

Ireland's Social Housing Sector in Comparative Perspective

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Introduction

This chapter draws on the information on social housing in EU member states and the UK, presented in the individual country chapters, to compare Ireland's social housing sector to the rest of Europe. It compares and contrasts the most important features of the social housing sector in Ireland, including its meaning, focus and size, and arrangements for social housing policy making and the funding, provision and ownership of social rented dwellings to these 28 neighbouring nation states.

This analysis opens by examining variations in the meaning and focus of the social housing sector across Europe – or in other words what type of housing is defined as social housing and who is eligible for access. Where appropriate this discussion distinguishes between the *de jure* (or legal/formal) meaning of social housing and its *de facto* (or in practice) meaning because these differ in some countries. It also highlights recent changes in this regard in Ireland and other European countries.

This is followed by an examination of the size of the social housing sector, in terms of the proportion of all households living in this tenure. This comparison reveals that the Irish social housing sector is medium-to-large sized in European terms. Levels of social housing provision are generally higher in North-Western Europe, whereas, in parts of Southern, Central and Eastern Europe the sector is marginal or—in the cases of Cyprus and Greece—non-existent. In many of these countries few, if any, additional social housing units are being developed each year.

Social housing policy making and provision arrangements are examined next. This part of the chapter considers the extent to which the former is centralised (primarily the responsibility of central government) or decentralised (the responsibility of regional and/or local government) in the different countries. In Ireland, the 2022 census revealed that 83.7% of social housing is provided, owned, and managed directly by local authorities and 16.3% by non-profit sector housing associations (called Approved Housing Bodies, AHBs).¹ These arrangements are compared with the norm elsewhere in Europe, particularly in the countries that have medium and large sized social housing sectors.

The chapter compares the capital funding arrangements that support the provision of new social housing and revenue funding arrangements that fund the maintenance of existing dwellings and other ongoing costs that are used in Ireland to those used in the rest of Europe. The former are usually funded by a combination of loans and government grants and subsidies, but the details of these combinations and specific capital funding instruments and sources used varies significantly between European countries. These variations are explored in-depth in this section. Social housing management and maintenance costs are usually funded primarily by tenants' rents, but the system used to set rents varies across Europe, as does the extent to which rents are subsidised by government using housing allowances (i.e., cash subsidies towards rents which are usually means tested).

Finally, the chapter outlines the challenges that are most commonly faced by social housing providers across Europe and then discusses the most widespread innovations and reforms that have been introduced to address these. The extent to which the Irish social housing sector shares these challenges and has implemented similar innovations is also considered.

The conclusion to the chapter highlights the key differences and similarities between the Irish social housing sector and this tenure in other European countries. This section also reflects on the implications of these differences and similarities for the fulfilment of the Irish government's social housing policy objectives.

¹ Central Statistics Office. (2022). Census of Population 2022 Profile 2 - Housing in Ireland. CSO.

The Meaning and Focus of Social Housing

The preceding chapters have revealed that in most European countries social housing refers to rented housing which operates outside the market sector, without a profit motive. It is usually allocated using non-market criteria (usually based on need, to households who cannot or struggle to secure market housing) and tenants pay rents that are not related to market prices. This understanding of the meaning of social housing broadly reflects the usage of the term in Ireland in relevant legislation, regulations, and housing policy statements.²

However, these chapters have also revealed that not every country conforms fully to this understanding of social housing and, even among those that do, there are significant variations in the focus of this sector in terms of the characteristics of the population it is designed to accommodate. These variations are summarised in Table 1 below, with the meaning and focus of the Irish social housing sector highlighted in grey.

As this Table explains, two broad approaches to managing access to 'general needs' social housing (i.e., social housing provided without additional support services) are used in European countries, which have significant implications for the focus of the sector. These are:

- a universalist access model in which there are no income limits placed on the household eligible to access social housing and there are no other needs related requirements for access (e.g., being homeless), and
- a targeted access model in which access is only open to households that have incomes below a specified level *and also* have additional needs such as being homeless or having a disability.

In addition to these requirements, all European countries have residency requirements for access to social housing (consequently, eligibility is generally limited to citizens or those with long-term residency rights) and also wealth limits are applied in the vast majority of cases (for instance, homeowners and those with substantial savings are ineligible for social housing).

Table 1: Meaning and Focus of Social Housing in Ireland and European Peer Countries

Feature	Details (if relevant)	Meaning and Focus (Ireland is highlighted in grey)	
Access rules	Income	No income limits for access	Open only to households with incomes below a specific level
	Other needs	No other needs requirements	Open only to households who meet other requirements such as homeless people, people with a disability etc.
Duration of provision	Duration of tenancies or use of dwelling as social housing	Permanent	Temporary
Tenure	N/A	Renter	Homeowner or part owner

Note: the meaning and focus of social housing in Ireland is highlighted in grey.

The completely universalist approach to allocating social housing is relatively rare in Europe. This approach is employed in Finland, Denmark, and Sweden,³ as well as parts of the UK, including Northern Ireland. In these countries all households are eligible to apply for social housing (subject to meeting residency and wealth requirements), however, there are also special mechanisms that help those in urgent need to be prioritised for access (e.g., a special allocation right for local authorities). The completely targeted model is also not common and is used mainly in countries where the social housing sector is very small, such as Croatia.

As outlined in Table 1, in common with most other European countries, Ireland operates a mix of both models. In Ireland, access to social housing is restricted to households with below-average incomes, but

² Lewis, E. (2019). Social Housing Policy in Ireland: new directions. Institute of Public Administration.

³ It should be noted that while no formal income limits are applied in Finland, some larger municipalities have introduced 'wealth' limits. In addition, there is no such thing as "social" housing in Sweden. The large Swedish municipal housing (i.e., public housing) stock is open to all adults, regardless of income. However, rents are set at the market rate, and thus the public stock is largely indistinguishable from the private rental sector.

all households in this category are eligible to apply. Additional needs are taken into account when deciding who gets prioritised for allocation of a social housing tenancy, but having additional needs is not a requirement to access social housing.⁴

While the arrangements described in Table 1 apply to general needs social housing, many European countries also reserve some of the social housing stock for specific groups, particularly those who need support services in addition to housing, e.g., people with disabilities, the elderly, or those experiencing homelessness. These arrangements also exist in Ireland. For instance, some social housing is designed specifically to support the nomadic and extended family living traditions of Irish Travellers, and supported social housing for older people, people with disabilities, people leaving shelters for domestic violence victims and young people leaving foster or residential care is funded by the Capital Assistance Scheme.⁵ In a small minority of European countries a part of the social housing stock is also reserved for specific demographic groups that may not have additional support needs. Both Denmark and Romania provide social housing specifically for young people, for instance, while in the former case some social housing is also specifically reserved for older people.

