

# A Right to Housing? The case for a Universal Housing Subsidy



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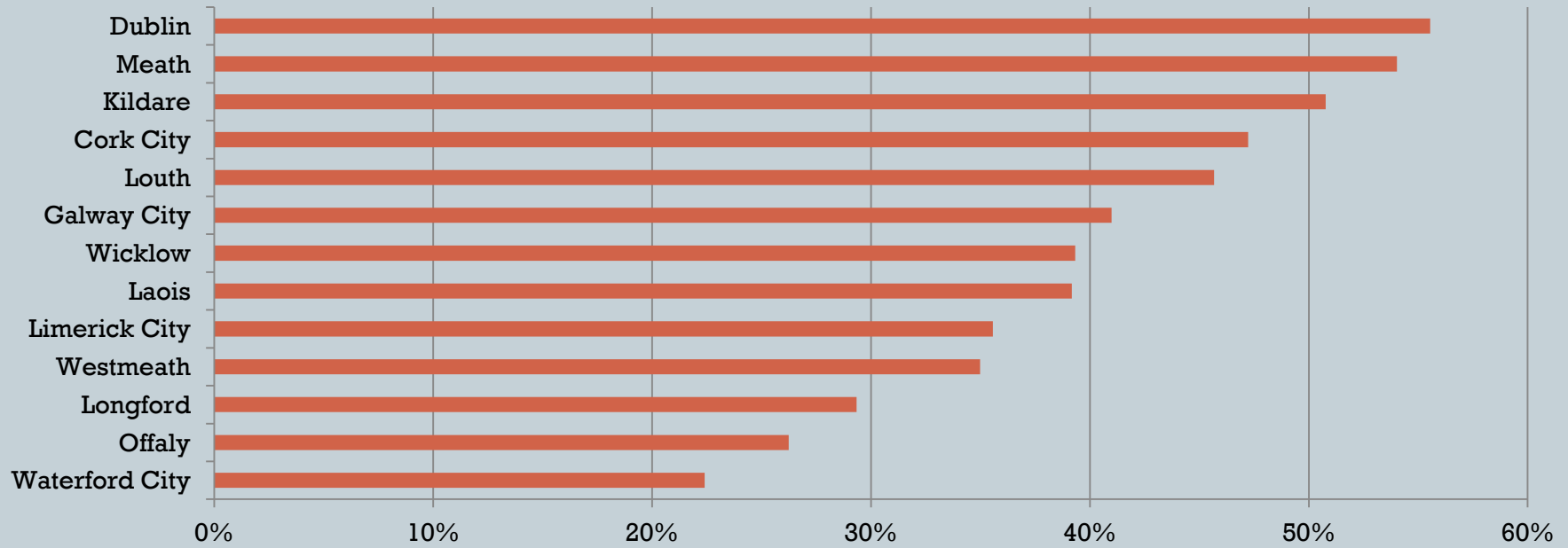
**SOCIAL JUSTICE IRELAND CONFERENCE**

