Liberty - Equality - Community

éirígí

PUBLIC
HOUSING
FOR ALL

Saoirse - Comhionannas - Bráithreachas

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TITHÍOCHT
PHOIBLÍ
DO CHÁCH

Privatisation - The Cause of the Crisis!

The roots of the current housing crisis can be traced to the 1960s when government policy shifted away from the state providing homes directly to citizens. In the intervening five decades a process of creeping privatisation has seen virtually every aspect of housing handed over to private banks, developers, landlords and other profit-driven interests, with predictable and disastrous results.

**Public Housing As Percentage of Total Housing Stock**

41% — 1940
9% — 2016
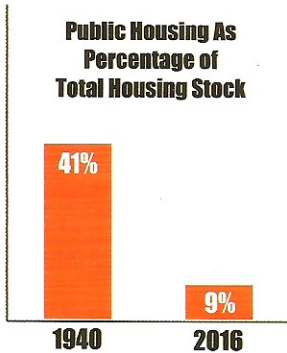
The privatisation process has seen the state **sell off over 225,000 publicly-owned houses** in the last fifty years. As a result the state is now unable to provide affordable housing to the more than 130,000 families that are on the housing waiting list, while homelessness and private rents have reached record levels.

The three pie-charts below show the dramatic impact of the **privatisation of home construction**. Between 1921 and 1959 the state built roughly one home for every home that the private sector built. In the decade to the end of 2015 the state built just one home for every sixteen homes that the private sector built.

1921-1959   1960-2007   2006-2015

■ Public Home Construction   ■ Private Home Construction
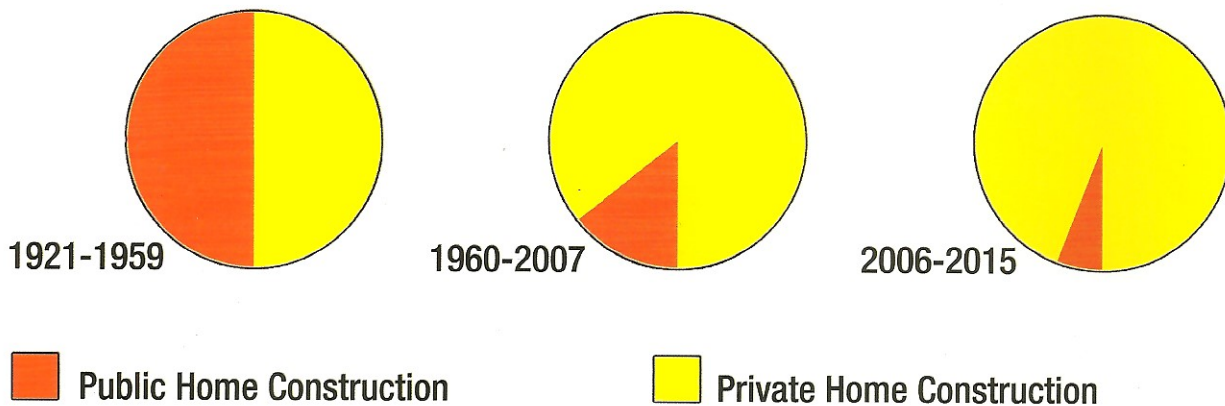
During the early decades of the state Local Authorities and Building Societies were the main providers of home mortgages. Deregulation and the prospect of super-profits **brought the private banks into the mortgage market** in the 1970s and 1980s.

By 2012 there were no operational Irish building societies left in the 26 Counties. In 2015 Local Authorities approved new mortgages of just €32m. In contrast the private banks approved new mortgages totalling €6,293m, as shown in the accompanying pie chart.

2015

■ Local Authority mortgages
■ Private Bank mortgages
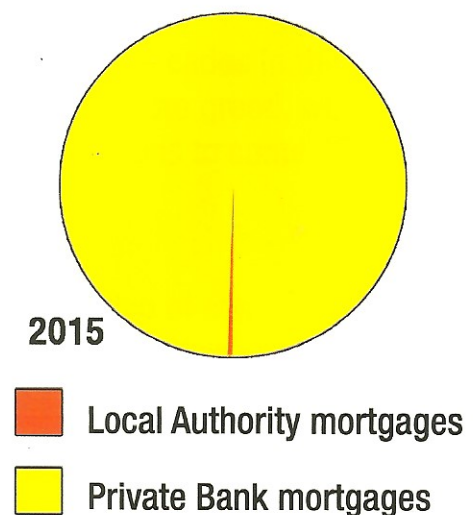
€8,000,000,000 THE AMOUNT OF PUBLIC MONEY PAID TO PRIVATE LANDLORDS

Over the last 20 years the government has even **privatised social housing**, giving private landlords at least EIGHT BILLION Euro to provide accommodation for people that can't afford to buy or rent a home in the private sector.