Social housing in Ireland is generally provided on a permanent basis – tenancies are of unlimited duration, and once dwellings are built or bought for use as social housing, they usually remain permanently in this tenure (unless sold to tenants). However, this is not the case in every European country. In some countries some or all social housing tenancies are time-limited or are reviewed on a regular basis and can be terminated if, for instance, a tenant's income rises above a specified level. This is the case in Estonia, for instance, where social housing is provided for a period of three years, after which a new needs assessment will be required to see if the tenant is still eligible. Since 2022, this has been the case in Malta too. Here, social housing tenancies have renewable but fixed-term leases and if, at the end of the lease period, the tenant no longer meets the criteria to access social housing, their lease is not renewed. The same arrangements apply in Scotland and Poland, for instance, but only to parts of the social housing stock. In Scotland, time-limited tenancies are provided when charities lease private rented housing to provide temporary housing for homeless people, and in Poland the subsidised social housing (*pol. socjalne*) sector provides fixed-term, low-rent units for homeless people in households in acute housing needs.

In other countries social housing providers are required to let dwellings as social housing only for a specific period – often for the duration of the government subsidy schemes and/or the loans taken out to build or buy the dwellings. Afterwards they are free to let them at market rents if they wish, but whether they actually do so in practice often varies depending on the type of landlord providing the dwellings. Germany and Finland both use this model of social housing provision, but in both cases where dwellings are provided by a non-profit landlord, they generally remain let at (below market) social housing rents in perpetuity; however, when provided by for-profit landlords, they revert to market rents. In Finland, the vast majority of social housing was originally provided by the non-profit sector; consequently, it has remained as *de facto* social housing even after the regulatory requirement to do so has lapsed. This is not the case to the same extent in Germany, where a large part of the housing stock that was originally let as social housing is no longer in this tenure—not helped by large-scale privatisations of parts of the publicly owned housing stock—and as a result the number of social rental dwellings in the former German Federal Republic/West Germany has fallen sharply, from over four million in the 1960s to fewer than 1.4 million by 2017,⁶ with further declines recorded up till the present day.

Some elements of this time-limited approach to social housing provision also exist in the Irish social housing sector. Social housing provided by non-profit sector AHBs is funded by government loans and, when these are repaid, AHBs are under no contractual obligation to continue to let the dwellings as social housing. However, they almost always do so, and therefore while no longer *de jure* social housing, this remains as *de facto* social housing.⁷

⁴ Lewis, E. (2019).

⁵ Housing Commission. (2024). Report of The Housing Commission. Dublin: DHLGP.

⁶ Kofner, S. (2017). Social Housing in Germany: An Inevitably Shrinking Sector? *Critical Housing Journal*, 4(1), 61–71.

⁷ Housing Commission. (2024).

The final element of Table 1 concerns the tenure of social housing. Although social housing in Ireland and most North-Western European countries refers to rented housing, in some countries part of the owner-occupier housing sector is heavily subsidised by government and acts as a *de facto* social housing sector. This is a particularly common arrangement in Southern, Central and Eastern European countries where the social housing sector is very small.⁸ An example is Spain, where the vast majority of housing in its *Vivienda de Protección Oficial* (VPO) (publicly protected housing) is for affordable purchase, rather than long-term rental options. In some cases, households began as social tenants, but they have a right to buy their home at a below-market price after a few years, and most do so. There are restrictions on their right to sell the dwelling subsequently, however. Generally, they cannot be re-sold before a period of 10 to 15 years, and even afterwards a maximum regulated price applies (which varies depending on the number of years for which the owner has occupied the dwelling). Thus, when building with public subsidies, the state imposes conditions aimed at keeping homes affordable for purchase.

Size of the Social Housing Sector

The 2022 census revealed that 10% of Irish households (183,072 in total) live in social rented housing. *Figure 1* compares the size of the Irish social housing sector (in terms of the percentage of households it accommodates) to other European countries. It shows that the sector in Ireland is close to, but slightly above, the EU-27 average of 9.7%, although it is slightly below the combined EU + UK average of 10.7%. However, these averages are significantly skewed by the large social rented sectors in the more populous countries of Western Europe such as the UK, Germany, and France.

The median sized social housing sector among the EU-27 Member States is just 3.5%,⁹ so from this perspective, Ireland's social housing sector is large. Indeed, it is in the top third of social housing sectors in EU member states in terms of relative size.

Further analysis of the data presented in *Figure 1* reveals that social housing accommodates a much larger proportion of households in the countries of North-Western Europe than in the rest of the continent. Among the European countries examined here, the Netherlands has by far the largest social housing sector – it accommodates 28.6% of households in this country. Compared to the rest of Europe, levels of social housing provision are also high in all of the four jurisdictions of the UK. They range from a high of 23% of households in Scotland that live in social housing, to a relative low of 15.1% in Northern Ireland.

