



Irish Council for Social Housing

Pre-Budget Submission 2018

**To the Departments of Finance, Public Expenditure and Reform &
Department of Housing, Planning, and Local Government**

The ICSH believe Budget 2018 should underpin a new phase in social housing entailing a significant supply programme providing affordable homes for all.

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 - AHBs). The ICSH represents over 270 members who, as well as providing over 32,000 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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MAIN RECOMMENDATIONS

Supply

- To continue to meet the housing needs of vulnerable groups, including families in emergency accommodation, ensure adequate funding to meet the pipeline of homes currently in the pipeline under the Capital Assistance Scheme (estimated 118 schemes accounting for over 1,100 units). Allocate €100m funding for the Capital Assistance Scheme (CAS) in 2018.
- A substantial increase in the Capital Advance Leasing Facility (CALF) allocation of is required for 2018 and an associated Payment and Availability (P&A) allocation to continue to boost housing supply. CALF approvals have increased fourfold in the past year;
- Deliver a multi-annual funding CALF programme as committed to in Rebuilding Ireland;
- Increased flexibility is required on the level of CALF or the Payment and Availability Agreement (P&A) to link to the cost of the loan in locations where private market rent does not relate to high construction costs;
- The one-stop-shop to support housing associations should be appropriately resourced and staffed and focus initially on issues causing delays in new housing provision and access to land;
- Implementation of an active land management strategy through a delivery agency to lead and co-ordinate a continuous pipeline of building land for social housing and affordable and cost rental;
- Resource the Repair and Leasing Scheme and the Buy and Renew Scheme to bring forward new supply from vacant properties;
- Continue to resource the revolving fund within the Housing Agency to act as another supply tool specifically for AHB's;
- All social housing projects including Part V and regeneration schemes, deliver an agreed number or percentage of homes that are pre-planned and reserved for people with disabilities on the housing waiting list;
- Budget 2018 should make provision in the housing budget (SHCEP) to facilitate the purchase of all Part V properties by housing associations;
- The Budget allocated to the sector Innovation Fund should be continued in 2018 and widened to Tier 2 and Tier 3 housing associations.
- Develop an affordable rental scheme including minimum provision of €10m in annual funding for the provision of affordable rental housing which can be utilised by housing associations.

Support Services in Housing for People with Special Needs

- Ongoing and adequate resourcing of homeless services for the provision of the dedicated Housing First service for persons enduring habitual rough sleeping and support to continue provision of housing support to live independently for persons and households exiting homelessness to tenancies; continue to support families appropriately while sourcing long-term permanent housing for homeless people;
- Funding ring- fenced for accommodation for people moving out of congregated settings should be increased to €15m in Budget 2018;
- The establishment of a dedicated Assisted Independent Living revenue funding stream for housing related support services for older people with an initial allocation of €10m. With an ageing population, there is critical need for a delivery programme for housing with care for older people who are no longer able to live independently or at home.

Vulnerable Households

- Facilitate the expansion of the Mortgage to Rent Scheme through targeted resourcing to prevent a flow of households in mortgage distress into homelessness;
- The Management and Maintenance allowance is sustained into the future and the revenue budget to service outstanding loans from the CLSS programme is maintained.

1. Introduction

Housing Associations (also known as Approved Housing Bodies AHBs) have a collective mission to deliver affordable and good quality homes to those most in need. In 2016, over 1,900 homes by housing associations were provided through new build, purchase and relets to households on the social housing waiting list. The sector owns and manages over 32,000 homes across the country and housing associations have been playing their part to increase the number of homes through every delivery and funding mechanism available to them. In addition, the ICSH has been working with a range of stakeholders and other investors new to the sector to develop new innovative funding models.

The recommendations within this submission are aimed towards increasing the stock of permanent, social and affordable housing through a new phase of significantly scaling up delivery of homes.

2. Current context

The ICSH welcomes the review of 'Rebuilding Ireland – Action Plan for Housing and Homelessness', which commits €5.35billion to support the delivery of 47,000 new homes of social housing by end 2021. In particular, we will continue to work with the Government in striving to increase the provision and management of housing. We note for this review there is a serious need to consider the role of the private sector in failing to respond to housing demand, leading to a cumulative growth in demand for homes. The private sector in our view cannot be relied on to provide a significant response to social and affordable housing need. As previously stated, in order to avoid the boom-and-bust cycles that have characterised the Irish housing system, the ICSH recommends that Government aims to ensure that 20% of overall housing stock is in permanent social and affordable housing over a medium timeframe.

