

**Housing & Homelessness
Committee**

County and City Management Association

**Opening Statement by Eugene Cummins, Chief
Executive, Roscommon County Council**

26 April 2016

**To: The Chairman and Members of the Housing and Homelessness
Committee.**

I am pleased to be here this afternoon to assist the Committee in its examination of the issues and challenges facing all of us in relation to housing and homelessness. I am accompanied by my colleagues Dick Brady, Assistant City Manager Dublin City Council, Billy Coman, Director of Services, South Dublin and Cathal Morgan, Director Dublin Region Homeless Executive.

The primary focus of local authorities is on social, economic and community development at local level, with social housing provision, social housing accommodation and homelessness having our absolute priority and full allocation of resources and efforts.

Specifically, in relation to housing, the local authorities are continually striving to match an increasing and diverse client profile with appropriate solutions. We are the planning authorities, the housing authorities and we have a very important role in facilitating housing provision and development with the private sector and the Approved Housing Bodies (AHBs)

I am conscious that the emphasis today is on:

- How the obstacles that are currently impeding progress on this issue can be surmounted
- The specific actions that need to be taken to achieve urgent implementation of measures to address the problems involved.

Let me make it clear, the Local Authorities are dealing with the issues as a matter of urgency and with the attention that they undoubtedly deserve. For the sake of context, I feel it is important to note the following:

- In 2010, there were 2,846 unfinished housing developments. This number has now reduced to under 668 – resulting in 2,178 completions
- In 2010, there were 23,250 complete and vacant houses. This number is now down to under 2,542 houses as a result of local authority intervention which has resulted in a further 20,708 houses brought back into use.
- Local authorities acquired over 1,000 properties in 2015.
- A new streamlined process for delivering social housing units of under €2 million or 15 units in size has been approved, resulting in quicker turnaround time.
- NAMA delivered 2,000 units for social housing by the end of 2015.

- Since its introduction the Housing Assistance Payment (HAP) has supported 8,000 households in the private rented sector across 19 local authorities, with a target of 10,000 for 2016.
- Increased rent supports on a case-by-case basis in HAP and Rent Supplement are now in place to reflect market conditions.
- Vacancy rates in social housing are down to as low as 1% in Dublin City
- First Public Private Partnership was announced in October 2015 – this will provide 500 homes across 6 sites in the greater Dublin area
- Rapid Build Housing – the first 22 units are nearing completion, and there is a target of 500 to be delivered in the Dublin Region by the end of next year
- New Tenant Purchase scheme was introduced in January 2016, providing opportunities for tenants to become homeowners. The scheme is open to tenants, including joint tenants, of local authority houses that are available for sale under the scheme, and who have been in receipt of social housing support for a minimum period of one year and who have a minimum reckonable income of €15,000 per annum.
- An increasing number of local authorities have implemented a Choice-Based-Letting allocation system, empowering clients to have more options and say in the process.
- Funding for homeless services has increased by 32% since 2014.
- “Sleeping Rough” figures fell by 46% in Dublin between November 2014 and November 2015.

Legislative / Policy developments have been introduced to respond to the current crisis. These include:

- Reformed Part V (of the Planning and Development Act)
- Changes in the private rented sector to limit rent reviews to once every 2 years, and the introduction of free mediation
- Vacant Site Levy will apply from 2019
- New National Apartment Planning Guidelines have been introduced.
- The government has committed €10 million for an Affordable Rental scheme pilot in 2016, which works on the basis of tenants paying the majority of the rental cost from their own resources with the State providing a subsidy to meet the shortfall. It is aimed at helping those on low to medium sized incomes.

Let's be clear a multi-faceted approach is required to tackle these complex issues. This needs a concerted effort and collaboration by all parties including, the political and regulatory system, the banking sector, the private rented sector, the construction industry and all those delivering housing solutions including local authorities.

All of us need to understand there are three key issues to be addressed:

- Supply versus Demand
- Affordability
- The need for developers to come back into the market.

