
HOUSING TENURE AND ITS IMPACT ON THE COST OF A MINIMUM ESSENTIAL STANDARD OF LIVING

Working Paper

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Abstract

This paper explores the impact that housing tenure has on the cost of a minimum essential standard of living for four household types with children. The four households under consideration are:

- One Parent and One Child (infant)
- One Parent and Two Children (age 10 & 15)
- Two Parents and Two Children (age 3 & 10)
- Two Parents and Three Children (baby, 3 year old & 10 year old)

The paper, which solely focuses on the cost to the household, first examines the four household types in situations of employment and analyses how an identical household's minimum income standard is affected by housing tenure. For the four households in employment the Minimum Income Standard (MIS) is calculated for each tenure type and the difference in the MIS between the two tenure types is analysed.

The paper then examines the same four sample households in situations of unemployment and demonstrates the impact that housing tenure has on identical households wholly reliant on social welfare. The adequacy of social welfare transfers is assessed for households in each tenure type, including Rent Supplement for those unemployed and living in the private rented sector.

Disclaimer

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Introduction

In the research undertaken by the the Vincentian Partnership for Social Justice (VPSJ) to establish the cost of minimum essential standard of living (MESL), housing costs for households with children are based on social housing. The rationale for choosing this housing tenure is that local authority accommodation represents an appropriate minimum housing standard. In Ireland, local authority accommodation operates on a differential rent system. Under the differential rent scheme rent paid is directly related to household income, so that if income goes up, the rent will rise; and if income falls the rent payable will similarly fall, subject to a minimum and maximum rent. Each local authority operates its own rental scheme and there is not a standard method for calculating rent across local authorities throughout the State. In the MESL scenarios the differential rent payable in the income scenario being examined is calculated in accordance with the rent scheme specified by the local authority in question.

Although social housing is used as the baseline for housing costs in the MESL research, there is an increase in the number of households living in the private rented sector. Moreover, the supply of social housing is falling, and is in fact unable to meet demand, as the social housing waiting list is increasing. In light of this, the paper examines identical households in different tenure types, namely social housing and private rented accommodation, to assess the impact that housing tenure has on the cost of a minimum essential standard of living for households with children. The four households under consideration are:

- One Parent and One Child (infant)
- One Parent and Two Children (age 10 & 15)
- Two Parents and Two Children (age 3 & 10)
- Two Parents and Three Children (baby, 3 year old & 10 year old)

This paper is divided into the following sections:

- A Minimum Essential Standard of Living
- Housing Tenure in Ireland
- Source of Housing Costs for Sample Household Scenarios
- Housing Tenure and its Impact on the Cost of a Minimum Essential Standard of Living
 - Households in Employment
 - Unemployed Households
- Discussion & Analysis
- Conclusion

A Minimum Essential Standard of Living

A minimum essential standard of living (MESL) allows for an individual's/households physical, psychological and social needs to be met. It is a standard of living that is based on needs, not wants, but allows for meaningful engagement in society (Mac Mahon et al, 2006). In 2006 the VPSJ began using the Consensual Budget Standards methodology to ascertain the cost of a MESL for a number of individual and household types. The aim of Consensual Budget Standards methodology is to establish a standard which is rooted in social consensus about goods and services that everyone should be able to afford and represents a level which nobody should be expected to live below (Mac Mahon et al, 2006). To that end, focus groups are established, comprised of people from different socio-economic backgrounds, to ascertain their views on the goods and services that individuals and households need for a MESL. The views of focus groups are complemented by inputs from experts in areas such as food to ensure the food budgets allow for a healthy, nutritious and balanced diet (Mac Mahon et al, 2006).

The Minimum Income Standard (MIS) is the second side of the Consensual Budget Standards research. It is derived from the MESL expenditure budget. The Minimum Income Standard as defined in this paper, and in other studies by the VPSJ, is the gross income a household needs in order to reach their minimum essential standard of living. It takes full account of salary and the potential tax liability and social welfare entitlements of the household in question.

The calculation of the Minimum Income Standard starts by calculating the household type's income on the basis of earning the National Minimum Wage (€8.65 per hour). Where the minimum wage does not provide the basis for an adequate household income (net salary plus any social welfare entitlements), the MIS method recalculates household income on the basis of incremental increases in salary, re-assessing the adequacy of household income at each increment. The MIS method involves multiple iterations of these calculations, each iteration representing a €0.10 incremental increase in hourly salary. The tax credits appropriate to the household composition and employment scenario are applied in each calculation. Additionally where the household meets the basic eligibility criteria for social welfare payments the appropriate means test is applied at each iteration of the MIS calculations. Finally, household entitlement to the medical card is assessed with each salary iteration in the calculations. Where the household is assessed as eligible for a medical card the household's MESL expenditure need is adjusted to reflect this. The Minimum Income Standard for a household is reached at the point where total household income meets the MESL expenditure need

of the specified household type. Expenditure and subsequently the MIS will vary by household type, child age group, household location and employment scenario (Collins et al, 2012).¹

Among the basket of goods and services is housing. To date, housing costs for households with children have been based on social housing, as it is regarded as an appropriate minimum housing standard. The purpose of this paper is to assess housing tenure and the impact that it has on the cost of a minimum essential standard of living for households with children, both in employment and seeking work. While obviously there is a substantial cost to the State by providing social housing, such considerations are not the focus of this paper. Rather the primary purpose of this paper is to utilise the VPSJ'S Consensual Budgets Standards research and examine the impact that housing tenure has on household expenditure and income for identical households in different tenure types.

This paper is timely in light of falling social housing output and an increase in the number of households living in the private rented sector.

Housing Tenure in Ireland

This issue of housing is complex, influenced by traditions, systems and market structures. The underlying paradigm that favoured home ownership is shifting and data on tenure patterns in Ireland points to a stagnating supply of social housing, a decrease in home ownership, and a marked increase in the number of households living in the private rented sector.

The private rented sector was the predominant tenure in the early 1900s, however as the century progressed the number of households living in private rented accommodation decreased substantially as social housing and home ownership increased. The rise in the social rented and owner-occupied sectors was 'due, at least in part, to the greater generosity of government subsidies to these tenures compared to private renting and also to the widespread control of private rent from the First World War until these controls were removed for all new tenancies in the 1960s and finally abolished entirely in the 1980s' (Norris, 2011: 109).

The 1990s saw a resurgence in the number of households accommodated in the private rented sector:

This development is related to the emergence of barriers to access to the social rented and the owner occupied sectors (due respectively to a lack of output and galloping price inflation

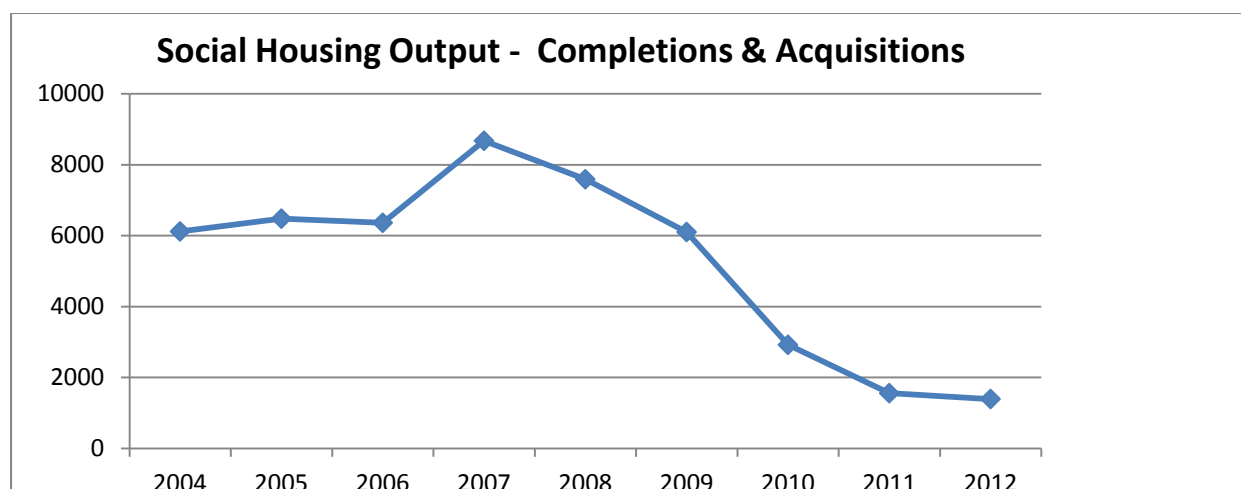
¹ For a fuller description of the methodology for establishing the MIS see Collins, Mac Mahon, Weld & Thornton, 2012. *A Minimum Income Standard for Ireland*. Dublin: Policy Institute, Trinity College.

