Pre-Budget Submission
2019

September 2018

Meeting the Housing Challenge & Defining our Priorities as a Society
Budget 2019 should be centrally focussed on housing and homelessness to meet the challenges facing Ireland as a society.

Delivery of Homes and Supporting Households: Key Asks

- Urgently establish and adequately resource the National Regeneration and 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.
- Increase in the Capital Advance Leasing Facility (Calf) allocation required for 2019 and an associated Payment and Availability (P&A) allocation to continue to boost social housing supply.
- To meet the housing needs of vulnerable groups, including families in emergency accommodation, ensure adequate funding to meet the pipeline under the Capital Assistance Scheme (estimated 136 schemes accounting for over 1282 units). Allocate €100m funding for the Capital Assistance Scheme (CAS) in 2019.
- Develop an affordable rental scheme including minimum provision of €15m in annual funding to assist with the provision of affordable rental housing which can be utilised by housing associations.
- 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.
- Identify issues with 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 AHBs.
- Increase Grant-in-Aid allocation to €3m for AHB sector to build capacity to deliver more new homes in 2019 and increase pipeline until 2021.
- Under 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.
- The Budget allocated to the sector Innovation Fund should be continued in 2019.
- 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.
- 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 2019.
- Establish 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.
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 should be sustained into the future and the revenue budget to service outstanding loans from the CLSS programme maintained.

Provide clear guidelines on the use of Home Share services (such as Airbnb) to restrict their use to ensure more homes are available for long-term occupation rather than short-term commercial use.

1. 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 2017, over 3,100 homes were provided by housing associations through new build, purchase and relets to households on the social housing waiting list. The sector owns and manages over 33,000 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. The recommendations within this submission are aimed at increasing the stock of permanent, social and affordable housing by scaling up the delivery of homes.

2. 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 €6billion to support the delivery of 50,000 new social homes by end 2021.

Housing Association Output 2015 -2017

<table>
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<th>BUILD</th>
<th>2017</th>
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<th>2019</th>
<th>2020</th>
<th>2021</th>
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<table>
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<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Total</th>
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<td>450</td>
<td>425</td>
<td>400</td>
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In particular, we will continue to work with the Government to increase the provision and professional management of affordable housing. We note again for this submission that 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. The ICSH believe that the Action Plan relies too heavily on the private market for an increase in social housing supports through HAP.

It is the view of the ICSH that in order to avoid the boom-and-bust cycles that have characterised the Irish housing system, we recommend that Government aims to ensure that 20% of overall housing stock is in permanent social and affordable housing over a medium-term timeframe.

### 3. Key Asks for Housing Association Sector Delivery

The focus of this submission is how housing associations can be supported through Budget 2019 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 in this crisis.

The re-classification of the sector is a key concern for 2019 and onwards, given the uncertainty as to the future growth plans for increasing borrowing and delivery by AHBs. The sector calls on the Government to work towards reversal of the decision and return AHBs to an off-balance sheet status. In the interim, the Department should ensure that the ability of AHBs to borrow is not limited due to the re-classification decision.

### 3.1 Active Land Management

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 and this is occurring on an inefficient ad-hoc basis. A lead agency is required to enable planning and activation of suitable state-owned sites for both affordable rental and affordable purchase housing.

Urgently establish the National Regeneration and 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.
3.2 Capital Expenditure

In total, 85,799 households were assessed as qualified for housing support as of 28 June 2017, which reflects the continuing demand stemming from an increasingly unaffordable private rental market, and lower supply of social housing supports (coupled with fewer vacancies). The number of households on the waiting list decreased by 5,801 households (-6.3%) compared to the assessment conducted in September 2016. This year’s assessment is underway and we would urge the publication of the results to enable ongoing monitoring and planning for the trends in housing need.

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) national figures for July 2018 report 6024 adults and 3867 children in homeless accommodation. The breakdown for Dublin as published by the Dublin Regional Homeless Executive in June show 1352 families with 2858 children in emergency homeless accommodation. 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.

This demand points to a requirement to significantly increase the stock of permanent social and affordable rental housing.

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 2019.

The ICSH recommends that funding ring-fenced for accommodation for people moving out of congregated settings under CAS should be increased to €15m in Budget 2019 for construction projects as well as acquisitions, with adequate funding available for adaptations of properties.

Mortgage Arrears

In Q1 2018, 71,833 mortgage accounts were in arrears. Accounts in arrears over 720 days now constitute 41 per cent of all accounts in arrears, and at €2.6 billion, represent 90% of arrears balances outstanding. Non-bank entities now hold 7% of all principal dwelling house mortgage accounts outstanding; 5% are held by regulated retail credit firms with the remaining 2% held by unregulated loan owners. Unregulated loan owners hold 19% of all PDH mortgages in arrears over 720 days. Of the
total BTL stock, 22,545 (19%) of these accounts were in arrears, of which 18,363 (15%) 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.

3.3 Current Expenditure

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

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 which must be underpinned in this Budget.

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 2019 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.

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 the 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 and ensure that the standards for rented homes are adequately monitored, inspected and enforced.
The ICSH recommends 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.

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.

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.

Affordable Rental Housing

The delay in delivering on the commitment to explore affordable rental options for Ireland has been compounded by the rises in monthly rents facing Ireland’s renters. The long-awaited pilot scheme for affordable rental should be commenced urgently with a plan for 5,000 affordable rental homes. AHBs are prepared to work with the Government to deliver on this.

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 urgently and provide €15m in annual funding for the provision of affordable rental housing, which can be utilised by housing associations.

Innovation Fund – Financial Vehicle

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/AHB led financial vehicle.

The ICSH recommends that the budget for the innovation fund is continued in 2019 to facilitate new initiatives with a particular focus on joint ventures, collaboration and stock transfer to increase the scope outside traditional funding sources.

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 2019 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.**

**Increase Delivery Through Part V**

Budget 2019 should make provision in the housing budget (SHCEP) to facilitate the purchase of 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 years. 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 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.

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1. Age Friendly Ireland (2016) Number of people over 65 is set to reach 1.4 million by 2041.
2. An initial budget allocation of €1.1m was significantly oversubscribed in 2008.
3. 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.
4. 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 that would be transferable to other locations.
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 €10m should be made and applications sought from housing associations providing supports to older people.

Housing Association Sector Capacity

The sector is well placed to provide homes for vulnerable households and, to continue upskilling and increasing capacity, the Grant-in-Aid programme should be increased to support this.

Grant-in-Aid programme of €3m for building capacity for increased delivery within the housing association sector.

4. 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 - 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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