

HOMES FOR ALL

TOWARDS A

PUBLIC HOUSING

REVOLUTION

THE WORKERS' PARTY



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200%

The increase in average private sector rent as a % of wages since 1991

600%

The increase since 2011 in the number of two-bedroom flats in which the rent is above €300/week

1 in 3

The proportion of the 193,000 "social housing solutions" promised in Rebuilding Ireland which will be owned by the state – and not rented from landlords

65%

The portion of take-home pay a worker earning €36,000 a year would need to spend to rent a one-bedroom apartment in Dublin in 2018

1 in 4

The proportion of households in the private rental sector who are on housing waiting lists and in receipt of rent subsidy

300%

The increase since 1991 in the % of Irish households who rent from a private landlord

€11.2 billion

The amount required for the state to build 70,000 homes, which would be owned permanently by the state

€3 billion

The amount the government will pay landlords to rent housing from 2018-2022

The Crisis: Housing in Ireland Today

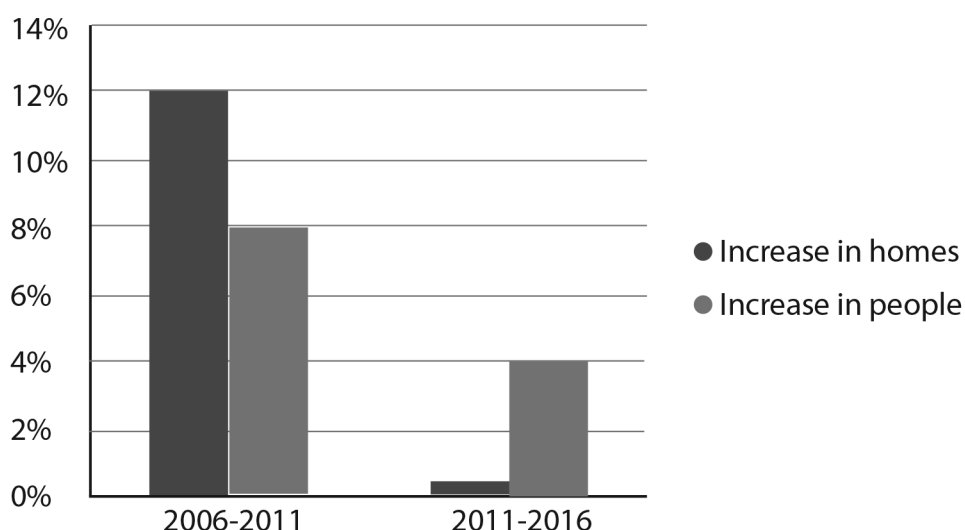
Ten years after the near-collapse of the global banking system, while house prices and rents in Ireland have skyrocketed back to pre-recession levels, an ever growing percentage of the population faces homelessness, inadequate or unaffordable housing.

In short, the drivers of private profit in the housing market have recovered. But with the recovery came an extraordinary growth in the number of people facing housing crisis. Only those who believe in the magic hand of supply and demand should find this contradiction a surprise.

So, just what is the state of housing in Ireland today?

Expanding need & decreasing supply: the broken logic of the 'market'

New homes built versus population increase in Ireland, 2006- 2016



Our housing stock's growth is totally unrelated to population growth – i.e. human need'

In 2014, the Economic Social and Research Institute (ESRI) projected that up to 18,000 housing units would need to be added annually during the period 2011 to 2021 in order to keep pace with population growth and new household formation.² Up to 8,000 of these new units would be required in Dublin.³

There are no signs that housing is any way being built to accommodate this growth. In the period 2011-2016, population grew **ten times faster** than house building. What these statistics show is that the 'market' is incapable of responding to demonstrated need – in Ireland, or anywhere. Before the economic crash, house building *far* exceeded demand – leaving ghost estates scarring the landscape, and thousands of homes in inappropriate, unserved, low-demand locations.

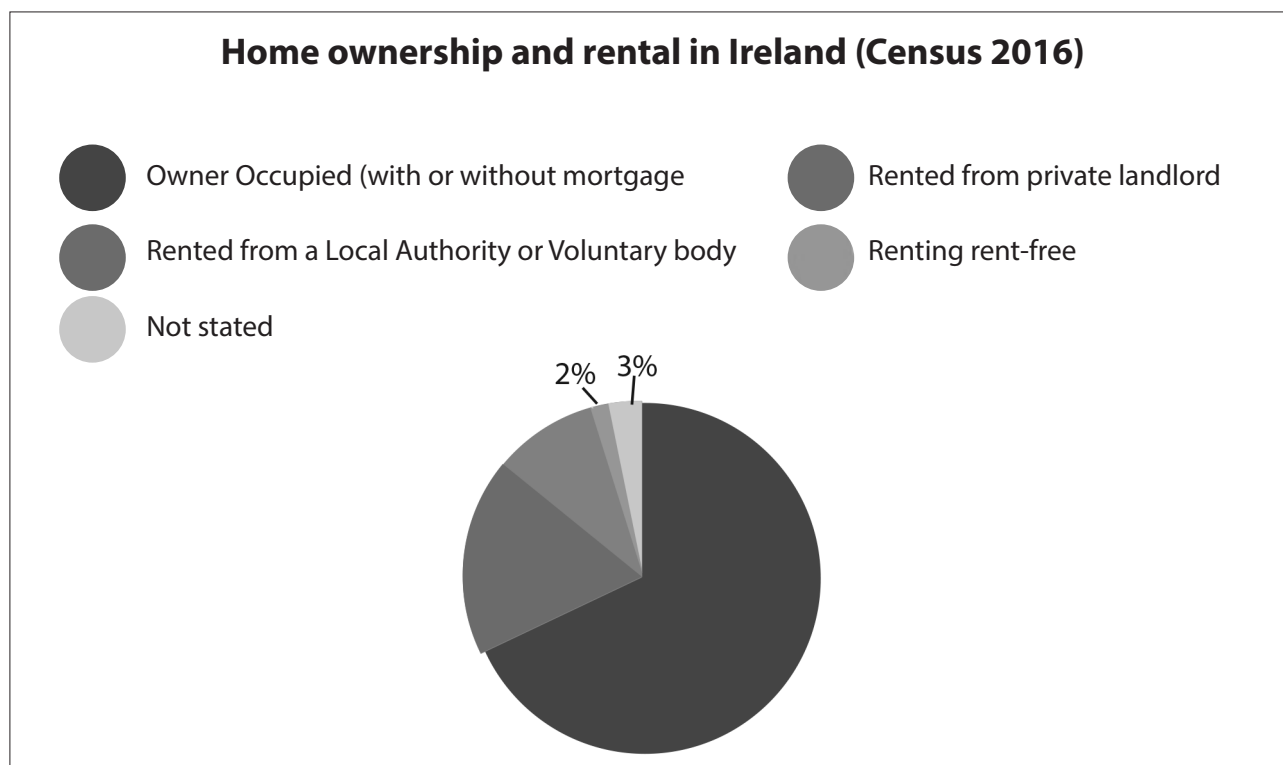
1. Census 2011, Census 2016

2. Duffy, D., Byrne, D., and FitzGerald, J., 2014. "Alternative Scenarios for New Household Formation in Ireland", Special Article in ESRI Quarterly Economic Commentary, Spring, Dublin: The Economic and Social Research Institute.

3. Edgar Morgenroth, Modelling the Impact of Fundamentals on County Housing Markets in Ireland, ESRI 30. July 2014, p5.

Home ownership remains high – but at what cost?

Although home ownership rates in Ireland have declined in recent years, almost 7 in 10 households still live in a home they own, either outright or with a mortgage.



Ireland has one of the highest portion of homeowners in Western Europe⁴

But while home ownership is often asserted as a 'moral good' which the government has a duty to support, the narrative of Ireland's high home ownership rates masks a very real class divide in terms of who actually owns their own home.⁵ This means that those subsidies which the government puts towards 'home ownership' – things such as first-time buyers' grants, and tax breaks for developers – disproportionately benefit those with higher incomes (see graph bottom page 5).

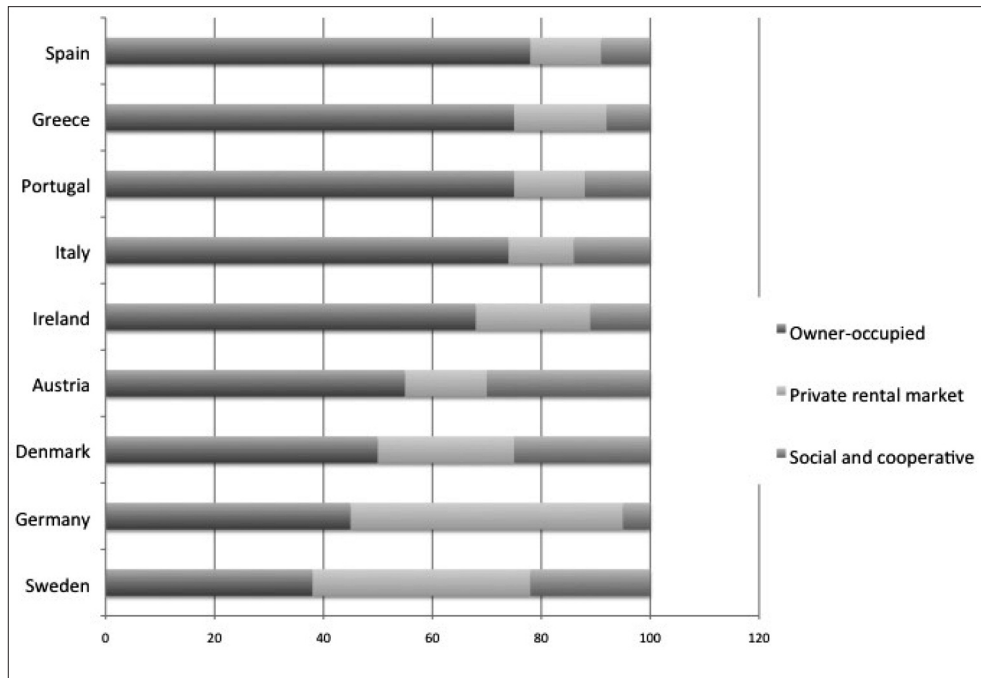
Meanwhile, it is also clear that high home ownership rates in Ireland – and elsewhere – correlate strongly with unstable housing markets.

While Ireland has slipped in terms of home ownership rates since the height of the 'Celtic Tiger', they remain high by western European standards. In western Europe, home ownership rates cluster at the top around the 70-80% mark, and at the other end of the spectrum at the 40-50% mark. Ireland sits fifth (down from second), with a home ownership rate of around 68% (see graph top page 5).