during the late 1990s and early 2000s) and also to the introduction by the government of more generous subsidies for private residential landlords (Norris, 2011: 109).

According to the 2011 Census a total of 474,788 households were in rented accommodation in 2011. This is a notable rise of 47 % from 323,007 in 2006. The share of households that were renting was 29 % in 2011, up from 22 % recorded in 2006 (CSO, 2012A: 12). The strong growth in rented accommodation has caused the overall home ownership rate to drop sharply from 74.7 % to 69.7 % (CSO, 2012A: 12).

While the numbers of households in private rented accommodation is steadily increasing, the social housing sector, has in recent years, been characterised by stagnating supply. Social housing output declined in relative terms during the Celtic Tiger era from 1.02 units per 1,000 inhabitants in 1996 to 0.12 per 1,000 in 2006 (Norris and Winston, 2013). While the total housing stock increased in the last decade, particularly during the boom years, the absolute contribution of the social sector to housing supply during the economic boom was relatively small (Fahey and Norris et al. 2011). Figures from the Department of Environment, Community and Local Government show that the number of completed and acquired local authority and voluntary and cooperative housing increased between 2004 and 2007, but output has declined rapidly since 2008.

Graph 1 illustrates the output of social housing between 2004 and 2012, which includes completed and acquired local authority and voluntary and cooperative housing. In 2004, the total output was 6,117, while in 2007 total output of 8,673. Since 2008, there has been a marked decline in output, and in 2012 output was 1,391 (Department of Environment, Heritage and Local Government, 2013).

Graph 1 Social Housing Output - Completions and Acquisitions 2004-2012²

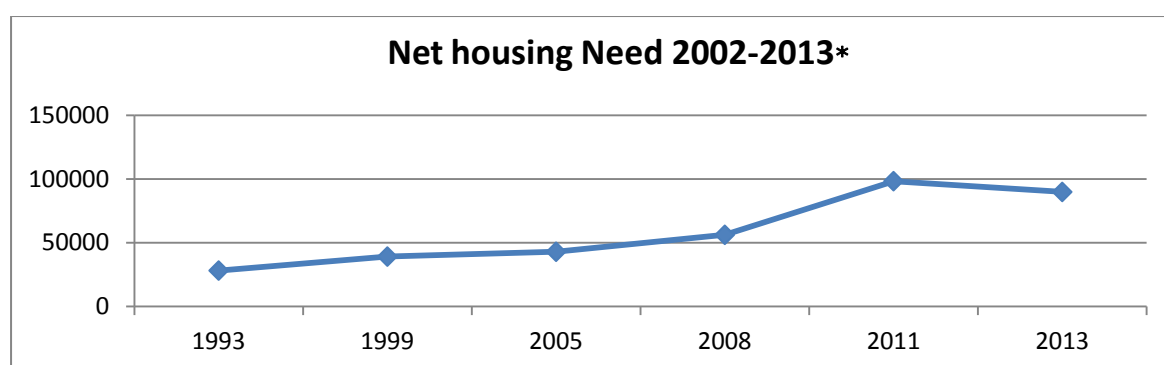
Source: Department of the Environment, Community and Local Government, Housing Statistics, Social and Affordable Housing.

The 2011 *Housing Policy Statement*, published by the Department of the Environment, Community and Local Government reveals that there are no plans to markedly increase the social housing stock in Ireland:

'The main focus in terms of supports provided by Government will be on meeting the most acute needs – the housing support needs of those unable to provide for their accommodation from their own resources. The financial parameters within which we will be operating for the coming years rule out a return to very large capital-funded construction programmes by local authorities' (Department of Environment, Community and Local Government, 2011).

Against this backdrop, there are an increasing number of households in need of social housing. Graph 2 shows that 28,200 households were in need of social housing support in 1993. This number has increased substantially since then. Figures from the *Social Housing Needs Assessment 2011* carried out by housing authorities revealed that 98,318 households were in need of social housing support as of the 31st March 2011 (Housing Agency, 2011). The *2013 Social Housing Needs Assessment*, which is the most recent data available, reveals that 89,872 households were deemed in need of housing as of the 7th May 2013. While this represents a reduction of 9 % on the 2011 total the 'figures are not strictly comparable as different methods were used in these assessments' (Housing Agency, 2013: 5).

² Includes local authority housing and voluntary and cooperative housing.

Graph 2 Housing Need 2002-2013³

Source: Housing Agency 2013, *Summary of Housing Assessments 2013*, p. 7.

Table 1 shows that in 2013 the largest category of need was those dependent on Rent Supplement. This accounts for approximately 52 % of households. Further analysis reveals that three-quarters (75%) of households qualified for social housing support were living in the private rented sector, two-thirds of which were receiving Rent Supplement (Housing Agency, 2013). While Rent Supplement was never envisaged as a long-term housing support, it has 'unintentionally, become a large, deeply embedded and sizeable sub-sector of the social housing system, and it represents a major area of public expenditure' (Punch, 2009: 19). The reliance on rent subsidies for welfare dependent households in the private rented sector is according to Fahey and Norris (2011) 'a form of quasi-social housing support' (Fahey and Norris et al, 2011: 23).

From this data it can be inferred that the supply social housing is inadequate to meet demand, and as a consequence, a large number of low income and/or welfare dependent households eligible for social housing are living in private rented accommodation. The majority of households living in the private rented sector in Ireland are at the lower end of the income distribution; over 50% of households in this tenure are in the lowest four income deciles, indicating that the rental market in Ireland is predominantly occupied by lower income households (CSO, 2012b).

³ The methodology used to collect the 2011 data differs substantially from that used in previous years and therefore the 2008 and 2011 figures are not strictly comparable. Similarly, different methods were used in the 2013 assessment so again the figures are not strictly comparable. Further information can be found in the *Housing Needs Assessment 2011*, p 1 and *Summary of Housing Needs Assessment 2013*, p5.

*Net Households excludes those already in social housing support and duplicate entries.

Table 1 Net Housing Need by Category, 31 March 2013

Main need for social housing support	Number of Households	%
Dependent on Rent Supplement	46,584	52
Unsuitable accommodation due to particular household circumstances	20,349	23
Reasonable requirement for separate accommodation	9,587	11
Living in an institution, emergency accommodation or hostel	2,808	3
Household member has a physical disability	1,392	2
Household member has a sensory disability	190	--
Household member has a mental health disability	1,034	1
Household member has an intellectual disability	1,078	1
Household member has another form of disability	244	--
Unsuitable accommodation due to exceptional medical or compassionate grounds	2,909	3
Overcrowded accommodation	2,896	3
Unfit accommodation	647	1
Unsustainable mortgage ⁴	154	--
Total	89,872	100

Source Housing Agency, *Summary of Housing Needs Assessment 2013*.