**NOVEMBER 2016**

# Up to 66% increase in rents in five years...

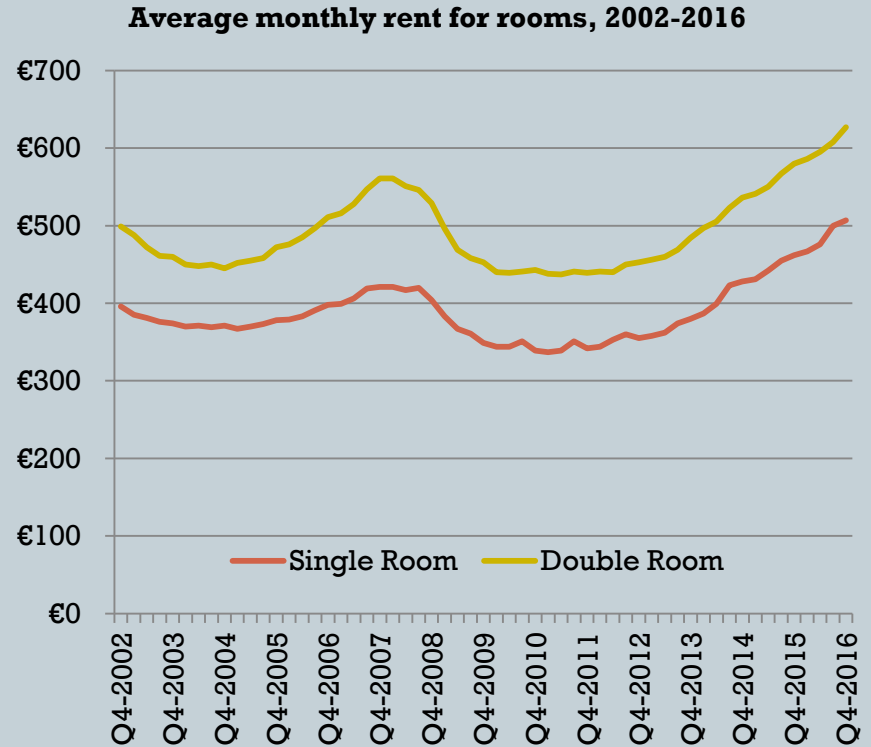


**% change in rents, 2011q3-2016q3**



# Dramatic increase in cost of living since 2011

- The cost of a single room has risen...
  - 50% in just five years
  - 20% compared to the Celtic Tiger peak
- Annual cost of shelter:
  - Celtic Tiger peak of €420/mth – or €5,000/yr
  - Recession low of €340/mth – or €4,000/yr
  - Current rent of €510/mth – or €6,000/yr



# Context: A constitutional right?



- **Jarring contrast**
  - Recession and unemployment
  - Growing population, rising cost of accommodation
- **Aim of this presentation**
  - Connecting the “right to housing” with the idea of a universal basic income

**THE IRISH TIMES** Sat, Nov 19, 2016

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## Why the right to housing should be enshrined in the Irish Constitution

'The right to housing would help those who are facing homelessness now and would be a fundamental safeguard against the recurrence of this gravely unacceptable crisis'

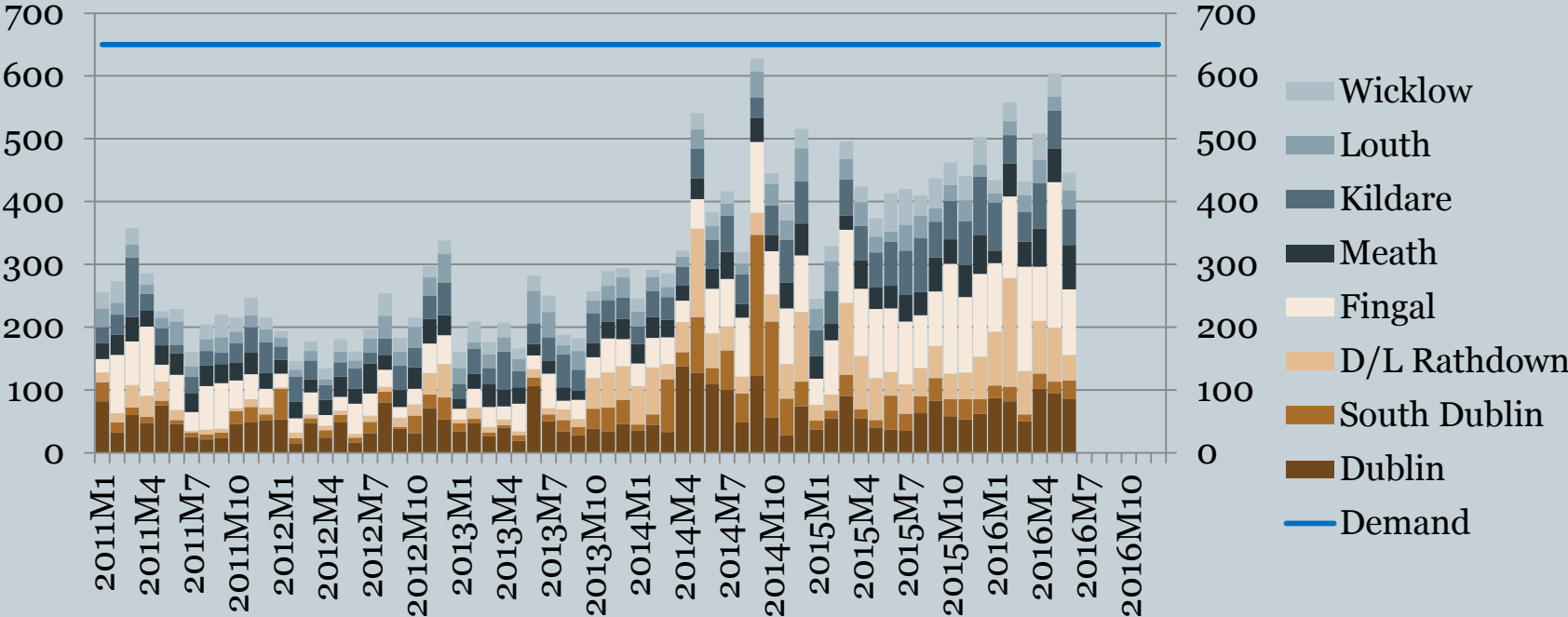
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# Context: strong demand, weak supply