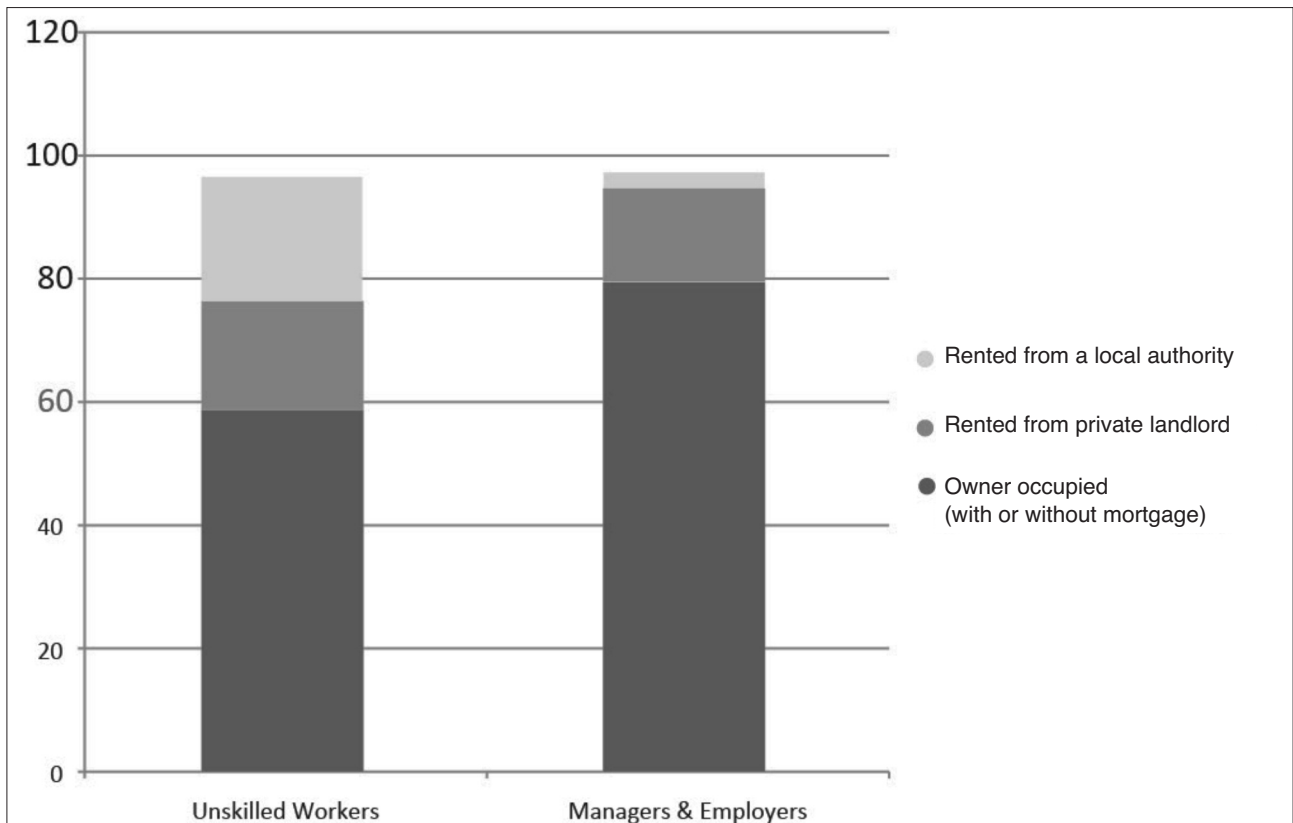
4. Census 2016

5. Census 2016. Note this graph demonstrates two of a wide spectrum of "class" categories used by the CSO. These do not map exactly onto Marxist definitions of class, but are used as a proxy for income in this chart.

Ownership and Rental Rates in Western Europe High home ownership rates correlate with unstable housing markets⁶



Private Households 2011 to 2016 (Number) by Socio Economic Group of Reference Person, Nature of Occupancy and Census Year Home Ownership by Class⁷



6. Housing Europe (2017) *The State of Housing in the EU*

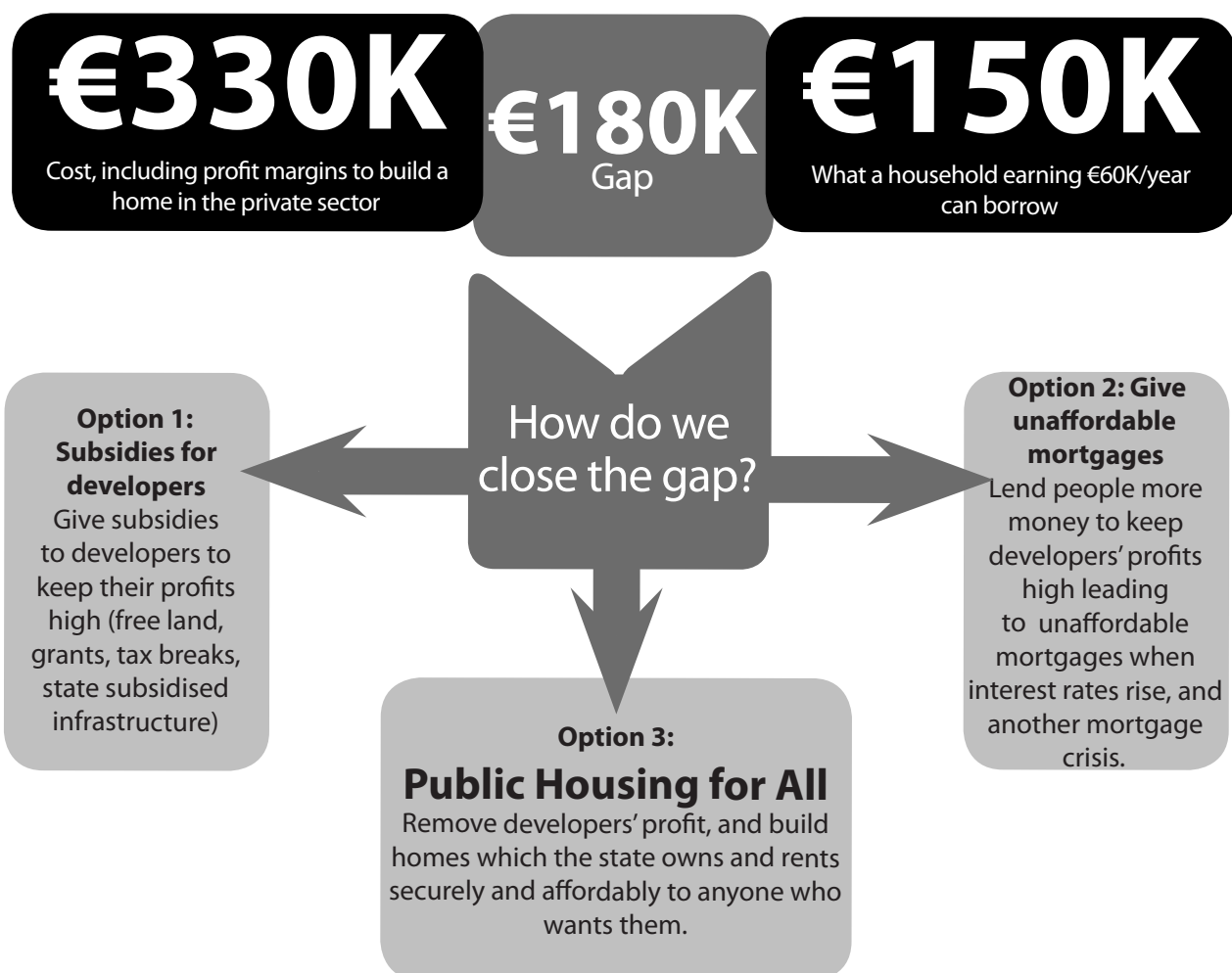
7. Census 2016

The distribution of countries is notable. At the top, we find the 'PIIGS' countries who were hardest hit by the banking crisis, the property crash, and the resultant anti-worker austerity of the last decade. While the property crash was heavily fuelled by commercial property, countries with high home ownership rates tend to have (over-) active construction industries, and overall greater exposure to property-related economic shocks.

By contrast, the countries with the lowest rates of home ownership remained relatively stable throughout the recessionary period. In these countries, even those where private (rather than public) rental is the dominant rental form, the private sector is so secure and affordable for tenants that it is a far more attractive option than taking on a risky mortgage.

A further risk entailed by Ireland's dependence on mortgages is that any change in income levels can quickly cause an arrears crisis. As a direct result of the economic collapse of 2008, the total number of households in arrears on mortgage repayments rose from 8% in 2009 to a peak of 18% in 2012 – an increase vastly higher than other countries.

An undeniable factor influencing what gets built in Ireland is the gap between what the private sector needs to sell a home for, and what most of the population – anybody earning below around €70,000 – can afford. Without either a credit bubble or state subsidies to prop up developer profits, developers are turning to private student housing, hotels and office building, and this is dominating what is being built in our cities.⁸

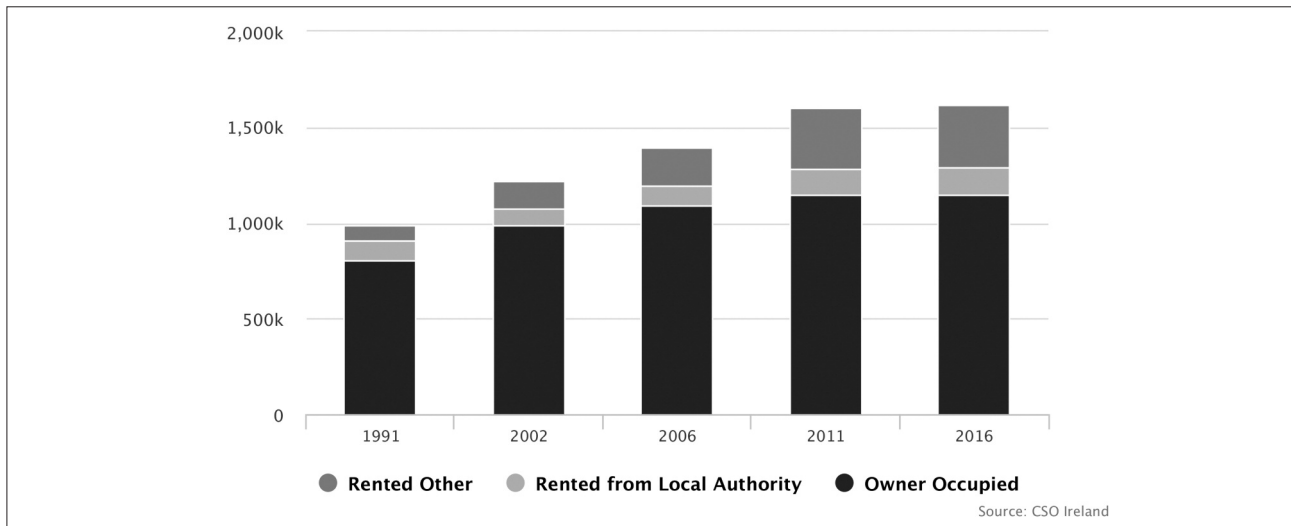


8. After tax and with savings for a 10% deposit, taking into account the 3.5x income borrowing rules, a family on €60,000 will qualify for a mortgage on a home worth €150,000. The Society of Chartered Surveyors of Ireland estimates that the private sector needs to sell a home for €330,000 in order to make a profit margin. This is significantly higher than the build costs a state would incur if building not-for-profit housing.

