

**Public Accounts Committee
3 June 2021**

Briefing Paper

Department of Housing, Local Government and Heritage (DHLGH)

Vote 34: DHPLG Appropriation Account 2019 (resumed)

- Rental Accommodation Scheme
 - Housing Assistance Payment
 - Repair and Leasing Scheme
 - Enhanced Long Term Social Housing Leasing Scheme
 - Emergency Accommodation
-

Vote 34: DHPLG 2019 (resumed)

This briefing paper has been prepared to update the Public Accounts Committee and assist in its consideration of the 2019 Appropriation Account in respect of Vote 34, specifically as requested in the areas of the Rental Accommodation Scheme; Housing Assistance Payment; Repair and Leasing Scheme; Enhanced Long Term Social Housing Leasing Scheme; Emergency Accommodation.

Expenditure Trends 2014-20

An overview of the trend in DHPLG expenditure under Programme A-Housing 2014-20 is set out below. It shows an aggregate increase in expenditure from 2014 to 2020 of €1.967bn (331%) driven principally by additional resources allocated to fund the implementation of Rebuilding Ireland.

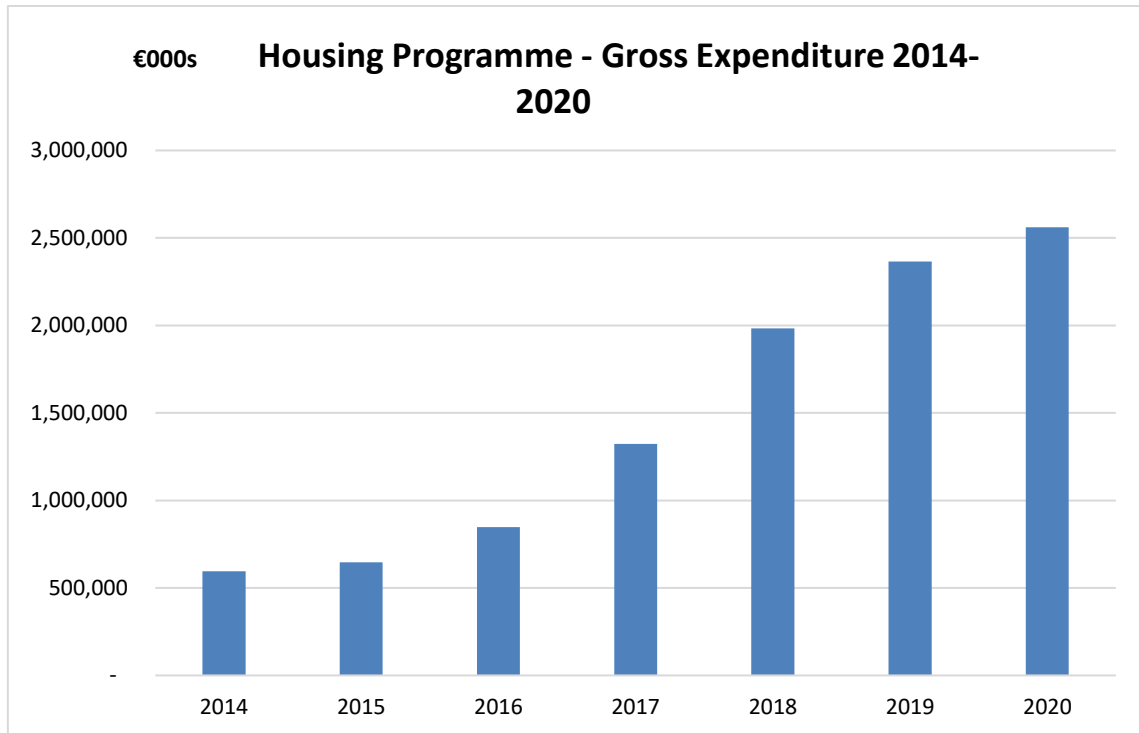
More detailed tables in respect of 2018 and 2019-20, broken down at subhead level (both capital and current), are also presented below.

DHPLG's gross expenditure on Programme A, Housing, in 2018 was €1.968bn in respect of the Department's Vote, representing an increase of 50% on the outturn for 2017. This was comprised of current expenditure of €737m and capital expenditure of €1.232bn. An additional €92m was available from Local Property Tax (LPT) receipts in 2018 to fund housing programmes of certain local authorities with LPT allocations that exceeded the LPT baseline.