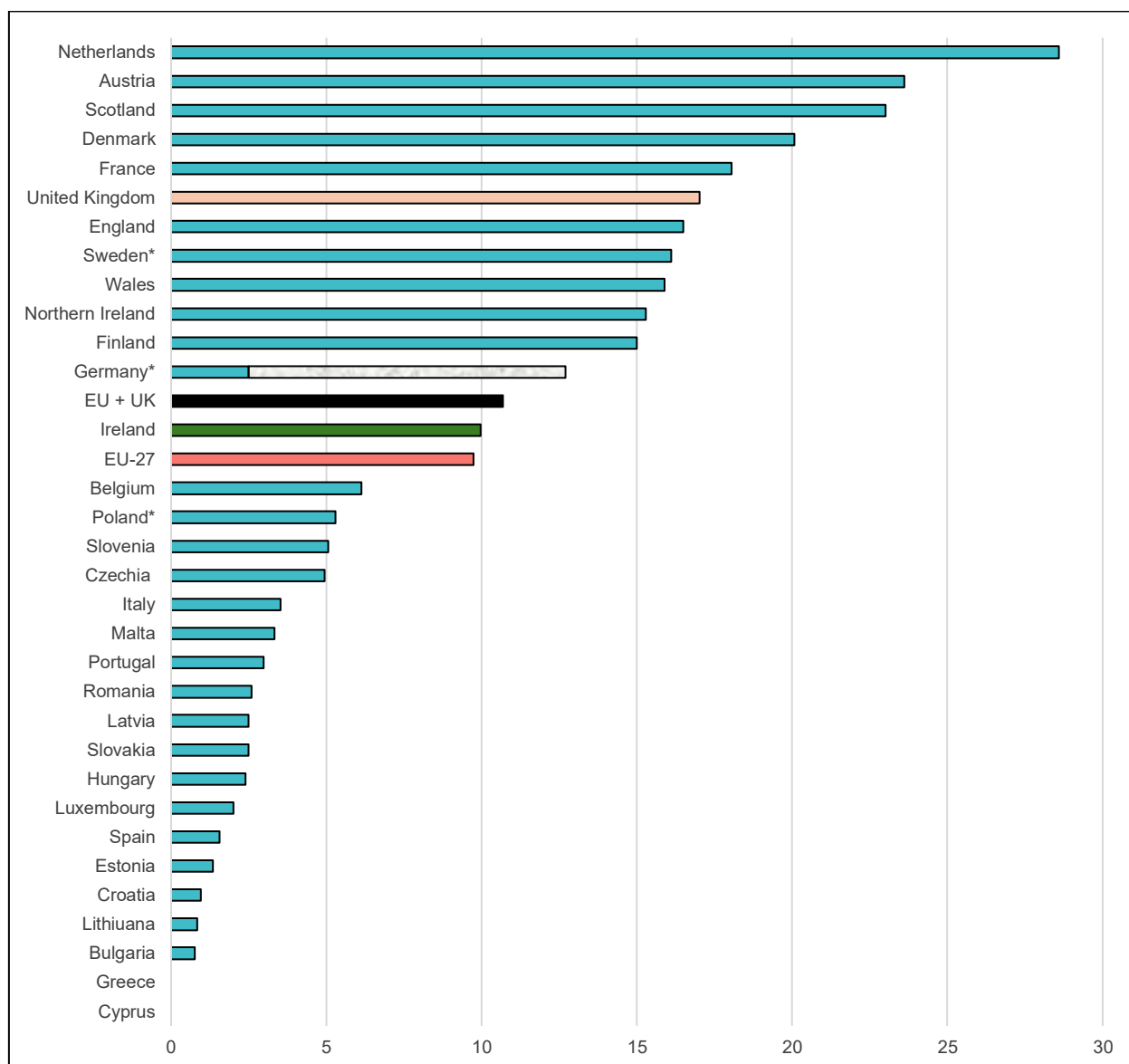
In contrast, levels of social housing provision are low across Southern Europe. No social housing is currently provided in Cyprus and Greece—though this should change in the near-term—and it accommodates only 3% of households in Portugal, 1.5% in Spain, and 3.3% in Malta. This situation does not mean that social housing was never provided in these countries; rather, it reflects their shared understanding of social housing as a stepping stone to home ownership for low-income households, rather than a long-term rented tenure.¹⁰

⁸ Allen, J., Barlow, J., Leal, J., Maloutas, T., & Padovani, L. (2004). *Housing and Welfare in Southern Europe*. Wiley-Blackwell.

⁹ This excludes Greece and Cyprus, for which zero social housing was recorded in the most recent Census data.

¹⁰ Allen, J., Barlow, J., Leal, J., Maloutas, T., & Padovani, L. (2004).

Figure 1: Percentage of households living in social housing



Source: Generated from the country profiles and Central Statistics Office (2022)

Note: Data refer to the latest available year. Figure for Sweden refers to homes offered by Municipal Housing Companies, which are not strictly social housing. Figure for Germany includes both *de jure* and the larger *de facto* (owned by municipality or rental housing cooperative, but outside lock-in period) social housing. Figure for Poland refers to municipal housing, TBS, and State Treasury. The EU average figure is based on the sum of all recorded social housing in the EU divided by the sum of all housing (all tenures). Likewise for the EU+UK average.

Levels of social housing provision are also generally lower in the former communist countries of Central and Eastern Europe, compared to the West. However, the size of this sector varies between the former group of countries – from a low of 0.8% and 1% in Bulgaria and Croatia respectively, to highs of 5% in Czechia, 5.1% in Slovenia, and 5.3% in Poland. These variations reflect the uneven legacies of the state-owned housing sector, which was the main form of housing provision in most Central and Eastern European countries under communism.¹¹ Although this form of housing was not identical to social housing (for instance it was not always allocated on the basis of need), it did share many features with social housing (e.g., non-market provision and allocation below-market rents). Following their transition to the market economy in the early 1990s, the vast majority of this state-owned housing in these countries was privatised – by selling it (at a substantial discount from market value) or transferring it free of charge to

¹¹ Hegedus, J., & Tosics, I. (1996). The Disintegration of the East European Housing Model. In D. Clapham, J. Hegedus, K. Kintrea, & I. Tosics (Eds.), *Housing Privatization in Eastern Europe* (pp. 15–40). Greenwood.

tenants. In Lithuania, for instance, 96% of the state-owned stock had been privatised by 1996, and 95% of this stock was privatised in Hungary by 2011. However, governments of some countries, including Poland, Slovenia and Czechia, retained ownership of higher levels of this state-owned housing, which partially explains the higher levels of social housing today.¹² These variations also reflect differing levels of social housing output in recent years among this group of countries. Poland is distinguished by particularly high levels of social housing output in the 1990s, while Slovenia has been quite active in more recent years. Differences in the long-term use of this new social housing stock are also important. In several cases this has been sold to tenants, for instance, and not retained as social rented housing.¹³

Social Housing Providers

Figure 2 details the different types of organisations that own or operate social housing in the European countries under examination and the proportion of the social housing stock that these organisations own/operate in each nation. It reveals that most social housing is owned by three types of organisations:

- Housing associations: which are independent from government, but non-profit-making and commonly take the legal form of charities, trusts, cooperatives, or foundations.
- Local authorities: in several European countries social housing is provided directly by local government/municipalities.
- Municipal housing organisations: which are organisations controlled and possibly funded by local government that provide, manage, and maintain social housing.

In addition, though less commonly, the following types of organisations also own social housing in some European countries:

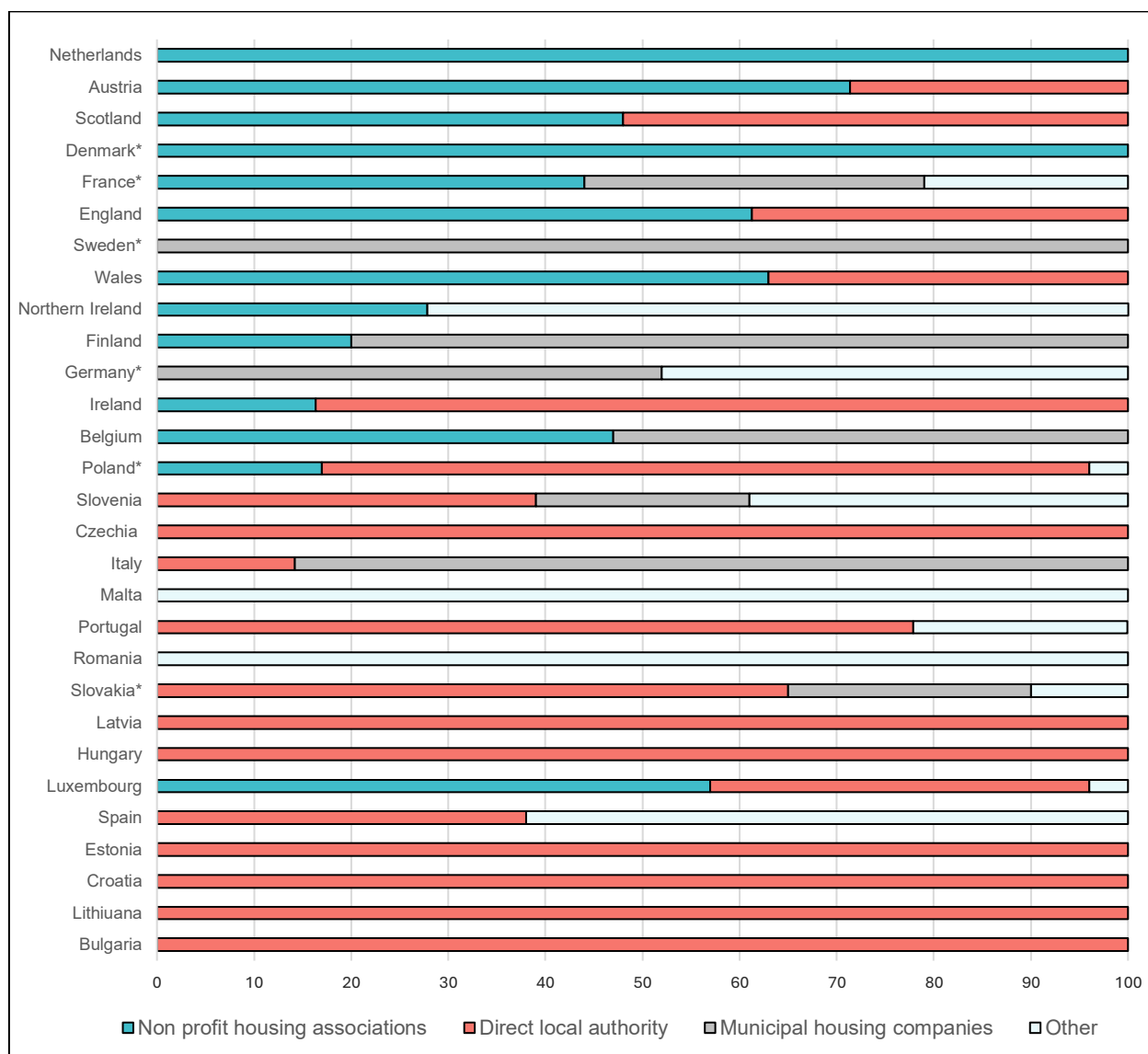
- Central or regional government: social housing is provided directly by central government agencies in some countries with small social housing stocks, such as Malta and Romania, and by regional government agencies in some federal states, such as Spain and the UK (specifically in Northern Ireland).
- Co-operatives: there is a very strong tradition of housing provision by membership-owned, co-operative organisations in Europe, particularly in Nordic countries, but this model is used most commonly for homeowner housing. However, in some countries, most notably in Germany, co-operatives also play a significant role in providing social housing.
- Private, for-profit providers: the for-profit sector plays a role in providing social housing in some countries, usually by means of leasing accommodation to government for use as social housing. However, in some countries—most notably in Germany—public funding for social housing development is available to non-profit and profit-oriented providers alike, in return for complying with restrictions on things like rent setting and allocations.

These less common arrangements for providing social housing are included in the 'other' category in Figure 2.

¹² Sendi, R. (1995). Housing Reform and Housing Conflict: The Privatization and Denationalization of Public Housing in the Republic of Slovenia in Practice. *International Journal of Urban and Regional Research*, 19(3), 435–446.

¹³ Amman, W., Hegedüs, J., Lux, M., & Springler, E. (2012). Financing Social Housing. In J. Hegedüs, M. Lux, & N. Teller (Eds.), *Social Housing in Transition Countries* (pp. 50–64). Routledge.

Figure 2: % of Social housing provided by different types of landlords in European countries.



Source: Generated from the country profiles and Central Statistics Office (2022)

Note: Data refer to the latest available year. No social housing is currently provided in Cyprus and Greece, consequently these countries are not included in this graph. Figures for Denmark include only homes provided by non-profit housing associations, including homes provided by them but allocated by local authorities. Figures for France include all social housing (i.e., HLM and others). Figures for Sweden include only Municipal Housing Companies, which are not strictly akin to “social” housing. Figure for Germany includes both de jure and de facto (owned by municipality or rental housing cooperative, but outside lock-in period) social housing, with ‘cooperative’ sector classified as ‘other’ above, alongside social housing provided by private for-profit providers. Figures for Spain are based only on the 290,000 rental homes owned by regional and municipal authorities, and associated entities. Figures for Slovakia are the best estimates of the authors, based on various reports.

Comparing arrangements for providing social housing in Ireland to those employed in other European countries reveals that Ireland’s arrangements are unusual among Western European countries with medium-to-large levels of social housing provision. In Ireland, 83.7% of social housing is provided, owned, and managed directly by local authorities, but such high levels of reliance on this sector as direct providers of social housing provision are comparatively rare in Western Europe. Indeed, Ireland is closest to Poland in terms of how social housing is being provided, with a very comparable split between the relative shares of local authorities and housing associations in the two countries.

At the same time, we can note the case of Scotland—where local authorities directly provide half of social housing and are actively developing more. Local authorities in England and Wales retain ownership of

sizeable stocks of social housing, but have not developed significant numbers of new dwellings for several decades.¹⁴

In contrast, in most of the countries where the social housing sector is largest—including the Netherlands, Denmark, Austria and England—non-profit sector housing associations are the main or exclusive providers of social housing. Where local authorities play a significant role in social housing provision in North-Western Europe, this is generally done indirectly via ‘municipal housing companies’, which are owned and controlled (fully or partially by means of the right to nominate members of the organisation’s board) but operationally separate from municipalities. This is the model of ‘public housing’ provision in Sweden, for example (the term social housing is not used in this country), and also provides a substantial minority of social housing in France. Notably, the Housing Commission established by the Irish government to review housing policy, which reported in 2024, recommended that a version of municipal housing companies – called local authority housing organisations – be introduced in Ireland to provide social housing.¹⁵

In contrast, *Figure 2* demonstrates that most social housing is provided directly by local authorities in the Southern and Central Eastern European countries, where social housing is less common, and is often dominated by an ageing legacy public housing stock, e.g., homes delivered by previous socialist governments. Also, in some of these countries, central government or national agencies are also involved directly in social housing provision.

Social Housing Policy Making

Arrangements for formulating social housing policy vary between European countries, both in respect of the ministry or ministries responsible for this field of housing policy and the extent to which responsibility for formulating social housing rests entirely or primarily with central government or is devolved to or shared with regional and/or local government.