Private rental housing – insecure, unaffordable and bloated

The percentage of Irish homes rented from a private landlord has increased by 300% since 1991. It is the only tenure of housing to have grown in line with (in fact, well beyond) population growth. Privately-owned and local authority housing have not kept pace.⁹

Ireland's tenure status, 1991-2016



With the expansion of the private rental sector has come an extraordinary growth in the cost of renting from a private landlord. Rent as a percentage of average wages more than trebled in the same period. What is now regarded as 'normal' has not been that way for very long.¹⁰

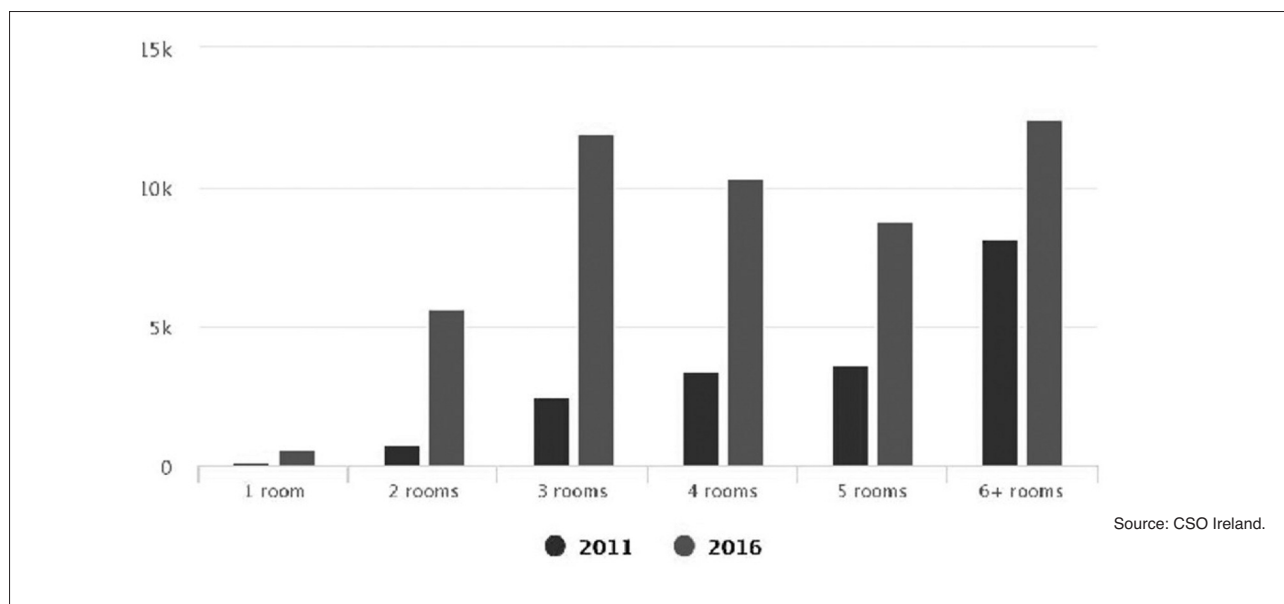
| Average rent as a % of average wages | |
|--------------------------------------|-----|
| 1991 | 8% |
| 2016 | 27% |

Meanwhile, the number of two-bedroom households paying €300/week+ to a landlord has increased 600% since 2011.

9. <http://www.cso.ie/en/releasesandpublications/ep/p-cp1hii/cp1hii/tr/>

10. Weekly rent estimates: Census 1991, Census 2016 / Wage estimates:

Number of households with rent of €300 / week or more, 2011 - 2016



Why the increase in the size of the private rental sector? Some would have us believe it has come about because of the new and different lifestyle choices by young people - more flexibility, more short-term decisions, less long-term commitment.

But in fact, Ireland had a large private rental sector in the past. Pre-independence, over a third of Dublin's population lived in one-room tenements, owned by powerful landlords. Only with the large-scale building of local authority housing did the private rental sector in Ireland begin to decline - from 25% of households in the 1940s to just 10% in the 1970s.¹¹ Now, as local authority housing has been decimated, the private rental sector has again expanded to just below 30% of households in Dublin, and 18% nationwide. It is not people's 'free choice' which leaves them at the mercy of landlords - it is the absence of any other viable option.

Ireland's private rental sector is regulated by very weak legislation supporting tenants rights. Most European countries with large private rental sectors have much more substantial regulations providing for security of tenure. By contrast, in Ireland tenants can be evicted if the property is being sold, or because the landlord wants to use it for family members, irrespective of the actual lease agreement period.

Social Housing, on a path to privatization

The social housing sector has seen a slow decline in scale since the 2008 crash, while demand has increased substantially. There are 20,000 families on social housing lists in Dublin, with a total of 100,000 in the Republic. A combination of the lack of social housing, and escalating evictions from the private rental sector, means homelessness has soared to 10,000 people, including 4,000 children.

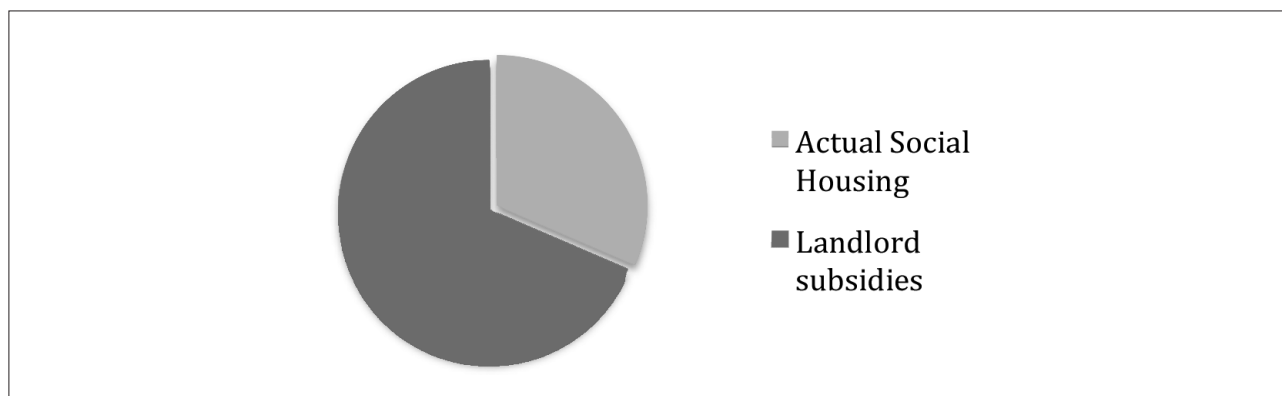
Social housing in Ireland is not merely oversubscribed, it is also under-maintained and is often considered of poor quality. Ireland was recently reprimanded by the European Court of Human Rights for failing to maintain its social housing stock to a basic minimum acceptable standard.

11. <https://www.irishtimes.com/news/social-affairs/a-short-history-of-renting-in-ireland-1.2432123>

The private solution to housing waiting lists

Official government policy continues to maintain that the various subsidy schemes and private sector social housing mechanisms are just a short-term measure. However, they continue to be the only component of social housing which is growing. The government's 'Rebuilding Ireland' housing strategy promises 193,000 'social housing solutions' over five years. But only 1 in 3 of those 'solutions' are in fact new social housing. The remainder comprises Housing Assistance Payments, rent supplements, and various long-term leasing schemes – all of which benefit landlords and developers, not tenants and not the state.¹²

“Social Housing Solutions” promised in *Rebuilding Ireland*



In late 2017, it was estimated that €3 billion would be spent on various landlord subsidies over the next five years, and the year-on-year increase in such payments has repeatedly outstripped predictions.¹³

In addition to rental subsidies, a new and even more problematic aspect of social housing privatisation is now emerging. 'Buy-to-let' housing development, in which a developer plans, builds and then directly themselves rents out an entire development, has until now been seen primarily in the high-end luxury apartment market.

However, in recent months a number of planning applications have been made for 'buy-to-let' developments, which the developers refer to as 'social housing'. It would appear that these new developments – some of 60, 80 and 100 units – are intended to be used as part of a government 'social housing leasing' programme.

Under the terms of the programme, the state will guarantee 25 years of rental payments to a landlord, at which point the property reverts entirely to the owner – with no dividend for the state. Even taking a conservative estimate of a rent of €1,000 / month for a two-bedroom house (60% of market rent), the state would pay the developer €300,000 over 25 years – significantly more than the cost of buying or building a house which would be owned in perpetuity by the state.

12. *Rebuilding Ireland*

13. Irish Times (Nov 2017) "Government will spend €3bn on rent subsidies over next five years"

PART I:

The Case for Common Ownership of Housing

The Workers' Party views housing as a fundamental right. Few would argue that a roof over one's head is not a necessity. At stake, then, is not whether everyone is entitled to adequate accommodation, but how that right is to be realised.

In the current climate, rights are treated as individual phenomena: they are realised by or for an individual (or at most by an individual and their family). The prevailing methods in Ireland relating to housing are, therefore, individual home ownership and private renting.

Where the Workers' Party differs from the broad consensus is in our conception of rights, which are indispensable to the happiness and welfare of each individual, as being best realised through collective action and the organisation of society in the interests of the working class. The purpose of this document is to justify that perspective and to outline a series of collective solutions that progressively lead to an increase in human happiness. We will argue that, under current and future conditions, home ownership and private renting are sub-optimal at both an individual and at a societal level. Instead, we advance the case for an intensive building programme and common ownership by the State.

The choice, then, between the 'free market' and public provision, is necessarily a political battle.

The Market & Public Services

A capitalist society, based as it is on the production and circulation of commodities, necessarily generates an ideology of individual choice. However, this choice tends to be limited, decrease over time, and sometimes is entirely illusory. An example is health insurance that simply enables one to receive standard healthcare irrespective of the insurer.

The chief theme of social "reform" since the 1990s has been the expansion of the private sector at the expense of state involvement in both the economy and public services. Services like electricity, gas, water, waste disposal and healthcare are increasingly transferred out of the public domain and into the hands of privately-owned companies. The private sector does not, of course, get involved in building houses or electricity supply out of the goodness of its heart. It does so if, and only if, there is a profit to be made. This requires that the good which is being commodified — i.e. transformed from being a public good into a market product — is capable of being measured and sold. And this can only be done if non-payers can be prevented from consuming it.

As the private sector expanded, the public sector was pushed back into areas, like public lighting, which it is nearly impossible to fence off from being enjoyed by non-payers. The expansion necessarily entails multiple private suppliers and their coordination through market competition. In a sense this is the normal state of things: in a capitalist society, we are used to paying for goods or doing without them if we lack the money. The supply and rationing of water, electricity, healthcare, etc. according to one's ability to pay is no different in principle to that of food, clothing, or computer games.

The extension of market relations to public services builds on that newly-created normality. The commodification of public services, other things being equal, tends to raise *market* efficiency to being the primary, if not the sole, criterion, by which the service is judged. This, in turn, builds in at a structural level an incentive to *externalise* costs of production, such as environmental costs, health and safety and other quality-of-life costs, away from the private investor or company onto others. In the case of choosing, paying, and monitoring, the costs fall on the individual, as we will argue below. In the case of the environment, the costs fall on society as a whole. The profit thus obtained remains the sacrosanct private property of the owners.

There is also a social cost in pursuing an individualistic strategy of public service provision: the coordination of multiple providers of universal services necessitates its own labour. Individual choice requires competing providers and this, in turn, entails coordination via the market. The necessity of competing against each other ensures resources are poured into differentiating one company from the next, winning and retaining customers, all the while extracting profit for shareholders. But goods like electricity and waste provision, which in any case do not differ sufficiently for the consumer that they merit being delivered by multiple companies, are universal because they are so important: everyone needs to be able to avail of them. It's why they were taken into public control in the first place. For example, municipal waste collection was socialised because it reduces disease and increases public health. Taken as a whole, there is no new market to be tapped by the myriad of competing companies; there is simply a rearrangement of existing customers. Securing such a favourable rearrangement takes work. This is entirely unproductive labour for society.

Furthermore, the costs of playing the game of multiple providers add up: e.g., there are additional security costs (accountants, chasing up bill payers, simply measuring individual usage), marketing costs, costs in the duplication of administrative structures, as well as the cost of justifying the duplication of structures. And because the services are decentralised into competing companies, they have to be coordinated again through regulation as their social importance is too great to trust entirely the market.

This is because the market is, contrary to the dogma of its ideologues, not up to the task of universal provision on its own. Thus, in the telecommunications, energy and transport sectors there are specialist state bodies tasked with regulating the service and price offered by the corporations. In the end, therefore, the public service has to step in to ensure that the private sector doesn't leave segments of the population uncovered or subject to sub-standard services, thereby incurring significant costs anyway. The combination of private sector companies and close state regulation entails an extra set of overheads compared to those incurred by a pure public service, thus making it inefficient for everyone bar the owners and shareholders of the corporations who are in receipt of the guaranteed income that electricity, water and gas inevitably supply. Finally, the costs of these privatised industries must go up because of the profit that needs to be generated over time.

Nevertheless, there are still many goods which are not charged for on a per-use basis: most roads, footpaths, public lighting, libraries and parks. If there were a way that these could be made commodities, they too would be subjected to financial scrutiny and calls for their deregulation would be loud and frequent.