Expenditure on Housing in 2019 was €2.347bn in respect of the Department's Vote, representing an increase of 19% on the outturn for 2018. This was comprised of current expenditure of €901m and capital expenditure of €1.445bn. An additional €93m from LPT receipts was also used by certain local authorities to fund housing programmes.

As regards 2020, the gross provisional expenditure outturn on the Housing Programme is €2.541bn in respect of the Department's Vote, representing an increase of 8% on the outturn for 2019. This is comprised of current expenditure of €1.149bn and capital expenditure of €1.393bn. An additional €90m from LPT receipts was also be used by certain local authorities to fund housing programmes.

Housing Programme Gross Expenditure (€000s)	2018	2019	2020
	Outturn	Outturn	Provisional Outturn
Total	€1,968,586	€2,346,829	€2,541,240
<i>Current</i>	€736,568	€901,359	€1,148,700
<i>Capital</i>	€1,232,018	€1,445,470	€1,392,540



DHLGH GROSS EXPENDITURE Housing Programme 2018 (€000s)	€000s	2018 Outturn
	Current	736,568
	Capital	1,232,017
	Gross	1,968,585
A.3 - LOCAL AUTHORITY HOUSING	Current Capital	520,334 810,679
A.4 - VOLUNTARY & CO-OPERATIVE HOUSING	Current Capital	53,208 206,030
A.5 – HOUSING INCLUSION SUPPORTS	Current Capital	144,424 6,264
A.6 - ESTATE REGEN. - SOCIAL HOUSING IMPROVEMENTS	Current Capital	0 121,545
A.7 - PRIVATE HOUSING GRANTS	Current Capital	0 49,244
A.8 - SUBSIDIES AND ALLOWANCES	Current Capital	2,422 417
A.9 - INFRASTRUCTURE FUND	Current Capital	0 6,888
A.10 - OTHER SERVICES	Current Capital	16,180 30,950

DHLGH GROSS EXPENDITURE Housing Programme 2019-20 (€000s)	€000s	2019	2020
		Outturn	Provisional Outturn
	Current	901,359	1,148,699
	Capital	1,445,470	1,392,539
	Gross	2,346,829	2,541,240
A.3 - LOCAL AUTHORITY HOUSING	Current	0	0
	Capital	955,745	890,575
A.4-SOCIAL HOUSING CURRENT EXPENDITURE PROGRAMME	Current	139,127	197,356
	Capital	0	0
A.5 – RENTAL ACCOMMODATION SCHEME	Current	134,290	132,964
	Capital	0	0
A.6 –HOUSING ASSISTANCE PAYMENT SCHEME	Current	382,408	464,649
	Capital	0	0
A.7 – CAPITAL ASSISTANCE SCHEME	Current	0	0
	Capital	88,364	90,749
A.8 – CAPITAL LOANS & SUBSIDY SCHEME	Current	51,686	53,087
	Capital	0	0
A.9. COMMUNAL FACILITIES	Current	0	0
	Capital	25	78
A.10. MORTGAGE TO RENT	Current	0	0
	Capital	17,998	11,732
A.11. CAPITAL ADVANCE LEASING FACILITY	Current	0	0
	Capital	139,399	158,799
A.12. TRAVELLER ACCOMMODATION & SUPPORT	Current	5,378	5,320
	Capital	8,658	14,498
A.13. ACCOMMODATION FOR HOMELESS	Current	165,000	270,900
	Capital	0	0
A.14. HOUSING FOR PEOPLE WITH A DISABILITY	Current	167	512
	Capital	0	0
A.15. ESTATE REGENERATION / REMEDIAL WORKS	Current	0	0
	Capital	78,511	65,203
A.16. ENERGY EFFICIENCY - RETROFITTING	Current	0	0
	Capital	47,454	66,092
A.17. REPAIR AND LEASING SCHEME	Current	0	0
	Capital	3,772	4,003
A.18. PRIVATE HOUSING GRANTS	Current	0	0
	Capital	51,912	44,407
A.19. MORTGAGE ALLOWANCES	Current	0	0