Table 2, which compares these governance arrangements in the EU27 and the UK, reveals that Ireland is relatively unusual in having a dedicated housing ministry and a full cabinet minister for housing. This situation and the fact that Ireland has a comprehensive housing policy, which covers all types of housing including social housing, reflect the prioritisation of housing as a central government concern in recent years.¹⁶ *Table 3* also explains that housing policy making in Ireland is a centralised function and local authorities have responsibility for housing policy implementation but have very limited policy making powers.

Table 3 reveals that while the majority of European countries have national housing strategies, this is not the case in every country. In some cases, this reflects the federal systems of government in these countries and the fact that housing policy is formulated at regional/federal level. This is most notably the case in Belgium, which has no national housing strategy, but is also true to a large extent in other countries, like Austria and Germany. Several European countries with federal systems of government have shared national and regional responsibility for housing policy formulation, and consequently, policies are produced by both levels of government – Finland, France, Poland, and Spain are examples. Among the European countries under examination here, only Hungary, Italy and Luxembourg have neither national nor regional housing policies.

Apart from Ireland, England, Denmark, Luxembourg, the Netherlands, Malta, Portugal, and Spain are the only European countries that have national housing ministries. Elsewhere, housing is often the responsibility of an infrastructure and/or planning ministry or similar and in some countries it is the responsibility of several ministries. Often housing policy making is the responsibility of an infrastructure ministry, or similar, while the social policy elements of housing, including the payments of housing allowances to low-income households, are the responsibility of a social security ministry or similar.

¹⁴ Stephens, M. (2022). 30 years of housing policy in the UK: the big picture. In M. Stephens, J. Perry, P. Williams, & G. Anderson (Eds.), *UK Housing Review 2022* (pp. 11–22). Chartered Institute of Housing.

¹⁵ Housing Commission. (2024).

¹⁶ Government of Ireland. (2021). *Housing for All: A new Housing Plan for Ireland*. Stationery Office.

Table 2: Social Housing Policy Making in European Countries

Country	Centralised or decentralised?	Responsible National or Regional/Federal Ministry or Ministries	National Housing Policy?	Regional/Federal Housing Policies?
Austria	Decentralised	Federal Ministry of Labour & Economy; Federal Ministry of Justice; 9 States (Bundesländer)	No	Yes
Belgium	Decentralised	Brussels: Housing and Equal Opportunities, Flanders: Housing, Energy and Climate, Tourism and Youth, Wallonia: Housing, Local Authorities and Cities	No	Yes
Bulgaria	Centralised	Ministry of regional development and public works	Yes	No
Croatia	Decentralised	The Ministry of Physical Planning, Construction, and State Assets	Yes	No
Cyprus	Centralised	Ministry of the Interior	Yes	No
Czechia	Centralised	1. The Ministry of Regional Development; 2. Ministry of Labour and Social Affairs	Yes	No
Denmark	Decentralised	Social Affairs and Housing	Yes	Yes
Estonia	Decentralised	1. Ministry of Economic Affairs and Communications; 2. Ministry of Social Affairs	Yes	No
England	Centralised	Housing, Communities and Local Government	Yes	No
Finland	Decentralised	Environment	Yes	Yes
France	Decentralised	Regional Planning and Decentralisation	Yes	Yes
Ireland	Centralised	Housing, Local Government and Heritage	Yes	No
Germany	Decentralised	Ministry of Interior	Yes	Yes
Greece	Centralised	Social Affairs	Yes	No
Hungary	Centralised	Ministry of Interior	No	No
Italy	Decentralised	Ministry of Infrastructure and Transport	No	No
Latvia	Decentralised	Economics	Yes	No
Lithuania	Centralised	Shared by Social Security & Labor (social housing) and Environment (housing policy)	Yes	No
Luxembourg	Centralised	Housing	No	No
Malta	Centralised	Social and Affordable Accommodation	Yes	No
Netherlands	Decentralised	Housing and Spatial Planning	Yes	Yes
Northern Ireland*	Centralised	Communities	Yes	No
Poland	Centralised	Ministry of Economic Development and Technology	Yes	Yes
Portugal	Centralised	Ministry of Infrastructure and Housing - check	Yes	No
Romania	Centralised	1. Development, Public Works and Administration, 2. Labour and Social Solidarity	Yes	No
Scotland*	Centralised	Local Government and Housing	Yes	No
Slovakia	Centralised	1. Transport; 2. Labour, Social Affairs and Family	Yes	No
Slovenia	Centralised	Ministry of Solidarity-based Future	Yes	No
Spain	Decentralised	Ministry of Housing and Urban Agenda	Yes	Yes
Sweden	Decentralised	Ministry of Rural Affairs and Infrastructure	Yes	No
Wales*	Centralised	Housing and Local Government	Yes	No

Note: * in these cases policy making responsibility is decentralised from the UK government but is centralised within the respective different jurisdictions of the UK.

The degree of centralisation of housing policy making powers evident in Ireland is unusual in the wider European context. Apart from Ireland, this centralised model of housing policy making is mainly employed in countries where the social housing sector is very small and/or where the national population is small. In Romania, for instance, housing policy making is centralised in the Ministry of Development, Public Works, and Administration (MDLPA) and the Ministry of Labour and Social Solidarity. The former is responsible for policy, strategy and programme development and implementation in urban and regional planning and housing, and the latter manages social benefits and services for vulnerable groups. Notably in this country housing policy implementation is also centralised through the National Housing Agency, which operates under the authority of the MDLPA, and provides and manages a significant proportion of social housing. Also in Malta, which is the smallest EU member state in spatial terms, housing policy is entirely centralised in the housing ministry and sub-national level competences on housing are virtually non-existent.

By contrast, in most European countries where the population is larger, responsibility for housing policy making tends to be decentralised and devolved in whole or in part, most commonly to regional government. The extent of decentralisation of housing policy making is so strong in some European countries, such as Spain, Belgium and Austria, and the consequent regional differences in housing policy are so significant that it is very difficult to identify a coherent national approach to social housing policy and provision.

It is also notable that decentralisation of housing policy has strengthened in several countries in recent years. Housing policy making in Belgium was entirely devolved to its regions (Brussels-Capital, Flanders, and Wallonia) as part of the full federalisation of this country in the 1980s for instance. This also occurred as part of the devolution of UK government functions to the devolved governments of Scotland, Wales, and Northern Ireland in 1999, and has further strengthened since then as additional housing policy responsibilities have been decentralised. However, responsibility for housing allowances, which underpin the financing of social housing, and some controls over the devolved governments' tax raising and spending powers have been retained by UK central government in Westminster, and this partial and incomplete decentralisation can create significant policy tensions and challenges for implementation.