Marketisation of society

The privatisation of public goods and their colonisation by capitalist corporations requires that users be remodelled as consumers who pay for the amount of the good used rather than as users who contribute to its funding through taxation. There is an individualisation of the system which is transformed from a publicly-provided good intended for the use of all into a privately-provided one intended only for those who pay for it.

Of course, public goods must also be paid for; they are just paid for out of generally-levied taxation. Importantly, this process is more amenable to collective influence because it is subject to political control, in which workers have a say, even if not always a decisive one. It also happens to be a more efficient way to deliver public infrastructure. The commodification of public services into market goods removes the collective agency of the population and transforms it into an individual affair, since the provision of goods becomes a purely economic issue and is separated from the political question of how and in whose interests the goods are provided. A consumer interacts as a single individual with a much stronger corporation. For this reason, the amount of pressure that each person can exercise on the company is very low. This is particularly so in the case of private corporations involved in running public infrastructure.

The decentralised influence of millions of consumers is far less concentrated than a political project dedicated to a co-operative society, while at the same time leaving atomised individuals more vulnerable to propaganda (i.e., advertising or media influence). This political project can decisively influence the state to intervene and, to take housing as an example, directly build homes for thousands of families. The social influence exerted by workers depends on their organisation - primarily their political organisation but also their trade unions and other pro-social institutions such as credit unions and co-operatives. Confronting the provider of goods as an individual consumer removes that collective power from the equation.

The prevailing ideology of individual responsibility for organising socialised services can be seen across a range of services, whether healthcare, electricity, waste disposal, transport or housing. It is up to each person to research, choose, organise, pay for and monitor which service provider to use. For most services this would be not a major burden if it were the only one that demands such attention. But the trajectory of modern life is to require increasing attention to a wider range of services, most of which were previously provided through socialised systems.

Thus, there is now a choice of nine companies supplying electricity and whose product is entirely the same: there is zero difference in the quality of the electricity that comes out of the socket. Given that they are nearly all simply resellers of electricity produced by the ESB, they can only differentiate themselves from each other on price or via glitzy marketing, while the price will often be more or less the same everywhere since the cost of production is the same. The same applies to waste disposal: properly done there is no difference in service, and nor can there be: it's a simple task that does not entail any significant innovation for the customer. But here the negative side of private market competition kicks in: because there can be no substantive difference between providers, and because waste disposal is not a field on which advertising can easily work its magic, the chief differentiator will be on price if the wages of waste disposal workers can be suppressed. A race to the bottom in working conditions necessarily ensues since productivity cannot be easily raised through investment in fixed capital. This leads to overworked and hurried workers, and therefore to a worse service (missed collections, spilled waste) which the customer then must spend time monitoring and challenging, and which the state must spend money cleaning up.

The end user, then, is put in the position of having to continually evaluate the worth of each provider and pay for the privilege. Although the demand on one's attention is low for any one service, when they are taken together, the time wasted accumulates: electricity, health, gas, waste disposal, housing, transport and, in the future, water. But there is no commensurate improvement in service or reduction in cost. Indeed, the cost of electricity and waste disposal has only increased since the state began handing the services over to private operators. In effect, the work expended by the consumer in all of the monitoring is the externalisation by the company of work - and therefore the cost - that was previously performed more efficiently by the public sector. It is also work that is particularly borne by those with lower incomes, since they cannot afford to disregard the money that they could save by attentive monitoring.

Nor are money and the need to monitor the only costs borne by the user. When the service provided relates to an area like health or housing, there is additional stress involved in evaluating the options. The stress involved in worrying about losing one's home or whether a health procedure will be covered in reasonable

time can only have a detrimental impact on one's wellbeing. Nor is it crucial to one's wellbeing that time be spent thinking about them. There is no creative aspect to comparing the marketing material of Airtricity and Ervia. It is pure cost. There are few people who enjoy thinking about how to organise paying for their weekly rubbish collection, or whether they would like to receive the exact same electricity supply from companies distinguished only by their marketing material.

On the contrary, eliminating such time-sinks frees us up to engage in other activities and to enjoy life with our families, to study, to play, and to enrich our lives. These costs in terms of money, time and stress are avoidable when the services are organised collectively, paid for out of general taxation and delivered free at the point of use. For this is the role that infrastructure in general should play: its job is to facilitate other activities that are, arguably, more important. The population at large should not even notice that this public infrastructure is at work. Like a referee in a bad football match, if infrastructure is being noticed there is a problem. But the elimination of attention at the individual level cannot occur so long as the decisions have to be constantly made at this level.

Collective services do not, of course, eliminate entirely the attention required. But rather than an incessant stream, that attention is only required when necessary, e.g. when the service falls egregiously short or when there are significant proposals for its alteration or replacement made at the political level. This necessitates an accountable system that facilitates feedback from users, and a political process that canvasses input from interested members of the public.

In general, the provision of core public services from healthcare to electricity to waste is of such a nature that there is a distinct advantage in their provision by collective authority, funding them out of general taxation and making them free at the point of use. It is our contention that housing should be viewed in this light. It makes no difference that people will live in individual spaces: after all, each person receives tailored healthcare, uses a set amount of electricity and generates household rubbish as a matter of course. It is not the use of these services that should be collectivised but their provision.

Costs and Stresses

The cost of housing in Ireland takes up an increasing amount of workers' income, from 12% of average weekly household expenditure in 2004-5 to 19.6% in 2015-16 (CSO 2012; CSO 2017). Rents are now averaging €1,500 to €1,955 across the regions of the capital (Daft, 2017). Two full-time minimum-wage workers could not raise a family in the Dublin area without State intervention (NERI, 2017). These penal rates for housing are not compensated by quality or security of tenure: in practice, landlords can and do move tenants on at their discretion. Thus, renters are prone to constant insecurity and must regularly expend effort in moving home - all for the privilege of, at best, mediocre standard accommodation which puts them under financial strain. At this point in human history, it's a completely unnecessary stress on hundreds of thousands of lives.

For mortgage-holders, the stresses are different but no less real. The sorry state of the private rental market drives young people into purchasing a home. But since vanishingly few can actually afford the purchase, most must have recourse to a bank loan which effectively amounts to a long-term lease arrangement. It would take almost five times the net annual salary of two young median earners to buy an average three-bedroom house in Cork City or Galway City, six times in West Dublin, and over eight times in Dublin 7 or 8, which is far above the Central Bank's rules on lending criteria (NERI, 2017). There is undoubtedly more security of tenure than in renting, but with the long-running economic crisis, the pressure to maintain payments becomes all the more acute. As homeowners are, in general, older and more likely to have families, there is additional stress in having responsibility for others. Homeowners also have the more niggling pressures to take care of all maintenance themselves.

Housing as Infrastructure

The sheer ubiquity of private home ownership and renting ensures that they are treated as unchanging features of the social environment: just as “the poor will always be with us”, so too will the challenge of finding and paying for half-decent accommodation.

It is always worth stepping outside the bounds of conventional wisdom and questioning whether the current 'normal' arrangements are eternal features of society or historically conditioned and therefore mutable patterns that are subject to change, depending on the balance of forces at any given time. As long as property referred to private ownership of the means of production, its ownership was a source of social power because in a system of commodity production, ownership ensures ownership of the fruits of production. In a society dominated by agrarian production, the key means of production is land and a struggle for control of land always ensues. Actual ownership of farmland is crucial.

In Ireland that struggle ended in victory for medium and large farmers and personal ownership of a family farm became so widespread as to become the standard by which the rest of society lived. Irish farming practices are largely pastoral which encouraged farmers to live on their own landholding. In this way, the ownership of a home has become associated with ownership of land, a productive resource, and - despite a minority only ever holding ownership of their own homes - the concept of ownership is treated as the standard to which to aspire. On the continent, where different types of agriculture predominate (e.g., intensive cultivation of grapes or olives) the pattern of rural living is quite different with more people living in villages and going out to work the land.

The dominant form of production sets the tempo for society as a whole, and the importance of pastoral agriculture has had a lasting impact on Irish cultural norms, even after its relative economic importance has been supplanted. Housing is no exception, and the lingering expectation that owning a home is the default condition has continued from those days when land doubled as a means of production and a site for a home, helped substantially by long-term state policy of pushing individual ownership and a not inconsiderable propaganda machine courtesy of the property pages in the national press. The decline in a type of production's importance does not automatically or immediately lead to the removal of its cultural legacy – in this case, home ownership – but the task is made far easier since material interest no longer provides the tenacious backdrop to reproducing the old patterns.

For all its roots in the agricultural history of Ireland, home ownership *is* different to owning land. A home is not a means of production. It is not part of the production process at all. Owning and living in a home does not generate a future income. From the ordinary worker's point of view there is no profit to be made, short of Ponzi schemes. Therefore there is much less reason to want to own the property in which one lives than there was for the Irish peasantry to secure title to agricultural land. A home is certainly a life necessity and being alive is one of the conditions of engaging in capitalist production but neither are part of the capitalist production process *per se*.

However, the mere fact that having a place to live is not intrinsically a part of the circuit of capital has not stopped it being treated by both homeowners and investors as an investment, and thereby something to be constantly shunted into the circuit. That, ultimately, is the aim of property developers and bankers everywhere. The contradictions between the colossal efforts to commodify and profit from housing, and its objective suitability instead as infrastructure (necessary but external to the capitalist production process), leads to repeated tensions as wealth can only be extracted through ever-recurring bubbles.

Under current conditions, ownership of a home doubles as an investment as well as a utility. A home is not simply a place to lay one's head, but an investment, a hoped-for source of profit in the future. This is the dream of the property ladder: climb your way up the value chain through buying cheap and selling dear. For both capitalists and wealth-focussed home owners, a home's purpose is not only to provide a use value,

namely accommodation, but to increase the wealth of its owners, through an increase in capital value in the case of home ownership and through a revenue stream for landlords through renting. The importance of housing's role as a catalyst for increasing wealth is revealed by a simple consideration of the role of banks in facilitating the purchase of homes. Naturally, they do so with the expectation of realising a handsome profit via decades of mortgage payments. But the wealth-increasing aspect goes beyond that: homeowners too often expect their property to increase in value so that they can trade up or live the dream in some vague way. Indeed, the bankers' profits depend on homeowners' fantasies of future windfalls.

But for the individual owner its value as an investment is largely a mirage, as selling one's home and pocketing the cash does not remove the necessity of having a place to live. The vast majority of homes are simply ordinary apartments and houses. Certainly, a small minority can buy cheap, sell dear and thereby increase their wealth, but for most this is not an option. The house they buy is the home they must live in for the rest of their lives. Importantly, it increases a sense of security for, given Ireland's very weak tenant rights one cannot be assured of staying in a property for any significant length of time. Home ownership removes the insecurity around renting in markets in which landlords retain the whip hand.

Nevertheless, any potential profit on the sale of the family home is usually sunk into a new house of marginal superiority, and which likewise has increased in value thereby negating the hopes for windfall.

Given the absence of actual profit for most people, housing should not be treated as an investment with a view to making a profit, but as a slice of infrastructure whose function is to increase personal and collective welfare: in other words, it exists to fulfil certain needs (shelter, a sense of community, aesthetic fulfilment) and succeeds or fails on how well it does that. As with every type of infrastructure, from roads to public lighting, housing functions most efficiently when it is structured to enable other activities – shelter, recreation and refuge. But when housing is treated as an ordinary subject of capitalist production the primary criterion becomes, as always, the amount of profit that can be returned to the capitalists. Removing it from the circuit of capital ensures that it longer incurs the costs associated with that: creaming off of the surplus, decentralised investment leading to urban sprawl, and the copious amounts of guard labour dressed up as professional clerical work (insurance, mortgage providers, solicitors, debt collectors) as well as the increase in the cost of living associated with all of the above. The market – or, more exactly, the amount of profit capable of being returned to capitalists – is no longer the criterion by which a development is judged.