One of the key eligibility criteria for accessing social housing is that income has to be below a level set by the local authority. The Social Housing Assessment Regulations 2011 prescribe how housing authorities should deal with housing applications. The regulations specify that a person will only be considered for social housing if their income is found to be below the threshold that applies in the housing authority's area.⁵ As to be expected the *2013 Housing Needs Assessment* shows that for the most part, those who were found to qualify for social housing support were dependent on social welfare, one in eight (15 %) were in some form of employment and a further 2 % were on an incentivised back to work scheme. Social welfare was the only source of income for 72 % of households and a further 6 % had income from employment and social welfare, while 11 % had income from employment only (Housing Agency, 2013).

⁴ When a mortgage is deemed unsustainable under the Mortgage Arrears Resolution Process (MARP)

⁵ Further information on the 2011 regulations can be accessed here:

<http://www.environ.ie/en/DevelopmentHousing/Housing/RHLegislation/FileDownload,25575,en.pdf>

Of the households in need in 2013, 44 % are single adult households, while 30 % are one parent families with children and a further 25 % are two adult households with and without children (Housing Agency, 2013).

The data above illustrates that the demand for social housing is increasing, yet the supply is decreasing, so the number of low income households not living in social housing is growing. It is this context that housing tenure and its impact on the cost of a minimum standard of living and the subsequent Minimum Income Standard (MIS) required is examined.

Source of Housing Cost for Sample Housing Scenarios

This paper examines four household compositions in two tenure types; local authority housing and private rented housing. The four household types under consideration are:

- One Parent and One Child (infant)
- One Parent and Two Children (age 10 & 15)
- Two Parents and Two Children (age 3 & 10)
- Two Parents and Three Children (baby, 3 year old & 10 year old)

For the purposes of this paper the 2013 Dublin City Council (DCC) rent scheme is used for calculating local authority rents for the sample households, both employed and unemployed, in local authority accommodation. While each local authority operates its own rent scheme and has different methods for calculating rent, research by Coates and Norris (2006) on local authority rent schemes found that the scheme operated by Dublin City Council is very typical of the schemes used by most local authorities⁶. As local authorities operate on a differential rent scheme, the weekly cost of housing will vary by employment status and household composition. While the rent paid by the tenant is not the full cost of local authority housing and there is a cost borne by the State, the primary focus of this paper is the cost to the household, and so, the cost paid by the tenant is the only social housing cost considered in this paper.

For households in employment, housing in the private rented sector is based on the average cost of renting in Dublin for Q1 2013 as recorded by the Private Residential Tenancies Board (PRTB). The PRTB's register contains details of over 277,000 tenancies as of Q1 2013. This extensive database is the largest in the country and is populated with information on actual / agreed rent, location, seven categories of dwelling types, accommodation size and number of occupants and tenancy length.

⁶ The details of the Dublin City Council Rent Scheme for 2013 are in Appendices.

Using the PTRB Rent Index for Q1 2013, Table 2 outlines the household type, housing type, size and rent per month used in the paper. Each household type has been situated in a dwelling that is appropriate in type and size to the household's minimum needs. For each household type, the lowest cost appropriate dwelling type was chosen, for example, the cost of a two bedroom terraced house was chosen instead of a two bedroom apartment, as the rent for the house cost €68 less per month.

Table 2 Average Monthly Housing Cost for Dublin by Household Type and Size

Household Type	Housing Type	Size	Rent per Month
Two Parents, 2 Children	Terraced House	Three Bedrooms	1,066.16
Two Parents, 3 Children	Terraced House	Three Bedrooms	1,066.16
One Parent, 1 Child	Terraced House	Two Bedrooms	954.33
One Parent, 2 Children	Terraced House	Three Bedrooms	1,066.16

Source: PTRB Q1 2013 Rent Costs per Month

For unemployed households living in the private rent sector, rent is based on the rent ceiling set for those in receipt of Rent Supplement.⁷ The figures used in this paper are effective as of June 2013.

Table 3 details the Rent Supplement ceilings for households analysed in this paper.

Table3 Dublin Rent Supplement Ceiling June 2013

	1 Child	2 Children	3 Children
Rent Supplement Per Month	950.00	975.00	1,000.00

Rent Supplement is paid to people living in private rented accommodation who cannot provide for the cost of their accommodation from their own resources. The level of this allowance is capped with reference to prescribed maximum rent levels and also, depending on the region of the country where claimants reside, their family structure and type of accommodation (Coates & Norris, 2007). Once the amount of Rent Supplement a household qualifies for has been established, it is reduced by a minimum of €30 for single person households and €35 for couples. This is because as a minimum an individual/household must pay €30 a week towards rent. In some instances a household/individual will pay more than €30/€35 because they are also required to contribute any

⁷ Rent Supplement is due to be replaced by a new Housing Assistance Payment with the transfer of responsibility for recipients of rent supplement with a long-term housing need from the Department of Social Protection to housing authorities using a new Housing Assistance Payment.

additional assessable means that they have above the appropriate basic Supplementary Welfare Allowance rate towards rent.

Housing Tenure and its Impact on the Cost of a Minimum Essential Standard of Living

This section explores the impact that housing tenure has on the cost of a minimum essential standard of living for four sample household types. A number of assumptions underlie the scenarios that are to follow:

- The households under consideration in this paper are hypothetical households
- The expenditure is based on the cost of a minimum essential standard of living as of March 2013, while the income is based on the 2013 tax and social welfare system.
- Rent Supplement Ceilings used in this paper are effective as of June 2013
- Local authority rent is calculated according to the rules of Dublin City Council rent scheme for 2013.
- The expenditure is inclusive of not only housing costs, but all other costs that are necessary for a minimum essential standard of living, e.g. food, childcare (where necessary), clothing, and communications etc.
- For households in employment, full-time work is based on a 37.5 hour week, while part-time work is based on a 19 hour week.
- For the employed household scenarios based in the private rented sector it is assumed that there is no entitlement to any level of Rent Supplement.
- While the cost of rent paid by the tenant is not the full cost of local authority housing and there is a cost borne by the State, this paper focuses primarily on the cost to the household, and so, the rent paid by the tenant is the only social housing cost considered in this paper.
- The cost of private accommodation used for those in employment in this paper is based on the average cost of renting in Dublin in Q1 2013. Rental accommodation tends to be more expensive in Dublin than anywhere else in the country. If the housing costs in this paper were based on rents outside of Dublin, household expenditure would fall and so too would the income required to meet expenditure. In using Dublin prices as the basis for rent costs in the private rented sector, the VPSJ is cognisant that this paper presents only one set of housing figures and is reflective of the cost of accommodation in one area only and is not applicable to the country as a whole.

This section of the paper is divided into two. The first section examines households in employment in local authority accommodation before moving on to examine an identical household living in private rented accommodation. In each scenario, and for both tenure types, the Minimum Income Standard is calculated when the national minimum wage is found to be inadequate. The Minimum Income Standard shows the gross income that households need to earn in order to afford the goods and services that members of the public have deemed necessary for a minimum essential standard of living.

The second half of this section of the paper examines the same four sample households in situations of unemployment. The adequacy of current social welfare provision and its ability to meet the minimum expenditure needs for households living in social housing and private rented accommodation is assessed. Analysing housing tenure in this context is particularly pertinent given the number of welfare dependent households, who although are eligible for social housing, are living in the private rented sector and are dependent on Rent Supplement to meet their housing costs.