That was enough money to build 50,000 houses which could have provided homes for 50,000 families for at least 100 years! Instead the private landlords pocketed the money, bought some more houses and increased the rent!

The number of private landlords in the 26 Counties continues to rise at an alarming rate. The number of landlords has risen by 13,000 in just two years, from 160,000 in 2014 to 173,000 in November 2016. A staggering 320,000 families are now stuck in the private rental sector.

Private Housing and Private Banking – A Charter for Profiteering

A 2016 report by the Society of Chartered Surveyors confirmed just how inefficient the private sector is at building homes. It showed that 55% of the €330,000 total cost of a privately-built 3-bed house in Dublin is made up of non-construction costs including taxes and the profits of the developer, landowner, estate agent and banks.

When a privately built house is paid for using a private mortgage the situation gets even worse. Over the course of a standard mortgage the homeowner pays back roughly twice the original figure that was borrowed. In other words just one quarter of the total mortgage repayments are used to pay for actual construction costs!

26%

74%

■ Actual Construction Costs

■ Non-Construction Costs & Mortgage Interest*

*€286,000 mortgage @ 4.3% over 33 years
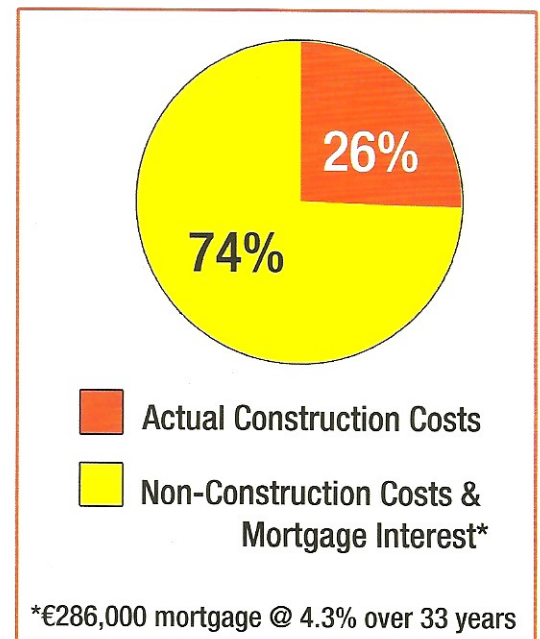
Public Housing – A Charter for Affordable Homes

The state has the finances, land banks, legal powers, economies of scale and expertise to build housing on a massive scale. And the state doesn't have to pay taxes or excessive profits like the private sector does.

The state should be able to build a 3-bed home for about €160,000. A rental of €800pm over 25 years would yield enough to pay back the construction costs (including 2% interest) and €1,500 per year for maintenance. After the initial 25 years the rental income (minus maintenance costs) for the next 75 years could be used to build more affordable housing. By comparison the average cost of renting a private 3-bed house in Dublin in late 2016 was more than €1,600pm.

Public Housing For All

There is a viable, sustainable and cost effective alternative to the chaos of privatised housing. That alternative is Public Housing For All. Read the FAQ and answers below. If you've got more questions or you want to help build the campaign get in touch at www.eirigi.org or facebook.com/eirigi1916

Frequently Asked Questions - Answered!

Public Housing For All - What's the big idea?

Under the current system 'social housing' is largely reserved for those on very low incomes. Under Public Housing For All the state would provide high-quality, affordable housing on a not-for-profit basis to all citizens regardless of income.

Where would all this Public Housing come from?

The state already owns 9% of the housing stock. Under Public Housing For All it would build tens of thousands of additional new, high-quality homes. The state would also procure additional homes from the existing private housing stock to meet the demand for public housing.

How much rent would tenants pay?

Rent levels would depend on factors such as income, location and property size, but everybody would pay far less than they currently do in the private sector. In Dublin, for example, rent on a 3-bed home could be as low as €800 per month, about half the rent of the private sector. Tenants would also be protected from the rack-renting of private landlords.

It's a nice idea, but who'll pay for it?

The tenant's will. The current 'social housing' system is highly subsidised by the state, but under Public Housing For All the rent of middle and higher income tenants would pay the cost of construction, procurement and maintenance of the public housing stock. Any ongoing cost to the state would probably be less than the money that is currently given to private landlords.

How long will it take?

Unfortunately, there are no quick fixes for a housing crisis that has been decades in the making. The transformation to a new system, based upon public need and not private greed, will take time, but the benefits to society and the economy will be felt for generations to come.

What are the social and economic benefits?

The current housing system has fractured our society through the creation of communities that are defined by income levels. Public Housing For All would help heal these divisions by creating mixed income communities. Public Housing For All would also free up billions of euros of 'dead money' that is currently being spent on extortionate rents and mortgages, for use in the real economy.