



Irish Council for Social Housing

Submission to the Public Accounts Committee

Overview of Social Housing Provided by AHBs

October 2018



1. Introduction

The Irish Council for Social Housing (ICSH) is the national representative federation for not-for-profit housing associations. The ICSH was established in 1982 to act as a representative voice for the growing number of non-profit /voluntary housing associations emerging at that time.

The ICSH currently has over 270 member housing associations throughout the country. The not-for-profit sector now manages around 33,000 homes which has increased from approximately 2,000 homes in the early 1980's.

Some of these housing associations in the not-for-profit sector include Cluid Housing Association, Tuath Housing Association, Oaklee Housing Trust, the Iveagh Trust, Respond Housing Association and Fold Ireland. Others include Mountmellick Voluntary Housing Association, Co. Laois, Tintean Housing Association, Carlow, Nas na Riogh Housing Association, Co Kildare and Banada Tourlestrane, Co Sligo, the Peter McVerry Trust, Focus Ireland, Dublin Simon and North and East Housing Association to name a few. Therefore, there are broad range of housing associations active in Ireland working with local authorities to assist them in meeting their housing need.

The ICSH supports members through a variety of functions and services ranging from education and training, promoting collaboration and sustainability of members to advice and guidance on best practice in housing management.

The growth of not-for-profit housing associations was facilitated by a range of Government funded programmes such as the Capital Assistance Scheme (CAS), the Capital Loan and Subsidy Schemes (CLSS) and more recent arrangements that included the Capital Advance Leasing Facility (CALF) and Payment and Availability Agreements which allowed build, acquisition and leasing of social rented homes. In addition, housing associations have utilised their own resources of sites, fund-raising and voluntary input which has added to the housing options for a range of households in housing need throughout the country. The development of social housing through housing associations has been in collaboration and co-operation with Local Authorities and the Department of Housing, Planning and Local Government who have played a key enabling role in these projects.

1.1 Profile of Social Housing Provided by Housing Associations

The ICSH estimate that there are approximately 33,000 homes throughout Ireland which have been provided by housing associations. Households accommodated by housing associations include:

- ▶ homes for families taken from the local authority waiting lists,
- ▶ supported housing for older people – low support and assisted living,
- ▶ homes for people with disabilities – low support and assisted living,
- ▶ homes for formerly homeless households.

Many of these housing projects for special needs households involve various forms of supports to enable vulnerable tenants to live independently. Approximately just over half the housing stock managed by the not-for-profit sector is provided for families and the remainder for special needs groups.

1.2 Profile of Housing Associations

Housing associations, (also known as approved housing bodies) are non-profit organisations whose purpose is the provision and management of housing for households in housing need. They provide good quality housing at affordable rents. Housing Associations have a 150 year history dating back to when a number of philanthropic housing efforts were initiated by housing trusts. However a significant part of the sector has developed since the 1980s.

Housing Associations are governed by management boards comprising board members with various skills and expertise who act in a voluntary capacity. The size and spread of not-for-profit housing associations differs significantly, with a small number of associations managing a few thousand homes to a large number of community based housing associations who manage less than 50 homes primarily for specialist groups (see appendix 1).

AHBs are primarily single purpose organisations focused on the development and management of housing and support to tenants whereas local authorities are more multi-functional dealing with a range of statutory functions.

1.3 Legal Status, Regulation & Oversight

Most housing associations are legally incorporated as companies limited by guarantee (with a smaller number who are trust or societies). Housing associations who are companies limited by guarantee produce annual audited accounts by an independent auditor and annual returns are made with the companies registration office.

The funding for housing projects, whether through the capital assistance scheme (CAS), the capital loan and subsidy scheme (CLSS) and the CALF and payment availability agreements are administered by the respective local authorities, and they are responsible for ensuring compliance with the terms and conditions of the schemes. This would initially begin with the local authority ensuring that there is a housing need in an area before any project is proposed by a housing association. All housing associations must obtain approved status from the Minister for Housing, Planning and Local Government in order to be eligible to apply for any state funding support. In addition to the new funding regime for housing associations a new regulatory framework was introduced in 2013 with one of its purposes to assist in enabling loan finance from private financial institution to come into the sector provide social housing.