Households in Employment

In this section of the paper the focus is on four sample household types in employment. A full description of the Minimum Income Standard, income and expenditure for each of the four households in both local authority accommodation and private rented accommodation is contained in the Appendices.

ONE PARENT IN FULL-TIME EMPLOYMENT AND ONE CHILD, (INFANT).

Table 4 Expenditure and Minimum Income Standard for One Parent & One Child Household (infant)

	One Parent and 1 Child (Infant), Employed Full Time, Social Housing	One Parent and 1 Child (Infant), Employed Full Time, Private Rented Accommodation
Expenditure		
MESL Core Expenditure	€502.79	€502.79
Housing	€76.90	€220.23
Medical Card Eligibility	Full	Full
Total MESL Expenditure	€579.69	€723.02
MIS Salary		
Gross Salary	€628.12	€875.63
Income Tax	€30.39	€115.17
USC	€21.27	€31.17
PRSI	€25.12	€35.03
Household Net Salary	€551.34	€694.26
Social Welfare		
Child Benefit	€30.00	€30.00
FIS	€00.00	€00.00

BSCFA	€00.00	€00.00
OFP	€00.00	€00.00
Total Social Welfare	€30.00	€30.00
Medical Card Eligibility	Full	Full
Total Household Income	€581.34	€724.26
Hourly MIS Rate	€16.75	€23.35
Weekly MIS (1 FT)	€628.12	€875.63
Annual MIS	€32,662.24	€45,532.76

Local Authority Accommodation

The starting point of this and subsequent scenarios for households in employment is assessing the adequacy of the national minimum wage (NMW) and its ability to meet the cost of a minimum standard of living. In this scenario, the household in question does not earn enough on the national minimum wage to afford a minimum essential standard of living.⁸ In this situation net income from work and social welfare entitlements is less than the household's weekly outgoings. It must be noted that cost of full-time private childcare for this household, irrespective of tenure type, is €208 per week. As earnings from the national minimum wage are insufficient it is necessary to calculate the Minimum Income Standard (MIS).

The cost of a minimum essential standard of living for a one parent and one child (infant) household, working full-time and living in local authority housing is €579.69. The weekly cost of local authority accommodation is €76.90. The Minimum Income Standard for this household is €628.12 so that total household income, including earnings after tax and social welfare entitlements, covers the household's minimum expenditure needs. This equates to an hourly wage of €16.75 per hour, which is €8.10 above the national minimum wage. At this income level, the household is eligible for a full medical card but the only social welfare entitlement they received is Child Benefit.

Private Rented Accommodation

Examining a household which is identical in every aspect to the household above, bar housing tenure, illustrates the impact that housing tenure can have on a household's expenditure and the MIS required. Using the Private Residential Tenancies Board rent index for Q1 2013, the VPSJ has, for the purposes of this paper, situated a household of this size in a two bedroom terrace house.

Weekly expenditure for the household is €723.02. The average cost of renting a two bedroom terrace house in Dublin is €954.33 per month, which is equivalent to €220.23 per week.

⁸ Full-time employment in the scenarios is equivalent to a 37.5 hour week.

The difference in the cost of local authority accommodation and private rented accommodation is €143.33 per week. This underscores the extent to which local authority rents are set below the market rate. The Minimum Income Standard for this household is €875.63 per week. This means that the household needs an hourly wage of €23.35 per hour, which is €14.70 above the national minimum wage.

When the MIS required for private rented accommodation is compared to the MIS required for local authority accommodation, it reveals that in this situation a household in private rented accommodation needs to earn €247 more per week than an identical household living in local authority accommodation. On an annual basis there is almost €13,000 in the difference between the MIS required for the two tenure types.

ONE PARENT IN FULL-TIME EMPLOYMENT AND TWO CHILDREN, AGE 10 & 15

Table 5 Expenditure and Minimum Income Standard for One Parent and Two Children, age 10 & 15

	One Parent and Two Children (10 & 15)), Employed Full Time, Social Housing	One Parent and Two Children (10 & 15), Employed Full Time, Private Rented Accommodation
Expenditure		
MESL Core Expenditure	€472.17	€472.17
Housing	€75.23	246.04
Medical Card Eligibility	Full	Full
Total MESL Expenditure	€547.40	€718.21
MIS Salary		
Gross Salary	€324.38	€808.13
Income Tax	€00.00	€87.48
USC	€9.12	€28.47
PRSI	€00.00	€32.33
Household Net Salary	315.26	€659.85
Social Welfare		
Child Benefit	€60.00	€60.00
FIS	€84.00	€00.00
BSCFA	€5.77	€00.00
OFP	€147.60	€00.00
Fuel Allowance	€10.00	€00.00
Total Social Welfare	€307.37	€60.00
Medical Card Eligibility	Full	Full
Total Household Income	€622.63	€719.85
Hourly MIS Rate	€8.65	€21.55
Weekly MIS (1 FT)	€324.38	€808.13
Annual MIS	€16,867.76	€42,022.76

Local Authority Accommodation

For a one parent household working full-time earning the national minimum wage and two children age 10 and 15, the weekly cost of renting a house from Dublin City Council is €75.23 per week. Total weekly expenditure for the household including housing is €547.40. The MIS for this particular scenario is €324.38. At this rate of pay, this household does not pay income tax or PRSI, but is eligible for the Universal Social Charge (USC). The NMW provides a sufficient income in this instance because at this wage level the household qualifies for social welfare transfers, including a partial One Parent Family Payment (OFP), Family Income Supplement, Child Benefit, Fuel Allowance and the Back to School Clothing and Footwear Allowance. The social welfare transfers make a very significant contribution to the household and accounts for approximately €307 of weekly net income.

The combined income from wages and social welfare transfers is sufficient for this household to meet their minimum expenditure needs. As weekly earnings from the national minimum wage of €324.38 are adequate, this serves as the Minimum Income Standard for this household in local authority accommodation.

Private Rented Accommodation

For the purposes of this paper, a one parent and two child household is situated in a 3 bedroom terrace house. The average monthly rent for a house of this size is €1066.16, which is equivalent to €246.04 per week. Expenditure for the household is €718.21 per week, of which housing accounts for 34%. The cost of private rented accommodation substantially increases expenditure for this household, when compared to an identical household living in local authority accommodation. The national minimum wage and social welfare entitlements are not sufficient to meet this household's minimum needs. As the NMW is inadequate for this household the MIS is calculated.

The MIS for this household is €808.13 per week. This equates to hourly wage of €21.55. The household is only be eligible for the universal Child Benefit and a full medical card but does not qualify for any additional entitlements such as Family Income Supplement or a partial One Parent Family payment.

The difference in the MIS for identical households in different tenure types is striking. The scenario illustrates that as necessary gross salary rises, taxes increase, and entitlements reduce and ultimately cease and therefore households need to earn more to afford their minimum essential expenditure. While social welfare transfers make a very significant contribution to the household living in local authority accommodation and earning the national minimum wage, all additional means tested payments, e.g. Family Income Supplement etc, cease for the household living in private rented accommodation as earnings are above the income thresholds set for these payments.

As a consequence the household in private rented accommodation needs to earn €483 more per week than an identical household living in local authority accommodation. When calculated on an annual basis there is in excess of €25,000 in the difference in the MIS required for each tenure type. This particular scenario very clearly demonstrates the impact that housing tenure can have on the cost of a minimum essential standard of living and the subsequent Minimum Income Standard Required. Moreover, the data underscores the relationship between earned income, tax and social welfare and how it can impact on a household's ability to afford a standard of living that meets their physical, psychological and social needs.