Let me take these one by one:

1. Supply versus Demand:

As there has been little or no development over many years the rate of growth of Demand exceeds the rate of increase in Supply. The population growth figures continue to rise forcing

a higher demand for housing. Both social housing and private housing clients are competing for the same limited supply.

We also have an imbalance with availability within the major cities under pressure as compared to other counties.

In terms of demand, all stakeholders need to examine how to help people to get a mortgage, to buy or to rent a home. If we do not address affordability in accommodation, in particular supports for low-income families, the problem puts increased pressure on public housing and funding.

Caution is needed in helping buyers with mortgage repayments or renters with rent payments as it only increases demand and tends to push up housing costs.

2. Affordability:

Many of those in employment are forced out of the market and into the private rented sector due to the lack of credit available for purchasers and the lack of supply thus driving up the price of units. The high cost of living is hampering individuals' ability to save to purchase. These issues need to be addressed.

There is also an increased number of householders being displaced due to financial pressures and this is a worrying trend.

We need to make every aspect of housing provision more affordable – cost of land, cost of construction, labour, financing.

We need to revisit Tax incentives and Tax credits for affordable housing. State investment in infrastructure for housing is required to reduce development contributions. We also need to look at some of the additional costs of regulation. The financial services market have an obligation to be part of the solution and make credit available.

3. The need for developers to come back into the market:

We need to address an equity gap between banks support of borrowing and developers willingness/capability to provide the required equity.

Developers are protecting profit margins and balance sheet figures by not readily providing the required equity and therefore limiting the drawdown of credit. So the continued move to availability of credit is important.

Like every other sector in Irish Society, developers suffered in the economic downturn. We need to create an environment where quality developers and builders have the opportunity to share their experience and skills in building sustainable and quality homes for our citizens.

Chairman I ask you and the members of the committee to also consider the issue of sustainable communities, This is where local authorities can plan accessible and well serviced areas for all communities to thrive with easy accessibility to schools, community facilities, shopping centres and employment.

All citizens are stakeholders in this. We all need to adopt a culture that respects our communities and we all have a role in contributing to providing and developing a good quality of life for our neighbours and ourselves.

There are local difficulties with Part VIII and there is no place in this mix for professional objectors who significantly frustrate local authorities and those engaged in the process of providing social housing.

Changes in household composition – a trend towards smaller household size means that the types of housing we will need will be different to the current stock.

May I remind you of the serious challenges that all stakeholders must address as a matter of urgency:

- **Homelessness** is still an immediate priority, especially the growth in homeless families. [February homeless figures are total of 5,811 homeless , including 3,930 adults and 1,881 children]
- **Mortgage arrears:** 62,000 mortgages on principal dwellings and 29,000 buy-to-let mortgages in arrears of over 90 days at end 2015. In addition, 121,000 principal dwelling mortgages were categorised as restructured. There were also 5,212 local authority mortgages in arrears.
- **Demand for housing continues to outstrip supply**, particularly in Dublin Region. Of the 12,666 housing completions in 2015, a little over one-fifth (23%) were located in the four Dublin local authorities. The demand for housing is particularly acute in Dublin, however: it has been estimated that 60% of the additional housing are needed in Dublin.

All local authorities will continue to work hard with the key stakeholders and those affected to overcome these challenges. We need practical support and solutions to enable us to continue this work. At this point in time, it is becoming increasingly difficult for local authorities to lease or rent properties and the number of suitable buildings available for purchase by either local authorities or AHBs is also reducing.

The funding provided under SHS 2020 is significant and increasing rent caps would have a negative impact on an already stretched market. The immediate concern for local authorities is the supply and demand situation, and, unless the private sector return to building properties immediately, the problem, including homelessness is going to get worse.

It would be remiss of me to conclude without putting on record the excellent relationship that exists between the Department of Environment, Community and Local Government, the Approved Housing Bodies, the Housing Agency and local authorities, but the absence of the private sector is a major concern for us all, as without them, we will continue to see the problem worsen.

.....
Eugene Cummins

Chair, CCMA Housing Committee