The Irish Council for Social Housing (ICSH) is asking that **Budget 2020 should be centrally focussed on improving access to affordable, good quality, secure accommodation for all households.**

<table>
<thead>
<tr>
<th>Summary of Recommendations for Budget 2020</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
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</tr>
<tr>
<td><strong>3.</strong> The Government should establish a time-bound change management Working Group to achieve <strong>reversal of the classification decision.</strong></td>
</tr>
<tr>
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</tr>
<tr>
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<tr>
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</table>
I. Introduction

Housing Associations (also known as Approved Housing Bodies or AHBs) are a key partner in meeting the challenges posed by the housing crisis. In 2018, over 4,000 homes were provided by housing associations through new build, purchase and relets to households on the social housing waiting list. In 2018, 38% of new long-term social housing was delivered by AHBs (3,219 homes).

The sector owns and manages over 35,000 homes across the country and housing associations are playing their part to increase the number of homes through every delivery and funding mechanism available to them. The recommendations within this submission are aimed at increasing the stock of permanent social and affordable housing by scaling up the delivery of homes.

II. Current Context

The ICSH and AHB sector is actively working with the Government and local authorities to progress the targets under Rebuilding Ireland, which commits €6 billion to support the delivery of 50,000 new social homes by end 2021.

In particular, we will continue to work with the Government to increase the provision and the professional management of homes affordable to people on low incomes. We are concerned that the private sector is failing to respond to housing demand, leading to a cumulative growth in demand for homes particularly for people on lower incomes. The private sector has failed to develop affordable housing to rent or purchase and, in our view, cannot be relied upon to provide a significant response to social and affordable housing need. The ICSH believe that the Rebuilding Ireland Action Plan for Housing and Homelessness relies too heavily on the private market for an increase in social housing supports (through HAP) and that much greater supports for delivering affordable housing are required than are envisaged in the Plan.

*It is the view of the ICSH that, in order to avoid the boom-and-bust cycles that have characterised the Irish housing system, Government must ensure that 20% of overall housing stock is in permanent social housing over a medium-term timeframe.*
III. Obstacles to Housing Association Sector Delivery

Our aim is to build on current activity and grow the supply of social and affordable housing to meet a range of housing needs. Over the course of Rebuilding Ireland, AHBs have been increasing their capacity to deliver more homes. The thrust of our recommendations is aimed at furthering the role that AHBs can play to provide homes during this crisis and beyond. However, there remain significant obstacles impeding large-scale delivery of public and affordable housing by housing associations and local authorities.

CSO/Eurostat Reclassification

The 2018 CSO/Eurostat reclassification of housing associations as part of the local government sub-sector is likely to limit the ability of housing associations to deliver homes with private borrowing (for example from banks or credit unions). The reclassification of the sector is a key concern for 2020 and onwards, generating uncertainty as to the future growth plans, increased borrowing and delivery by AHBs. The sector calls on the Government to establish a time-bound change management working group to achieve reversal of the classification. In the interim, the Department should ensure that the ability of AHBs to borrow is not limited due to the reclassification decision.

Regulation and Capacity Building

With the publication of the Housing (Regulation of Approved Housing Bodies) Bill 2019, the sector will benefit from a capacity building programme to support further reorganisation of the AHB sector to enhance delivery and management of homes. Under Statutory regulation, there will be changes required and we are working together as a sector to reach a more cohesive delivery of services to tenants. The sector is calling for an expanded Innovation Fund allocation for a capacity building programme to support further reorganisation of the AHB sector to enhance delivery and management of homes.

Land Supply

Lack of sites is the biggest barrier to social housing delivery for housing associations. State land must be prioritised for the delivery of social and affordable rental housing as recommended by the National Economic and Social Council. The sector urges Government to strengthen the partnership between housing associations and local councils by supporting the transfer of sites/developments in council ownership to housing associations for the much-needed delivery of social and affordable housing.

