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24th September, 2018

P. Grant
Clerk
Joint Committee on Housing, Planning and Local Government
Leinster House
Dublin 2
D02 XR20

Meeting of the Joint Committee on Housing, Planning and Local Government to discuss the funding and delivery of public housing under Rebuilding Ireland on 26th September 2018

Dear Clerk

I refer to your letter dated 19th September 2018 in the above regard and I attach herewith copy of the opening statement that I will make.

Yours sincerely

Joe MacGrath
Chief Executive

Opening Statement by Joe MacGrath, Chief Executive, Tipperary County Council

to the

Joint Committee on Housing, Planning and Local Government

on

Wednesday 26th September, 2018.

“ The Funding and Delivery of Public Housing under Rebuilding Ireland as it applies to Tipperary ”

Chair and Members of the Joint Committee,

I am pleased to be here this evening to assist the Committee in its examination of the progress being made and the challenges faced by Tipperary County Council in the delivery of public housing under Rebuilding Ireland Programme 2017 – 2021.

My name is Joe MacGrath and I am here in the context of my role as Chief Executive of Tipperary County Council along with the Director of Service for Housing in Tipperary, Sinéad Carr. I propose to go through the progress made on each of the 5 pillar areas where they are applicable to Tipperary but I think it is firstly important to brief the committee on Tipperary, the County and the challenges we face in the context of being a large inland rural county with a spatially diverse urban settlement pattern.

Background and Context:

Tipperary is the 6th largest county in Ireland with a population of 159,553 (2016) and one of the most populated rural counties nationally. The majority of the population (58.4%) resides in a rural setting, while the remainder (41.6%) resides in an urban setting. A unique feature of the county is the strong geographical distribution of urban networks and their immediate hinterlands from Clonmel with a population of c.20,000+ to Nenagh c.10,000 population and Thurles c. 9,000 followed by strong urban centres of Roscrea c.5,500 , Carrick on Suir c.5,800, Tipperary Town c.5,000, Cashel c.4,500 Cahir c.3593 and Templemore c.2,000.

Tipperary had the eighth highest rate of household social renting in the State concentrated in main urban areas and small towns. The rental picture shows that a total of 13.4% of the households in Tipperary were privately rented in 2016, lower than the state average of 18.2% whilst 10.9% of the households in Tipperary were renting from the local authority which is higher than the state average of 9.4%.

Our current housing needs assessment indicates that Tipperary has a waiting list of some 3,500 which is spread mainly between the urban centres. Our housing demand therefore is quite strong throughout the county and is not overtly concentrated in any one town.

This brings its own unique set of challenges, particularly in terms of addressing housing need but on the other hand, it also offers opportunities to ensure that social housing provision is dispersed without a concentration in any one part of the county.

It is also important to provide you with a brief overview of the local housing economy in the county. It differs significantly to the cities or large commuting belts and as such requires different solutions. There has effectively been minimal new private housing developments in the county since 2007. In fact, since 2013, we have processed approx 44 planning applications which can be categorised as housing estate developments but practically all of these have been extension of durations of existing permissions. In reality, it is only in the last 9 months or so that developers have taken a turnkey interest in previously partially constructed housing estates - so private housing activity in the county is still low.

This poses a number of challenges. Firstly the supply of new affordable homes for sale remains negligible and there is an ever decreasing supply of private rented accommodation as landlords (accidental and otherwise) start to work their way out of the market for their own particular reasons. On the other hand, there is very good value to be had in the purchase of second hand dwellings where the average price for a 3 bedroom unit can still be obtained for anywhere between €164,000 to €175,000. The Construction Industry Federation (CIF) in recent discussions with me also confirmed that it is very unlikely that there will be any significant new private housing development in Tipperary until such time as the house purchase for a new build is north of €220,000. This clearly will also impact on the number of Part V units that the Council can access for social housing need

It is against this background that Tipperary, along with its partners in the Approved Housing Bodies (AHBs) are working to deliver on the Rebuilding Ireland objectives as contained in the Action Plan.

I will now turn to the implementation of "Rebuilding Ireland" in Tipperary.

Pillar One - Homelessness : To provide early solutions to address the unacceptable level of families in homeless accommodation and to deliver interagency support for people currently homeless

Tipperary, in the context of homeless supports operates under two separate Health Services Executive (HSE) regions (Mid West and South East). In 2017 there were 375 homeless presentations. To date in 2018 there have been 225 presentations. In Tipperary, the main issue leading to homelessness revolves around relationship breakdown followed by an inability to source private rented accommodation, discharged Department of Psychiatry patients and Notices to Quit. We actively manage the homeless challenge with our AHB partners and to date have met the need through the use of vacant units, long term leasing units, Rental Accommodation Scheme (RAS) units and agreement with AHBs who provide accommodation with wrap around services (NOVAS and FOCUS Ireland). Currently we have 11 single people and 7 family units in emergency accommodation in the county.