	Capital	403	408
A.20. AFFORDABLE HOUSING / SHARED OWNERSHIP SUBSIDY	Current	2,397	2,325
	Capital	0	0
A.21. INFRASTRUCTURE FUND	Current	0	0
	Capital	22,279	31,650
A.22. PYRITE RESOLUTION BOARD	Current	0	0
	Capital	30,000	13,775
A.23. HOUSING & SUSTAINABLE COMMUNITIES AGENCY	Current	7,500	8,750
	Capital	0	0
A.24. RESIDENTIAL TENANCIES BOARD	Current	7,010	6,300
	Capital	950	570
A.25. RENTED ACCOMMODATION INSPECTION	Current	4,500	4,555
	Capital	0	0
A.26. OTHER SERVICES	Current	1,896	1,981
	Capital	0	0

Programme Briefing

The range of Housing programmes and schemes supported and administered by the Department during 2019 is vast, and significant detail is published and available at the following links:

Annual Report 2019:

https://www.housing.gov.ie/sites/default/files/publications/files/annual_report_2019.pdf

Housing Statistics:

<https://www.housing.gov.ie/housing/statistics/housing-statistics>

Social Housing Provision Statistics:

<https://www.housing.gov.ie/housing/social-housing/social-and-affordable/overall-social-housing-provision>

Social Housing Construction Status Report- This report is a compendium of the new build programme across the 31 local authorities for new build social housing activity:

<https://rebuildingireland.ie/news/minister-obrien-publishes-social-housing-construction-status-report-for-q2-2020/>

Much of the work of the Department is carried out in close co-operation with the 31 local authorities and a number of specific agencies that are charged with regulatory, policy support and implementation functions relating to our areas of activity.

Housing & Homelessness

General Housing delivery indicators for 2019 showed that:

- 24,394 new homes available for use in 2019 - up 14%;
- 40,252 homes granted planning permissions in 2019 - up 38%; and
- Commencement Notices submitted for 26,237 homes in 2019 - up 17%.

2019 saw further significant progress in delivering on the commitments in the *Rebuilding Ireland Action Plan for Housing and Homelessness*. Rebuilding Ireland reached the halfway mark in its implementation at end 2019 and overall, outputs exceeded target in each year of the plan, significantly contributing to the increased supply of housing, in particular social homes, nationwide. There was commitment to support 138,000 households into appropriate accommodation under Build, Acquisition and Leasing and HAP and RAS programmes over the 6 year period of Rebuilding Ireland. By the end of 2019 (Year 4), more than 72% of that target had been achieved with 100,000 social housing supports provided.

Social Housing key outputs in 2019:

Delivery Method	Output 2019
New Build	5,771
Voids (capped) ¹	303
Acquisition	2,772
Leasing	1,161
HAP	17,025
RAS	1,043
Total	28,075

- 28,075 additional households had their social housing needs met in 2019;
- 6,074 new social housing homes were provided in 2019 through build activity 5,771 were new build and 303 were void units put back into active use. This represented an increase of almost 26% on 2018 and more than double the output in 2016.

¹ Total void properties returned to active use in 2019 supported by DHLGH was 1,503. The number included against target is capped at the Rebuilding Ireland target of 303.

Homelessness

- In 2019, 5,971 adults and their associated dependents exited homelessness into homes, an increase of 16% on 2018. However, the number of people in emergency accommodation remained high, and the delivery of housing solutions for all households experiencing homelessness continues to be a critical priority. Local authorities and their service delivery partners also work to prevent households becoming homeless where possible and the Homeless HAP scheme is delivering positive solutions for many households.
- A National Quality Standards Framework (NQSF) for homeless services was introduced during 2019 and is now in place nationally for all local authority and NGO delivered services. The Framework ensures a more consistent response to the needs of those experiencing homelessness, and seeks to improve the quality of services provided to individuals, families and their children accessing emergency accommodation.
- Housing First providing housing, with intensive wrap around supports to 172 individuals who had been rough sleeping or were long-term users of emergency accommodation housed over the course of the year. By the end of 2020, 508 individuals were being housed under Housing First, including 208 individuals over the course of 2020.