### New homes completed in GDA, by local authority and month



# Housing as a system – and housing policy

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- In order of urgency (as of 2014)
  1. Mortgage regulations
  2. Cost of construction
  3. Housing subsidies
  4. Land use

# Providing housing for all...



	Status Quo 2+2 family			
Hard costs / sqm	€1,830			
Min sqm	80			
Multiplier	1.77			
<b>Total unit cost (excl land)</b>	<b>€259,128</b>			
Cost/rent ratio				
<b>Break-even monthly rent</b>				
Annual gross income				
Max monthly housing spend				
Max sqm				
<b>Monthly subsidy required</b>				

# Providing housing for all...



	Status Quo 2+2 family			
Hard costs / sqm	€1,830			
Min sqm	80			
Multiplier	1.77			
<b>Total unit cost (excl land)</b>	<b>€259,128</b>			
Cost/rent ratio	200			
<b>Break-even monthly rent</b>	<b>€1,296</b>			
Annual gross income	€45,000			
Max monthly housing spend	€1,000			
Max sqm				
<b>Monthly subsidy required</b>				



# Providing housing for all...



	Status Quo 2+2 family			
Hard costs / sqm	€1,830			
Min sqm	80			
Multiplier	1.77			
<b>Total unit cost (excl land)</b>	<b>€259,128</b>			
Cost/rent ratio	200			
<b>Break-even monthly rent</b>	<b>€1,296</b>			
Annual gross income	€45,000			
Max monthly housing spend	€1,000			
Max sqm	62			
<b>Monthly subsidy required</b>	<b>€296</b>			

**Starting point:**  
Subsidy based on gap  
between means and cost

**Potential ultimate goal:**  
Universal basic housing  
income

# The importance of construction costs



	Status Quo 2+2 family		Scenario – family	
Hard costs / sqm	€1,830		€1,500	
Min sqm	80		60	
Multiplier	1.77		1.77	
<b>Total unit cost (excl land)</b>	<b>€259,128</b>		<b>€159,300</b>	
Cost/rent ratio	200		200	
<b>Break-even monthly rent</b>	<b>€1,296</b>		<b>€797</b>	
Annual gross income	€45,000		€45,000	
Max monthly housing spend	€1,000		€1,000	
Max sqm	62		75	
<b>Monthly subsidy required</b>	<b>€296</b>		<b>-€204</b>	

# Providing housing for all...



	Status Quo 2+2 family	Status Quo single	Scenario – family	Scenario – single
Hard costs / sqm	€1,830	€1,830	€1,500	€1,500
Min sqm	80	55	60	35
Multiplier	1.77	1.77	1.77	1.77
<b>Total unit cost (excl land)</b>	<b>€259,128</b>	<b>€178,151</b>	<b>€159,300</b>	<b>€92,925</b>
Cost/rent ratio	200	200	200	200
<b>Break-even monthly rent</b>	<b>€1,296</b>	<b>€891</b>	<b>€797</b>	<b>€465</b>
Annual gross income	€45,000	€15,000	€45,000	€15,000
Max monthly housing spend	€1,000	€417	€1,000	€417
Max sqm	62	26	75	31
<b>Monthly subsidy required</b>	<b>€296</b>	<b>€474</b>	<b>-€204</b>	<b>€48</b>

# Urgent policy priorities

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1. Mortgage regulations
2. Cost of construction
3. Housing subsidies
4. Land use

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## Thinking about cost

- Average income, lower half of income distribution: €15,000/yr
- Max monthly budget: €400
- Max capital cost: €80,000
- Min cost of one-bedroom apartment (ex-land): €160,000
- Breakeven monthly rent: €800
- Average subsidy: €800
- Max annual taxpayer exposure: ~€5,000,000,000 [~5% GDP]

# Thank you!



- Comments?
- Question?