The ubiquity of home ownership tends to tie the working population into a worldview that is concerned with the prospect of their chief asset, namely the home, increasing in value. This is the primary reason for NIMBY-ism when it comes to the provision of other infrastructure, e.g. wind turbines.

Class Division & Commonality

The current environment is very antagonistic to collective solutions. We do not live in an ideal world. There are existing powerful interests — private landlords, property developers, banks, and vulture funds – who will oppose moves towards communitarian solutions simply because they will lose out under a different dispensation. The housing question is not, therefore, an ideology-free zone in which the best technical measures win out on merit. The criterion by which we judge the best depends on our values, goals, *and* ideological framework. But nor is it a zone in which there are no solutions this side of a socialist society

The current impasse lies in the use of housing as a vehicle for private profit – ostensibly for each individual, actually for a small elite – rather than as a fundamental need and part of the basic social infrastructure that lowers the cost of production for the economy as a whole. This points to the complexity of the real-life social forces at work, for not all the capitalists have the same set of interests when it comes to housing.

The cost of accommodation must ultimately be paid out of labour. The higher the rent or mortgage that a worker must pay, the higher the wages they must receive if they are to survive at all. This drives up the cost to the employer, the vast majority of whom are neither bankers nor investors in property. In effect, high housing costs are a transfer of wealth not only from workers to capitalists but from manufacturing and productive capitalists to financial capitalists.

The working class thus shares with manufacturing capitalists an interest in a lower cost of living (both in accommodation and in food). Productive capital does not care how the costs of housing (and other necessities such as food) are driven down, so long as they are. Indeed, they would prefer if the measures are not too collective in nature and instead more oriented towards tax breaks or individualistic tweaks. Price controls would be preferred to public housing, since that would preserve private property as the sun around which all policy decisions must revolve. Ultimately, however, self-interest will prevail provided that there are other social actors who are pursuing the same goals, even if from a different perspective.

On the other hand, the petty bourgeoisie — the small and medium landowners, professionals and small business owners — tend to have investments in property from which they derive rental income. Insofar as they derive income from these sources, they share an interest with the banks and property developers in securing a culture of individualised private ownership, lifetime mortgages and rent.

While productive capital may not play a major role in the creation of housing policy other than through that section which has specific interests in construction, finance capital has made decisive interventions at material times, while the capitalist class as a whole has a distinct interest in promoting the idea of private ownership.

Moving Forward

Housing is also linked to the wider question of what constitutes the good life in a modern, urbanised society. As such, we point towards but do not develop here, related questions about the use of urban green space, public transport provision, publicly-controlled amenities, accessible child care and recreation.

The proverbial property ladder is a counterproductive game for the majority of working people, but so long as most people are playing the game, to boycott it would be to condemn oneself to the inequities of the private rental sector: in Ireland a negative move if ever there was one. In this respect the mania for private ownership is rational behaviour.

When the bubble burst in 2009, it was a common trope from the right-wing that Irish people had a mania for buying houses - as if that were an irrational craze. On the contrary, given the current structural incentives at work, it was entirely sensible for ordinary working people to attempt to secure a home for themselves and their families.

The challenge is to alter the structural conditions which incentivise people to play the property game and, since it is housing's role as a source of profit that gives rise to those incentives, no housing policy that aims to maximise common good can avoid eliminating profit as a factor. It is in not any individual's interest to expend huge sums of money and time in obtaining legal title to a good from which little or no profit will accrue, but so long as the bulk of one's peers are doing so, to abstain would be to put yourself at a disadvantage.

We naturally support standard progressive demands such as a Site Value Tax and the implementation of the Kenny Report. However, at this juncture more stringent measures are required - measures which go beyond generalities to outline detailed policies that make inroads on the housing crisis. We attack the problem from both ends, firstly in terms of squeezing the level of profits being extracted from housing and,

secondly, since a reduction in profits will naturally be met with a reduction in investment, by introducing a programme of state building which is all the more critical to fill the inevitable void.

In this document we outline a series of measures that would weaken the incentives for working people to get on the property ladder while weakening the incentives for investors, large and small, to consider housing a profitable investment. The more that housing is viewed as a personal and public good, rather than an investment, the less profit there is to be had and the fewer the numbers that will attempt to get on the property ladder. And the fewer people attempt to do so, then the less others will miss out. The negative systemic cycle that currently makes it in workers' own interests to pursue private ownership will be broken. But it will only be broken if there is a superior alternative that meets people's needs more thoroughly than the current individualised system. It is not enough that an alternative be acclaimed as morally superior. It must deliver better material comfort, free up leisure time, and cost less for the individual and for society than either renting privately or paying a mortgage. The challenge for socialists is to develop and nurture that alternative in a hostile environment.

Housing as a profitable investment ensures that the primary criterion is the return on that investment and not the social wellbeing of the community, let alone its long-term health. If there is profit to be made in urban sprawl, then that is where the investment will go. The planning process can – but often doesn't – take the worst edges off these developments, but it in any case is also playing catch-up with those who are doing the investing. 'After the fact' amelioration of problems is no substitute for socially controlling and planning investment. We propose instead that the state take responsibility for building, owning, and renting homes for those who want them, thereby knocking one of the rational props out from under the mania for private ownership. Coupled with a series of measures aimed at securing for tenants vastly increased rights, and therefore making landlordism much less profitable, we believe that it is possible to change the system of housing provision in Ireland.

The proposals advanced in this document do not deal with control of manufacturing and productive capital. As such, they do not eliminate the reign of capitalist production. Nevertheless, the collective nature of the solutions is social in content and provides a better basis for the future socialisation of production generally than our current pattern of home ownership. The scale of organisation necessary to achieve these demands would leave a lasting impact on the balance of class forces, and were it successful would enable further progress in a socialist direction.

PART II:

A Public Housing Revolution

The case for common ownership of housing is not just a theoretical argument. As well as evidence that a commodified 'housing market' has failed to provide housing here in Ireland, there is also ample evidence from cities like Vienna and Copenhagen, that public ownership of housing delivers affordability, quality and security. In these cities, a majority of housing stock is rented – not owned – by households, and most of it is owned by the state.

In this section, we set out three crucial interventions that are necessary to change the course of housing in Ireland, in a truly radical manner:

1. Stem the immediate crisis by **strengthening tenants' rights in the private sector** and bringing private stock into public ownership
2. **Build public housing** on all publicly-owned land, available for rent by anyone, and:
3. Fund this through **low-cost public borrowing via a national agency**

1. Strengthening the rights of tenants in the private rental sector

The only way to guarantee the right to housing is to provide high-quality, affordable public housing to anybody who wants it - through mixed-income, universal public housing for all.¹⁴ In the long term, the practice of making private profit by renting out a home will have no part in this. However, until such a system of housing is achieved we must begin to put an end to the rule of landlords in Ireland, once and for all. Our proposals show what's needed to actually do this.

Current legislation in relation to the private rental sector treats landlords and tenants as equal. But a tenant relies on the private rental sector for their home. This far outweighs any 'right' a landlord has to create profit. To prioritise the tenant's right to keep their home, the Workers' Party is proposing radical changes in five areas.

I. Introduce 'leases of indefinite duration' as standard

Current legislation in Ireland means that, every 4-6 years, a landlord can choose to evict tenants, without giving a reason. This system is wrong. If a landlord engages in the business of leasing out a property for profit, they should do so in the knowledge that they are providing a home. The tenant's right to remain in their home should supersede everything else.

The Workers' Party is proposing that the current system of 'Part IV' tenancies be replaced with 'leases of indefinite duration' as standard. Any new tenancy signed would only come to an end when the tenant chooses to leave.¹⁵

'Fixed-term leases' would be allowed only in exceptional cases – for example, if the property owner is temporarily living elsewhere. Permission to issue a fixed-term lease would be granted by the RTB. Such leases would be limited to 18 months, and would be granted only once per property and property owner, to avoid abuse.

II. Stop evictions

In order to protect existing tenants, legislation to prevent evictions should be introduced prior to any other changes to the private rental sector.

1. End evictions in cases of sale

When a landlord sells a property, it should be sold with tenants (and their lease) *in situ*, as is the case when commercial property is sold. The buyer of the property would become the tenant's landlord, and the tenant's rights would not be affected. This legislative change should be introduced with urgency, in order to prevent tenants being evicted if landlords choose to sell up as tenants' rights are strengthened.

2. End evictions where the landlord or a family member wants to move in

The practice of evicting a tenant when a landlord's family member intends to occupy the property should be ended. Regardless of the housing need of that person, the tenant has an equal housing need. If a landlord chooses to rent a property, it should not be considered a family home with special rights.

14. You can read the Workers' Party's public housing policy, 'Solidarity Housing,' at <http://workersparty.ie/wp-content/uploads/2016/05/Solidarity-Housing-7.pdf>

15. Eviction of tenants would remain possible in instances where serious anti-social behaviour is evidenced.

III. Make Rents Affordable

1. Prevent new rent increases in existing tenancies

Rents have escalated well beyond inflation in recent years in Ireland. The RTB estimates that rents rose by approximately 35% between 2012 and 2017.¹⁶ By contrast, inflation over the same period was only 2.2%. We are proposing a **ten-year cap** on current rents, to allow them to fall back in line with wages and with the economy more broadly.

2. Drive down rents on new tenancies

The Housing Agency defines 'affordability' as around a third of wages. The government should establish a rental index that sets the maximum rent chargeable for a one-bedroom property at a third of the current average wage. To avoid overcrowding, rent for larger apartments should be linked to floor space. For 2018, the maximum rent chargeable might look something like:

- Up to 70sqm: €800 / month
- 70-100sqm: €950 / month
- 100-130sqm: €1100 / month
- 130-160sqm: €1250 / month

Rent increases should be linked to inflation at a maximum. A rental index stating the rent of each address registered with the RTB should be published online and updated annually.

3. Reduce rent for existing tenancies to an affordable level

Rent caps for future tenancies are not enough. We cannot ignore the fact that, because of repeated governments' failure to regulate the private rental sector, many people currently pay far more than they can afford to landlords.

Inevitably, the introduction of rent caps for any new tenancies will lead to a reduction in rents overall, as tenants begin to move to cheaper homes or negotiate rents downward with their existing landlord - who would of course be keen to avoid having to begin a new tenancy following the introduction of stringent rent caps. It should be possible to go beyond simply waiting for the market to bring existing rents down, however. Two mechanisms to do this might be:

- The RTB should establish a 'rent review board', to which any tenant currently paying more than 30% of their salary in rent could apply for a rent reduction
- 18 months after new rent caps have been introduced, the RTB should establish an index of average rents, and any tenants found to still be paying above this average would also be liable for a rent reduction.

IV. Make landlords - not tenants - pay for improvement works

The final reason which typically leads to an eviction is the excuse of 'improvement works.' Although a tenant has the right to choose to move back in to a property following the completion of such works, the landlord may choose to raise the rent. This means that a tenant living in sub-standard accommodation is effectively financially penalised for insisting that his/her landlord carry out improvement works. Legislation should be introduced to change this situation.

16. Irish Times (20/12/17) *Rents rise to above boom-time peak in third quarter of 2017.*

In cases where improvements are required by law, i.e. where a landlord is found not to have met basic health and safety or other minimum standards, renovations should be carried out immediately, with **all costs to tenants borne by the landlord**. This means that the tenant has the full right to return to the property **at the existing rent**. The **landlord should compensate tenants** for the cost of temporary accommodation while works are carried out.

In cases where renovations are not required by law, improvement works should be carried out only where the tenant agrees. An agreement should be signed between tenant and landlord in relation to timing, compensation payable to the tenant if necessary, and the rent chargeable (within legal limits) following improvements.

V. A 'tenancy protection fund' - funded by landlords

A 'Tenancy Protection Fund' should be established through the collection of a percentage levy on landlords' income, to be collected by Revenue. This fund would be used to meet the needs of tenants whose landlord has failed to meet minimum standards, and to carry out necessary improvements to the property. It would ensure that tenants are not the ones who suffer if a property is condemned as 'unsafe' by the authorities.