TWO PARENTS AND TWO CHILDREN, AGE 3 & 10, SINGLE INCOME SCENARIO

Table 6 Expenditure and Minimum Income Standard for Two Parents and Two Children, age 3 & 10

	Two Parents and Two Children (3 & 10)), 1 Adult Employed Full Time, Social Housing	Two Parents and Two Children (3 & 10), 1 Adult Employed Full Time, Private Rented Accommodation
Expenditure		
MESL Core Expenditure	€442.73	€442.73
Housing	€61.39	€246.04
Medical Card Eligibility	Full	Full
Total MESL Expenditure	€504.12	€688.77
MIS Salary		
Gross Salary	€324.38	€714.38
Income Tax	€00.00	€32.05
USC	€9.12	€24.72
PRSI	€00.00	€28.58
Household Net Salary	€315.26	€629.03
Social Welfare		
Child Benefit	€60.00	€60.00
FIS	€173.00	€00.00
BSCFA	€1.92	€00.00
OFP	N/A	N/A
Fuel Allowance	€00.00	€00.00
Total Social Welfare	€234.92	€60.00
Medical Card Eligibility	Full	Full
Total Household Income		
Hourly MIS Rate	€8.65	€19.05
Weekly MIS (1 FT)	€324.38	€714.48
Annual MIS	€16,867.76	€37,147.76

Local Authority Accommodation

A two parent and two child household (age 3 and 10) with one adult working full-time and earning the national minimum wage, and the other adult engaged in stay at home duties pays rent of €61.39 per week to the local authority. Total minimum weekly expenditure for this household is €504.37. The household's net income from the minimum wage and social welfare entitlements is sufficient to meet their minimum expenditure needs. In this case, the national minimum wage serves as the Minimum Income Standard, because at this wage rate the household qualifies for social welfare entitlements including Child Benefit, the Back to School Clothing and Footwear Allowance and Family Income Supplement (FIS). This scenario shines a light on the importance of in work transfers such as FIS, which in this case is €173.00 per week, and ensures the household has an adequate income. This scenario again illustrates the important role of social welfare transfers for minimum wage families. The payments coupled with earned minimum wage income ensure that the household in local authority accommodation has a sufficient income to afford a minimum standard of living.

Private Rented Accommodation

Expenditure for a two parent and two child (age 3 & 10) household living in private rented accommodation is €688.77 per week. The cost of private rented accommodation is €246.04 per week. When the cost of private rented accommodation is compared to the cost of rented local authority accommodation there is a difference of €184.65 per week between the two tenure types. Earnings from the national minimum wage and social welfare entitlements are not sufficient to meet the household's minimum expenditure needs. While the minimum wage provides a sufficient income for this family type in local authority accommodation, it is inadequate for an identical household living in private rented accommodation. It is thus necessary to calculate the MIS for this scenario.

The MIS for this household is €714.48 per week. The household in private rented accommodation must earn €390 more per week to enable the same standard of living as an identical family living in local authority accommodation. When calculated on an annual basis there is over €20,000 in the difference in the MIS required for the two tenure types. While Child Benefit is a universal entitlement, means tested social welfare payments such as Family Income Supplement cease before this household reaches income adequacy, and as a consequence, this household must earn significantly more to afford the cost of private rented accommodation and the cost of a minimum standard of living.

TWO PARENTS AND THREE CHILDREN, BABY, 3 YEAR OLD AND 10 YEAR OLD, DUAL INCOME SCENARIO

Table 6 Expenditure and Minimum Income Standard for Two Parent and Three Children, baby, 3 year old & 10 year old

	Two Parents and Three Children (baby, 3 & 10)), 1 Adult Employed Full Time, 1 Adult Employed Part Time Social Housing	Two Parents and Three Children (baby, 3 & 10)), 1 Adult Employed Full Time, 1 Adult Employed Part Time Private Rented Accommodation
Expenditure		
MESL Core Expenditure	€746.66	€746.66
Housing	€81.46	€246.04
Medical Card Eligibility	Full	Full
Total MESL Expenditure	€828.12	€992.70
MIS Salary		
Gross Salary 1	€549.37	€710.63
Joint Income Tax	€38.55	€87.15
USC 1	€18.12	€24.57
PRSI 1	€21.97	€28.43
Gross Salary 2	€278.35	€360.05
USC 2	€7.27	€10.54
PRSI 2	€0.00	€14.40
Household Net Salary	€741.81	€905.59
Social Welfare		
Child Benefit	€90.00	€90.00
FIS	€00.00	€00.00
BSCFA	€00.00	€00.00
OFP	N/A	N/A
Fuel Allowance	€00.00	€00.00
Total Social Welfare	€90.00	€90.00
Medical Card Eligibility	Full	Full
Total Household Income	€831.81	€995.59
Hourly MIS Rate	€14.65	€18.95
Weekly MIS (1 FT & 1 Part-Time)	€827.72	€1070.68
Annual MIS	€43,041.44	€55,675.36

Local Authority Accommodation

A two parent dual income household, with one adult working full-time and the other adult working part-time and three children (baby, 3 year old and 10 year old), do not earn enough at the national minimum wage pay rate to afford a MESL in local authority housing. As this is a dual income scenario and both parents are working outside the home childcare again is a significant cost for this

household, regardless of tenure type, and is €217 per week. As the minimum wage cannot meet this household's minimum expenditure needs in local authority accommodation it is necessary to calculate the MIS for this household scenario.

Based on the Dublin City Council (DCC) differential rent scheme the household pays €81.46 per week in rent to the local authority. The weekly MIS for this household is €827.72, which is €43,041.44 per annum. This equates to each earner having an hourly wage of €14.65, which is €6.00 above the current national minimum wage rate. While the household qualifies for a full medical card, the only social welfare transfer they receive is Child Benefit.

Private Rented Accommodation

In private rented accommodation the average cost of renting a three bedroom terraced house in Dublin is €246.04 per week. Total weekly expenditure is €992.70. The difference in the cost of local authority accommodation and private rented accommodation is €164.58 per week. The MIS for this household is €1070.68 per week, which calculated annually is €55,675.36 per year. This equates to each earner in the household needing an hourly wage of €18.95 per hour, which is €10.30 above the national minimum wage.

The cost of paying the market rate for private rented accommodation substantially increases the cost of a minimum essential standard of living and the Minimum Income Standard required. For a household in private rented accommodation to maintain the same standard of living as an identical household living in social housing they must earn €243 more week.

In this particular scenario, the only social welfare transfer payment that this household receives, either in local authority accommodation or in private rented accommodation, is Child Benefit. In both tenure types earnings must be in excess of the minimum wage in order to meet expenditure costs, and as necessary earnings increase, entitlements reduce and ultimately cease. While the cost of childcare exacerbates the need for a MIS that is considerably higher than the minimum wage, the fall off in social welfare transfers means that this household needs a higher salary to afford their minimum essential expenditure.

Examining housing tenure and its impact on the cost of a minimum standard of living demonstrates the significant financial burden that is incurred because of the cost of private rented accommodation. The need for earnings well in excess of the minimum wage underscores the need for a housing system that can support and meet the needs of low income workers.

Unemployed Households

This section of the paper focuses on the same four sample households in situations of unemployment. As the households in question are social welfare dependent, the Minimum Income Standard is not calculated, instead, the affect of housing tenure on household expenditure and income is analysed, as well as the ability of social welfare transfers to meet the cost of a minimum standard of living in each tenure type. As all of the households examined are in situations of unemployment it is assumed that childcare is not required. For households in private rented accommodation rent is based on the Rent Supplement ceiling as of June 2013. The cost of local authority rent is calculated according to the rules of Dublin City Council rent scheme for 2013. The income scenarios are based on 2013 social welfare rates and entitlements.

