The comparison is guided by two key concepts which arguably work counter to each other in shaping the development of social systems, namely Globalisation and Path Dependency. While Globalisation is seen as a common force exerting similar pressures on all national systems, Path Dependency on the contrary emphasises the influence played by each country's unique history.

"Globalisation is often viewed as a prior element that provides a lead and a context to change in all countries and in all areas of their economies and societies. . . it can also be seen as engendering convergence; hence the common view that, across countries, health systems, eating habits, clothes, employment patterns, birth rates and so on are becoming more alike. Housing is no exception" (Doling et al, 2003:1)

Globalisation generates uncertainty or risk in an age where capital is footloose, creating unpredictability and uncertainty for states, institutions, markets or households with respect to, for example, permanence of employment. It is this facet of globalisation that creates the potential for various parties to seek to mediate the risks and hence to mitigate the impact a series of processes and opportunities denoted by the term "risk society" (Giddens, 1991). A number of writers have identified and discussed the growth of a "risk society" (Giddens, 1992 and Beck, 1992) and link this in particular with the retreat of collective provision by the state, and the individualisation of responsibilities, for needs such as housing.

While this intensified impact of capital and labour mobility, and therefore global economic competition, is a common force for change, individual countries have different starting points. Esping-Andersen (1990) developed a typology based on the nature of class conflict in western industrialised countries and the extent to which access to welfare goods is separate from labour market position. The US epitomises the minimalist position where welfare is a last resort, generally means tested, whereas the opposite end of the spectrum is epitomised by Sweden where there is a broad consensus across social classes, with universalist principles aimed at achieving high levels of de-comodification and equality; the state is the first, not the last, resort.

History, culture and political ideologies are key influences to how states respond in mediating the effects of globalisation. Doling and Ford (2003) argue that that states and individuals retain the capacity to



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make constrained but nevertheless significant choices and are not powerless in the face of globalisation but can moderate its effects. Traditions of welfare provision are important determinants in the manner in which countries will respond. Those with the strongest neo-liberal ideology appear to accept the dominance of market forces and support its dominance through policy measures.

Path dependency theory has been utilised to provide an understanding of differences in the way in which forces such as globalisation are mediated by individual governments. "The past constrains the present, not by determining outcomes, but by setting limits to what is possible, or perhaps a better way of putting it, by making it easier for the streams of policy to flow one way rather than another" (Kleinman, 1996:19) The point is that policymakers are rarely starting with a blank sheet of paper and there may be social, political and economic costs of deviating from what exists (see Pierson 2000).

Within housing policy, this perspective can be illuminated by the typologies of national systems of housing provision as set out by authors such as Esping Andersen (1990), Liebfried (1993), Castels and Mitchell (1993) and Cousins (1997).

Within overall welfare theory as espoused by Esping-Andersen (Esping-Andersen 1990) Northern Ireland, by definition a region of the UK, comes within the overall analysis of the UK as being a liberal regime within the Anglo-Saxon tradition, based on a residual rather than universal model of welfare provision. Esping-Andersen, in so far as he gives any attention to the Republic of Ireland at all, places it with the Anglo-Saxon countries, although within the conservative family where catholic political parties are strong. Northern Ireland does not receive a separate analysis within the classical literature - largely due to its position as a region within the UK - and this hides some of the complexities of the unique experience of Northern Ireland. Northern Ireland's political system is not primarily based on class issues but rather on religious and ethnic identities as reflected in either a Unionist/Protestant or Nationalist/Catholic perspective. It can also be argued that Northern Ireland, because it remains part of the UK, benefits from a welfare system more reflective of the overall UK mix than one more typical of its stage of development. These considerations must be taken into account when examining the housing policies of both jurisdictions.

O'Sullivan and De Decker, drawing on the typologies of Esping-Andersen and Liebfried, situate Ireland and the UK within Liberal Regimes that have sought to stimulate the growth of the private rented sector in order to address a shortage of social housing and the alternatives for those who cannot afford home ownership. They also note that most common approach adopted by EU states to stimulate the growth of the private rented sector has been deregulation and the use of rent control measures, characterised in the last decade by 'third generation controls' that control rent within a tenancy rather than between tenancies. While the overall shift has been towards deregulation, they also point out that countries including Ireland and Belgium have introduced new regulations to deal with distinct issues including accommodation standards and to provide dispute resolution mechanisms for landlords and tenants.