To enhance the assembly and use of state land for the common good, particularly in areas of high housing demand in urban areas, all state land should be prioritised for housing and public bodies should have to make an exceptional business case to DPER as to why land should not be used for housing.

Whilst land management is key to new delivery, the Government should also continue to fund and incentivise the Repair and Leasing Scheme and the Buy and Renew Scheme to bring forward new supply from vacant properties.
State Aid for Services of General Economic Interest

Current EU rules regarding state aid for social housing limits funding to the provision of accommodation to disadvantaged citizens or socially less advantaged groups. However in order for housing providers to respond to local need where there is no supply from the private market, and enable the development of mixed income communities, greater flexibility is required to ensure social and affordable housing is more broadly defined within the scope of ‘services of general economic interest (SGEI)’. The sector believes that the European Commission should not define social housing and should revise the state aid rules for SGEI. The European Pillar of Social Rights proclaims the right to access social housing as a right that shall be provided ‘for those in need’. The Pillar should be the guideline that underpins EU economic and fiscal policies.

IV. Recommendations for Budget 2020

Measures to Increase Housing Delivery

1. Capital Advance Leasing Facility (CALF) & Payment and Availability (P&A) funding

The CALF and P&A funding schemes have become the central funding facility through which AHBs develop, acquire and lease homes. The sector has increased its capacity in recent years and has a pipeline for new development that must be underpinned in this Budget.

Capital Advance Leasing Facility (CALF) & P&A

- CALF allocation should be substantially increased with a corresponding increase in the P&A allocation based on the upswing in CALF applications by the sector over the past 12 months.

- In addition, to support the delayed new multi-annual CALF pilot, a financial commitment is required beyond 2020 to achieve the objective of the multi-annual CALF programme and allow housing associations have a strategic approach to delivery with funding certainty.

- The ICSH recommends increased flexibility on the level of CALF or the Payment and Availability Agreement (P&A) to link to the cost of the loan where market rents are low and/or construction costs are still high in, for example, regeneration areas.

- Continue to resource and diversify the revolving fund within the Housing Agency to act as another supply tool specifically for AHBs and consider how it can be used more effectively to support delivery.

- We would also recommend utilising reduced VAT rates for social and affordable housing within the scope of the current EU VAT directive.
2. **Capital Assistance Scheme (CAS)**

Ensure adequate funding is in place to meet the pipeline under the Capital Assistance Scheme (CAS) — currently estimated at 147 schemes accounting for over 1431 units — that meets the housing needs of vulnerable groups, including families in emergency accommodation, older people, people with disabilities and people with mental health difficulties.

The ICSH recommend that in order to continue to meet the housing needs of vulnerable groups, including families in emergency accommodation, €100m funding is allocated for the Capital Assistance Scheme (CAS) in 2020.

Funding ring-fenced for the accommodation for people moving out of congregated settings under CAS of €15m should be provided in Budget 2020 for construction projects as well as acquisitions, with adequate funding available for the adaptation of properties.

Ensure sufficient ring-fenced CAS funding to provide secure housing for young people leaving care.

3. **Reversal of the Classification Decision**

The 2018 CSO/Eurostat reclassification of housing associations as part of the local government sub-sector is likely to limit the ability of housing associations to deliver homes with private borrowing (for example from banks or credit unions). The reclassification of the sector is a key concern for 2020 and onwards, generating uncertainty as to the future growth plans, increased borrowing and delivery by AHBs.

The sector calls on the Government to establish a time-bound change management working group to achieve reversal of the classification. In the interim, the Department should ensure that the ability of AHBs to borrow is not limited due to the reclassification decision.

4. **Affordable Rental Housing**

The *Rebuilding Ireland* action plan committed to define affordable housing eligibility criteria and introduce affordable housing schemes for purchase and rent. The urgency has never been greater as many households are being put at risk of homelessness because of private sector rent increases.

