



PEOPLE BEFORE PROFIT

FIGHTING FOR WORKERS & ECO-SOCIALISM

A State
Construction
Company

IT IS NOT WORKING

We are facing a terrible housing crisis – with current policies it will get worse. This government relies on the private market, shelling out billions to support it. They cannot meet housing need. Here is why:

- We need tens of thousands of social and affordable homes built each year to cater for the many stuck in rent hell or languish on housing lists
- The private building industry cannot build on this scale. The two biggest building companies, Glenveagh and Cairns only employ 300 people directly and built less than 2,500 homes a year.
- If many homes are built, prices fall and profits drop. So private builders have no incentive to build more homes. They will either hold back or shift investment into commercial office blocks or hotels.
- Private developers buy up land banks, get planning permission and hoard the land because the value keeps increasing. There is planning permission for 50,000 new homes in Dublin but they are not being built.
- The government buys a limited number of social homes from private builders. But they cost far more than a publicly-owned company and the builder/developer gets risk free profits.
- Further, it is the builder/developer that decides what type of housing, and where, to build. This means they prioritise 1 and 2 bed roomed apartments in city centres, to get the highest profits. Meanwhile families remain stuck on waiting lists as larger homes are not available for purchase.
- Each year €1 billion of our money is handed out to private landlords to support the RAS and HAP schemes. Why not use that money to build homes?

If it is not working, you cannot keep doing the same thing year in year out. We need a new model for home building.

WHAT ABOUT THE WORKERS?

You need thousands of building workers to build homes. And here there are big problems.

- There are 125,000 construction workers but only a quarter are building new homes.
- Many building workers emigrated after the last big crash.
- There is an apprenticeship crisis because the private building industry did not recruit.
- The construction industry is notorious for low pay, poor working conditions and bogus self-employment.

Since the crash of 2008, employers have pushed through sub-contracting and bogus self-employment. Many workers are paid less than rates specified in the Sectoral Employment

Orders; there are often no sick pay schemes; 'self-employed workers' do not get a pension. Travel time allowance has been abolished. Work is insecure. Apprentices pay in years 1 and 2 are below minimum wage levels, starting at just €7.03 an hour.

No wonder the present model cannot cope with housing needs. If we need more workers, we must change the model.

A STATE CONSTRUCTION COMPANY

If we want a massive expansion of house building, retrofitting of older houses, and a refurbishment of vacant homes, we need a new state construction company agency. Such a body can easily access, at scale, the three items that are needed - land, finance and labour.

Land:

The state has access to public land - we need to build public housing on that land. The current government's Land Development Agency is an asset management company that wants to sell land to private speculators. But in its first report it identified 83 parcels on land on which 66,910 homes could be built. And that is only the start as more land is also owned by the IDA and HSE. The Catholic Church owes large tracts and is due to pay out huge compensation to the state for child abuse scandals.

Finance:

The state has a huge surplus and can borrow more cheaply than the private sector. It should start by using the €14.1 billion Apple money to start a State Construction Company. It can increase taxes on the wealthy or borrow cheaply to further capitalize a public home agency. Public housing needs an initial pump priming to get the homes built, but over time the rents received can cover not only for maintenance and upkeep but also the initial financing costs. Public housing pays for itself.

Labour:

There are already highly skilled construction experts in the public sector. But we will need far more. The state needs to assemble teams of architects, engineers, structural engineers and project managers. Their first task will be to design high quality housing on public sites that are already identified. For every home we aim to build we need on average two construction workers. Therefore, with a target of, for example, 35,000 social and affordable homes we will need approximately 70,000 workers.

BREAK THE TABOO - DESIGN HIGH QUALITY HOMES

Successive governments have built up a taboo around social housing. Council estates are supposedly only for the very poor. Officials claim that they cannot build these on a big scale as it would 'store up social problems for the future'.

There is a simple solution - develop mixed income estates and build high quality social housing.

- The income threshold for applying for social housing must be removed. This can be done in the context of a major expansion.