While both the Republic of Ireland and the UK are mostly placed within the same model of welfare provision more broadly, some authors such as Liebfried (1993) and Cousins (1997) also emphasise the distinctive Catholic and nationalist traditions of Ireland, more dominant in the Republic than in the North. As can be seen below, such differences have had an identifiable impact in shaping the different paths of the housing systems in Northern Ireland and the Republic of Ireland.



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2. Development of the Private Rented Sector in the North and South of Ireland

It is proposed here that if one examines the development of the PRS within the context of overall housing policy in both parts of Ireland, a path can be identified which demonstrates long term convergence towards similar outcomes for the sector. Both countries experienced convergence of policy in housing until 1922 while both were part of the United Kingdom. Following the South of Ireland's independence from the UK however both jurisdictions followed clearly different and divergent paths. The South developed one of the highest rates of home ownership in the world aided by a robust privatisation policy. The North experienced much slower growth in home ownership and a much stronger role for the social rented sector, more in line with the size and commitment to that sector within overall UK policy. The following sections examine in detail the evolution of the private rented sectors North and South. Both can be clearly described in terms of two phases: a) a period of continuous decline in size and overall share of the housing market and neglect in government policy — at a faster rate in the North than in the South — and b) a more recent period of increased growth in supply and closer attention in government policy.

2.1. History of Decline of the PRS in the South of Ireland

The PRS in the South of Ireland, in common with the other parts of the UK and indeed the rest of Europe, was the majority tenure at the turn of the twentieth century. On the eve of the First World War it is estimated that 88 per cent of the total housing stock in the UK including Ireland (North and South) was private rented. The sector had come to epitomise poverty, with the majority of tenants living in overcrowded and appalling sanitary conditions (see generally, Daly 1981, Daly 1985, Aalen 1985, and Aalen 1987).

Rent control, in common with the rest of the UK, was introduced in Ireland during the 1914-1918 periods to control rapid rental inflation during the war years and was successively renewed in the years to come. Government intervention however was slow to bring about substantial change and the plight of those in rented housing and the treatment of the working classes contrasted starkly with its treatment of the rural labourers, for whom local authority housing was built decades earlier than for low-income urban families. Social housing in urban areas was first developed on a larger scale from the 1930s.

The 1960s brought economic prosperity to the South for the first time and the Government saw an increasing potential for homeownership to make a bigger contribution to the country's housing needs, as articulated in a White Paper published in 1971 (DOE, 1967). The strong sales of agricultural social housing units to sitting tenants in the 1940s, 1950s and 1960s ensured that homeownership rates by 1971 were already high. Sales to urban tenants of social housing in the 1970s and 1980s driven by significant incentives were to ensure the further shrinkage of that sector. The residualisation of social housing in the South of Ireland was well underway long before 'Right to buy policy' became an issue in the UK. In essence therefore homeownership was established as the 'normal' tenure in the South of Ireland with social housing occupying an increasingly residual role by the late 1980s. The role of social housing in the South has historically been one of growth in response to crisis such as the slum clearance programmes of the 1930s and 1960s. An increase in social housing building in the late 1990s, which halted the decline in the tenure's share of total housing stock, resulted from the crisis of affordability which limited access to



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homeownership for groups traditionally able to access this tenure. The South of Ireland therefore fits into the framework postulated by Harloe (1995) which says that extensive state involvement in housing provision is largely driven by crisis.

The PRS, termed the 'forgotten sector' (O'Brien and Dillon, 1982) on the other hand suffered a dramatic and consistent decline in the South which can be attributed to public attitude coupled with political neglect. The sector since independence in 1922 became increasingly residualised as a home for those who could not access public housing, the latter being allocated on a needs basis and favouring families at the expense of the single and the elderly. Legislatively, little or no change was effected to address the difficulties which existed in the sector around security of tenure and quality of accommodation, particularly in what were mainly run-down units in what are termed 'houses in multiple occupancy' (HMOs). Rent levels and retaliatory eviction were also significant problems (O'Brien and Dillon, 1982). Ultimately the sector had little public sympathy particularly due to its association with a past of slum landlordism and British rule. Furthermore it housed either those passing through as students or saving to buy, but particularly those who were the marginalised in Irish society, and was not viewed as a priority in policy terms.

