

Irish Congress of Trade Unions

Congress Housing Briefing

1. Delivering on Public Housing and Affordable Homes

Increasing the supply of new homes will not solve the crisis. The key issue is the lack of affordable homes to buy or rent, coupled with a near collapse in public housing provision.

This has created a major 'affordability gap' in the home purchase and rental sectors.

Between 2012 and 2020, the median house price in Dublin virtually doubled from €200,000 to over €390,000.

This requires a household income of at least €100,000 pa to qualify for a mortgage, meaning such homes are beyond 85% of all households.¹

The median national price of a new build home has risen 44% since 2016, to €355,000 (prices increased by an average of €20,000 over the last year).²

The lack of affordable accommodation and the absence of public housing has seen a huge spike in the subsidies paid to private landlords through Housing Assistance Payment (HAP) and similar supports.

Budget 2021 saw almost €1 billion allocated to rental subsidies and the cost of leasing from landlords - some 30% of the national housing spend.³

i) Fall in Public Housing Provision

Between 2008 and 2014, State funding for public housing fell by 88.4%, leading to a dramatic 91.5% cut in output.⁴

In 2008, the combined local authority build was 4,905 homes. By 2014, it was just 104.

Despite a housing need of some 20,000 in the Dublin region, the four Dublin authorities added **just 2,352 public housing** units *net* to stock, between 2017-2109.⁵

ii) Low Cost Delivery

Figures from the Department of Housing (see chart) show that local authorities can effectively deliver **two affordable homes** for the **price of one** privately developed house, when utilising public land.⁶

These costs were confirmed by the Housing Minister in response to a recent Dáil question, as reported by the *Irish Times*. Some 50% of private developer costs arise from finance, land and margin/ profit.⁷

It is also cheaper for local authorities to build rather than finance the cost of a HAP tenancy.⁸

The State owns or controls sufficient land to build in excess of 100,000 homes.⁹

DHPLG (2019)	3-bedroom house		2-bedroom house	
	Construction	'All in' Cost	Construction	'All in' Cost
Cork City	€204,500	€264,900	€214,100	€280,400
Dublin	€272,600	€348,900	€287,100	€370,500
Dun Laoghaire	€215,600	€277,500	€226,800	€294,700
Fingal	€205,300	€266,100	€213,800	€281,800
South Dublin	€215,600	€277,500	€226,800	€294,700
Galway City	€189,000	€248,300	€196,900	€262,200
Limerick City	€203,800	€265,800	€211,000	€279,900
Waterford City	€184,700	€243,100	€187,600	€250,500

iii) Land Development Agency Issues

The concept of the Land Development Agency (LDA) originated with the National, Economic & Social Council (NESC).¹⁰

But the model proposed by NESC differs radically from the government version.

NESC stated that land was "the most critical resource available to the State" and must be retained in public ownership for public and affordable housing.

But the Land Development Agency bill (2021) contains **no guarantee that public land will stay in public ownership** and be used exclusively for that purpose.¹¹

It provides for the LDA to 'acquire and dispose' of lands and enter into commercial arrangements for development (Sect. 13). It commits to utising **50% of given sites** (non local authority) for affordable and cost rental (Sect. 73). The 50% provision can be varied by the Minister for Housing.

That leaves a significant portion of LDA controlled land **vulnerable to a sell off or disposal**.

The bill provides no clarity on the proportions of public, cost rental and affordable homes to be delivered and **fails to guarantee or define affordable**. It merely states this will be below 'prevailing market price' or rent (Sect. 76).

This falls well short of any definition of 'affordable'.

iv) Unaffordable Homes Plan

The same fundamental flaw is evident in the Affordable Housing Bill.12

Instead of tackling exorbitant prices it offers support to purchasers, under a 'shared equity' model. But this will incentivise high developer prices and increase the debt of home buyers.

It has attracted criticism from the Central Bank and the ESRI, which warned it would "very likely lead to higher house prices."13

A similar model operated in the UK from 2013, but was criticised by the National Accounting Office for causing higher prices.¹⁴ A London School of Economics analysis was equally scathing.¹⁵

The proposed Irish scheme closely resembles plans submitted to government by some of the country's largest private developers.¹⁶

The bill also provides for development of just 400 Cost Rental units, which is entirely insufficient when set against some 300,000 tenancies in the rental sector, This means delivering on security of tenure and rent certainty.

v) Key Measures for Affordable Home Delivery

- · Provide the LDA with a clear mandate to deliver affordable homes for all, with affordability defined and the range of affordable prices set out;
- A guarantee in legislation that public land will be used exclusively for public housing/affordable homes and retained in public ownership;
- A ban on the LDA selling or disposing of public land to private developers, or the mass disposal of housing units to large institutional investors;
- The LDA should be tasked with a multi-annual housing programme with specific targets for public housing, cost rental and affordable homes for purchase, set by local authority area and report to the Oireachtas Housing Committee on progress. Private developers would have a key role as contractors;
- The LDA would coordinate housing activity with local authorities, given their detailed knowledge of housing needs in each area;
- Direct linkages between the housing programme and apprenticeship/ training programmes;
- State or LDA led 'master planning' on housing to speed delivery/ reduce cost;
- Mass procurement of building material and components to deliver savings and help tackle procurement delays;
- A referendum on the Right to Housing to underpin housing policy.