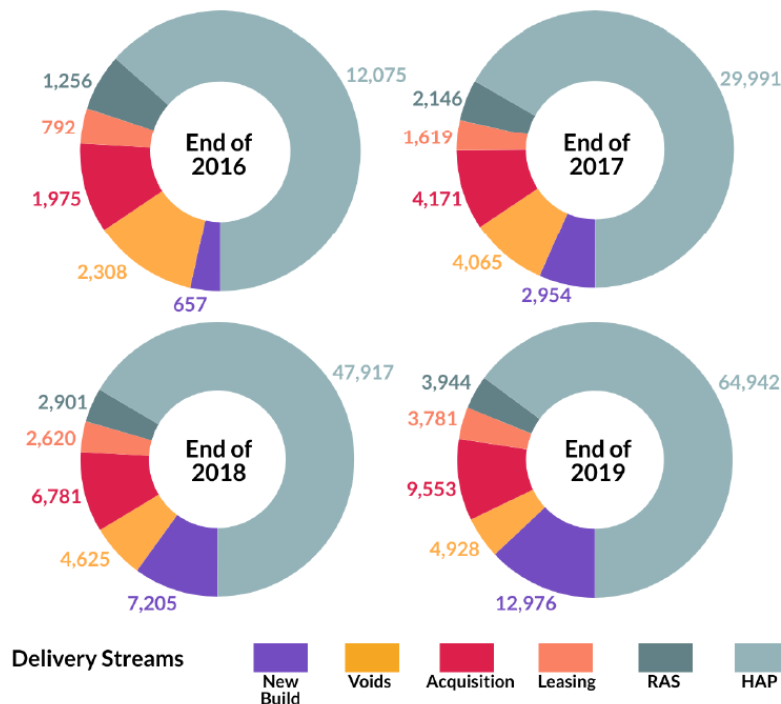
Current funded Social Housing Streams in the context of overall Social Housing Delivery

The Department works intensively with local authorities to meet the housing needs of eligible households. In order to be agile enough to meet these needs a range of programmes and schemes have evolved over many years. This ensures great capacity to deliver immediate support, at a specific location, and in a sustainable and integrated fashion.

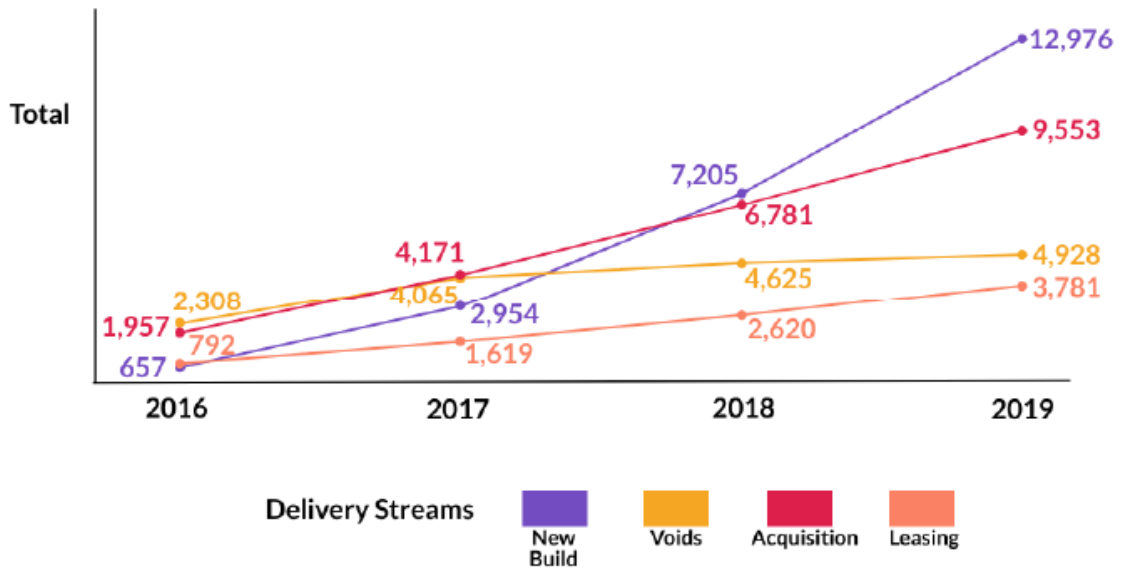
The Government’s objective is to focus strongly on new build, and in particular, local authority (LA) led new build activity. However, it is important that local authorities have the capacity to respond to local residential property markets and to have the tools to provide a range of accommodation types in all of the areas where social housing need arises. The provision of HAP and RAS supported tenancies, along with homes delivered under the Leasing programme, does not undermine other delivery schemes; these are complementary delivery options which acknowledge the demand that is there and allows the Sector to respond in an immediate way to households who find themselves in need of support for housing. Through deployment of these Current funded mechanisms in parallel with Capital activity, local authorities can support many multiples of households.

In the graphic below, the growing proportion of households which are being supported under new build activity can be seen across the period 2016 to 2019.