Unemployed One Parent and One Child Household (Infant)

Table 7 Expenditure and Income for One Parent and One Child (infant) Household, Welfare Dependent

	One Parent and One Child (infant), Unemployed Scenario, Social Housing	One Parent and One Child (infant), Unemployed Scenario, Private Rented Accommodation
Expenditure		
MESL Core Expenditure	€290.34	€290.34
Housing	€26.87	€219.23
Medical Card Eligibility	Full	Full
Total MESL Expenditure	€317.21	€509.57
Social Welfare		
Jobseekers Benefit & Qualified Child Increase	€217.80	€217.80
Child Benefit	€30.00	€30.00
BSCFA	€00.00	€00.00
Rent Supplement	N/A	€187.23
Fuel Allowance	€10.00	€10.00
Medical Card Eligibility	Full	Full
Total Household Income	€257.80	€445.03
Shortfall/Discretionary Income	- €59.41	-€64.54

Local Authority Accommodation

Expenditure for this household is €317.21 per week, which includes local authority rent of €26.87. In this situation an unemployed one parent household receives social welfare payments totalling €257.80 per week. This includes the Jobseekers Payment, the Qualified Child Increase, Child Benefit and Fuel Allowance. The household also qualifies for a full medical card.

Local authority rent accounts for 8.5% of total weekly outgoings and 10.4% of weekly income. Although rent is calculated based on ability to pay, other outgoings such as food, personal care and transport result in this household's weekly expenditure exceeding the income they receive from social welfare. The household has a shortfall of approximately €60 per week. Therefore, while the differential rent scheme does take into account the household's circumstances and rent is relative to income, the household nevertheless faces income inadequacy. The income that the household receives from social welfare is in this instance insufficient, and cannot meet the minimum expenditure needs of this household type. However, without social housing, which is set below the going market rate, this household would be experiencing an even greater shortfall in income.

Private Rented Accommodation

Total weekly expenditure for a one parent and one child household is €509.57. This is inclusive of private rented accommodation based on the Rent Supplement ceiling for a household of this size of €950 per month which equates to €219.23 per week. Total weekly income for this household is €445.03, which is inclusive of Rent Supplement. The household must make a contribution of €32.00 per week towards their rent, so in effect the total Rent Supplement they receive is €187.23 per week. The Rent Supplement contribution that this household pays is €5.13 above the weekly cost of local authority rent for an identical household living in local authority accommodation.

In this scenario there is not a considerable gap between the cost of local authority accommodation and the Rent Supplement contribution that the household in private rented accommodation has to pay. Households in both tenure types have shortfalls, but the difference in the shortfall between the two households is only in the region of €5. Examining two identical households with the same standard of living, but in different tenure types, underscores the vulnerability of some of those who are solely dependent on social welfare to meet their minimum expenditure needs. While both households are availing of subsidised housing, they nevertheless have considerable weekly income deficits and cannot afford a minimum essential standard of living.

One Parent Unemployed and Two Children, Age 10 & 15

Table 8 Expenditure and Income for One Parent and Two Child (age 10 & 15) Household, Welfare Dependent

	One Parent and Two Children (10 & 15), Unemployed Scenario, Social Housing	One Parent and Two Children (10 & 15), Unemployed Scenario, Private Rented Accommodation
Expenditure		
MESL Core Expenditure	€415.84	€415.84
Housing	€30.34	€225.00
Medical Card Eligibility	Full	Full
Total MESL Expenditure	€446.18	€640.84
Social Welfare		
Jobseekers Benefit & Qualified Child Increase	€247.60	€247.60
Child Benefit	€60.00	€60.00
BSCFA	€5.77	€5.77
Rent Supplement	N/A	€193.00
Fuel Allowance	€10.00	€10.00
Medical Card Eligibility	Full	Full
Total Household Income	€323.37	€516.37
Shortfall/Discretionary Income	-€122.81	-€124.47

Local Authority Accommodation

The household in question in this scenario has a total weekly income of €323.27 per week, which includes all social welfare entitlements, such as Child Benefit, Fuel Allowance and the Back to School Clothing and Footwear Allowance. The household also qualifies for a full medical card. Based on this household's assessable income, the cost of local authority rent is €30.34 per week, which is 9.4% of total weekly income and 6.8% of total weekly expenditure.

In this instance, social welfare is insufficient and does not meet the cost of a minimum standard of living. While local authority rent is based on ability to pay and absorbs less than 10% of total weekly income, the sample household is still faced with income inadequacy in the region of €123 per week, which, when calculated on an annual basis is in excess of €6,000. This particular scenario highlights that while being able to access social housing considerably reduces housing costs and helps families avoid housing induced poverty, it does not necessarily ensure that households will then be able to afford a minimum essential standard of living.

Private Rented Accommodation

The Rent Supplement ceiling for one parent and two children is €975 per month, or €225 per week. Expenditure including the cost of private rented accommodation is €640.84 per week. In this situation, the household must make a minimum contribution of €32.00 per week towards their weekly rent, so in effect; the household receives Rent Supplement of €193.00 per week, which increases the weekly income to €516.37. Housing accounts for 35% of total weekly expenditure and 44% of total weekly income. The household has a weekly shortfall of €124.

The household in private rented accommodation is faced with a slightly higher level of income inadequacy when compared to an identical household living in local authority accommodation. This is because the Rent Supplement contribution is €32.00, while local authority rent is slightly less at €30.34 per week. However, on the whole, the household's financial situation is broadly the same in both tenure types. Moreover, this scenario underscores that while the actual cost of renting is relatively low for each household in both tenure types, social welfare payments are nevertheless insufficient and do not allow for a minimum essential standard of living.

Two Parent and Two Child Household (3 & 10), One Parent Seeking Work, One Stay at Home Parent.

Table 9 Expenditure and Income for Two Parents and Two Child (age 3 & 10) Household, Welfare Dependent

	Two Parents and Two Children (3 & 10), Social Housing	Two Parents and Two Children (3 & 10), Private Rented Accommodation
Expenditure		
MESL Core Expenditure	€438.97	€438.97
Housing	€44.26	€225.00
Medical Card Eligibility	Full	Full
Total MESL Expenditure	€483.23	€663.97
Social Welfare		
Jobseekers Benefit & Qualified Adult & Qualified Child Increase	€372.40	€372.40
Child Benefit	€60.00	€60.00
BSCFA	€1.92	€1.92
Rent Supplement	N/A	€188.00
Fuel Allowance	€00.00	€00.00
Medical Card Eligibility	Full	Full
Total Household Income	€434.32	€622.32
Shortfall/Discretionary Income	-€48.91	-€41.65

Local Authority Accommodation

In this two parent and two child scenario, one adult is seeking work, while the other is engaged in home duties. This household is solely reliant on social welfare transfers for their income. This household has a total weekly income of €434.32 per week. Based on their assessable income, this household pays €44.26 per week in rent to the local authority, which is 10.2% of their total weekly income.

This household has a shortfall of approximately €50 per week. Again, this scenario demonstrates that while the cost of local authority rent is related to household income and is based on ability to pay, social welfare transfers are not sufficient and cannot meet all the other costs incurred by this household.

Private Rented Accommodation

Examining an identical household in receipt of Rent Supplement in the private rented sector reveals the impact that housing tenure has on household expenditure and income. The Rent Supplement ceiling for a household of this size is €975 per month, or €225 per week. Expenditure, including the cost of private rented accommodation, is €663.97 per week. In this situation, the household must make a minimum contribution of €37.00 per week towards their rent, so in effect; the household receives Rent Supplement of €188.00, which increases the weekly income to €622.32. Housing accounts for 34% of total weekly expenditure and 36% of total weekly income. Despite receiving Rent Supplement the household has a shortfall of €41.65.