In terms of those facing homelessness, we host regular homeless clinics in the towns of Nenagh, Roscrea, Thurles, and Clonmel. The Council manages two separate Homeless Action Team meetings fortnightly (Mid West and South East) and all homeless are provided with a Housing Assistance Payment (HAP) package and/or emergency accommodation.

Since 2017, we have provided 9 council units to persons directly exiting homelessness and we have supported a number of Capital Advance Leasing Facility (CALF) and Capital Assistance Scheme (CAS) applications (Novas and Thurles Lions Trust) for homeless projects. In addition, we have entered into Service Level Agreement with FOCUS Ireland for a pilot project in Cahir where homeless tenants are nominated by the Council and a tenancy sustainment service is provided by FOCUS Ireland.

We have commenced a review of how we address homelessness in the county. The widespread distribution of our towns means that a central hub or hostel is not the most appropriate solution so we are looking to deliver a Housing First/Lead Model of supports that allows for the accommodation of a small number of units in each of the main towns, supported and managed by appropriate AHBs with appropriate wrap around services. Such a model would reduce our reliance on hotel and hostel accommodation within the regional framework in Waterford, Kilkenny, Limerick and Carlow which more often than not cannot accommodate our homeless need. Funding applications have been made to the Department of Housing, Planning and Local Government to assist with the delivery of this more appropriate model.

In addition Tipperary County Council has recently received Departmental approval for the appointment and delivery of a HAP Homeless Place Finder service on a countywide basis. Whilst there are still challenges with homelessness, good progress is being made but would the Joint Committee should note that the supports required for a county such as Tipperary are very different to those required by an urban county or a county with only one strong town.

Pillar Two: - Increase the level and speed of delivery of social housing and other state supported housing.

This Pillar covers a number of different delivery options rolled out by Government which Tipperary has been actively taking up where it has been appropriate to do so. The “Rebuilding Ireland” targets set for Tipperary for the period 2018 to 2021 is for a total of 625 unit completions to be made up of acquisitions/build; local authority derelict properties; buy and renew; AHB acquisitions/build; long term leasing; repair and leasing and Part V units.

The position in Tipperary in terms of delivery is as follows:

- 256 local authority build identified and currently being advanced through the design stages
- 51 turnkey units agreed in principle (48 units commenced on site)
- 142 voluntary units identified
- 105 long term leases
- 40 Buy to Renew/Part V/Repair & Lease units identified as in house targets
- 175 acquisitions in progress (56 units delivered to date in 2018)

This will result in the provision of 769 completed units by the end of 2021 i.e. some 144 units ahead of target

In addition to this figure, we are also still actively involved in early stage discussions of an additional 300 units (turnkey/AHB/enhanced long term leasing) so that any slippage on the above numbers can be addressed.

In the context of the above 625 target to 2021, the target set for Tipperary in 2018 is the delivery of 117 new units. As of September 2018, we are confident that we can deliver a minimum of 183 new units through the variety of mechanisms identified above. This output is an increase of 30% on 2017 where 140 units were delivered under the various schemes.

It was always going to be the case that the new build side for both Tipperary County Council and the AHBs would be commencing from a standing start given a decade of inactivity on the new build front. As such, it was always going to take time to build the momentum to deliver significant unit numbers on the ground. Tipperary expects to be in a position to deliver a minimum of 242 completed new units in 2019 (consisting of new build; turnkey, acquisitions, long term leasing and buy and renew) - again which is a 26% increase on the previous year. Given the number of schemes currently going through the design stages, we are confident that the 625 target for the period up to 2021 will be surpassed.

Pillar 2 also provides for mixed tenure development on state and other lands. This is a real challenge as there is no active private sector market operating in Tipperary; there are no state supported affordable schemes in place and the current national pilot project is awaiting conclusion before being considered for the rest of the country. Tipperary is investigating some local pilot initiatives of its own but clearly it has to stack up in the context of covering costs and meeting identified need.

The Housing Assistance Payment (HAP) is seen as one of the key elements of pillar two and Tipperary County Council has been actively using this facility in the provision of accommodation. 899 HAP supports were provided to clients in 2017 (an increase from 2016) and to date 472 HAP supports have been provided (note that the 2018 target set by the Department was 2 per week for Tipperary County Council but this is averaging out at around 11 per week). As of 2018, the Council has set up 2,356 HAP tenancies (1,760 of which are active). Only 360 remain in receipt of Rent Supplement countywide. Outside of the major urban areas, Tipperary has transferred the highest number of clients to HAP.

There is an ongoing issue around the HAP structure where the cap on HAP rent levels is posing difficulty in certain parts of the county. Where demand exceeds supply, prices rise and as the rent caps have not increased in a number of years in Tipperary (even allowing for the 20% discretionary payments), a poverty trap can be created and this needs to be addressed.