The current system of deposits should be ended, to be replaced with a mandatory deposit protection scheme. The amount of a deposit would be set by the RTB, and this deposit would be collected from a landlord when they register a new tenancy with the RTB. Deposits would be automatically repaid to the tenant when the tenancy ends, unless the landlord applies for damages. Interest earned on deposits would be retained by the RTB to fund its workings.

An opportunity to expand public housing

If we put an end to price-gouging and rack rents in the sector, a portion of landlords will decide they can no longer gain financially from renting out houses, and choose to sell.

But would this really be such a terrible outcome? By introducing the right to remain for tenants when their home is sold, the law would limit the pool of buyers interested in buying the property. If many landlords begin to sell, prices will drop.

The state could then choose to acquire these homes, in order to expand its public housing stock. Around one in four households *already* pay their rent through one of the government's rent subsidy schemes.¹⁷ It is only these massive subsidies that have propped up the private rental sector, while these same landlords ruthlessly raise rents and evict tenants.

The measures we are proposing will in reality simply reframe the already significant role of the state in paying for rented accommodation, providing an opportunity for a radical expansion of the state's own housing stock while gradually ending the subsidisation of private landlords.

17. The Department of Housing estimates 50,000 households were receiving either HAP or RAS housing supplements as of October 2017, while the Department Social Protection estimated 35,061 households had received rent supplement in 2017, by November. The 2016 census estimates there are around 309,728 households in Ireland's private rental sector.

2. Public housing for all – ‘Solidarity Housing’

Solidarity Housing is a proposal from The Workers' Party to address the systemic failure of housing provision as a whole in Ireland - in terms of quality, affordability, security of tenure and inclusivity.

The crises in private rental and mortgage arrears have left more and more households without secure accommodation. This has created additional pressure on the social housing system. And yet only a tiny number of households are being housed each year. At current rates, it will take 95 years for sufficient local authority and voluntary housing to be delivered to clear the current national housing waiting list of over 100,000 households.¹⁸

How would Solidarity Housing Work?

Solidarity Housing proposes a radical widening of public provision of housing to almost all who want it, with the dual purpose of increasing revenue streams to the state, whilst simultaneously providing secure housing which is affordable relative to income. It opens the benefits of public housing – secure tenancy, stable community, affordability – to the many new categories of households experiencing housing difficulties.

Under the proposed model, access to housing would be widened so that in any given development, the state would rent 50% of homes to households who currently qualify for social housing and the rest to those who are not currently eligible for social housing. Rent for all households would be calculated as 15% of income up to €35,000, plus 30% of income above €35,000¹⁹.

Overall, the amount of housing provided to low-income households would increase. The precise increase would vary but, for example, under the current Housing Land Initiative proposed by Dublin City Council, the quota of social housing is 30%. This would increase to 50% under Solidarity Housing. For many others, accessing Solidarity Housing will bring numerous advantages compared with either a mortgage or private rental. Greater affordability is a certainty, accompanied by the security of knowing that, should income decrease, so too would the household rent payable. The rents would look as follows:

| Household Income (Below) | Solidarity Housing Rents (Proposed) | Social Housing Rents (Current) |
|--|--|-----------------------------------|
| €9,857 | €123 | €123 |
| €15,705 | €196 | €196 |
| €22,504 | €281 | €281 |
| €28,657 | €358 | €358 |
| €34,932 | €437 | €437 |
| €41,878 | €629 | |
| €50,721 | €874 | |
| €61,772 | €1,181 | |
| Average Monthly rent (per unit) | €509 | €279 |

18. Based on CSO data that 465 homes were built by local authorities and voluntary housing bodies in 2015, and Department of Environment data that 1,000 units were acquired for use as social housing in 2015.

19. Under the proposed model, and assuming an even spread of incomes in the rental system, these figures allow a new development to 'break even' within approximately 25-30 years. It is, therefore, similar to a 'cost rental' model of housing. If building costs increase, loans can be spread over longer periods in order to ensure rent remains linked to income.

Compare these rates with current average monthly rents in Dublin:²⁰

| | |
|--------------|--------------|
| 1 Bed €1500 | 3 Bed: €2300 |
| 2 Bed: €1900 | 4 Bed: €2900 |

The income distribution within new developments would reflect the income distribution in society generally

What are the Advantages of Solidarity Housing?

i. Solidarity Housing is more financially viable than other models

The Solidarity Housing model has the potential to significantly reduce the cost of housing provision to the state. By offering near-universal access to public housing, at income-indexed rents, the state can accumulate surplus revenue for reinvestment in housing or in maintenance work. In addition, because governments can borrow money more cheaply than charities or businesses, the costs of borrowing money to build housing are considerably cheaper under a fully public model.

| | | State Revenue (per unit, per month) at various lending rates | | |
|---------------------------|------|--|----------------------------------|-----------------------------------|
| Average Monthly Rent/Unit | | State-issued bond ²¹ | Low-Cost Financing ²² | High-cost financing ²³ |
| <i>Social Housing</i> | €279 | -€154 | -€562 | -€902 |
| <i>Solidarity Housing</i> | €509 | €143 | -€265 | -€605 |

Solidarity Housing is the best model for deflating the overall cost of housing because, since it is directed by the state, it is capable of removing many of the 'middle man' profits that add to the cost of housing in Ireland. Profit is accumulated within housing in Ireland in a number of different ways:

- Owner-occupied, private housing accrues profits to developers, lenders and – to a lesser extent – the eventual house owner through appreciation; Private rental accommodation accrues profits to developers, lenders and landlords;
- Social housing accrues profits to developers and lenders.

Driving down the profits of lenders, developers and landlords is the best way to drive down the cost of housing in Ireland.

ii. Delivering vibrant and supportive communities

In Ireland, there has been an association between inclusive communities and mixed private and public housing. This is because the low volume of public housing stock has meant that only the most marginalised groups can access social housing.

20. Daft Q3 2018 Rental Report, figures for rent in Dublin 1

21. Loan at 2% over 30 years

22. Loan at 3% over 30 years

23. Loan at 4% over 30 years

24. Part V refers to an obligation introduced in 2002 that developers of estates greater than five units allocate at least 10% of units to affordable private and 10% to social housing. The 10% affordable allocation was scrapped in 2015.

Traditionally, Part V housing provisions were considered the best way to develop this 'mixed income' objective, by requiring developers to build 20% social and affordable housing in each new development.²⁴ However, a review carried out in 2012 by the Department for Local Government and the Environment indicated that, in the period 2001-2011, only 3.8% was actually delivered – and of this, some two thirds was 'affordable private' rather than public housing²⁵. This is hardly a sustainable strategy for integrating communities.

Because developers perceive social housing as reducing the profits they can expect to make on a development, it is fair to anticipate that they will attempt to circumvent any efforts to truly integrate income groups across a development. As can be seen from the above, the track record of the state in ensuring this does not happen is extremely weak.

The Solidarity Housing model, by contrast, does not rely on private developers to produce inclusive communities – it is done by the provision of public housing to a wide group. It mixes incomes, but not tenure types – 100% of housing is publicly owned and managed. The Solidarity Housing model produces a mix of incomes *without* giving handouts to the private sector.²⁶

Supporting the most vulnerable

Meanwhile, the state retains the ability to ensure that citizens with particular needs – older people, homeless families, single parents, those who are long-term unemployed or in receipt of disability payments – are adequately housed. We propose that a percentage of housing units within any one development would be allocated to households in Band 1 or 2 from the current housing list – those with medical or social priority for housing access at any given time. Such a policy would ensure that households with particular needs do not fall through the cracks, and that housing is not used to marginalise vulnerable groups.

iii. Security of tenure

A clear advantage of the Solidarity Housing model is that it provides greater security of tenure than all other forms of home tenancy in Ireland.

This is most clearly the case when compared with private rental tenancies, where tenants' security is limited by landlords' right to evict tenants when selling a house, banks' right to evict tenants when repossessing a house, and landlords' right to raise rents without a ceiling.

In relation to mortgages, too – including so-called 'affordable' mortgage schemes – the economic crash exposed the vulnerability of those who have purchased their home. As of 2018, there were over 70,000 mortgages in arrears in Ireland, with 40% of these in arrears of more than two years.²⁷ Foreign vulture funds hold 5.1% of Irish mortgage accounts, creating further insecurities for mortgage-holders and, in the case of buy-to-let mortgages, their tenants.

By contrast, with a universal model of housing, tenure is not dependent on maintaining one's income at a given level. As income rises, rent (and, therefore, revenue to the state) rises. If a period of unemployment arises, a loss of income is met with reduced rent – not eviction. The model would also eliminate the problem of negative equity that has been a feature of bubble-prone Ireland – for example, over 40% of loans that originated in 2007 were in negative equity in December 2014.

25. DKM Consultants (2012) Review of Part V of the Planning and Development Act, 2000 www.environ.ie

26. The Workers' Party regards income inequality between classes as a negative outcome of our exploitative economic system. Thus, while this housing model recognises the fact of inequality, we believe that ultimately our objective must be to end the economic disparity *per se*.

27. Central Bank of Ireland (2018) *Long-term mortgage arrears in Ireland*

iv. Democratic accountability and housing management

Housing is a basic human right. Like education and healthcare, it is The Workers' Party's view that, as a basic human right, housing must be delivered and managed in a way that is democratic and accountable. The Solidarity Housing model would constitute a significant expansion of the volume of public housing in the state. The core objective is to deliver equal-access housing to all, whilst ensuring that those groups with particular needs do not fall through the cracks. To oversee this, we propose the establishment of a National Housing Authority, modelled on the Northern Irish Housing Executive. It is recognised that public housing authorities have gained a bad reputation in providing high-quality management of public housing – often untransparent, unaccountable and unresponsive. However, three key factors can improve this situation under Solidarity Housing:

- Participatory management and budgeting would be employed to promote a collective sense of ownership;
- Accompanying this, new Solidarity Housing developments would have a stronger ability to stand up for their rights than often-marginalised social housing developments, owing to their integrated, non-segregated nature. This contrasts positively with the traditional association of certain types of tenure with certain income brackets;
- Funding for maintenance would be ensured through the creation of a 'sinking and maintenance fund,' established by ring-fencing a portion of any surplus revenue generated in a Solidarity Housing estate.

Case Study: O'Devaney Gardens, Dublin 7

The Housing Land Initiative is a Public Private 'Partnership' proposed by Dublin City Council to develop housing on land at O'Devaney Gardens (Dublin 7), St Michael's Development (Dublin 8) and Oscar Traynor Road. The proposal was first mooted in early 2016, and will include 30% social housing, 50% market-rate private housing, and 20% subsidised "affordable" housing of some type – likely in the region of €300,000.

O'Devaney Gardens is a historic public housing scheme, subject to repeated funding and regeneration failures. The Housing Land Initiative represents a massive reduction in the state's commitment to providing accessible housing on the site.

Here is a brief comparison of how the 'Public Housing for All' Solidarity Housing model compares to the council's proposal for O'Devaney Gardens.

| | Public Housing for All | Housing Land Initiative |
|---|--|---|
| What determines who has access to new housing? | 50% of housing is assigned to those on below average incomes, and 50% to those on above average incomes. | 30% of housing is reserved for households on below average incomes, and 70% given to households on above average and high incomes – so higher earners receive a greater quantity of housing built. So-called “affordable” homes, costing an estimated €320,000, will in fact be affordable only to the top 30% of earners. |
| Does the scheme represent financial sense for the state? | Income from all tenants is determined as a percentage of income, and is paid to the state. Any surplus revenue can be reinvested in building or maintenance. | Under the ‘private affordable rental’ model proposed under the Housing Land Initiative rents paid to private landlords are topped up by state top-ups. This is a further expansion of the system of state subsidies to landlords. |
| How is land managed? | The land at O’Devaney Gardens remains under public ownership | Public land is transferred at no cost to a private developer, who retains all current and future profits associated with it. |
| What sort of community is created? | All households have the same tenure, rights and quality housing without distinction based on income. | Even though there is a mixture of incomes, there are different housing schemes, tenures and housing types, creating stigma and division. |

Acquisitions

A large-scale public building programme is essential to add housing to our public stock, in order to meet increased need.