In other cases, decentralisation of responsibility for housing was associated with the reduction or withdrawal of central government subsidies for social housing provision and the transfer of responsibility for financing the sector onto regional and/or local government. Thus, decentralisation has resulted in a reduction in public subsidies for social housing provision. This was the case in Italy for instance where responsibility for housing policy was transferred from central government to the regional and local authorities in 1998. At this time the main central fund used to guarantee a constant flow of resources for public housing (*Gesca Fund*) was abolished and has not been replaced by a stable funding mechanism since. The national and regional funding for social housing that has been provided since then has been *ad hoc* and uneven over time, creating a very unpredictable environment for public housing providers.

Social Housing Finance

Revenue Funding

Revenue funding to cover the ongoing costs of providing social housing, including the management and maintenance of dwellings and, in some cases, also the servicing of debt taken out to provide new dwellings is typically funded from tenants' rents. Four main methods are used to calculate social housing rents in European countries. They are:

- **Characteristic/utility-based**: rent levels reflect the dwelling's characteristics such as size, age amenities and location.
- **Cost-based**: rent levels determined by the costs of building/acquiring and managing and maintaining the dwelling.
- **Income-based**: rent levels reflect tenants' individual or household income level.
- **Market-based**: rent levels reflect the market-rents payable for similar dwellings.

However, these arrangements are not always mutually exclusive and, in some countries, rent calculation arrangements combine elements of several methods. An example is France, where regulators require that rents must cover costs, but government provides higher grants for building social housing for very low-income households, which lowers costs and enables tenants in this category to pay lower rents. Consequently, in France social housing rents are both income- and cost-based. Different systems for calculating rents are also often used within individual countries, for instance in different regions or for different types of social housing (e.g., supported housing or housing reserved for different income groups or income levels). This is the case in Poland, where rents are generally cost-based, but some municipalities apply income-based adjustments to these to ensure they are affordable for low-income households, and in a small proportion, these are linked to market rents (albeit in practice they are significantly below market).

Bearing in mind the caveats outlined above, *Table 3* details the most common rent calculation arrangements used in the European countries under examination, i.e., those used to calculate rents by the landlords that provide most of the social housing stock. This table also explains whether government provides housing allowances to social housing tenants to ensure they can afford to pay their rents.

Table 3: Social Housing Rent Setting Arrangements and Availability of Housing Allowances to Social Housing Tenants in European Countries.

Country	Cost based	Characteristic Based	Income Based	Market Based	Housing allowances available to social housing tenants?
Austria	X				Yes
Belgium			X		Yes
Bulgaria			X		No
Croatia		X			Yes
Czechia	X				Yes
Denmark	X				Yes
England		X			Yes
Estonia	X				Yes
Finland	X				Yes
France	X		X		Yes
Germany	X				Yes
Hungary		X			Yes
Ireland			X		No
Italy			X		Yes
Latvia	X				Yes
Lithuania		X			Yes
Luxembourg			X		Yes
Malta			X		No
Netherlands		X			Yes
Poland	X				Yes
Portugal			X		No
Romania			X		No
Slovakia	X				No
Slovenia	X				Yes
Spain					No
Sweden		X			Yes
UK (England)		X			Yes
UK (Northern Ireland)		X			Yes
UK (Scotland)	X	X			Yes
UK (Wales)		X			Yes

Note: No social housing is provided in Cyprus and Greece, therefore information on these countries is not included.

Table 3 reveals that, in these respects, arrangements for funding of the revenue costs of social housing provision used in Ireland are unusual compared to other North-western European countries where levels of social housing provision are high. This is firstly because housing allowances are only available to private renting tenants in Ireland and are not provided to tenants in the social housing sector. Secondly, to ensure social housing is affordable for tenants, rents in Ireland are income based. Although Table 3 reveals that income-based rents are used by just under a third of the 27 EU member states where social housing is provided, this rent calculation method is not commonly used in the countries where social housing provision is high. No other country with above EU average levels of social housing provision employs this calculation model. With the exception of Belgium (and France where rents are linked to both incomes and costs of provision), in all other EU members where income-based rents are used, the social housing sector accommodates 3.5% of households or less.

In contrast, in all of the countries where levels of social housing provision are above the EU27 + UK average, social housing rents are cost based or characteristic based. These different rent setting systems overlap in key respects, however, because in many countries rent revenues from different dwellings in a social landlord's housing stock are combined together (in a system commonly known as 'rent pooling') and collectively must cover costs. The design of these rent pooling arrangements varies between countries: in some, rents from a single housing development/estate are combined; in others, rent pooling is applied to a social housing landlord's entire housing. This means that, while the rent payable for an individual dwelling may reflect its characteristics (e.g. its size, location and condition), the combination of rents paid from all dwellings in the relevant estate or in the landlord's entire stock must *collectively* cover all costs. Finland, which operates a very interesting model of so-called "rent equalisation", based on a cost-rental approach, is a particularly noteworthy case of this practice.

The research on the financing of social housing identifies several reasons why cost based and characteristic based rents are associated with higher levels of social housing provision than income-based rent calculation systems.¹⁷ Cost and characteristic based rents expand the capital available to fund social housing provision by providing a guaranteed revenue stream that enables the raising and servicing of social housing development loans including, in many countries, private sector debt, whereas income-based rents provide no guaranteed revenue stream and are generally too low to service debt, particularly in countries where the social housing sector is small and focused on accommodating the poorest households. Strong revenue streams from rents also reduce the social housing sector's dependence on government finance by enabling social landlords to build up their own reserves (particularly after borrowing for social housing development has been repaid) that they can use to contribute to the costs of new social housing provision, as well as the renovation of the existing stock. The latter arrangement is often termed a 'revolving fund' and is examined in more depth in the section that follows. Reduced dependence on government finance means that social housing landlords can continue to build new dwellings even during periods of fiscal constraint when government spending on the sector is reduced.¹⁸

Table 3 demonstrates that in all social housing sectors that use cost based and characteristic based rents, affordability for tenants is ensured by the provision of housing allowances. Therefore, this revenue funding model does generate costs for government. However, in many countries the housing allowances available to social housing tenants are lower than those available to private renting tenants. This reflects the non-profit nature of social housing provision and the fact that the capital costs of its provision are commonly subsidised by government.

¹⁷ Oxley, M. (2009). Financing Affordable Social Housing in Europe. UN Habitat.

¹⁸ Norris, M., & Byrne, M. (2017). Funding resilient and fragile social housing systems in Ireland and Denmark. *Housing Studies*, 6(9), 1469-1489.

Capital Funding

Table 4 summarises the sources of capital used to finance the development of new social housing in European countries. These sources are government, markets, internal finance generated by the social housing sector, and non-profit forms of finance. It also details the specific instruments used to disperse this finance, including loans, grants, tax subsidies, land transfers, etc. The funding instruments used most commonly in Ireland are highlighted in grey in this table.

