Housing, Homelessness and the Covid 19 Crisis Response

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Housing was one of voters’ main concerns in the general election.

What implications does the Cobid 19 pandemic have for housing?

What implications does it have for politicians plans?

What part should housing policy play in our response to the pandemic?

Five policy proposals.
Covid 19 has not made existing housing challenges disappear:

→ Lack of affordable housing for rent or purchase by middle income households.
→ Lack of social housing supply.

May have tempered these problems but just temporarily.
Covid 19 has created new and urgent housing problems:

- 70% of homeless adults are single.
- Most living in dormitories in homeless hostels.
- Homeless families with children in B&B or homeless hubs makes social distancing difficult.

All political parties’ manifestos proposed significant increased in public spending on housing
→ Difference in scale of increase and
→ Focus of spending

Are these still affordable post Covid 19 in view of:
→ An unprecedented economic contraction and
→ Competing priorities for public spending?
Covid 19 housing policy response:

This emergency needs a strong housing policy response.

It may bring some housing policy opportunities.

But this response can’t be just more of the same.

It must be more of something different:
- more strategic
- better targeted
- better managed
- more affordable
Housing policy response #1: counter cyclical capital investment.

- Construction one of the few economic stimuli which is viable in a pandemic.
- House building creates most jobs.
- Opportunity for the government and LDA to procure land and construction at lower prices.
- Break 40 year old pattern of pro-cyclical capital investment.

Social housing output in Ireland, 2000-2018
Housing policy response #2: reform arrangements for raising and managing housing finance.

- Opportunity to raise government debt at low interest rates.
- But capacity is not unlimited and the debt has to be serviced.
- Social housing in Ireland is almost 100% government funded and all on the government balance sheet.
- Social housing in the rest of Western Europe is funded by commercial borrowing ‘off balance sheet’ and is self funding in the long run.
- We should copy the best of these models and apply them here.
Housing policy response #3: retain and recycle public subsidies.

- Local authority housing sold to tenants at 40-60% of market value.
- Successor / inherited tenancies - up to 30% of new lettings in some local authorities.
- Manifestos propose building ‘affordable housing’ for sale at very low prices which require significant public subsidies.
- LDA investment could also be recycled.

Local authority and private housing built and local authority housing sold to tenants, 1922-2016.
Housing policy response #4: intervene strategically in housing market:

- Weak market supply of affordable housing for middle income groups.
- Rent control redistributes rent increases rather than permanently suppresses them.
- Cost rental tenure could address both problems.
- Compete against market rents.
- Self funding if rents are set at cost.
Housing policy response #5: A small houses strategy.

→ More social housing won’t necessarily solve homelessness.
→ 61% of the local authority house have 3 or 4 bedrooms
→ 58% of housing association (HFA funded) output in 2019 had 3, 4 or 5 bedrooms.

Local authority social housing units by number of bedrooms, 2015.
Thanks for listening and keep well.