As the end of the twentieth century approached, the PRS had declined to 7 per cent of the housing market. This mirrored a similar decline in the PRS in the UK. The decline of the sector in addition to the factors listed above is also linked to push factors - Government policy in supporting home-ownership, rising real incomes and consequent savings, the development of the building societies and other means of accessing money - all of which influenced a trend towards owner occupation. On the negative side, the impact of rent control has been given as the principal reason for the reduction in supply and stimulating the decline of the sector, although this ceased to be a factor after a High Court case in 1982 resulted in rent control being declared unconstitutional.

2.2. Development of PRS in the South of Ireland Since 1997- a reversal of fortunes

The development of the PRS post-1997 must be set against a backdrop of the South of Ireland's dramatic reversal of economic fortune in this period. With growth rates well exceeding the European Union average the countries economic performance earned it the title 'Celtic Tiger' after the so called Asian Tiger economies. The rise in real incomes coupled with falling European Central Bank interest rates led to a sharp rise in demand for housing. This was exacerbated by the carryover of suppressed demand from previous decades, overall population growth, inward migration and the rise in single person households (NESC, 2004). Ireland as result experienced unprecedented growth in housing supply. Construction grew dramatically with 633,000 private houses built between 1997 and 2007 for a population of just over four million people.

However in spite of the growth in construction, house prices rose dramatically. Between 1994 and 2004, the average price for a new house nationally increased by 243 per cent, while the average price for a second hand house increased by 322 per cent (Drudy and Punch, 2005). Excess demand for housing both from owner occupiers and investors coupled with rising prices led to affordability problems for many groups who traditionally would have accessed home ownership with ease. The increase in demand for private rented accommodation from this group placed pressure on the sector and resulted in a 'crowding out effect' (Downey, 1998), putting upward pressure on rents across the board.



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The widespread sale of social housing to tenants, particularly in the 1980s and 1990s at levels far exceeding that under the UK Right to Buy policy (Hayden, forthcoming), coupled with the abandonment of any significant social housing build in this period to ensure the decline of the social housing sector to 7 per cent of the housing stock by 2006 and its marginalisation as a tenure (Murray and Norris, 2004). In the face of a significant increase in demand for housing, the Irish state was left with little choice but to seek options in the PRS for housing marginal groups. The discourse of Government policy which had focussed on homeownership began initially to speak of the PRS in the context of its part in ensuring the success of the economy by contribution to mobility, rather than on its role in meeting housing need (Programme for Prosperity and Fairness, 2000)

From 1997 onwards the sector expanded both in absolute and in comparative size so that by 2006 it constituted 13 per cent of all households. Moreover the numbers in receipt of state benefit for housing purposes increased proportionately, so much so that by 2005 those in receipt of rent supplement, an income support payment for low-income tenants, rose to 40 per cent of the PRS market.

The increase in size of the sector, its developing role in housing low income groups, in the face of a lack of alternative accommodation and pressures around the adequacy of security of tenure, led to the establishment of a Commission to examine the future of the sector in 1999. In its report, published in 2000, the Commission recommended widespread reform of the sector. This process led to significant legislative change in the form of the Residential Tenancies Act 2004 which significantly improved security of tenure, introduced rent certainty, provided a clear statement of the obligations of landlords and tenants, and a cheap and quick dispute resolution service outside of the courts system.

In more recent times this has been followed by Regulations to improve minimum standards of accommodation (DEHLG, 2008; DEHLG, 2009), the introduction of innovative tenures which have incorporated elements of the security more often attached to social housing including the Rental Accommodation Scheme introduced in 2004 and Section 19 of the Housing (Miscellaneous Provisions) Act 2009 which permits housing authorities to provide social housing supports in a wide variety of ways including entering into rental accommodation availability agreements. Similarly in Northern Ireland the Northern Ireland Housing Executive has piloted leasing schemes with private landlords.

In conclusion, in the period after 1997 the PRS in the South emerged from the shadows of neglect in housing policy terms. A new role for the sector emerged which coincided with the abandonment of an ideology which sought to provide adequate social housing solely through state-built housing (Blackwell, 1988). In policy terms movement has been to extend the provision of social housing and housing support via the market generally and the PRS in particular. The outcome of this policy change is the most significant development to occur in the PRS since that time and coincided with a reversal of its fortunes in the late twentieth century.

