



2015-10-25

Our Reliance on Family for Housing Support Won't last Forever

Lorcan Sirr

Technological University Dublin, lorcan.sirr@dit.ie

Follow this and additional works at: <https://arrow.dit.ie/beschrecomed>

 Part of the [Urban, Community and Regional Planning Commons](#), and the [Urban Studies and Planning Commons](#)

Recommended Citation

Sirr, I. (2015) Our reliance on family for housing support won't last for ever. *The Sunday Times* 25.10.2015.

This Article is brought to you for free and open access by the School of Surveying and Construction Management at ARROW@TU Dublin. It has been accepted for inclusion in Media by an authorized administrator of ARROW@TU Dublin. For more information, please contact yvonne.desmond@dit.ie, arrow.admin@dit.ie, brian.widdis@dit.ie.



This work is licensed under a [Creative Commons Attribution-NonCommercial-Share Alike 3.0 License](#)





WHAT'S THE ANSWER TO DUBLIN'S RENTAL CRISIS?

Young professionals may have to hand over up to half their take-home pay just to live in the capital, writes **Cian Molloy**

Dublin's soaring rental costs aren't just pushing lower earners and social welfare recipients out of the market; young professionals are finding it increasingly difficult to find — and retain — places to rent.

Accountants are some of Ireland's highest-paid employees but for trainees entering the profession, the high cost of rents, and the shortage of rental accommodation, is a big problem, says Gráinne Ní Hódhráin, who has finished her final exams, but who still has five months of her traineeship to complete at Deloitte before she becomes fully qualified.

Ní Hódhráin, who is chairwoman of Chartered Accountants Student Society

of Ireland, regularly hears tales of woe from colleagues desperate to find a place to rent.

The 25-year-old from Clare has had her own accommodation nightmare. "The house I was living in was sold and I had to find somewhere else. Luckily I found a place within a couple of months, but there are plenty of others who spend longer looking," she says.

"When I went to look at places there would be queues of people ahead of me. At one place, the landlord started a kind of auction to see who would pay the most for the apartment — it had been advertised at €1,000, but went for €1,150."

While the salary of a chartered accountant picks up when they pass their final exams, and can double over the

course of their training contract, at the beginning it is tough to pay current market rents, says Ní Hódhráin.

"Depending on location and whether they have an ordinary or a master's degree, trainee accountants are starting initially on a salary anywhere between €18,000 and €25,000. Most people in rented accommodation are paying at least €600 to €800 a month for rent. This will get you a double bed in a room in a house share, with a shared kitchen and living area.

"If you are on €22,000, that is a take-home pay of just over €1,600 a month. So if you are paying €700 a month for accommodation, that is almost half your salary gone before you start paying your living expenses and household bills, and your transport to and from work," she says.

In other professions, where the growth in earnings is not so rapid, public service unions and representative bodies are increasingly worried about the accommodation difficulties faced by their lowest-paid members.

A Garda Representative Association (GRA) spokesman said: "In London and Paris they have 'station houses' for police

officers and for other 'essential workers' who cannot afford accommodation. We are reluctantly suggesting that something similar will need to be done in Irish urban areas."

Another proposal by the GRA is that junior gardai be given a rent allowance of €4,017 a year. GRA president Dermot O'Brien recently highlighted the difficulties faced by new entrants to An Garda Síochána, saying the basic wage of €23,171 a year was not enough. He said: "If a decent and fair wage is not established soon then new gardai will be recruited into a poverty trap and key workers will be excluded from the communities they serve."

In last week's budget, the government failed to tackle rent control. Ní Hódhráin's suggested solution is to bring back the tax credit for rented accommodation. "A tax credit for rent would help people such as trainee accountants and others who were starting their careers, as well as those who are renting and have families to take care of. Alternatively, perhaps some form of rent control needs to be introduced."

At Savills estate agents, research director John McCartney doesn't think a

tax credit is the solution: "That will only increase people's ability to pay a higher price in a market where demand outstrips supply," he says.