The Rent Supplement contribution that the household is required to pay towards the cost of their private rented accommodation is €7.26 less than the weekly rent paid by an identical household in local authority accommodation, and so, the household in private rented accommodation is, in strictly financial terms, better off than the household living in local authority accommodation.⁹

Nevertheless, both unemployed households face income inadequacy. This demonstrates that despite State support for housing, a minimum essential standard of living is still beyond the reach of this household type in both tenures. This scenario, similar to the other unemployed scenarios under consideration in this paper, also draws attention to the vulnerability of welfare dependent households to poverty and social exclusion.

⁹ From the 1 January 2014 the minimum contribution towards Rent Supplement for couples increased by €5 per week, from €35 to €40. This further aligns the Rent Supplement contribution with the local authority rents structure. This change applies to new and existing recipients. The minimum contribution for single people, including single people with children (currently €30), has not changed.

Two Parents and Three Child Household (Baby, 3 year old and 10 year old) One Parent Seeking Work, One Stay at Home

Table 10 Expenditure and Income for a Two Parent and Three Child (baby, 3 & 10) Household, Welfare Dependent

	Two Parents and Three Children (baby,3 & 10), Unemployed Scenario, Social Housing	Two Parents and Three Children (baby,3 & 10), Unemployed Scenario, Private Rented Accommodation
Expenditure		
MESL Core Expenditure	€523.32	€523.32
Housing	€47.73	€230.77
Medical Card Eligibility	Full	Full
Total MESL Expenditure	€571.05	€754.09
Social Welfare		
Jobseekers Benefit & Qualified Adult & Qualified Child Increase	€402.20	€402.20
Child Benefit	€90.00	€90.00
BSCFA	€1.92	€1.92
Rent Supplement	N/A	€193.77
Fuel Allowance	€00.00	€00.00
Medical Card Eligibility	Full	Full
Total Household Income	€494.12	€687.89
Shortfall/Discretionary Income	-€76.93	-€66.20

Local Authority Accommodation

This Two parent and three child household pay €47.73 per week in rent to the local authority. Total household income from all social welfare entitlements for this household is €494.12, 9.6% of which is spent on rent. Similar to the other households reliant on social welfare, this household's income is inadequate, and while local authority rent absorbs less than 10% of total weekly income, the household has a weekly shortfall of almost €77 per week, which is €4,000 per annum. This demonstrates that the cost of a minimum essential standard of living for this household far exceeds the income received from social welfare. While local authority rent is calculated based on household income, it is apparent that what a household can afford to pay very much depends on not only their income, but also their other weekly minimum essential outgoings.

Private Rented Accommodation

The maximum Rent Supplement ceiling for a household of this size is €1,000 per month, which is equivalent to €230.77 per week. Total weekly expenditure for the household is €754.09. The

household must pay €37 per week as a contribution towards their rent, so in effect they receive a weekly Rent Supplement of €193.77 per week, which brings their total weekly income to €687.89. The cost of private rented accommodation accounts for 31% of total household expenditure and 34% of the household's total weekly income.

Despite receiving Rent Supplement, the household in private rented accommodation still faces income inadequacy and has a shortfall of €66.20 per week. However, the shortfall is approximately €10 less than the shortfall experienced by an identical household living in local authority accommodation. In strictly financial terms, the household in private rented accommodation is financially better off than an identical household in social housing.

The unemployed scenarios used in this paper demonstrate that while the State can and does support families with their housing costs, this in itself does not ensure that households will have a sufficient income to meet the cost of a minimum essential standard of living. In both local authority housing and State supported private rented accommodation the four households under consideration in this paper all face income inadequacy. While housing tenure has a considerable bearing on the Minimum Income Standard required for households in employment, it affects the unemployed households analysed in this paper to a lesser degree. This is because there is not a large variation between the cost of local authority rent and the Rent Supplement contribution that unemployed households living in private rented accommodation have to pay.

Discussion & Analysis

The issue of housing warrants attention for a number of reasons, not least because it is often the single largest area of expenditure for a household. This paper highlights the impact that housing tenure has on the cost of a minimum essential standard of living and the subsequent Minimum Income Standard required for households in employment. For unemployed households, the paper demonstrates the impact of the cost of housing in both tenure types, and the extent to which social welfare payments, including Rent Supplement for those in the private rented sector, meet the cost of a minimum essential standard of living. The paper has highlighted a number of relevant points.

Table 11 Minimum Income Standard by tenure type for four sample households in employment

HOUSEHOLD TYPE - EMPLOYED SCENARIOS	Local Authority Accommodation	Private Rented Accommodation
ONE PARENT IN FULL-TIME EMPLOYMENT AND ONE CHILD, (INFANT).		
EXPENDITURE	€579.69	€723.02
Hourly Wage	€16.75	€23.35
Weekly MIS	€628.12	€875.63
Annual MIS	€32,662.24	€45,532
ONE PARENT IN FULL-TIME EMPLOYMENT AND TWO CHILDREN, AGE 10 & 15		
EXPENDITURE	€547.40	€718.21
Hourly Wage	€8.65	€21.55
Weekly MIS	€324.38	€808.13
Annual MIS	€16,867.76	€42,022.76
TWO PARENTS AND TWO CHILDREN, AGE 3 & 10, SINGLE INCOME SCENARIO		
EXPENDITURE	€504.37	€688.77
Hourly Wage	€8.65	€19.05
Weekly MIS	€324.38	€714.48
Annual MIS	€16,867.76	€37,146.76
TWO PARENTS AND THREE CHILDREN, BABY, 3 YEAR OLD AND 10 YEAR OLD, DUAL INCOME SCENARIO		
EXPENDITURE	€828.12	€992.70
Hourly Wage	€14.65	€18.95
Weekly MIS	€827.72	€1070.68
Annual MIS	€43,041.44	€55,675.36

Table 12 Expenditure and income by tenure type for four sample households in situations of unemployment

HOUSEHOLD TYPE - UNEMPLOYED SCENARIOS		Local Authority Accommodation	Private Rented Accommodation
ONE PARENT IN AND ONE CHILD, (INFANT).			
EXPENDITURE		€317.21	€509.57
Income ¹⁰		€257.80	€445.03
Shortfall		- €59.41	- €64.54
ONE PARENT AND TWO CHILDREN, AGE 10 & 15			
EXPENDITURE		€446.18	€640.84
Income		€323.37	€516.37
Shortfall		- €122.81	- €124.47
TWO PARENTS AND TWO CHILDREN, AGE 3 & 10, SINGLE INCOME SCENARIO			
EXPENDITURE		€483.23	€663.97
Income		€434.32	€622.32
Shortfall		- €48.91	- €41.65
TWO PARENTS AND THREE CHILDREN, BABY, 3 YEAR OLD AND 10 YEAR OLD, DUAL INCOME SCENARIO			
EXPENDITURE		€571.05	€754.09
Income		€494.12	€687.89
Shortfall		- €76.93	- €66.20

First, the paper demonstrates that for households in employment housing tenure does have a considerable bearing on the cost of a minimum essential standard of living and the subsequent MIS required. The four sample household scenarios illustrate the extent to which social housing is subsidised by the State and highlight the importance of the social housing sector in terms of providing housing below the going market rate. The cost and financial burden of accommodation in the private rented sector illustrates the need for a housing system that facilitates access to affordable and quality housing for low income individuals and families.

Secondly, the national minimum wage provides a sufficient income for only two of the four sample households when in local authority accommodation and is inadequate for all four households in private rented accommodation. Where the minimum wage is found adequate, the minimum wage serves as the Minimum Income Standard. However in each case of inadequacy the minimum

¹⁰ In all unemployed scenarios income in private rented accommodation is inclusive of rent supplement.

necessary gross annual and weekly salary is calculated. In all cases examined the MIS is significantly higher for households in private rented accommodation than for households in local authority accommodation.