2.3. History of Decline of the PRS in Northern Ireland

When Northern Ireland was established as a separate political entity under the Government of Ireland Act 1920, the majority of people rented their accommodation as in the South. The devolved Northern Ireland government had considerable autonomy regarding policy and expenditure in housing (Connolly,



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1990). This resulted in divergent public policies and housing market relations between Northern Ireland and other parts of the UK (Paris, 2001) and with the South of Ireland.

Much of the PRS in Northern Ireland was covered by Rent Restriction legislation introduced during the First World War to mitigate hardship resulting from scarcity of housing. Following the war Northern Ireland, like the rest of the United Kingdom and Ireland experienced a decline in private landlordism. A complex system of rent control developed, based on amendments and additions to existing legislation, which required a detailed knowledge of the history of the dwelling and its rateable value at key dates. In 1956 the Northern Ireland government attempted to introduce new legislation to decontrol wide sections of the market but faced considerable opposition and this issue was not addressed again until the 1970s.

In the period 1919-1939, when 4 million houses were being built by private enterprise and local authorities during a housing boom in England and Wales, many fewer houses proportionately were built in Northern Ireland. Only 50,000 houses, or an average of 2,500 per annum, were built in Northern Ireland between the wars. This was largely due to reluctance on the part of local councils to engage in house-building (Birrell, Hillyard et al. 1971; O'Brien, 1953).

The extensive provision of social housing by local councils was a prominent feature of housing provision in the UK after the end of the Second World War (Balchin, 1996) but not in Northern Ireland largely due to a reluctance to engage in slum clearance (Murie, 2001). In essence this failure to address housing need was to add significantly to the part housing had to play as one of the root causes of the Northern Irish conflict which commenced in 1969.

Social housing administration and allocation was different in Northern Ireland than in any other part of the UK. Conflicts over allocations based on religious and ethnic background were a prominent feature of the civil rights campaigns of the late 1960s. In response to this conflict, housing and planning powers were removed from local councils (Murtagh 2001) and in 1971 a new body, the Northern Ireland Housing Executive was created, which took on the role of public sector landlord and began major programmes of public housing construction, slum clearance and redevelopment (McPeake, 2001).

Housing supply and conditions were transformed during the 1970s. Major slum clearance programmes removed the worst private rented housing. Over 120,000 new public sector dwellings were built between 1970 and 1978, compared with just 35,000 private sector completions during the same period (Paris, 2008). The Housing Executive gained a reputation for absolute fairness in the allocation and treatment of housing applicants regardless of religious or ethnic background (Gray & Campbell, 2001). This combination of slum clearance, new public sector construction and a low level of private house building transformed the tenure system (Murie, 2001).

A new system of rent control introduced in the 1970s was credited with the demise of the PRS. Rejecting the English model of fair rents, the Northern Ireland government amended the existing system by raising the rateable value at which a dwelling was subject to rent regulation. The Rent Order (Northern Ireland) 1978 introduced two types of tenancies: restricted and regulated. Restricted tenancies applied to certain dwellings with a specified value which had not been inspected or registered and to dwellings above that annual value which had been issued with a Restricted Rent Certificate. This change in essence created two forms of tenancies. Rent increases were not permitted for restricted tenancies (similar to controlled



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tenancies in the South of Ireland) while rent increases of a specified amount were permitted for regulated tenancies which fulfilled certain registration requirements (there was no equivalent provision in the South at the time for controlling rent increases for the rest of the PRS).

During the 1980s, housing policies in Northern Ireland followed housing initiatives driven by the Westminster government which promoted private sector housing construction. Between 1986 and 1990, the private sector completed over twice as many new dwellings (91,000) as the public housing sector (36,000), representing a reversal of the public housing boom of the 1970s (Paris, 2008). The introduction of the right-to-buy House Sales Scheme led to significant sales of Housing Executive homes to sitting tenants. Public sector housing construction declined further in the 1990s and a housing policy review in the mid-90s brought an end to Housing Executive house-building programmes and a shift towards construction by housing associations.

2.4. Development of PRS in Northern Ireland Since 1997 – a reversal of fortunes

The PRS in Northern Ireland experienced a renaissance in the late 1990s and by 2006 the sector comprised over 80,000 occupied dwellings compared with less than 30,000 in 1991. Factors contributing to the increase were the emergence of buy-to-let investors, demand from groups that would have traditionally accessed home ownership, inward migration, the importance of housing benefit and not least the decline in social housing build. The latter point is linked to policy initiatives that have sought to regulate and promote the PRS as a housing solution for low income households who would have previously accessed social housing.