Finally, Tipperary County Council continues to actively provide housing for specific groups including members of the travelling community, those with a disability and refugees/asylum seekers:

- To date in 2018 the Council has approved 309 applicants for Housing Adaption Grants for people with a disability; mobility aid grants and housing aid for older people amounting to €2,795,411 (90% of the budget allocation to date). In 2017, the full 100% of the budget was drawn down to assist 261 applicants (totalling €2,217,349). In addition to this, 54 Local Authority applicants were assisted under the local authority disabled persons grant totalling €657,453.
- In terms of traveller accommodation, reasonable progress is being made here with 13 families being accommodated in 2017 and 16 families accommodated to date in 2018.
- Tipperary County Council has previously accommodated 12 Syrian families (c. 60 persons) and we continue to provide them with support as appropriate.

Pillar Three: Increase the output of private housing to meet demand of affordable prices

As advised, private sector delivery of scale in Tipperary has been stagnant since 2007. There has been 44 housing development applications from 2013 to 2018 but the vast majority of these have been extensions of duration of existing permissions. There is little substantive activity on the ground in terms of construction and thus these extensions are not yet delivering anything of substantive output.

While the Local Infrastructure Housing Activation Fund (LIHAF) was primarily aimed at cities and large urban areas, Tipperary County Council did support the submission of one LIHAF application for Clonmel to the Department of Housing, Planning and Local Government but the developer decided not to proceed with the application due to financial concerns. The application remains live and will be explored further.

Tipperary County Council has sought to stimulate the private housing sector through amendments to the Development Plan and the Development Contribution Scheme. However, the feedback being received from local developers and builders is that they are met with constraints in accessing the necessary funding from banks and other financial institutions to commence schemes. Bearing in mind that many of the developers in the county operate on a small to medium scale, it is difficult to foresee progress in the private housing market in the county until this constraint is eased.

Pillar Four: Address the Obstacles to greater private rented sector delivery to improve the supply of units of affordable rents

A number of the initiatives under this pillar are national led initiatives. From the Councils' perspective, we actively engage with potential developers in relation to rental units and are having ongoing discussions in relation to same. As indicated in Pillar 2, the Council has been very active over the years in the area of long term leasing and the leasing of RAS units - we have been one of the top performing counties in both of the above areas over a number of years, exceeding the Departments targets on an annual basis. We currently have 1,002 RAS properties, finalising 63 in 2017 and 30 to date in 2108. However, with the growth in sales of previously rented accommodation, this option is becoming more challenging and hence the increase in the number of new builds is a necessary.

Pillar Five: Ensure that existing housing stock is used to the maximum degree possible – focusing on measures to use vacant stock to renew urban and rural areas

Tipperary County Council has been particularly active under this Pillar. Since 2017, we have brought 224 voids back into the system.

Whilst there is a review of the Tenant Purchase (TPS) Scheme to be undertaken, there is a very active take up of tenant purchase in Tipperary with over 219 being processed since 2017. Acknowledging the benefits to the TPS, it does have implications in the context of depleting our own housing stock numbers.

We also have been one of the first Councils to engage actively with the Housing Agency in the area of identifying houses held by Banks and financial institutions and to date have secured 26 units of accommodation with a further 6 units promised.

With respect to the Urban and Village Renewal Scheme, the Council has made a number of submissions to address village and town regeneration and also to assist in regenerating these centres in the context of town centre living.

Suggestions to improve the Delivery of Housing Units in Tipperary

The range and scope of social housing delivery options introduced by Government has been helpful in allowing demand to be met in a responsive, caring and flexible manner, particularly given the constraints and challenges being faced by a decade of no new builds. Tipperary County Council acknowledges the valued and ongoing support from the Department of Housing, Planning and Local Government in addressing these challenges.

I am including some suggestions that the Committee may be mindful to consider in the context of assisting in the delivery of units in a county such as Tipperary to cater for the myriad of complex needs that present to us:

- The initiatives already introduced to streamline the approvals process are welcome. The Council would suggest a further streamlining from the existing 4 stage approval process to a 2 stage process (minimum saving of 2 months).
- Continued use of the acquisitions program, given the value for money to be achieved versus new build construction costs where it is appropriate to do so and mindful of local private need.
- Review of HAP rent caps to attract private landlords due to continued increasing rent costs.
- National advertising campaigns on national housing delivery options including Enhanced Leasing, Leasing and RAS schemes.
- Stand alone acquisition programme for RAS properties that are on the market for sale.
- Continued flexibility around the use of section 10 supports to deal with the complex and varied issues around homelessness.

Chair, the above are just a few practical suggestions that we would make in respect of the housing delivery programme. I am mindful that these suggestions are made within the context of a rural county such as Tipperary with a dispersed urban population.

Finally, Tipperary County Council is committed to the delivery of the objectives set out in "*Rebuilding Ireland*" and we welcome the support from the Department, Voluntary and other Sectors who share this commitment and drive to address the urgent and personal needs of the communities we serve and to ensure that people in need of housing are provided with homes.

We welcome the opportunity afforded to us by the Joint Committee to engage on these complex issues.