Table 5 presents estimates of the main sources of capital funding for social housing development in the European countries under examination. These estimates draw on the data on the proportion of finance for new housing development secured from different sources presented in some of the preceding chapters and on the more general description of financing arrangements presented in others; therefore, they are not uniformly precise in every case. If 66% or more of capital for social housing development is gleaned from one source, this country is categorised as being funded principally from this source in *Table 5*. If less than 66% of capital comes from a single source, this country is categorised as using mixed sources of capital for social housing development.

Tables 4 and *5* demonstrate that capital finance for social housing in Ireland is overwhelmingly sourced from government. The principal financing instruments used to disperse this finance are public grants and government loans – the former is the main source of funding for local authority provided social housing and the latter is the main source of finance for social housing provided by non-profit sector approved housing bodies. In common with the vast majority of European countries (Germany and Sweden are exceptions) social housing providers in Ireland are exempt from business profits tax – which provides a very important, and often ignored, indirect subsidy to the sector. However, social housing landlords in Ireland do not benefit from some of the tax subsidies made available to this sector in other countries – such as the lower rate of Value Added Tax (sales tax) payable by social housing providers in France, for instance. Transfer of land from government to social housing providers currently plays a minor role in subsidising social housing provision in Ireland; however, the transfer of land or completed dwellings from commercial housing developers to social housing providers at cost price plays a much more significant role. This type of ‘inclusionary zoning’ has become more widespread in Western Europe since the 1990s. It was introduced into Ireland by the Planning and Development Act, 2000.¹⁹

¹⁹ Redmond, D., Hegarty, O., & Reynolds, M. (2021). Planning Gain and Obligations: Promise and Performance of Part V. Clúid Housing.

Table 4: Sources and Instruments Used to Finance the Capital Costs of Social Provision in Ireland and Other European Countries

Source	Instrument	Definition/ explanation
Government	Grants	Lump sum payments for social housing development costs which, unlike loans, are not intended to be repaid.
	Loans	Loans provided by government and funded through tax revenue and/or public borrowing. These are often provided at lower interest rates and longer terms than commercial loans, so they subsidise social housing provision.
	Interest subsidies	Government subsidies to reduce and even out the costs of interest payments on social housing development loans.
	Land transfers	Transfers/sale of public land for social house building at below market value/ free of charge.
	Loan Guarantees	Written government guarantees underwrite lending to social housing providers to reduce the risk for lenders and increase the availability and reduce the cost of loans.
	Loan Guarantee Funds	Ring-fenced funds that can be drawn to cover non-payment of social housing development loans and thereby provide a form of guarantee to lenders. These are generally funded by governments or social housing landlords.
	Tax Subsidies	Lower taxes or tax exemptions for social housing providers.
Internal finance	Revolving Funds	Some revenue from rents on existing dwellings is ring-fenced to contribute to the costs of new housing development by funding land purchase, equity contributions or loans. This usually occurs when the development loans taken out to fund these existing dwellings have been repaid.
	Loan Guarantee Funds	Ring-fenced funds that can be drawn to cover non-payment of social housing development loans and thereby provide a form of guarantee to lenders. These are generally funded by governments or social housing landlords.
	Tenants' equity	Tenants' downpayments provide a significant equity contribution towards social housing provision costs.
Markets	Bonds	Debt securities which offer fixed payments to investors in return for a loan, but without any ownership stake in the loan receiving organisation.
	Commercial Bank Loans	Loans from for-profit banks which are financed from a variety of sources including customer deposits, inter-bank lending, and bond markets.
	Land or dwelling transfers	Transfers/sale of private land for social house building or of completed dwellings at below market value/ free of charge.
	Private Equity Investment	Commercial investors retaining part or full ownership stakes (equity) in dwellings funded by their investment
	Sustainable finance	Commercial investment which takes environmental, social and governance (ESG) considerations into account when making financial investment decisions
Non-profit sector	Savings schemes	Loans funded from non-profit finance derived from household savings

Note: Instruments used to finance social housing provision in Ireland are highlighted in grey.

Table 5: Principal Sources of Capital Finance for Social Housing Development in European Countries.

Country	Mainly government	Mainly Market	Mainly non-profit/ internal	Mix of sources
Austria				X
Belgium*	X			
Bulgaria*	X			
Croatia*	X			
Czechia*	X			
Denmark	X			
Estonia*	X			
Finland		X		
France				X
Germany				X
Hungary	X			
Ireland*	X			
Italy*	X			
Latvia	X			
Lithuania*	X			
Luxembourg	X			
Malta	X			
Netherlands		X		
Poland*	X			
Portugal*	X			
Romania*	X			
Slovakia*	X			
Slovenia*	X			
Spain*	X			
Sweden		X		
UK (England)		X		
UK (Northern Ireland)				X
UK (Scotland)				X
UK (Wales)				X

*Note: No social housing is currently provided in Cyprus and Greece, therefore data on these countries are not included in this table. *: means that the 99-100% of the social housing capital finance in this country is provided by a single source.*

Table 5 also demonstrates that Ireland's reliance on government as the principal source of capital for social housing development is unusual among countries where social housing supply is close to the EU-27 average (i.e., 9.7%). While we do not have precise figures for 2025, data on new construction and acquisitions since the 2022 census would suggest that Ireland is slightly above this average. In the vast majority of European countries in this category, most capital finance is sourced from markets. In the Netherlands, for instance, all direct public capital funding was withdrawn from the social housing sector in 1995 and, since then, the sector has been funded entirely by public bank loans, bond issuances, and social landlords' own resources.²⁰ A similar funding model is also used in England and Finland and to a lesser extent in Denmark (here interest-free, serviced public loans provide 8-12% of capital finance, but 86-90% is borrowed from commercial mortgage banks). However, it is important to acknowledge that the state plays a critical role in enabling access to market finance by providing housing allowances, which support servicing of commercial debt in all these countries and additional targeted supports in some. The latter include loan interest subsidies in both Denmark and Finland, with the Finnish housing providers also benefitting from a public loan guarantee fund to support lower borrowing costs. Likewise, the state-owned and managed CGLLS guarantee fund helps social housing providers in France to benefit from lending at more attractive rates of interest.²¹

Among the countries with above EU-27 average levels of social housing provision, only Austria and France, and Scotland, Northern Ireland and Wales in the UK, depart from this primarily market sourced model of social housing development finance. In Austria, social housing landlords draw on a mix of sources for this purpose including public loans (which provide 40-50% of finance), commercial loans (40-50%), their own resources (10-15%) and also tenants' equity contribution in the form of a downpayment (5-7%). In Scotland and Northern Ireland approximately half of social housing development costs are funded from commercial loans and public grants/subsidies contribute the remainder.