Rapid house price growth in the decade to mid-2007 can be attributed to a number of factors, including increased political stability in the region, proximity to the booming South of Ireland, low interest rates and strong wage increases. This led to affordability problems for many groups who would have previously been able to access home ownership such as young professionals. First-time buyer mortgage costs rose to 37 per cent of average individual earnings in 2007 which was far higher than the peak level of 32 per cent recorded in 1989 (NIHE, 2008). Many first-time buyers had therefore no choice but to rent for longer periods until they could afford to purchase a home, or defer entering the owner occupied sector until market conditions changed.

Housing Benefit has also played a vital role in supporting the PRS and enabling its expansion. Approximately 40,000 tenants in the PRS are on Housing Benefit and the annual budget is approximately £150 million (NIHE, 2008). The growth in social housing waiting lists meant that access to social housing was blocked for many low income households who then relied on the PRS to meet their housing needs. Housing waiting lists grew by almost 60 per cent from 23,000 in 1997 to 36,000 in 2007, while social housing completions fell from an average of 1,500 in 1997-1998 to 1,300 in 2006-2007. The growing number of migrant workers in Northern Ireland also increased demand significantly, for example, migration added almost 10,000 residents to the Northern Ireland population in the year to June 2007 (NISRA, 2008).

The pace of developments in the housing and economic market prompted a review of existing policies and the development of a new strategy for the PRS. The 2004 joint DSD/NIHE Strategy for the PRS in Northern Ireland stated that the role of the sector was to promote 'choice' and 'flexibility', in a similar vein to policy statements in the South. This was followed by the Private Tenancies (Northern Ireland) Order 2006 which introduced requirements for landlords to provide rent books and a written statement of tenancy terms, as well as seeking to target unfitness and encourage landlords to improve unfit properties, in a similar way that Minimum Standards Regulations have been strengthened in the South.



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The preliminary findings emerging from the Northern Ireland House Condition Survey show that there are now approximately 125,000 dwellings in the private rented sector – around one in six of all dwellings (a higher proportion than in England, Wales or Scotland).

Rising waiting lists for social housing, affordability issues for first time buyers as a result of the ongoing caution by lenders, together with changing labour markets, has ensured that the private rented sector continues to play an increasingly important role in Northern Ireland's housing market, and indeed is increasingly meeting the needs of households, who in the 1980s and 1990s have had their housing needs met by the social housing sector.

In May 2010 the DSD issued Building Sound Foundations: A Strategy for the Private Rented Sector. The strategy focuses on proposals to tackle aspects of the private rented sector which currently make it less attractive to people in housing need, thereby offering greater choice in particular to households who traditionally would have entered the social housing sector. From the point of view of landlords, perhaps the most important change will be the requirement for all landlords to be registered. However, from the standpoint of the market as a whole there is no doubt that this represents a commitment by Government to further promote the private rented sector, thereby ensuring its viability and indeed probable expansion into the foreseeable future, similar to the policy direction in the South of Ireland.

3. Comparison of Key PRS Indicators in North and South of Ireland

This section of the paper picks out key indicators within the PRS and carries out a comparative analysis using these indicators. These include the size and overall share of the PRS within the housing market, and the regulatory framework.

The most notable aspect of Figure 1 above is the different paths taken by the social housing sectors North and South. While the proportion of social housing in the South fell by a third between 1961 and 1981 (from 18 per cent to 12 per cent), the proportion of social housing in the North increased over the same period (from 21 per cent to 38 per cent). This was largely due to the social housing construction programmes undertaken by the Housing Executive in the 1970s.

The South has one of the highest home ownership rates in Europe at 75 per cent, comparable with Portugal at 76 per cent and slightly lower than Italy, Spain and Greece with rates of more than 80 per cent. As far back as 1946, the majority (53 per cent) of all households in the South owned their own home. By contrast, home ownership rates in Northern Ireland did not pass the 50 per cent mark until the mid-1970s and the current rate lags behind that of the South at 67%.

The social housing sector in the South has been in proportionate decline since the 1960s and today constitutes just 7 per cent of the overall housing stock. The number of dwellings rented from local authorities steadily increased until 1961, then fell consistently from 1961 until 2002 (from 125,000 to 88,000 units). Between 2002 and 2006, the number increased again to 106,000 units. While this stopped the decline in overall terms, this increase represented just 6 per cent of the 320,000 units built in the South of Ireland during this four-year period.