The Housing Agency has been given responsibility, on an interim basis, for regulating Approved Housing Bodies (AHBs). Regulation of the sector is based on a Voluntary Regulation Code (the Code): Building for the Future - A Voluntary Regulation Code For Approved Housing Bodies in Ireland. The Financial Standard and Assessment Framework was launched on 14 July 2015. This Financial Standard further extends the existing Regulatory Framework to provide for robust financial regulation and oversight of the sector. The legislation to put the regulation of approved housing bodies on a statutory footing has passed through pre-legislative scrutiny and is to be presented to the Dáil shortly.

The regulation of housing associations is based on a tiered approach reflecting the scale of their operations.

AHB Tier Classification

Tier 1	0-50 units with no development plans or development plans that keep the total under 50 units
Tier 2	AHB with between 50 and up to 300 units, and/or with development plans to increase stock size (up to 300 units), and/or, are applying for, or are in receipt of loans from the Housing Finance Agency, private finance or other sources (for stock levels of up to 300 units)
Tier 3	AHB with more than 300 units or with development plans to increase stock size (over 300 units), and/or are applying for, or are in receipt of loans from the Housing Finance Agency, private finance or other sources (for stock levels over 300 units)

The 2016 Annual Report of the Regulation Office¹ reported the following based on its analysis of the regulatory returns of 232 housing associations.

- ▶ The 232 AHBs assessed account for a total of 28,781 homes (or 95%* of social housing units in the sector).
- ▶ 73% of the total number of regulated housing units are managed by 17 Tier 3 AHBs.
- ▶ Overall just 50 AHBs manage 90% of the regulated stock.

Local housing associations have a long tradition of providing high quality affordable housing solutions all over Ireland. The majority of associations were founded by local volunteers who had a desire to contribute positively to their respective communities, and many localities nationwide have greatly benefited from this endeavour. The boards and committees of smaller

¹ "The Regulation of Approved Housing Bodies in Ireland 2016 Annual Report and Sectoral Analysis". The Regulation Office, Housing Agency. November 2017

associations, in particular, take great pride in establishing and managing their associations, and the 'local' identity is often key to their success.

In addition, from 2017, housing associations have been legally required to have their tenancies registered with the Residential Tenancies board (RTB) and to date up to 29,000 tenancies have been registered with the RTB. Local authority tenancies are not registered with the RTB to date.

1.4 Characteristics of Housing Associations



2. Progress in relation to publicly funded social housing outputs 2015 – 2018

2.1 Financing Social Housing

The sector has begun to recover from the dramatic decrease in capital funding which was a product of the economic recession. Since the downturn, capital expenditure for the sector was reduced from over €400m in 2008 to around €44m in 2014. This has had a significant impact on the ability of the not-for profit sector to return to the scale of output in 2009. The cutbacks have compromised provision of general and special needs housing which has a longer-term impact on availability of social housing.

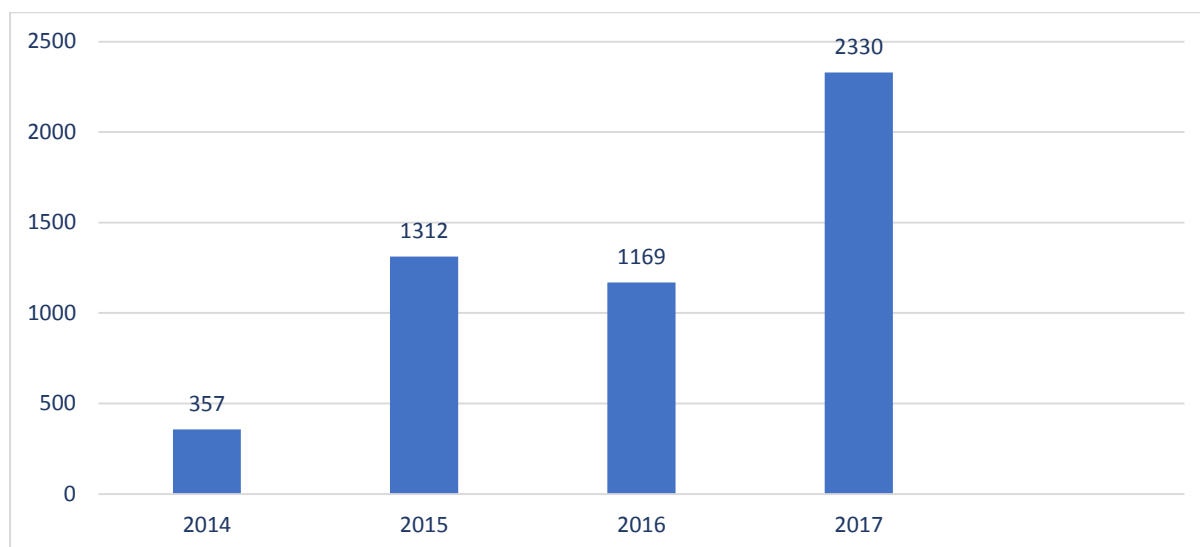
Since 2009 there was a major shift in Government policy due to the state of public finances from capital based or 'brick and mortar supports' to revenue funding. This revenue-based funding is undertaken through payment and availability agreements which are based on local market rents, where up to 80% of market rent is allowable for approved projects for leasing and 92%/95% of market rent is allowable for acquisition and construction by housing associations. In addition, for the purposes of construction or acquisition projects, a limited amount of capital funding is provided known as CALF (Capital Advance Leasing Facility) which can be up to 30% towards the capital cost of the project with the remainder being raised by housing associations as loan finance from financial institutions. The changing operating environment for housing associations is illustrated in appendix 2.