France operates distinctive arrangements for financing social housing. Here loans financed by low-tax, household savings schemes operated by French banks and the post office and managed by the national public development bank (*Caisse des Dépôts*) provide around 80% of development finance in a typical year. A further 16% is provided by social landlords' own resources. Thus, non-profit sources (that are nominally private but underpinned by public subsidies) provide most social housing development finance in France. In Germany some social landlords operate their own *bausparkassen* (savings banks) and use loans from these non-profit institutions to finance social housing development.

It is notable that in the vast majority of countries with above EU-27 average levels of social housing provision, social landlords' internal finance contributes to social housing development costs. As mentioned above, this contribution is often facilitated by the charging of higher rents than is the case in Ireland and, particularly after housing development loans have been repaid, income from these higher rents enables the accumulation of revolving funds that can be reinvested in buying land or subsidising the costs of social house building or purchase. In most countries these revolving funds operate at the level of individual social housing landlords – in Austria, for instance, limited-profit housing associations (LPHA) are obliged by law to reinvest reserves in new social housing delivery and maintenance. Denmark is distinctive insofar as it has a national revolving fund. When housing development loans are repaid, tenants continue to pay their full cost rent (although this rent no longer rises annually in line with inflation) and revenues generated largely accrue to national funds that

²⁰ Elsinga, M., & Wassenberg, F. (2014). Social Housing in the Netherlands. In K. Scanlon, C. Whitehead, & M. Fernández Arrigotia (Eds.), *Social Housing in Europe* (pp. 25–42). Wiley Blackwell.

²¹ Cour des comptes. (2019). *La Caisse de garantie du logement locatif social (CGLLS) : exercices 2012-2017*. Paris : Cour des comptes.

finance renovation and maintenance work for social housing and subsidise new house building.²² In other cases, social landlords contribute to a 'guarantee fund' which guarantees to repay loans in the event of default. This arrangement reduces the risks for commercial lenders and thereby encourages them to lend to social housing providers and at lower interest rates than would be the case without this guarantee.

In contrast, *Table 5* reveals that government is generally the primary source of development finance in countries where social housing provision is significantly below the EU-27 average. This is the case in all Central and Eastern European and Southern European countries where the sector accommodates fewer than 6% of households for instance. In many of these countries, EU funding has made a major contribution to supporting both the development of new social housing and the refurbishment and upgrading of existing dwellings. For instance, in Latvia the EU's European Regional Development Fund (ERDF) provides some 85% of funding for social rented housing renovations and reconstructions, targeting vulnerable groups, with local government providing the remainder. A similar funding model is used in Romania. While the EU's Recovery and Resilience Facility supports the development of new housing in Latvia. In Slovenia, in addition to these sources loans from the EU's bank – the European Investment Bank (EIB) – are used to fund social housing development.

Conclusions

This chapter has compared social housing in Ireland to this tenure in other EU member states and in Britain and Northern Ireland. It has revealed that the meaning of social housing in Ireland conforms with the dominant norm in the rest of Europe – social housing in Ireland and most European countries is defined as rented housing, allocated outside the market and rented for submarket rents. Ireland also has a medium to large sized social housing sector by European standards. This sector accommodates roughly 10% of households in Ireland, which is very slightly above the mean for all EU-27 member states (9.7% of households) and close to the mean for the EU-27 and the UK combined (10.7% of households). However, the median sized social housing sector among EU member states (excluding Greece and Cyprus) is just 3.5% of households so, viewed from this perspective, Ireland's social housing sector is large in relative terms.

Compared to other European countries where the social housing sector is medium to large sized, Ireland's social housing sector is atypical in several important respects, however. For instance, the dominant method of delivering social housing in Ireland is unusual because just over 80% of social housing in this country is owned and managed directly by local authorities and the remainder is owned by non-profit sector AHBs.²³ In contrast, in most other European countries where the social housing sector is medium or large sized, it is delivered primarily by non-profit housing associations or, less commonly, by municipal housing organisations, that are partially or fully controlled but separate from local authorities. Direct delivery of social housing by local authorities is unusual among the other European countries where this sector is above average in size.

Arrangements for financing social housing delivery in Ireland are also unusual compared to other European countries where social housing provision is high. In the vast majority of countries in this category social housing rents are pegged either to housing delivery costs or to the dwelling's characteristics (but, even in the latter case, regulators generally require that total rental income covers costs) and tenants who cannot afford to pay these rents receive housing allowances from government to subsidise the costs. In Ireland, by contrast, social housing tenants do not receive housing allowances; rather, rent affordability is ensured by pegging them progressively to incomes. In the Irish

²² Larsen, H. G., & Lund Hansen, A. (2015). Commodifying Danish Housing Commons. *Geografiska Annaler: Series B, Human Geography*, 97(3), 263–274.

²³ Central Statistics Office. (2022). *Census of Population 2022 Profile 2 - Housing in Ireland*. CSO.

system rents are too low to contribute to the costs of servicing debt on loans taken out to fund social housing development. As a result, the capital costs of buying or constructing new social housing in Ireland are funded primarily by government – either by grants or loans (which are both provided and repaid by government). This arrangement is unusual among the European countries with comparable sized social housing sectors. In almost all countries in this category social housing development costs are financed primarily by market loans or by a mix of market and public finance (generally in the form of grants, loans and, less commonly, interest subsidies) and government plays a much smaller direct role in financing social housing.

Policy Implications

The comparison of Ireland's housing sector presented in this chapter raises some important questions for the future direction of social housing policy in Ireland. While its social housing sector is currently a medium to large sized compared to European norms, the current Irish government housing policy statement – *Housing for All* – aims to increase its size further and the recently published report of the Irish government appointed Housing Commission proposes that the sector should be doubled in size.²⁴ The analysis of arrangements for delivering and financing social housing in the European countries where the sector is significantly larger than Ireland, presented here, suggests that achieving this objective is likely to require extensive reforms to arrangements for financing and delivering this housing.

Some valuable reforms to social housing policy in Ireland have been introduced in recent years, such as support for housing provision by non-profit housing associations and 'inclusionary zoning' whereby some dwellings in all new private housing developments are used for social housing. However, it is notable that the fundamental model used to finance social housing provision in this country, in terms of rents linked to income and overwhelming reliance on government for capital, has remained unchanged for many decades. Furthermore, Ireland is unusual among the European countries with large social housing sectors because Irish local authorities are still directly involved in providing social housing at large scale. Expanding the Irish social housing stock to the levels provided in countries such as Austria, Denmark, France, Finland, the Netherlands, and the UK is likely to require reform of Ireland's social housing financing and provision arrangements to more closely match arrangements used in these countries.

Such a reform programme might include changes to rent determination rules so rents cover more of the delivery costs and support debt servicing (coupled with the use of housing allowances to ensure social housing rents remain affordable) and diversification of the sources of capital funding for social housing development. The establishment of municipal housing companies, as recommended by the Housing Commission (2024), is another potential avenue of reform.

²⁴ Government of Ireland. (2021). ; Housing Commission. (2024).