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Northern Ireland benefited from the UK boom in social house building in the 1960s and 1970s but in more recent times, the social housing sector in the North has declined in the same way as the South. The number and proportion of tenanted Housing Executive dwellings has fallen largely as a result of the sale of properties to sitting tenants (in 2001 there were 116,000 NIHE properties compared to 93,400 in 2006).

The PRS in both North and South have followed similar paths with both experiencing a comeback in the last decade after periods of continuous decline. The PRS constituted 36 per cent of Northern housing stock in 1961, compared with 17 per cent in the South. By 1991, the PRS had dwindled to 6 per cent in the North and 8 per cent of housing in the South. From 1991 onwards, the PRS in both the North and South began to grow again and both currently comprise around 12-13 per cent of the housing market (approx. 250,000 units in the ROI and 81,000 units in NI). Nevertheless the PRS in both jurisdictions remains small compared with Portugal and France with rates of 20 per cent or more and Germany with over 50 per cent.

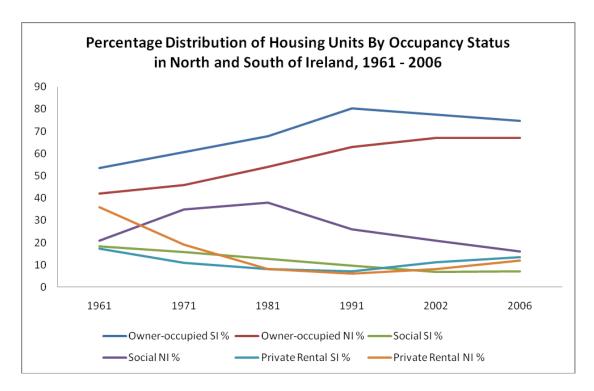


Fig. 1: Size and Overall Share of the Market, Source: CSO, Census 1961 – 2006 and CONI, Census 1961 – 2006

3.1. Support for Low Income Households

The growth in the number of Housing Benefit recipients in the North and rent supplement recipients in the South has contributed to the overall expansion of the PRS in both jurisdictions. A number of similarities and differences exist between the two systems of support and the profile of recipients:

Rent supplement, while not a housing benefit, has become the main means by which housing support is delivered in the South. The rapid growth in the number of recipients in the early part of this decade had



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brought about calls for rent supplement reform and the recognition of the long term housing needs of those in receipt for longer than 18 months. This led to the introduction of the Rental Accommodation Scheme in 2004, which involved a transfer of responsibility for long-term rent supplement recipients from the Department of Social and Family Affairs to the Department of the Environment, Heritage and Local Government. A new form of 'social housing' would be delivered in the PRS by means of long-term leases agreed between local authorities and private landlords. Most existing voluntary housing tenants were also transferred to the scheme.

The recently introduced Housing (Miscellaneous Provisions) Act 2009 has amended the definition of social housing to include 'social housing supports'. This provision was designed to include the Rental Accommodation Scheme and other initiatives to deliver social housing other than through traditional means. This again indicates a blurring of the distinctions between the social housing and private rented tenures. This trend towards market provision of 'social' housing in the South has continued with the introduction of the Social Housing Investment Programme which will source housing for those in need through the long term leasing of units from the private sector rather than through traditional buy and build.

3.2. Regulatory framework

The European Union (EU) synthesis report published in 2004 (Norris and Shields, 2004:6) noted a convergence in the approaches adopted by the older 15 EU member states to regulation of the private rented sector (Norris and Shield, 2004:p11-12). While newer countries including Slovenia, Poland and Estonia tackled the shortage of affordable housing brought about by the sale of State owned housing through deregulation of the private rented sector, older long-standing EU members including Denmark, Sweden and France have introduced incentives to encourage investment in the private rented sector. The report noted that Ireland also has followed this trend and a larger and better regulated rental sector is seen as part of the solution in addressing both a shortage of social housing and a ceiling of affordability in the private market.

The root of legislation governing the PRS in Ireland followed closely that of the UK until 1922. Rent control measures introduced during the 1914-1918 period were common to both jurisdictions. Rent control in the South was abolished as repugnant to the Constitution's protection of property rights, on foot of a High Court case brought by a landlord in 1982. With the exception of rent control and other minor changes, the PRS North and South remained largely unregulated until recently.