This can also be complemented by the state acquiring properties which are already built. Currently, this is done solely through the purchase of properties by local authorities on the open market – effectively bidding against many other purchasers, purchasing as a result at high prices in the current climate, and contributing to escalating house prices. Acquisitions do not need to take this form. Some examples of how the state could acquire new housing stock include:

- Measures to give preference to local authorities in purchasing housing. In Berlin, the city authority has first refusal on all properties that come on the market. This avoids the current practice in Ireland of the local authorities ‘bidding up’ properties it seeks to purchase in Ireland.
- The compulsory acquisition by the state of all distressed buy-to-let mortgages, and their associated properties. Residents would remain as public housing tenants.
- A state-driven mortgage-to-rent scheme, under which the state would offer a lifetime tenancy to mortgage-holders, in exchange for the house becoming part of the public housing system.

- A pension-linked incentive scheme, in which 'accidental landlords' may sell their properties to the state in exchange for a fully-funded defined-benefit pension scheme.
- The development of not-for-profit, affordable, purpose-built student accommodation by universities, as opposed to private developers.
- The establishment of a state savings scheme, the funds of which would be used to invest in public housing. In France, the 'Livret A' scheme allowed 134,000 social housing units to be built by the state.
- An apprenticeship programme in which the state would compulsorily purchase vacant housing with heritage value, and employ and train apprentices in conservation building techniques, in order to refurbish them for use as public housing. In Barcelona, the municipality has first refusal on vacant, protected buildings across large stretches of the city.

3. Financing Housing – the public alternative

This section focuses specifically on the financial aspects of Solidarity Housing, demonstrating how the proposal could be funded, how it compares to other models, and the financial benefits it could deliver if implemented.

Rebuilding Ireland's social housing section sets out a plan for the provision of 47,000 social housing units by 2021, supported by investment of €5.35bn. (The 2014 *Social Housing Strategy* aimed for 35,600 new social housing units by 2020 at a cost of €3.8bn).

The difference between this figure, small in relation to the need for housing, and the document's target of 75,000 units provided through Housing Assistance Payment (HAP, a state payment to private landlords to subsidise low-income tenants), shows that *Rebuilding Ireland* is a continuation of long-standing - and long-failing - policies of reliance on the private sector for housing provision. Rather than seriously addressing the housing crisis, it is reinforcing the same broken system.

The use of HAP means that the State is focused on subsidising the profits of landlords rather than providing accommodation for the population. This will be an expensive effort, and one that will not ensure high-quality housing, rent stability or secure tenure. But there are also wider implications for the economy with regard to the increased cost of living and the proportion of income that households spend on rent or mortgages.

Regardless of the document's subtitle, the true aim of *Rebuilding Ireland* is to rebuild the private sector.

Time for a new approach

Ireland's population pays a very heavy percentage of income in housing, with Dublin in particular being one of the most expensive cities in the OECD in this regard. The resultant weakness of disposable income relative to nominal wages hurts people's quality of life and has the broader macro-economic effect of increasing the relative costs of economic activity in Ireland.

Addressing the housing crisis, therefore, can be a stepping stone to the revitalisation of the Irish economy and its wider reorganisation to meet the needs of the population rather than those of private interests, whether private landlords or international vulture funds.

Providing housing requires a multi-pronged approach, including lifetime leases to distressed mortgage holders, rent caps, the provision of social housing through NAMA properties, and the compulsory purchase of derelict or vacant properties for reuse as social housing. But the housing crisis cannot be solved without addressing the question of housing supply. Schemes such as the HAP rely on the strategy of providing guaranteed profit the private sector, which will then create supply. Recent years have demonstrated that this approach is costly, ineffective and disastrous.

The public housing for all model outlined above has the potential to address many of the systemic flaws of Irish housing provision and, as set out here, makes solid financial sense.

Current approaches to funding housing provision

Rebuilding Ireland states that in the period 2016-2021 social housing will be provided using four main approaches.²⁸

Method 1: Housing Assistance Payment

- Tenants secure housing (within certain rent limits) in the private rental sector.
- The tenant pays a differential rate based on their income to the local authority and the local authority pays the landlord the market rent directly.
- Once a household is approved for HAP, their housing need is considered to be met and the household is removed from the local authority waiting list.

Method 2: Targeted public housing by private build

- Private build could occur through a Public Private Partnership or a Part V build²⁹.
- Public Private Partnerships (PPPs) were planned for use in several regeneration projects. However, they lost their popularity once the regeneration projects fell through during the economic crash.
- ‘Targeted’ means that public housing would be available only to those households which are most at need.

Method 3: Targeted public housing by Approved Housing Bodies

- Approved Housing Bodies (AHBs) are non-governmental, not-for-profit bodies or non-state bodies with similar charters which provide a public service.
- AHBs have the ability to move the cost of public housing “off books”, meaning they could be used to finance public housing within EU fiscal rules.
- As they are private bodies, the assets of AHBs are susceptible to privatisation or part-privatisation.
- Public housing would be available only to those households which are most at need.

Method 4: Targeted public housing by public build

- Public housing would be available only to those households which are most at need.
- The public housing could be built by the local authority or a contracted authority.

The cost of failed strategies

The above approaches have been defining elements of State housing policy over several decades and numerous governments. Their use has had enormous social costs: an 80% increase in the repossession of primary dwelling homes in the first nine months of 2015 compared to all of 2014; rents in Dublin rising above the pre-crash high-point; and over 4,000 children and 6,000 adults living in emergency accommodation in July 2018.

28. RAS was excluded because tenants currently on RAS are expected to have moved to HAP by 2020. Leasing and acquisitions only cover a small proportion of the planned units and were excluded for that reason.

29. A “Part V” refers to Part V of the Planning and Development Act 2000, which set out that up to 20% of all new housing developments were to be reserved for social and affordable housing. Part V has since been reduced to 10% of any new housing development.

By focusing on one particular issue - rent - the high economic cost of these methods is also clear. In 2014, the Private Residential Tenancies Board (PRTB) stated that while spending 30% of net income on rent was sustainable, a single person earning €36,000 and living in a one bedroom apartment would be spending 41% of net income on rent.³⁰ Now, in 2018, a one-bedroom apartment in Dublin now rents for an average of approximately €1500, equating to roughly 65% of take-home pay for somebody earning €36,000. The wider implications of high accommodation costs include increased wage pressures, lower disposable income, and decreased quality of life.

Method 1: Housing Assistance Payment

According to former Minister for the Environment, Community, and Local Government, Alan Kelly, the HAP programme has an average monthly rent of €688 per unit per month.³¹ Under the Government's plan for 75,000 households to be under the HAP programme by 2020, this would result in a cost of €510.3m per year when the programme is fully operational (excluding costs for the administration, monitoring and management of the scheme).

However, with rents continuing to escalate, that figure is already long outdated. Assuming that rent increases in line with inflation, costs will increase. If supply is not significantly increased in the private rental sector then it is likely that rental increases will continue to increase.

Meanwhile, as families now begin to move from homelessness onto HAP payments, many are subsequently faced with eviction for a second time, and are forced back into homelessness. The rights of a HAP tenant are no more secure than any other.

Method 2: Targeted public housing by private build

Based on the claim that 47,000 units will be supplied at a cost of €5.3bn, *Rebuilding Ireland* suggests a construction cost of €113,000 per unit.

However, using very conservative estimates for construction, including VAT at 13% and a developer profit margin of 11%, a construction cost of €200,688 per unit is reached (see below for full details). This is exclusive of the negative impact on the economy through reduced tax revenue which has in the past been part of such schemes for private build.

Method 3: Targeted public housing by Approved Housing Bodies

It is technically feasible to use AHBs as a vehicle for financing housing within the EU fiscal rules through copying the Netherlands model. This could involve the creation of a special purpose national state financing body which seeks finance and provides loans to AHBs. The AHBs then underwrite these loans using their current assets as collateral.

To do this it would be necessary to create a state-backed guarantor along the lines of the Netherlands' Waarborgfonds Sociale Woningbouw (Social Housing Guarantee Fund). This body would enable acquisition of financing from state banks and other institutions at extremely low finance rates because of scale. If such a body were not created, then financing costs would increase significantly. Using a conservative rate of 3% for an individual small AHB, and taking into consideration the nature of compound interest, the unit cost described below (€160,000) would increase by €36,000.

Method 4: Targeted public housing by local authorities

In the current model of public housing, accommodation is only provided to a restricted number of households on low incomes. This means that the revenue which is taken in through rent cannot approach the cost of providing the housing and must be subsidised. The consequences of this are dealt with further below.

30. DKM Economic Consultants, *Future of the Private Rented Sector* (2014).

31. This was the average rent paid to landlords via HAP for 2017. However, as HAP only became available in Dublin in 2018, it is likely the average rent paid will increase sharply for 2018.

The sums: How much would public housing for all cost?

Construction Costs

The average unit construction cost is arrived at by first estimating the base cost for each size of unit, arrived at based on minimum size requirements, and the Bruce Shaw industry build costs of between €1,250 and €1,850 per sq. m, with an additional 13% site development cost for infrastructure and other one-time costs (such as landscaping and communal areas).³² Using census data for household size, the number of rooms required is then estimated relative to demographic size. This weighted system results in a unit cost of €140,000, excluding parking.³³

Table 1: Base cost by number of bedrooms required

| | | | | |
|--------------------------|--------------|--------------|--------------|--------------|
| Build cost per sq m | €1,750 | | | |
| | <i>1 Bed</i> | <i>2 Bed</i> | <i>3 Bed</i> | <i>4 Bed</i> |
| Size (sq m) | 55 | 90 100 | 110 | |
| Base cost | €96,250 | €157,500 | €175,000 | €192,500 |
| Household size estimates | 40% | 30% | 20% | 10% |

Table 2: Average construction costs

| | Per Unit |
|---------------------------|----------|
| Average cost per unit | €140,000 |
| + Under-building car park | €20,000 |
| Total construction cost | €160,000 |

At a total construction cost of €160,000 per unit, the construction cost of 35,000 units would be €5.6bn.

Public build can forego some costs involved in private sector construction, including 13% VAT, 10-20% profit margin, marketing and land acquisition. For the same number of units with a similar demographic breakdown, the resulting cost would be, at a conservative estimate, €200,688 per unit, with 35,000 units totalling €7bn. This excludes the increased costs of building finance, as private developers are unable to avail of the financing strategies detailed here.

The *Social Housing Strategy 2020* provides for 35,000 social housing units being built. However, Solidarity Housing is a model predicated on the provision of public housing to a wider proportion of the population through cross-subsidisation. As such, the programme could sensibly be expanded to 70,000 new units. This would result in a cost of €11.2bn and would deliver a majority of the 79,660 units required up to 2018 according to the Housing Agency forecast, or of the 90,000 units the ESRI forecast as being required to 2021.

32. Per unit build estimates vary considerably. The estimates used here are in line with other sources, including the Society of Chartered Surveyors of Ireland. If build costs were to increase, under a public housing model, these costs can reasonably be spread over a far longer period – up to 50 years – thus preventing any increases in rent in the immediate term.

33. Space to park a car is a legislative requirement.

The cost of financing

As a government can borrow money more cheaply than charities or businesses, the costs of borrowing to build housing is considerably cheaper under a public model. Costs of borrowing were estimated in *Solidarity Housing: Getting the Vultures Out of Irish Housing* using a conservative model of 2%, 3%, or 4% over 30 years.