2.2 Housing Association Output 2014 -2017

Over the last few years housing associations have worked with the Government to respond to the housing crisis by increasing their capacity, output and pipeline. In 2017 housing associations delivered one-third of long-term social housing (2,330 out of 7,095 units). Under Rebuilding Ireland the target for housing associations is to develop one-third of the long term social housing target of 50,000 homes.

As can be seen from the chart below housing associations have increased their output since 2014 through build, acquisition and lease methods. The construction pipeline is substantial however the sector will need to keep up this momentum in order to meet the construction targets under Rebuilding Ireland. Housing associations do not have land banks or access to financing for land acquisition. As such the ICSH has been calling for a number of years for a significant state site management programme which will transfer sites suitable for development to housing associations. We welcomed the Land Development Agency and look forward to working productively with it to ensure an adequate flow and utilisation of land in state ownership.

Housing Association Output 2014-2017



Breakdown of Output

Funding Scheme	Build	Acquisitions	Leasing	Subtotal
CAS	82	357		439
SHCEP	996*	403	492	1891
Total AHB	1078	760	492	2,330
AHB Rebuilding Ireland Target	550	975		1,525

*Includes Part V (163 CALF; 142 leased)

AHB Targets 2018 – 2021

BUILD						
	2017	2018	2019	2020	2021	Total
	550	1,500	1,688	2,317	2,805	8,860
ACQUISITION						

	2017	2018	2019	2020	2021	Total
	975	450	425	400	400	2,650
Build & Acquisition	1525	1950	2113	2717	3205	11,510

- Leasing targets are additional

Funding Scheme	Build	Acquisitions	Leasing	Subtotal
CAS	67	116		183
SHCEP	246 (excluding Part V)	453	% of 295	
Total	313 (excluding Part V)	569	% of 295	
Target 2018	1500	450		

Output to Date 2018 – 1 & 2 Quarter

Pipeline of Social Housing / ICSH Development Survey

	No. of Schemes	No. of Units
CALF Construction	50	1,352
CALF Construction Turnkey	265	3,643

2.3 Managing Social Housing

The ICSH supports its members through education, seminars and field advice in the delivery of a professional housing management service to tenants. Housing associations are dedicated, often single purpose organisations, who highly value the management of their stock and work hard to ensure tenants are satisfied with their housing services. The ICSH performance management framework, HAPM, is a quarterly survey of key performance indicators relating to all aspects of housing management – rents, arrears, voids etc.

The key findings in 2017 (based on survey returns on 20,136 tenancies) found that:

- ▶ 90% of emergency repairs were completed within 24 hours;
- ▶ 89% of urgent repairs were completed within 7 days;
- ▶ 93% of routine repairs were completed within 30 days;
- ▶ In 2017 the average length of time units were void was 8.3 weeks (reduced from 11 weeks in 2016).

2.4 Additional Services to Tenants

Housing associations who provides homes for the elderly or people with disabilities often provide additional services to tenants and to the wider community. The services are key to maintaining an individual with special needs in the community. A sample list of services includes:

- ▶ Laundry
- ▶ Meals
- ▶ Carers
- ▶ Social activities
- ▶ Visiting services such as chiropody
- ▶ Gardening and light physical activities
- ▶ Transport
- ▶ Tenant liaison staff.

In particular, local community-based housing associations have close links with their tenants and provide an essential service to their tenants through these additional activities and services.