3.3. Regulation in the South of Ireland

The introduction of the Residential Tenancies Act 2004 was a landmark in the regulation of the PRS in the South. Prior to the introduction of the Residential Tenancies Act 2004 only minor changes were introduced to the legislative code with the intention of protecting vulnerable tenants. It is interesting to note that at the time of the introduction of Residential Tenancies Act 2004 the trend across Europe was to remove stringent protections and to move further on the path of deregulation. There have also been significant moves in recent years to improve the minimum standards of private rental housing and to improve the quality of private rental build and management.



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Table 3: Features of Regulatory Framework in South of Ireland

Main Aspects of Residential Tenancies Act 2004

- Security of tenure up to 4 years (after 6 month probationary period)
- · Rent certainty, rents can only be reviewed annually and cannot exceed market rates
- Clearly defined rights and obligations for landlords & tenants
- Dispute resolution via Private Residential Tenancies Board
- Protection against illegal eviction
- Means for landlord to repossess property, e.g. breach of covenant or if dwelling required for personal or family use
- Mandatory registration of all rented dwellings

Enhanced Minimum Standards 2009

- Phasing out traditional 'bedsit' by 2013
- Significantly improved cooking, heating and laundry provisions
- · Minimum space and storage provisions to facilitate family living
- Exteriors of dwellings to be maintained by landlord

Apartment Design Guidelines

- Increased minimum sizes for apartments
- Improved design to facilitate family living including play facilities for children

National Property Services Regulatory Authority

• Established to regulate property professionals including letting agents

3.4. Regulation in the North of Ireland

Similarly in Northern Ireland, a number of measures have been introduced or proposed to improve regulation in the private rented sector (table 4):

What is most noticeable in both jurisdictions has been the manner in which governments have responded to changing housing needs. Policy in the South has moved quickly to improve the framework by which the PRS can meet the housing needs of both low income and higher income groups. While official discourse has highlighted the sector's role in broadening housing 'choice' (DEHLG, 2008), the impact has been to advance the sector's fulfilment of the housing needs of low income groups. The introduction of innovative hybrid tenures such as RAS (discussed above) grounded in the PRS, though incorporating aspects usually associated with social housing, confirm that market provision is the policy preference. The *ad hoc* development of such hybrid schemes has led to inconsistencies in the rights and obligations attaching to different tenures which have yet to be addressed.



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Table 4 Features of Regulatory Framework in North of Ireland

Private Tenancies Order 2006

- Requirement to provide rent books and statement of tenancy terms
- New rules for controlled rents
- Restricted and regulated tenancies protected (1 rather than 2 successor tenancies)
- No more protected tenancies

'Building Sound Foundations' 2009 – Future Regulation Proposals

- 4. Better inform landlords and tenants of their rights and responsibilities
- 5. Voluntary landlord accreditation
- 6. Encourage housing associations to buy and let private rented accommodation
- 7. Extend notice to quit period after 5 and 10 years of occupancy
- 8. Require compliance with Decent Homes Standards by 2015
- 9. Tenancy deposit scheme and associated disputes resolution service

In the North the discourse has been more transparent around the sector's role in meeting housing need. While 'choice' and 'flexibility' are strategic objectives (DSD/NIHE, 2004) a recent consultation document sets out how the Government seeks to secure the sector's role in meeting 'housing need' by means of improving security of tenure, housing quality, management standards, the resolution of disputes and using Housing Benefit to influence landlord behaviour (DSD, 2009). While some of these measures are less well developed than in the South, such as those to improve security of tenure, it is clear that the policies of both jurisdictions are converging around the private rented sector's role in meeting housing need.

Both jurisdictions have acted to improve conditions in the private rented sector in recent times though the process is more developed in the South of Ireland. While policy discourse centres on the provision of choice and flexibility, the reality is that no alternative to the private rented sector exists for most low income households dependent on welfare. The emergence of 'improved private rented' in the South via schemes which provide some of the advantages of social housing confirms the future long term role of the sector in housing this group.