The Housing Agency, Dun Laoghaire Rathdown County Council, and two Approved Housing Bodies (Respond and Túath) are working on a pilot project at the Enniskerry Road, Dublin, which will deliver 50 cost rental homes. Cost rental housing is rental housing in which the rent only covers the incurred costs of the housing; that is, the construction, finance and maintenance costs. In addition, the St.
Michael’s Estate in Inchicore is being developed to accommodate circa 470 homes with an agreed tenure mix of 30% Social and 70% Cost Rental.

Development of social housing should be incorporated into mixed income schemes whenever possible. The creation of mixed tenure and mixed income housing is a more balanced approach to providing housing across the income spectrum.

**Affordable Rental Housing**

Develop an affordable rental scheme urgently for the provision of affordable rental housing, which can be utilised by housing associations.

5. **Active Land Management**

For housing associations to increase output of social housing, access to sites is critical and this is occurring on an inefficient ad-hoc basis. The Land Development Agency has the potential to enable planning and activation of suitable state-owned sites for both affordable rental and affordable purchase housing.

**Active Land Management**

Publish the establishing legislation and fund the work of the Land Development Agency to ensure an active land management strategy to lead and co-ordinate a continuous pipeline of building land for social housing and affordable rental.

**Supporting Vulnerable Households in Housing**

6. **Housing Our Older People**

The ICSH has long campaigned on the need for supported housing options for older people against a backdrop of an ageing population set to increase significantly in the coming years\(^1\). The ICSH welcomes the new Government Policy Statement on *Housing Options for Our Ageing Population*.

Housing associations have demonstrated how better value for money can be achieved in preventing early admittance to hospital or residential care and this is evidence based and value for money. More efficient, cost effective and flexible service models have also been introduced through the bundling of home care packages. A framework for the delivery of housing with support for older persons should be implemented, with housing associations as key stakeholders for delivery.

\(^1\) Age Friendly Ireland (2016) Number of people over 65 is set to reach 1.4 million by 2041.
The ICSH recommends the establishment and adequate resourcing of a dedicated Housing Options revenue funding stream for housing related support services. An initial allocation of €10m should be made and applications sought from housing associations providing supports to older people. This will underpin the Government’s new Housing Options for Our Ageing Population Policy Statement.

7. **Retrofitting Social Housing Stock**

In order to support the Climate Action Plan, we are proposing a large-scale deep retrofitting of AHB housing stock. This will be targeted at older homes with lower BER ratings and higher carbon emissions. An area-based approach to retrofitting starting with public housing to deliver economies of scale is proposed in the *Climate Action Plan* and is an approach that the sector endorses.

The sector proposes a retrofitting budget of €20m for older targeted AHB social housing stock with a view to upgrading up to 1500 properties\(^2\) as a measure towards meeting the Government climate action targets, whilst also reducing fuel poverty for low-income and vulnerable households.

8. **Homelessness & Risk of Homelessness**

The ICSH believe that the focus should remain on the provision of permanent, long term housing options for those experiencing homelessness including single adult males, for whom it is most difficult to secure housing. Measures to deliver more suitable emergency accommodation for families, such as hubs, should be continued but only as a short-term emergency response while the sourcing of permanent homes is progressed. The growing problem of homelessness is a national emergency and should be a key focus in this Budget.

The ICSH recommend continued resourcing for the provision of the dedicated Housing First service for persons enduring habitual rough sleeping, and support to continue the provision of housing supports to live independently for persons and households exiting homelessness to tenancies.

A dedicated supply of one-bed units is needed to meet the needs of Housing First tenants as well as other vulnerable groups, such as people with mental health difficulties.

The provision of permanent homes for families is the key solution for addressing family homelessness.

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\(^2\) These include targeted AHB homes, including those with pre-1990 building control standards, and others that require significant upgrading to meet climate action plan targets.
9. Mortgage Arrears

At the end of March 2019, there were 726,089 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, with a value of €97.9 billion. Of this total stock, 62,834 accounts were in arrears, representing a small decrease of 278 accounts or 0.4 per cent over the quarter. Some 43,643 accounts (6.0 per cent) were in arrears of more than 90 days.