We recommend that the role of the private sector in dealing with the housing crisis be reconsidered. The ICSH believe that the Action Plan relies too heavily on the private market for an increase in social housing supports through HAP. Since the launch of Rebuilding Ireland, the private market has become more constrained and while HAP can contribute homes and provide an option for households offering choice, the projections for future housing supply through this policy should be reconsidered to reflect the contraction in available private rented homes. In addition, recent amendments to the residential tenancies legislation have not proved sufficient to ensure security of tenure in the private rental sector. Additional reforms are required.

The results of the 2016 Housing Needs Assessment of 91,600 households reflect the growth in demand stemming from an increasingly unaffordable private rental market, and lower supply of social housing supports (coupled with fewer vacancies) since the last official count in 2013, which showed 89,872 households on waiting lists.

The worsening problem of homelessness is a particular concern with increasing numbers of families with children experiencing homelessness as well as the consistent problem of single adults in emergency accommodation.

The Department of Housing, Planning and Local Government (DHPLG) figures of 5187 homeless adults and 2973 children in July 2017. These figures do not take account of those at risk of homelessness e.g. those in mortgage arrears and those accessing the Tenancy Protection Service.

Commitment from the Housing Association sector

The focus of this submission is how housing associations can be supported through Budget 2018 to build on current activity and grow the supply of social and affordable housing to meet a range of housing needs.

Housing Associations Contribution to Rebuilding Ireland

- In 2016, 838 homes were delivered by housing associations under SHCEP.
- 319 homes for people with specific needs were delivered in 2016.
- Up to 1,000 allocations to families/persons accommodated from local authority waiting lists.
- The Social Housing Construction Status Report at end Quarter 1 stood at over 10,000 houses in over 600 developments across the country with over 4,000 of these units being progressed by AHBs.
- Repair and Leasing Scheme: housing associations have been working in partnership with local authorities to identify the extent of the potential of vacant housing for social housing.
- Housing associations are playing a strategic role in Regeneration in areas such as Limerick which can be replicated.

3. Capital expenditure

Capital Assistance Scheme (CAS) - The ICSH recommends 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 2018.

We recommend that funding ring-fenced for accommodation for people moving out of congregated settings under CAS should be increased to €15m in Budget 2018 for construction projects as well as acquisitions, with adequate funding available for adaptations of properties.

We welcome the implementation of a rolling programme under CAS 2017, which allows for submission of both construction and purchase proposals to meet housing need on an

ongoing basis. This should be continued on an open-ended basis, year on year to ensure timely spend. Delays in progressing schemes through CAS however are cited by AHB's as an obstacle to delivery.

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.

4. Current Expenditure

Capital and Revenue Funding for the Capital Advance Leasing Facility (CALF)

The ICSH welcomes the actions taken to date to streamline and accelerate delivery under the Capital Advance Loan Facility (CALF). The accelerated draw down procedures have reduced the approval time for projects and the ICSH hopes that processes will be continually reviewed and improved to advance housing construction projects. Drawdown for the P&AA can be delayed however.

Subject to a review of the projects approved under SHCEP, we recommend that the CALF allocation 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 2018 to achieve the objective of the multi-annual CALF programme and allow housing associations have a strategic approach to delivery with funding certainty.

Support for Joint ventures

Housing associations have a strong track record of working in partnership with a range of stakeholders to deliver good quality homes. Further support for joint partnerships on regeneration, retrofit and stock transfer programmes is required to facilitate a new approach particularly on regeneration. This is already being led by Limerick City and County Council and the ICSH with members and should be progressed in other areas such as Cork and Waterford.

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.

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 who make up the majority in emergency accommodation and for whom it is most difficult to secure housing.

Measures to alleviate the emergency accommodation of families such as hubs should be continued in the interim but only as a short-term emergency response while the sourcing of permanent homes is progressed.

Continue to roll-out the rapid delivery construction method and lead on education and awareness in this area of supply. Widen use of rapid build housing (modular, timber and steel frame) beyond solely target group of homeless families to mainstream social housing projects.

Enhance security of tenure for tenants by amending the Residential Tenancies Act to remove sale of property as grounds for termination. Give certainty to tenants where landlord is a 'vulture fund' or in mortgage distress. Introduce a 'rent switch' programme where housing associations can take over as landlord where tenants are at risk of becoming homeless.

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

Affordable Rental Housing

The ICSH is of the view that the development of social housing should be incorporated into mixed tenure schemes whenever possible. This will help to achieve the dual aims of providing accommodation for people on low to moderate incomes who are struggling to find accommodation in the private rental sector, but who are above the social housing income limits. Secondly, the creation of mixed tenure housing is a more balanced approach to providing housing across the income spectrum, thereby avoiding single tenure developments.