It may appear on the surface that the strengthening of regulation of the PRS in both North and South runs counter to international trends towards de-regulation. However, it should be noted firstly that the countries moving towards looser regulation are mostly starting from a position of much stronger regulation of the PRS than had been the case in Ireland, North or South. Secondly, the stronger regulation of the PRS in both parts of Ireland must be positioned as part of a broader strategic shift by Government from reliance on public sector to private sector provision of low-income housing. As in the case of privatisation of telecoms and utility provision, privatisation has been accompanied by a stronger regime of regulation.



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4. Conclusion

The case study of Northern Ireland and the Republic of Ireland shows two housing systems whose paths diverged after the Irish Republic/Free State gained independence from the UK in 1922. The prime reasons for divergence include notably the continued link between Northern Ireland and the UK, the different economic starting points and growth trajectories between the two jurisdictions, as well as the specific political factors arising from the traditional political opposition between unionist and nationalist communities in the North and the response of the British Government to the conflict that this gave rise to. This divergence is clear evidence of Path Dependency at work.

In recent decades, by contrast, there are indications that the North and South of Ireland are moving towards policy convergence in terms of adopting similar approaches to housing policy (Paris 2008). While there is little or no evidence of policy makers in each part of Ireland overtly examining each other's policies or experience in relation to housing, the policy discourse in terms of choice and increasing reliance on the private sector to meet housing needs indicates a common direction in movement of policy thinking in principle, consistent with the impact of Globalisation in triggering a retreat in collective provision for needs such as housing as outlined by Giddens (1992) and Beck (1992).

The path towards convergence in the South of Ireland is set against the backdrop of a clear policy preference and Government support for homeownership and the associated decline of the social rented sector. This decline in the social housing sector has led to a growth in demand for private rented housing.

In Northern Ireland the emergence of the British welfare state and the development of a significant social housing sector is the backdrop against which the earlier decline of the PRS must be viewed. More recently the decline in the importance of the social housing sector and significant growth in homeownership have increased demand for private rented housing contributing towards its revival. In both jurisdictions the emerging role of the sector in fulfilling the housing needs of those on low incomes and welfare dependant has been a key development.

The developments in the South and North of Ireland can be placed in a wider convergence framework (Harloe, 1995, Clapham, 2002). The dominant approach in international literature remains one focussed on convergence but is according to Kemeny and Lowe heavily weighted around the Anglo Saxon paradigm (Kemeny and Lowe, 1996). It is accepted that both the South and North of Ireland fall clearly within the Anglo Saxon paradigm. However both jurisdictions have experienced significantly different pathways to similar housing policy outcomes in the course of the twentieth century. It is proposed here that both jurisdictions increasingly look to the PRS as a means to privatise the provision of 'social' housing through the market.

Both jurisdictions to a greater or lesser extent have constructed policy frameworks to support a privatised structure of social provision and there is convergence in the approaches adopted. There is no evidence that this outcome has resulted from any formal cooperation between the two jurisdictions. Indeed interviews conducted for this paper indicate that no formal cooperation between the policy makers in the North and South of Ireland takes place around housing. Though wider discussions take place regularly between both governments as part of the North South political settlement. It is therefore



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suggested that such developments should be seen in the wider international context of housing and not the particular political circumstances of the North and South of Ireland.

The dominant economic paradigm since the early 1980s has been neoliberalism (Kemeny, 2010). In spite of the different political experiences in both jurisdictions, and the distinct political framework in Northern Ireland in particular, the housing systems have shown a remarkable propensity for convergence both in style and substance. This convergence reflects the increasingly globalised and commodified nature of housing internationally.

At the same time it should be noted that the commitment to greater regulation of the PRS has been stronger in the Republic than in the North. The influence on the Republic's stance on this has, to the knowledge of one of the authors, through participation in the consultation on the legislation, come primarily from the example set in New South Wales. It is interesting therefore that geographic proximity has had little or no evident impact on policy convergence in itself, but rather it has been the impact of common global competitive forces on the willingness and capacity of states to offer social provision that has driven a common move towards greater reliance on the PRS.

The Good Friday Agreement of 1998, which currently structures the inter-governmental relationships between the Republic of Ireland and Northern Ireland, does not include housing policy within the framework of collaboration between both parts of Ireland, and given the political sensitivity of the overall relationship there has been little impetus to pursue official dialogue between the two jurisdictions in housing policy.

What we can see at work here is to some extent the interplay between the impact of common forces of globalisation and the consequent tendency towards convergence with differences that can largely be attributed to path dependency based on broader historical experience of the two jurisdictions in Ireland.

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