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A Pathway to Homeownership: The Role of Tenant Purchase in Ireland.

Aideen Hayden (Institute for Public Administration, 2025, ISBN: 978-1-910393-60-4, 231 pp.)

If you speak to anyone involved in Irish housing policy for long enough, the conversation will eventually turn to our Tenant Purchase policy. This policy can help to explain why a country that has produced as much social housing as Austria now has twice as many households renting privately as socially, as well as the residualisation and stigmatisation of social housing and our formerly high homeownership rates. And of course, because we introduced it several decades earlier than the British, we can take some national pride in it (it is a terrible policy, but it was our terrible policy first). In short, it is the housing policy we love to hate.

Dr Aideen Hayden's new book broadly supports criticisms of Tenant Purchase, but it adds historical depth, robust empirical analysis and much needed nuance to our understanding of it.

Tenant Purchase allows the sale of local authority housing to tenants at a discounted value and therefore is essentially a form of privatisation. The origins of the policy, discussed in great detail in chapter 4, lie in the political response to the 'land wars', that is land redistribution (more generally, history buffs will very much enjoy chapters 4–6, looking at the early and mid-twentieth century). Land redistribution was ultimately accompanied by the sale of rural social housing to tenants, and then further extended to urban social housing. In other words, the origin of Ireland's national independence struggle in agrarian conflict led to 'the creation of a society with such a significant extent of peasant proprietorship [that it] placed property ownership… at the centre of Irish political life'. (As an aside, a comparison with another post-colonial state, Singapore, is interesting here, as that island nation also saw enormous support for homeownership as a core part of the post-independence state.)

In terms of policy rationale, Tenant Purchase supports the expansion of home ownership, especially among low-income households. By 1988, over one-quarter of all homeowners in Ireland had come to homeownership through the scheme. As such, and although this is not typically a stated aim of the policy, it represents 'a significant transfer of wealth' (p. 2) as housing is by far the largest asset held by most households. Indeed, countries with high levels of social housing and low levels of homeownership (such as Denmark), typically have much higher rates of wealth inequality. Defenders of the scheme also argue that it plays a role in 'stabilising' social-housing neighbourhoods and supporting mixed (in terms of income and tenure) communities.

As Hayden demonstrates, many of these alleged benefits have routinely been trounced by evidence from all quarters over various decades (I return to some of this evidence below). Most importantly, it has significantly reduced the social-housing stock: by the end of the twentieth century, more than two-thirds of the social-housing stock was in private hands. If this had not taken place, we would have already achieved one of the most radical recommendations of last year's Housing Commission report: that social/affordable housing should make up 20 per cent of the national housing stock.

Not surprisingly, given the above, the 'value for money' aspect of the policy has also been questioned. Selling public assets at steep discounts, and then either buying them back some years later (at a much higher price), or replacing them with much more expensive new builds, it turns out, is not an efficient way to spend money.

Chapter 8 presents detailed and fascinating empirical analysis of Tenant Purchase in the case of Dublin City Council, drawing on administrative data covering 1968 to 2008 and expert interviews with local authority staff carried out between 2007 and 2009. Overall, two-thirds of all social housing built in the Dublin City Council administrative area has been sold to sitting tenants. Had this not taken place, Dublin City Council would now own an additional 50,000 dwellings.

Hayden selects a number of areas in Dublin for her analysis, reflecting different levels of demand (specifically Drimnagh/Crumlin, Walkinstown, Finglas/Belcamp, Darndale/Cherry Orchard, Portland Street/Clanbrassil Street). In her analysis, revealing differences emerge in terms of the impact of Tenant Purchase on older areas of the city (Drimnagh, Crumlin and Walkinstown) and areas built since 1980 (Cherry Orchard, Darndale, Belcamp), respectively. In the former, 'the great majority of purchasers were over the age of 50 when they bought their house and had been tenants for a considerable period of time' (p. 143). Moreover, on average they remained in their purchased homes for fifteen years after purchase, and a large proportion of these sales arose from the death of the tenant. Conversely, in newer areas, a large majority of tenants who purchased were aged forty or under and remained for an average of five years before selling up. Moreover, the main reason for sales was moving to privately built housing, and 72 per cent who sold for this reason moved out of Dublin (mainly to surrounding counties). In some cases, those who purchased and sold their dwelling enjoyed enormous windfall gains.

There are a number of reasons for the differences between these two cohorts, but the main one is that the policy became increasingly generous over time in terms, for example, of the discount offered. The policy thus became increasingly characterised by a 'perverse incentive'. Tenant Purchase gradually evolved from a policy for supporting homeownership and stable communities into something more akin to state-sponsored speculative property 'flipping': 'We see the emergence of an increasing cohort of younger Tenant Purchasers who did not wait as long to purchase their houses as in earlier times and who availed of the capital gains they could make on resale to move more rapidly, not only to exit the social housing sector, but to exit their communities' (p. 148).