Thirdly, the employed scenarios demonstrate the impact of the tax and social welfare system on household income. In one of the scenarios considered in this paper, a one parent household with two children, ages 10 and 15, must earn €484 more per week in order to have the same standard of living as an identical household living in local authority housing. In annual terms, the difference in the MIS required for each tenure type is in excess of €25,000. In this particular scenario, the household in private rented accommodation pays Income Tax, PRSI and Universal Social Charge requiring a higher gross salary to enable an adequate Minimum Income Standard, whereas the household in local authority accommodation has an adequate income on the NMW and is only liable for the Universal Social Charge. The household in local authority accommodation receives approximately €307 a week in social welfare transfers, including Child Benefit, Family Income Supplement and a partial One Parent Family Payment. This scenario in particular draws attention to the importance of in-work benefits for low wage earners. For the household in private rented accommodation in work supports taper off before the household achieves an adequate household income, thereby increasing the MIS. The employed scenarios highlight the need to look at the interaction between earned income, tax and social welfare. All of these having a bearing on household income and can determine a household's ability to afford a minimum essential standard of living.

Fourthly, the scenarios concentrating on four unemployed households show that despite subsidised social housing and a rent supplemented private rented sector, which has in effect become a parallel social housing system, all four of the households face income inadequacy and cannot afford a minimum essential standard of living that meets their physical, psychological and social needs.

The analysis of welfare dependent households demonstrates the inadequacy of current social welfare provision for the households under consideration in this paper and its inability to meet the cost of a minimum essential standard of living. The findings highlight that while the State supports low income and welfare dependent households with their housing costs, either by providing social housing, or heavily subsidising the cost of rent for those unemployed and living in the private rented sector, social welfare payments, are, in the four scenarios analysed in this paper, insufficient, and do not meet the cost of a minimum essential standard of living in either tenure. The level of income inadequacy experienced by the households highlights the vulnerability of many welfare dependent households to poverty and social exclusion.

Fifthly, while there is not a large difference in the financial situations of unemployed households because of housing tenure, it is worth noting that of the four unemployed households included in this paper, two of the households are financially better off living in private rented accommodation and receiving Rent Supplement than living in local authority accommodation. This is because the Rent Supplement contribution they are required to pay is below the cost of rent paid by an identical household in local authority accommodation. Given that there are thousands of households living in private rented accommodation and seeking to move into local authority housing, such a move could leave some households financially worse off.

However, it should be borne in mind that focusing solely on the financial implications of each tenure type does not present the full picture. In general local authority tenants enjoy security of tenure and a good standard accommodation that is not always enjoyed by those living in the private rented sector. While developments have taken place to regulate the private rented sector and improve the standard of accommodation, organisations such as Threshold (2012) have highlighted the issue of sub standard accommodation in the private rented sector and the need for stricter regulation. Furthermore, in research commissioned by Focus Ireland respondents cited the refusal of some landlords to accept Rent Supplement, and the Rent Supplement ceilings were also identified by a number of respondents as being too low, forcing tenants to give 'top-up' payments to Landlords. (Lalor and Doyle, 2012).

Table 13, using the rent ceilings set for Dublin (excluding Fingal), compares the Rent Supplement limits to the PTRB average rental costs used for the employed household scenarios in this paper.

Table 13 Dublin Average Rent Compared to Dublin Area Rent Supplement Ceiling

	1 Child	2 Children	3 Children
Average Rent Per Month	954.33	1,066.16	1,066.16
Rent Supplement Per Month	950.00	975.00	1,000.00

In the three cases above, the average rent is higher than the Rent Supplement ceiling, although in the case of households with one child the difference is relatively small. However, while the Rent Supplement limits are used as the basis for housing costs in this paper for unemployed households living in private rented accommodation, the Rent Supplement ceilings have been criticised for being below the market rate. The Society of St Vincent de Paul (2013) and Threshold (2012 & 2013) have argued that many people find it difficult to find suitable accommodation within the rent limits allowed under the Rent Supplement. Moreover, figures from the CSO show that private rents

increased by 8.2 % between November 2012 and November 2013 which suggests that the gap between the actual cost of private rented accommodation and the Rent Supplement ceiling is widening¹¹.

Finally, comparing the impact of housing tenure on both employed and unemployed households also shines a light on poverty traps associated with social welfare provision and in particular Rent Supplement. At present, local authorities operate on a differential rent scheme in Ireland, and rents are related to income, and as a result when a household in local authority accommodation moves from a situation of welfare dependency to employment, rent rises, but it is still relative to earnings and set at below market rates. However, for households in the private rented sector the data shows that the households under consideration in this paper would need earnings in excess of the national minimum wage in order to meet the cost of private rented accommodation from their own resources and the cost of a minimum essential standard of living. For that reason, moving from welfare to work can be difficult for those in receipt of Rent Supplement, as households may in fact find themselves worse off by taking up employment than being unemployed. While there are of course other barriers that prevent people from taking up work, such as the cost of childcare, the withdrawal of payments such as Rent Supplement can create traps that prevent people moving from welfare to work. It is hoped that the new Housing Assistance payment which is to replace Rent Supplement, and is being piloted at present, will go some way towards reforming the difficulties associated with moving from welfare to work.

Conclusion

Housing tenure is changing in Ireland and there is a need to address a number of issues if individuals and families are to have access to good quality, affordable accommodation. Over the last number of years there has been a decline in social housing output and an increase in the number of households on the social housing waiting list. Coupled with this, is the growing number of people in receipt of Rent Supplement. More recently, there has been rent inflation in the private rented sector.

This paper on the impact of housing tenure is timely in light of falling social housing provision and an increase in the number of households in private rented accommodation. The latest data from the CSO reveals that home ownership is declining and 'the strong growth in rented accommodation has caused the overall home ownership rate to drop sharply from 74.7% to 69.7%' (CSO, 2012A).

¹¹ CSO, November 2013 Consumer Price Index:

<http://www.cso.ie/en/releasesandpublications/er/cpi/consumerpriceindexnovember2013/#.UrRmbfRdV8k>

Moreover, Government policy is moving away from the promotion of home ownership as the tenure to be aspired too:

'Housing in Ireland has been characterised by a persistently hierarchical structure for several decades. This paradigm of housing has private home ownership at the top, with supported home-ownership (tenant purchase of local authority housing, affordable housing) next, self-financed private rented accommodation further down, and State supported rental accommodation at the bottom (rent supplement/social housing tenancies).

This structure and the value judgement that underlies it – which implicitly holds that the tenure which must ultimately be aspired to is home ownership – has had a considerable role in leading the Irish housing sector, Irish economy, and the wider Irish society to where they are today' (Department of Environment, Community and Local Government, 2011A).

This paper has drawn attention to the impact that housing tenure has on the cost of a minimum essential standard of living and the subsequent Minimum Income Standard required. The high cost of accommodation in the private rented sector and the need for earnings significantly higher than the national minimum wage has demonstrated not only the value of a social housing system and the benefit that incurs for those able to access it, but also the need for such a system for low income earners, who would be unable to meet the full cost of private rented accommodation from their own resources.

The paper has also demonstrated that Government support for housing, either by providing social housing or subsidising the cost of accommodation in the private rented sector, does not necessarily ensure that households dependent on social welfare will be able to have a minimum essential standard of living. What any individual or household is able to afford very much depends not only on their income, but also their other minimum essential outgoings. Therefore, while there clearly is a need for a social housing system, further consideration needs to be given to the relationship and interaction between housing, income and social welfare.

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