Develop an affordable rental scheme and provide €10m in annual funding for the provision of affordable rental housing which can be utilised by housing associations.

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. **A key aspect for tenants receiving HAP will be security of tenure. As the roll-out of HAP is accelerated, this must be carefully monitored.**

Innovation Fund – Financial Vehicle

The ICSH welcomes the establishment of a budget line from SHCEP in 2017 and the commitment of further funding in 2018 for an Innovation Fund to support the development of innovative financial models. The innovation fund supports the sector to build capacity and explore options for future delivery and includes the work undertaken to date on an ICSH led financial vehicle. This fund facilitates the delivery of properties on a larger scale, meets off balance sheet requirements and offers another option for long term, low cost finance for the sector adding to the diversifications of funding options available for housing associations. The fund will also support sectoral capacity building for long term sustainability through collaboration, particularly for Tier 2 and Tier 3 bodies.

The ICSH recommends that the budget for the innovation fund is continued in 2018 to facilitate new joint ventures with a particular focus on joint ventures, collaboration and stock transfer initiatives to increase the scope outside traditional funding sources. This can be widened to Tier 2 & Tier 3 housing associations to encourage and facilitate collaboration within the sector.

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 2018 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.

Embed an active land management strategy into the housing system

Rebuilding Ireland contains a number of measures relating to infrastructure and land management to support housing development. For housing associations to increase output of social housing, access to sites is critical.

Further clarification is required on how the mapping process of local authority and state owned (OPW) sites by the Housing Agency will be translated into an operational land supply programme where housing associations have access to 'ready to go' sites. The role of the new AHB support unit in the Housing Agency should be explicit here.

The ICSH recommended an active land management strategy through a delivery agency to lead and co-ordinate a continuous pipeline of building land for social housing and

affordable and cost rental to deliver mixed tenure schemes with sites made available for development by housing associations.

A re-examination of the Kenny report proposals on rezoning is also recommended to create stability and enable land required for development by local authorities to be compulsory acquired at existing use value plus 25%. Land cost for social housing should be in the region of 15-20% of total build costs.

Increase the use of delivery through Part V

The ICSH was disappointed that Rebuilding Ireland did not take the opportunity to strengthen the social housing return from Part V and instead reduced it to 10%. Housing associations delivered over 2,000 homes¹ through this mechanism and members see significant potential for opportunities if Local Authorities seek additional homes, allowing for cost or affordable rental homes alongside traditional social rented housing.

Budget 2018 should make provision in the housing budget (SHCEP) to facilitate the purchase of all Part V properties by housing associations.

The ICSH recommends that all social housing projects including Part V and regeneration schemes, deliver an agreed number or percentage of homes that are pre-planned and reserved for people with disabilities on the housing waiting list.

Housing and Supports

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 years². Government policy is to support older people to live in their homes and communities for as long as possible through a social care model.

Housing associations are currently demonstrating how better value for money can be achieved in preventing early admittance to hospital or residential care. More efficient, cost effective and flexible service models have also been introduced through the bundling of home care packages.

The ICSH recommends the establishment and adequate resourcing of a dedicated Assisted Independent Living revenue funding stream for housing related support services (modelled on the Supporting People programme). An initial allocation of €5m should be made and applications sought from housing associations providing supports to older people.³ This is evidence based and value for money⁴

¹ This volume was delivered when the Part V requirement was 20%

² Age Friendly Ireland (2016) Number of people over 65 is set to reach 1.4 million by 2041

³ An initial budget allocation of €1.1m was significantly oversubscribed in 2008

⁴ For every €1 spent, this has the potential to save the public purse €1.90 – based on the cost value analysis of Supporting People NI

A framework for delivery of housing with support for older persons should be implemented, with housing associations as key stakeholders for delivery⁵.

5. Conclusion

The current contest of a severe and enduring housing crisis present significant challenges for all housing providers. 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. Budget 2018 will be significant in providing appropriate resources for housing associations to increase delivery. But equally significant are the procedural, structural and streamlining commitments required to expedite the process.

As a sector, housing associations are willing to play their part in helping provide more homes to people and will work closely with all stakeholders to do so.

⁵ This working group consisting of DCC, Departments of Housing and Health, HSE, Age Friendly Ireland, Alone and the ICSH have drafted a proposal for a pilot framework which would be transferable to other locations.