The Housing Finance Agency has since stated³⁴ that it can borrow at a rate of 1.5% for the provision of housing. However, this rate is only available in an off-books scenario.

Revenue

The 'targeted' nature of current approaches to social housing provision necessarily limits the monthly revenue achievable, thus increasing the cost to the State. By providing public housing to a broader segment of the population, Solidarity Housing allows for a greater average monthly revenue, driving down the average cost.

Table 3: Average monthly revenue in current social housing rents and Solidarity Housing

| Household Income | Social housing rents (current) | Solidarity Housing rents (proposed) |
|---------------------------------|--------------------------------|-------------------------------------|
| €9,857 | €123 | €123 |
| €15,705 | €196 | €196 |
| €22,504 | €281 | €281 |
| €28,657 | €358 | €358 |
| €34,932 | €437 | €437 |
| €41,878 | | €629 |
| €50,721 | | €874 |
| €61,772 | | €1,181 |
| Average monthly rent (per unit) | €279 | €509 |

In Solidarity Housing, revenue is estimated to be €509 per unit per month. Assuming complete amortisation at a finance cost of 1.5% per annum over 25 years, the estimated total cost is €640 per unit per month. This leads to a net expenditure per unit of €131 per unit per month, exclusive of maintenance and grounds-keeping costs (estimated at approximately €1,000 / annum / apartment by the Department of Public Expenditure and Reform).

Comparisons

Taking these estimates into account, Solidarity Housing can be shown to be the most financially viable option for significant social housing provision. While the estimates show a negative net revenue for Solidarity Housing, this is primarily due to the very conservative figures and revenue utilised. To provide 35,000 units, the current targeted approach would cost around €152m per year.

34. Marie O'Hallaron, "Local authorities could get 1.5% housing loans fixed for 25 years", *Irish Times* (2 August 2016). See at: <http://www.irishtimes.com/news/ireland/irish-news/local-authorities-could-get-1-5-housing-loans-fixed-for-25-years-1.2741751>

Table 4: Summary of Potential Costs and Revenue

| | Housing Assistance Payment | Targeted public housing by private build | Targeted public housing by Approved Housing Bodies | Targeted public housing by public build | Solidarity Housing |
|------------------------------------|----------------------------|--|--|---|--------------------|
| Average Unit Construction Costs | n/a | €200,688 | €200,688 | €160,000 | €160,000 |
| Finance | n/a | 1.5% | 3.0% | 1.5% | 1.5% |
| Total cost per unit per month | €567 ³⁵ | €803 | €952 | €640 | €640 |
| Revenue per unit per month | €0 | €279 | | €279 | €509 |
| Net expenditure per unit per month | €567 | €524 | | €361 | €131 |

Why does Solidarity Housing work?

Solidarity Housing is more viable and sustainable than other models of social housing provision because it is a universally-available, publicly-provided and -funded model. By leveraging the State's advantage in securing finance, cutting out profiteers and targeting a broader swathe of the population, Solidarity Housing can deliver high-quality housing more efficiently than other approaches.

Cross-subsidisation

Using a cross-subsidisation model means that new housing developments 'pay for themselves'. The model yields sufficient revenue within some reasonable uncertainties to come close to paying for the costs of financing housing construction, oversight and maintenance, and providing high-quality, well-provisioned housing in perpetuity for the public.

Cross-subsidisation is only possible because Solidarity Housing would be available to a wider proportion of the population than can access current social housing. Under the current system, only those with the lowest incomes can access social housing, meaning that rents will never be able to cover the cost of such housing and the State must subsidise the cost.

The State has an obligation to provide housing and emergency accommodation. This means that the other consequences of the restricted provision of social housing are higher expenditure on emergency accommodation (estimated to be €116m nationally in 2018)³⁶ and longer term accommodation in the private rental market, now approximately €500 million / year. This has led to both poor quality provision to households, who are based in unsuitable emergency accommodation or precarious rental situations, and State-subsidies to the private sector.

35. This was the average rent paid to landlords via HAP for 2017. However, as HAP only became available in Dublin in 2018, it is likely the average rent paid will increase sharply for 2018.

36. <http://www.rte.ie/news/2016/0223/770162-emergency-accommodation-dublin/>

Direct Build

Relying on private developers for a large-scale building programme will increase costs due to the profit margin that the developer(s) will seek and due to the rate of financing available. In order to reduce costs, increase quality and ensure delivery, the State – either at local authority or national level - should create building corporations to provide housing builds at cost.

Public Corporation

Given EU fiscal rules and ongoing budget constraints, a State-led building programme of 35,000 homes may seem unrealistic. One solution to this is the creation of a national public housing corporation.

As Solidarity Housing schemes are self-financing, such a corporation could obtain off-books financing (given sufficient asset backing). The long terms involved in financing housing would make such a project attractive to low-risk investors, especially investors such as the State or trade unions. In Austria, for example, the major trade union body is heavily invested in the State's universally targeted social housing.

Appendix 1 - European Union Fiscal rules

In 1997, EU Member States agreed the Maastricht Treaty, which limits government deficits to 3% of GDP and public debt levels to 60% of GDP. The Stability and Growth Pact (SGP) was signed in 1998 as a means of enforcing the debt and deficit limits. The SGP was strengthened by the Fiscal Compact Treaty, which was ratified by Ireland through a referendum in 2012.

The SGP has preventative, corrective and enforcement rules.

The corrective rules are applied to Member States with excessive deficits, i.e. deficits above 3% of GDP or debt above 60%. Those countries can be entered into an excessive deficit procedure (EDP), which requires correcting the excessive deficit. Ireland entered the EDP in 2009.

On exiting the EDP, Ireland came under the preventive arm of the SGP in 2016. Member States in the preventive arm must reach a Mid Term Objective, in Ireland's case achieving a structural budget balance of 0.5% of GDP by 2018. The rate of improvement to reach the structural balance is set by the European Commission, depending on its view of Ireland's progress.

A second aspect of the SGP, alongside balanced budgets, is the Expenditure Benchmark, which limits the rate at which aggregate public expenditure can grow. Until Ireland reaches the Medium Term Objective of a structural balance, a convergence margin is subtracted from the medium-term growth rate. When Ireland reaches a structural balance, expenditure can grow in line with the medium term growth rate

By insisting that liabilities are taken on with respect to Gross State Product is to insist that all revenue must come from taxation. This creates particular difficulties in an era in which taxation of capital is made difficult through porous financial boundaries, the threat of corporate flight, intentional loopholes; and tax havens. The consequence is that public services are not provided where there are opportunities for profit.

Due to the regulations on expenditure, the EU fiscal rules push towards the use of 'off balance sheet' solutions, despite concerns that these solutions can be little more than creative accounting, cost more in the long run, are open to privatisation, and – as demonstrated in the case of Irish Water – can completely fail in the objective of cooking the books.

The National Economic and Social Council (NESC)³⁷ and Social Justice Ireland (SJI)³⁸ have suggested off-books methods of financing new housing. NESC suggested An Post savings being lent by the NTMA to the Housing Finance Agency, which would then lend to social housing providers with a moderate fixed mark-up on the interest paid to savers. The interest rate would be low and stable. Similarly, SJI suggested that a Special Purpose Vehicle such as NAMA could be established. The social housing units owned by local authorities (and receiving rent) could be used as collateral against the loans taken out by the SPV.

In addition to the off-books approach, SJI has also suggested an on-balance sheet approach: invoking the structural reform clause of the Stability and Growth Pact. The structural reform clause allows Government to cater for the short-term costs of implementing structural reforms that will have long-term positive budgetary effects. This approach could allow for up to 0.5% of GDP (about €1bn) additional on-books financing for social housing construction.

With regards to building housing, France has demonstrated a possible means by which the public corporation is not caught by the EU fiscal rules. After the European Property Federation took a case against Sweden, the European Commission expressed concern that universally-provided social housing by the State violates free competition.³⁹ When similarly warned about its social housing programme, France responded that it is open to free competition and that corporations are welcome to provide the same service i.e. profit-free, affordable, cross-subsidised housing.

Appendix 2 - Alternative Housing Bodies

An alternative model to a public corporation is that of Approved Housing Bodies. There are two major claims in defence of AHBs: management and finance. The claim of superior management is that AHBs are more responsive, more adapted to the needs of clients, and focus primarily on provision of housing. However, an underlying cause of the unresponsive and badly-managed nature of social housing in Ireland is that it has been underfunded, which will increase with the broadening of AHBs. In Vienna, approximately 25% of social housing is provided by the State (with another 30% provided by AHBs). The State is considered to be a high-quality housing provider, partly because it is well-resourced and has a body specifically devoted to the provision of housing.

The financial claim to fame of AHBs is the ability to move finance off books. In the Netherlands, this approach has reached the high point with the existence of an enormous financing body which has cross-linkage with all AHBs and provides them with low-cost financing underwritten by their assets. In the Netherlands it was necessary to transfer significant amounts of public housing assets to AHBs so that they would have sufficient stock to operate and provide collateral for finance for expansion.

The experience of the Netherlands and the United Kingdom demonstrates that AHBs can often end up acting like private corporations, with highly-paid executives and complex financial arrangements meant to maximise the increase in revenues. This had serious consequences in the Netherlands, including financial impropriety, a failure to expand housing supply, and inefficiency.

A further consideration is that AHBs have now been ruled to be “on balance sheet” complicating the state’s ability to use them to circumvent EU spending rules. It is entirely likely that private developers may fill this vacuum by developing “build-to-rent” housing, with a guarantee from the state that it will rent it under the long-term social housing leasing scheme. This is exceptionally poor value for the state.

37. National Economic & Social Council, *Social Housing at the Crossroads: Possibilities for Investment, Provision and Cost Rental* (NESC, 2014).

38. Social Justice Ireland, *Budget Choices 2017* (Social Justice Ireland, July 2016).

39. European Parliament, *Social Housing in the EU* (January 2013) [http://www.europarl.europa.eu/RegData/etudes/note/join/2013/492469/IPOL-EMPL_NT\(2013\)492469_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/note/join/2013/492469/IPOL-EMPL_NT(2013)492469_EN.pdf)

Conclusion

There is a general trope amongst bureaucrats and mainstream politicians, both on the right and the left, that we need a 'menu of options' in order to tackle the housing crisis. They point to the variety of housing measures, tenure types, cooperatives etc. in cities like Vienna as evidence that these are all equally important interventions.

This is misleading and fundamentally misses the structural shift that a radical home-building programme seeks to bring about.

Dramatically increasing publicly-owned housing stock, making it accessible to all who want it, while at the same time driving profit out of private rental housing, are the core steps required to fundamentally shift housing in Ireland away from boom/bust unaffordability and insecurity, and towards a de-commodified public good..

The rest of the 'menu of options' are indeed used in cities like Vienna and Copenhagen, but their positive effect is entirely reliant on the existence of a bedrock of publicly-funded, -built and -owned housing in those cities.

A large, state-driven public housing sector doesn't just meet the immediate needs of those who access it. It acts as a brake on growth in housing prices and rents, across every tenure type, by increasing the supply of affordable accommodation.

It requires nothing short of a complete restructuring of an Irish economy which, since its foundation, has been built on rentierism and property speculation.

We are under no illusions about the scale of this task.

The Workers' Party wants to build a new Republic.

A Republic that is run in the interest of the great majority of people: the working class.

We want to take power away from the class that has run this so-called Republic into the ground and profited from it at the time. The bankers, developers, landlords and the cosy political establishment who line their own pockets at the expense of working class people.

We want an Ireland which can work for everyone and where everyone can work.

To do this we need our own party – a party that wants to win power for the working class – one that goes beyond slogans and has a plan for how to achieve a better life for all.

With your help, The Workers' Party can be that party.

If you want a Republic that guarantees the right to a home, to a living-wage job, and to quality healthcare, you'll have to fight for it.

Join the Workers' Party. Build a new Republic – a democratic, secular and socialist Ireland.

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