"We will be lucky to get 2,800 accommodation units built this year, when really, because of our growing population, we need about 11,000 new houses and apartments annually. The houses aren't being built because the private sector developers can't make a profit in current market conditions — the prices have to go up or the construction costs have to come down. One way of reducing the cost is to cut VAT on new housing construction."

The lack of available rental accommodation is putting a squeeze on the recruitment sector, too. McCartney says Savills' international clients are reporting that a perceived shortage of office accommodation isn't the problem; it's the housing issue.

"They need to have somewhere for their staff to live," he says.

At this year's Construction Industry Federation annual conference, at the start of October, PayPal's vice-president of operations for Europe Louise Phelan revealed that her company, which employs 2,400 people in Dublin and Dundalk, was asking staff to make spare rooms available to new hires at the company.

She told the federation: "It costs about €1,500 to hire an individual, but today it's costing me about €3,500 upfront to find a hotel for at least two to three weeks. It's crisis time for us and for bringing in foreign direct investment overall."

Indeed, there is a risk that the high cost of rented accommodation could lead to a brain drain, with qualified personnel having to go overseas.

Ní Hódhráin says: "High rents make it difficult to save for the deposit necessary for a mortgage — if you had a mortgage, you would be paying less per month than you would in rent for a similar property."

"There are many people who are planning to move abroad when they qualify, to go somewhere with lower income taxes or lower cost of living to save some money for a deposit so they can get on the property ladder when they return."

Our family of four can't afford a one-bedroom flat

Things could become very difficult for Mohammed Mesabbah, right, and his young family if he doesn't find an affordable place to rent soon. Mohammed is a post-doctoral candidate at Dublin Institute of Technology (DIT).

At present, he and his wife Mona and their two boys, Yasseem, aged five, and Yahia, aged three, are living in a one-bedroom apartment off Francis Street in Dublin 8, for which they pay €900 a month.

Mohammed pays for this with money from his €16,000 annual scholarship from DIT and the little bit of extra cash he earns when he gets some teaching hours at the college. Mona is not allowed to work here under the terms of their

residence visas — which cost them €300 each a year to renew.

Egyptian-born Mohammed has been living in Ireland for the past two years. When he earns his PhD in supply chain management, in 2017, he hopes to find work in the Irish food industry. Because of political tensions, Mohammed doesn't want to return to Cairo.

"Where we are is comfortable. It is safe and my family like it there," says Mohammed. "The problem is that the landlord is putting up the rent from €900 to €1,000 and we cannot afford that — I have an income of just over €1,300 a month and, after paying the rent, with no bills paid, €300 is difficult for a family of four to live on.

"We can find suitable places in Tallaght for €900, but I would be spending about €100 a month on transport, so there is no saving."

Before coming to Ireland, Mohammed did his master's degree at the University of Bergen in Norway, a country with a high cost of living. Despite that, Mohammed says he was better off in Norway.

"In Bergen, because I was a student and I had a family, the Norwegian government paid half my rental costs.

"If I were a single man, I could share with other people. But if I don't find a new place to stay that is suitable for children, I don't know what we are going to do."



Our reliance on family for housing support won't last for ever

History is more important than geography in explaining our relationship with housing. We have a funny relationship with housing in Ireland, one that goes beyond the usual explanation of our land and property obsession being a post-colonial hang-up.

Given our location at the northwest edge of Europe, it would be logical to assume Ireland would have a similar approach to housing as Germany, France and the Netherlands. We are different from our regional neighbours, however, and more like our distant cousins in Malta, Italy, Spain, Portugal and Greece.

These similarities are exemplified most in the area of home ownership. Although Ireland's home ownership figure is moving towards a European norm — levels here are now below 70% — successive governments are, for demographic and other reasons, still obsessed with helping people to buy properties. This was seen most recently when finance minister Michael Noonan urged the Central Bank of Ireland to review its effective lending caps.