The one drawback of this book is that the data used for the empirical case study discussed above is not contemporary. This, however, is made up for by the last chapter, which discusses the ups and downs of Tenant Purchase in the more recent period. After a certain degree of chopping and changing, and in the context of greater scepticism around pro-homeownership policies after the crash, Tenant Purchase has been redesigned to address some of the issues around flipping and windfall gains, under what is known as the Incremental Purchase model. This model allows potentially even greater discounts (up to 60 per cent), but to receive any discount at all, the resident must not sell within the first five years, and the discount takes effect at a rate of 2 per cent per annum thereafter. It would thus take thirty years to enjoy the full discount, and whenever a property is sold prior to the full discount, the remainder can be 'clawed back' by the local authority.

The new scheme also offers local authorities more scope to exclude property for sale under certain conditions.

In recent years, the scale of Tenant Purchase has reduced significantly. It is now typically around 350–400 units per year as opposed to over 2,000 a year in the late 1990s. This is largely due to the changing nature of housing provision, with fewer households living in social housing, on the one hand, and a much greater role for apartment construction and Approved Housing Bodies on the other. As apartments are effectively excluded from the scheme, and Approved Housing Bodies are directly excluded, the opportunities for purchase are much scarcer.

One of the most fascinating aspects of this book is the insight it offers into just why Tenant Purchase has remained a key aspect of housing policy for so long. Its popularity among politicians seems to be based on two aspects of the scheme. First is the ideological and normative view of homeownership as a tenure that is uniquely suited to the Irish character and generates good citizens. As one former Taoiseach, in a quote that opens the book, puts it 'The best way we can ensure that each person is a good citizen is to give [him] a stake in the country and the way in which we can do that is to give him his own home. No matter what it costs, that is good business nationally and socially' (Taoiseach John. A. Costello, 1949, quoted on p. 1).

The second is the fact that it represents a windfall gain and a unique route to homeownership and is therefore very popular with those voters who stand to benefit, and hence with the politicians who court their vote. These factors help to explain the 'robust political consensus' around the scheme.

The perspective of local authority officials who implement the policy is even more interesting. Hayden notes that many officials are of the view that ownership is the only way to ensure that residents take an interest in their properties and communities. Homeownership is assumed to support everything from controlling their children to taking an interest in common areas. As one housing area manager put it, '[i]n my experience of over 31 years in housing, people will not put a nail in the door if they don't own their own house' (quoted on p. 152). (As an aside, I am not sure why anyone would want to put a nail in a door.)

Tenant Purchase has also been used (recall that this data is based on interviews conducted in the late 2000s) as a 'reward to good tenants', with those tenants deemed responsible for anti-social behaviour excluded via the discretionary power of local officials.

The windfall gains enjoyed by tenant purchasers, and the fact that many exit their communities via sale, was not considered a significant issue. One senior council manager (quoted on p. 154) said 'I know an awful lot of people say, like, you're going to sell these [houses] at a discount and then allow people to sell them for a profit, but so be it, like what's wrong with that, we all make profit out of real estate'. But of course, we do not all make a profit out of real estate, for example, the 16,000 homeless families who cannot even get a home because we have sold most of our social housing stock. Thus, while officials were aware of the scheme's drawbacks, at a fundamental level, reducing dependence on social housing was viewed as an overriding policy objective. One such official is quoted as saying 'a person coming from Mars looking at it [Tenant Purchase] might find it a bit weird'. In my view, anyone capable of exercising reason would find it weird.

Hayden wryly notes that 'it almost appeared at times that successive Governments responded to each report questioning the value for taxpayers money of the policy by granting even more generous terms to Tenant Purchasers' (p. 2). The durability of the scheme over time, indeed, is one of the books key analytical threads. My feeling upon finishing this book was that the durability of Tenant Purchase, in the face of evidence, arithmetic and even reason itself, seems to be explained by the fact that it suits politicians, it suits local authorities, and it suits tenants who purchase. The only people who do not benefit are the overwhelming majority of the population who do not fall into these categories, as well as all future generations.

Luckily, we live in a democracy, so you might think that opposition parties will have held government to account in all this. On the contrary, all parties appear to support Tenant Purchase, and many TDs on all sides are more than happy to campaign for more favourable conditions for tenants. Even Richard Boyd Barrett of People before Profit robustly supported it: 'Giving people the right to buy their own Local Authority homes is obviously very good for them, but in general it also good for Local Authority areas because it gives those to whom I refer a stake in those areas' (quoted on p. 169).

There are, however, some good reasons that explain widespread support for the continuation of Tenant Purchase, and Hayden is careful to recognise the positive outcomes, especially the role it played in ensuring extremely high homeownership rates even among those on low incomes. Her analysis is a good deal more sympathetic than my own, and this is probably a good thing as it adds nuance and also helps to explain the durability of Tenant Purchase across the generations.

More generally, Hayden's work has lessons for anyone interested in Irish housing politics, the challenges and pitfalls of supporting home ownership, as well as much broader questions of housing policy and politics.

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