Mortgage to Rent (MtR)

Adequate resources should be made available for the expansion of the Mortgage to Rent Scheme to prevent a flow of households in mortgage distress into homelessness.

10. Housing Assistance Payment (HAP)

The ability of HAP to meet demand for housing is dependent on an adequate supply of private rented accommodation. A key issue for the successful roll-out of HAP is affordability. Statistics from Daft.ie highlight the challenge, showing that the supply of private rented accommodation options across a number of regions is at a low point. Current HAP levels were set in 2017 and do not reflect the current affordability gap. Top-ups paid by households on low incomes under HAP are inequitable and this affordability gap should be closed.

Housing Assistance Payment (HAP)

Enhance security of tenure for tenants and ensure that the standards for rented homes are adequately monitored, inspected and enforced.

Review the HAP rent levels to ensure they are keeping pace with market increases as well as a roll-out of the Dublin Homeless HAP.

Enhancing Sector Capacity

11. Sector Capacity Building Measures – Innovation Fund

With the publication of the Housing (Regulation of Approved Housing Bodies) Bill 2019, the sector will benefit from a capacity building programme to support further reorganisation of the AHB sector to enhance delivery and management of homes. Under Statutory regulation there will be changes required and we are working together as a sector to reach a more cohesive delivery of services to tenants.

The Grant-in-Aid funding is also key to assist the sector in responding to additional regulatory requirements including the RTB and the forthcoming AHB Housing Regulator. Under Rebuilding Ireland, the Government programme on Housing and Homelessness, it specifically mentioned ‘The
Government is also committed to a range of other structural, funding and policy supports to increase delivery by AHBs’ (p.53).

### Sector Capacity Building Measures – Innovation Fund

Continue the AHB Innovation Fund with an enhanced budget for a capacity building programme to support further reorganisation of the AHB sector to enhance delivery and management of homes.

Increase Grant-in-Aid allocation for the AHB sector to build capacity to deliver more new homes in 2020 and increase the sector’s pipeline.

### 12. Management and Maintenance Allowance – CLSS

The Management and Maintenance Allowance paid annually by local authorities to housing associations in respect of homes completed under the Capital Loan and Subsidy Scheme should remain at existing levels for 2020 and in subsequent years until further notice.

This allowance is used by housing associations for managing and maintaining social housing for families and is key to ensuring that these homes are maintained to appropriate standards and do not fall into disrepair, which would cost more to the taxpayer in the long term. The allowance also provides for significant local employment across the country in the property management and maintenance sector.

The ICSH recommends that the M&M allowance is sustained into the future and that the revenue budget to service outstanding loans from the CLSS programme is maintained.

### 13. Improving Apartment Living

Apartment living is key to achieving a sustainable development pattern which will support climate action goals. The performance of Owner Management Companies needs urgent attention in particular to improve sinking funds provision. To promote successful apartment living we must address the current problems being faced by apartment owners.

Enhance Apartment living through measures to improve the operation of Multi-Unit Developments.
Conclusion

The ICSH and its members are keen to work with all stakeholders to ensure supply and good housing management to assist in dealing with this crisis. As a sector, housing associations are willing to play their part in helping to provide more homes to people and will work closely with all stakeholders to do so.

About the Irish Council for Social Housing (ICSH)

The Irish Council for Social Housing (ICSH) is the national representative federation for non-profit housing associations in Ireland (also known as Approved Housing Bodies or AHBs). The ICSH represents over 270 member organisations that, in addition to providing over 35,000 homes, also deliver a range of complimentary services to tenants including families, older people, formerly homeless households and people with disabilities.

The ICSH was established in 1982 to support and promote the work of housing associations and to develop their distinctive role in the Irish housing system to deliver high quality homes.

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