Why is this? Why do we insist that we all own property?

The most important and overlooked reason for Ireland having more in

common with southern Europe than our northern neighbours has been the pervasive influence of the Catholic church on housing policy since the early part of the last century.

Home ownership has traditionally been seen by the church as a bulwark

against social unrest and socialism, especially after the 1913 Lockout and the Russian Revolution of 1917. The reasoning runs that, if you own your own home, you will require steady employment and you are less likely to strike. In other words, a convenient side-effect of home ownership is that it breeds social conservatism.

The church believed in relying on the family for housing support rather than turning to the state. As a result the state has met housing needs without developing a decent private rental sector, instead letting people turn to their families for help in the form of land or a house, to avoid having to rent.

In more recent years this help has often been in the form of money — typically, a deposit for the first home. Reliance on the family filled, and still fills, gaps in the welfare system, evident these days with grandparents engaged in childminding.

Reliance on the family, or church charities, for support also meant less need to rely on the state for help. The state meant collective provision, and this was dangerously close to socialism. In America, state-provided public

housing was often seen as anti-American and a form of communism. This thinking is common among our southern European neighbours, as is the system of patrimony where property is passed down through generations, perpetuating family wealth. Although, as people live longer in southern Europe, more property is being passed from grandparent to grandchild rather than parent to child.



HOME OWNERSHIP HAS TRADITIONALLY BEEN SEEN BY THE CATHOLIC CHURCH AS A BULWARK AGAINST UNREST

We're different from the Spanish in that our children leave home earlier than theirs. Spaniards often rely on the family home to live in deep into middle age. In my twenties in the UK, I shared a house with a clever Italian of about the same age as me who didn't know what size clothes he took, as his mother had always bought them. Oh dear.

Now it gets more interesting. By helping their children to own their own homes, parents are protecting them from potential social risks later in life.

Homeless issue can't be pushed to fringes

LINDA DALY
MARKET WATCH



As the homelessness housing crisis rages on, the demands for government-led construction initiatives grow louder every day. Last week it was the turn of Fintan O'Toole, an Irish Times columnist, who reminisced about growing up in a four-room house in Crumlin, southwest Dublin, in a housing estate built by the state. If the state could do it when the country was impoverished, why can't it build houses now, O'Toole asked.

Well I too was born and bred in the same Dublin suburb, as was my father. His parents and the older children moved there in the late 1930s after losing two children to consumption. The family grew — a total of 14 shared the house. My mother and father went on to have six children. We lived with my grandmother, and we had relatives to stay when they had nowhere else to live.

It is tempting to look at the Crumlin housing initiative with rose-tinted glasses, but it's worth remembering that the move to what was then "the countryside" was resisted by some who didn't want to leave their close-knit neighbourhoods in the city. It took time for new communities to settle. The social-housing initiatives of yesteryear lacked services. These came much later.

Crumlin was a great place to grow up, but it was also a place where antisocial behaviour and drug dealers flourished.

Solving the housing crisis is much more nuanced than building vast estates where people can be plonked. We did that in Ballymun, Clondalkin and Tallaght, again with few or no services.

I don't agree with Enda Kenny that the property market shouldn't be interfered with, but I don't think embarking on massive social-housing schemes is the answer. Surely we should ask those on the housing list their wishes before we dump them in the countryside once more?

Price watch: Co Meath

Maelduin Dunshaughlin			
3-bed semi			
2010	€220,000		
2015	€245,000	▲	Up 11%
Woodlands Ratoath			
4-bed detached	€348,500		
	€450,000	▲	Up 29%
Churchfields Ashbourne			
2-bed apartment	€138,766		
	€182,000	▲	Up 31%
Athlumney Wood Navan			
3-bed semi	€180,000		
	€225,000	▲	Up 25%

Source: propertypriceregister.ie

LORCAN SIRR
ON THE HOME FRONT