- Social housing should be designed to the highest standard, including Passive House standards. Building material should be of the highest quality. Homes should be sustainable, have an A1 or A2 rating. Public housing can be a leader in designing houses that dramatically reduce the need for energy, resulting in cheaper bills. Estates should be designed with community and leisure facilities built in.
- All of this can be done on a big scale. A public homes agency can design with modern building techniques and benefit from economies of scale. Instead of small building companies retro-fitting single homes, a state agency can do whole streets at much lower cost.

PRELIMINARIES AND SERVICING

Before any homes can commence, land must be serviced. Electricity supply lines must be created. Sewerage and water must be provided. Gas networks must be organised. The state construction company should take responsibility for servicing land.

It will need teams of surveyors to establish what needs to be done on each site.

Instead of each private developer meeting local councils for pre-planning consultation and then planning approval, the state can adopt a coordinated approach to many councils by guaranteeing high quality designs. Planning permission will still be required but the process can be speeded up.

BUILDING THE HOMES

Once planning permission has been received and land has been serviced, the state construction company must ensure homes are built as quickly as possible.

There are three mechanisms by which this can occur – direct labour units, local co-operative builders, and temporary use of the private sector.

Direct Labour Units (DLUs):

These can be established at a local council or regional level. Teams of skilled workers and labourers should be recruited directly by the state and given contracts to build public housing on public land. A direct labour unit will seek to attract workers by offering them the best conditions. All workers should be guaranteed payment of Sectoral Employment rates, at least at living wage levels, including apprentices. As work is physically demanding, they should be guaranteed early retirement. There should also be a transition period to pass on skills. Travel time, sick pay and holiday time must be properly organised. As direct labour units are not driven by a profit motive, they will be able to construct cheaper houses on public land while offering workers decent pay and conditions.

Local Building Co-operatives:

Sometimes there are smaller sites in local areas. There are also local plasterers, plumbers and labourers. These should be encouraged to form co-operatives and bid for state tenders to construct smaller scale developments.

Private Sector:

Today Ireland is entirely reliant on the private sector to build houses – and it is not working.

One of its legacies is a shortage of building workers for homes. As it takes time to form direct labour units, there may be a need for the state to offer tenders to private builders while it is forming direct labour units. The quicker these DLUs can be established and the more it can attract existing workers, the less reliance on the private sector there will be. However, in this temporary period, the state must insist that such contractors recognise and negotiate with unions. It should also end the practice of cost overruns which have been evident in the National Children's Hospital and the Dail bike shed.

The aim is to create direct labour units in the fastest possible time and this can only be done by a left government that is willing to take measures that can really tackle the housing crisis.

DERELICT HOMES, RETROFITTING AND ENVIRONMENTAL IMPACTS

A new state construction company will not just be focused on building new homes. There are tens of thousands of derelict homes in the state (at least 48,000 homes have been vacant since 2016). These are properties which with a little effort and investment could be brought back into use. This is the most environmentally friendly route to housing people, as the carbon has already been sunk in the original construction.

We need to retrofit at least 500,000 homes by 2030 to meet carbon emission targets. The private sector does not have the capacity to achieve, even to the low standard the government has set of at least a B2 BER rating. Instead, a state construction company that is directly accountable to the Minister, will be able to pursue much higher standards (i.e. A1 or A2 BER ratings).

In short, a state construction company is also good for the environment.

SUMMARY

The housing crisis in Ireland continues and will not be solved by repeating the same failed policies and actions that successive FF and FG governments have pursued. The Housing Commission report recognised that "exceptional and radical measures to deliver a substantial amount of housing in the shortest time practicable" are required.

The establishment of a state construction company is one such exceptional and radical measure.

In addition, state construction company will also allow us to address environmental impacts and carbon emissions through improved design standards, improve the pay and working conditions in the construction sector, help us clear the waiting lists and provide badly needed homes for those in homelessness.

These are policies that benefit us all.