2. A Secure Tenancy Model for the Rental Sector

Rents have risen by over 23% since 2015 (EU Comm) and by 2.7% in 2020 alone.¹⁷

The average monthly rent in Dublin is now €1745, above the income of many low earners. Some 91% of rents in Dublin now exceed €1000 per month.¹⁸

Despite the vast State subsidies flowing to private landlords, the sector is characterised by chronic insecurity for tenants, low quality accommodation and poor enforcement of standards.

Indeed, it took a global pandemic to introduce adequate protection for tenants, by tackling security of tenure and rent certainty.

Longer-term reform is required. As a first step, the government should commit to:

- extending emergency measures for the full duration of the pandemic.
- fully reform regulation of the rental sector, within the lifetime of this government.

Increased protections will help to "converge on European standards for tenant rights to ensure the private rental sector represents a viable housing option for renters."

This can be achieved through creation of a new, Secure Tenancy Model for the sector. This means delivering on security of tenure and rent certainty.

i) Security of Tenure

There is a clear consensus on the key measures needed to establish security of tenure:

- End No Fault Evictions;
- Create Indefinite Tenancies/ Leases.

This would mean amending or replacing Part IV of the Residential Tenancies Act to restrict or eliminate grounds for eviction, where tenants are fully in compliance with their obligations (payment of rent, refrain from anti-social behaviour etc).

This would align with the proposals set out by NESC in 2015. Creating tenancies of indefinite duration will provide security for those who wish to make a home in the sector.

Tackling poor quality accommodation would require a new legally enforceable National Framework of Housing Standards, in tandem with resources for local authorities to carry out inspections and a clear regime of penalties for non-compliance.

ii) Rent Certainty

The existing Rent Pressure Zone model could be expanded to create a National Rent Regulation framework. This would see rents set with reference to the rates in each local/ regional setting - as per the RTB's Rent Index - and the Consumer Price Index.19

Rent Reviews would take place on a periodic basis and 'between tenancy' increases would be limited to a set percentage, with reference to RTB data and the CPI.

A further component would be a National Rent Register, to provide full transparency on rent levels across the country and aid compliance with a regulatory framework.

https://www.nerinstitute.net/blog/time-tackle-private-rental-sector https://data.oireachtas.ie/ie/oireachtas/committee/dail/32/ joint_committee_on_housing_planning_and_local_government/ submissions/2019/2019-10-15 opening-statement-orla-hegarty-assistan submission/2019/2019-10-15, opening-statement of a-begarty-assiste professors-chool-of-arthitecture-plan-env-policy-used_en.pdf 3 https://www.irishitmes.com/inexs/politics/ino-proper-explanation-foralmost-1bn-poing-to-landfords-in-budget-greened-says-1.43822101 4 https://www.uci.eligearg/static/publications/workingpaper.d gargwp/2016.fb.pdf 5 Upupblished research based on National Oversight and Audit ovelopation a mission (NOAC) reports 6 https://data.oireachtas.ie/ie/oireachtas/committee/dail/32/ on the structure of the structure https://www.irishtimes.com/business/construction/local-authorities-can deliver-housing-at-more-affordable-rates-1.4481486 8 https://www.threshold.ie/assets/files/pdf/00881_hap_survey_ report 2019 - web.pdf Http://www.nes/ie/autorescretesen?cer3-minister-obrien-publichese
thtps://www.nes/ie/publication:/housing-policy-actions-to-deliver-change/
thtps://www.nes/ie/publication:/housing-policy-actions-to-deliver-change/
thtps://www.nes/ie/publication:/housing-policy-actions-to-deliver-change/
thtps://www.nes/ie/publication:/housing-policy-actions-to-deliver-change/
https://www.nes/ie/publication:/housing-policy-actions-to-deliver-change/
https://www.nes/ie/publication:/housing-pu land-development-agency-bill-2021/ 12 https://www.gov.ie/en/press-release/e3e16-minister-obrien-publishes affordable-housing-bill-2020/ 13 https://www.independent.ie/news/governments-affordable-housing-plan will-very-likely-lead-to-higher-house-prices-esri-40094936.html 14 https://www.nao.org.uk/press-release/help-to-buy-equity-loan progress-review/ 15 <u>https://www.lse.ac.uk/News/Latest-news-from-LSE/2020/K-November/</u> Affordable-homeownership-initiatives-poorly-targeted 16 https://irp-cdn.multiscreensite.com/4065c16c/files/uploaded/ Proposal%20to%20increase%20%20affordabilitv%20for%20First%20TIme%20 Buyers%20%20IIP%20Feb%202020%20%281%29.pdf 17 https://www.irichtime.com/
 Daysis acci accum racine accords accurate in acciputing
 The second :onomy/rental-costs-rise-by-2-7-ir beyond-reach-of-minimumw/ 19 https://www.rtb.ie/research/ar)

Соп