3. Policy Landscape for Housing Associations

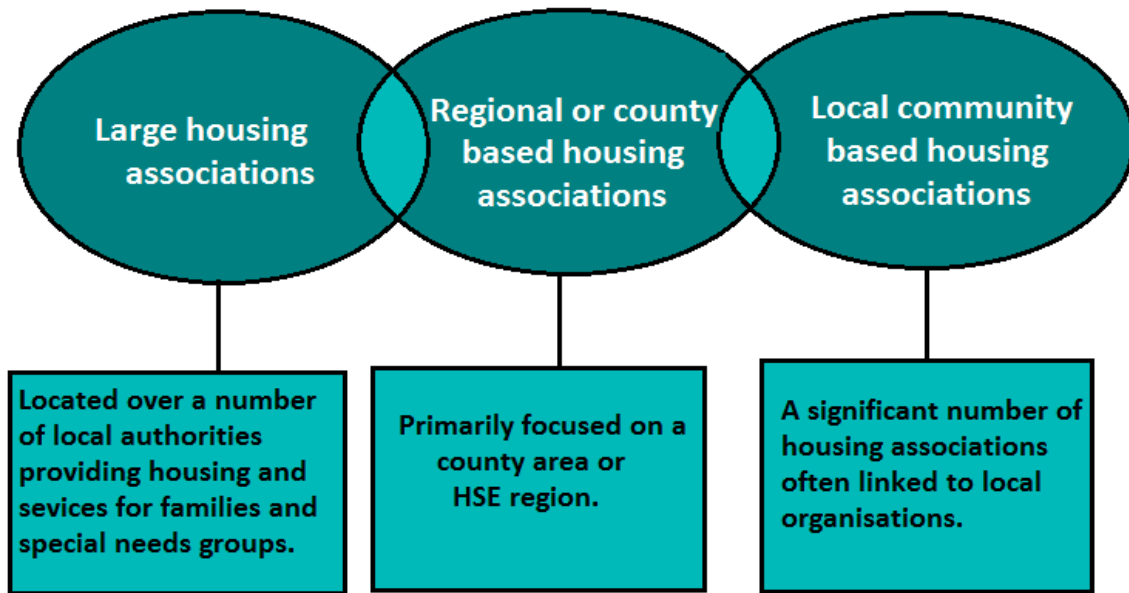
The housing crisis has continued to deepen and the future delivery of homes is of critical importance to Ireland from a social and economic perspective. The extent of homelessness and the worsening affordability problem are key concerns. Housing associations are keen to play their part by meeting their targets in Rebuilding Ireland and going above them if possible. There are strategic issues which need to be addressed for stable AHB delivery.

- ▶ **Re-classification:** In December 2017 the CSO announced their decision to re-classify 14 Tier 3 AHBs as part of General Government by the CSO and Eurostat, which has future implications for the General Government Debt (GGD). This effectively means that any further borrowings by the sector will add to GGD, while any expenditure by the sector will directly impact the GGB. The effect on GGD was recently assessed by the Department of Finance in the Stability Programme Update 2018; the practical implication of reclassification is to raise the level of GGD by c. €100 million (0.03 per cent of GDP) and to increase the general government deficit by €470 million (0.15 per cent of GDP) in 2018. Any additional unforeseen borrowing and spend by the AHB sector have the potential to increase these proportions. 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 to return AHBs to an off-balance sheet status. In the interim the Departments should ensure that the ability of AHBs to borrow is not limited due to the re-classification decision.
- ▶ **Sites:** The availability of land/sites to meet AHB targets to 2021 and beyond for developing AHBs is critical. We ask that the Land Development Agency ensure an active land management strategy to lead and co-ordinate a continuous pipeline of building land for social housing and affordable rental.
- ▶ **Affordable Rental:** Housing associations are well placed to deliver affordable rental housing which was a commitment in the Programme for Government. This will help to provide 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.
- ▶ **Regeneration:** The ICSH also believe there is a long-term role for housing associations in delivery of local authority regeneration schemes. Housing associations have a significant track record in this regard and our view is that a planned regeneration programme in co-

operation with the sector would provide positive outcomes for tenants and local authorities.

- ▶ **CALF Review:** The review of the CALF and P&A which was initiated a year ago has not yet been concluded. The sector look forward to this process completing to provide greater certainty in planning schemes.
- ▶ **Supported Housing:** 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. More efficient, cost effective and flexible service models have also been introduced through the bundling of home care packages.

Appendix 1: Different Tiers of not-for-profit housing associations



Appendix 2 – Changes in operating environment for not-for-profit housing associations

[Post 2009- Variety of Schemes]