Cumulative Social Housing Delivery 2016-2019- Fig. 1



Cumulative Social Housing Delivery 2016-2019- Fig. 2



Rental Accommodation Scheme (RAS)

Key metrics	2019
Subhead (s)	A5
Total Expenditure	€144.29m
Total cumulative households supported	18,154
Total additional households supported	1,043

How the scheme works

Under the Rental Accommodation Scheme, local authorities draw up contracts with landlords and Approved Housing Bodies (AHBs) to provide housing for an agreed term for households in receipt of Rent Supplement for 18 months or more, who are assessed as having a long-term housing need. The local authority pays the rent directly to the landlord. Tenants pay a rental contribution to the authority based on the differential rent scheme in each local authority.

The key elements of the scheme are:

- Local authorities pay the full rent to the landlord on behalf of the tenant.
- Landlords must register tenancies with the [Residential Tenancies Board \(PRTB\)](#) and the tenancies are governed by the [Residential Tenancies Act 2004 as amended](#)
- The property must meet [minimum standards for private rental accommodation](#)
- Deposits are not required, since the local authority enters into a contract with the landlord and agrees, if necessary, to reimburse landlords for up to 50% of the costs of repairing damage, up to a maximum of one month's rent.
- Tenants who take up full-time employment can remain in RAS.

Expenditure:

This Subhead provides for recoupments made to local authorities under RAS and covers not only contracted rents due to private landlords but also rental payments that are made to Approved Housing Bodies (AHBs), local authority administration costs and a contingency amount on newly acquired accommodation (i.e. an amount sufficient to cover up to 1 month's rent for each RAS unit, excluding voluntary and LA owned stock), which is ring fenced to protect against damage claims.

Activity in 2019

- The 2019 budgetary provision was €134.3 million and supported 18,915 continuing RAS contracts in place at 31 December 2018. This funding also provided for 1,043 tenancies transferred from Rent Supplement in 2019.
- The introduction of the HAP scheme has seen a change in the demand for the RAS scheme, as both schemes address the housing needs of Rent Supplement recipients with a long-term housing need.
- As HAP has become more prevalent in the sector, the number of new households being housed through the RAS scheme is declining.

Housing Assistance Payment (HAP)

Key metrics	2019
Subhead (s)	A6
Total Expenditure	382.4m
Total cumulative households supported	71,097
Total additional households supported	17,025

How does HAP work?

- HAP is a demand led social housing support provided by local authorities. HAP is progressively replacing Rent Supplement for those with a long-term housing need who qualify for social housing support. The introduction of HAP means that local authorities can now provide housing assistance for households with a long-term housing need, including many long-term Rent Supplement recipients;
- HAP provides fast, flexible housing support to households in an area of their choice. Individuals with a housing need, who in the past were reluctant to avail of full time work, as they would lose their Rent Supplement support, can now move to HAP, avail of full-time work and retain their housing support, with an adjustment in their differential rent.

Activity in 2019

Spend under the HAP Scheme in 2019 was €382m. This allowed for the continued support of existing HAP households and also enabled an additional 17,025 households to be supported by HAP in 2019, as well as supporting the continued development of the Place Finder service. At end 2019, 52,529 tenancies were active and supported under the Scheme.

Social Housing Current Expenditure Programme (SHCEP)

Key metrics 2019	
Subhead (s)	A4 Social Housing Current Expenditure Programme
Total Expenditure on measure identified	€139,126,929
Total cumulative households supported	14,226
Total additional households supported	4,365

- SHCEP funds current expenditure of all leasing programmes – long term leasing, Enhanced Leasing, the Repair and Leasing Scheme and Mortgage to Rent (MTR).
- SHCEP also funds the current costs of the Capital Advance Leasing Facility (CALF) and the Housing Agency Acquisition Programme.
- The Government’s objective is to focus strongly on new build, but leasing is one of a range of options available to local authorities to supplement delivery.
- Leasing is off-balance sheet delivery and provides additional social housing on a long term basis without capital expenditure and with less impact on the General Government Balance Sheet, thereby freeing up fiscal space for other spending requirements.
- Leasing mechanisms allow a greater proportion of social housing need to be addressed in the short run within a tight budgetary environment.
- Leasing makes up 20% of the overall housing target; this target includes delivery under MTR and RLS.
- In 2019, just under 30% of the SHCEP budget was spent on properties owned by private entities; 56% was spent on properties owned by AHBs; the remainder was spent on properties owned by NARPS and local authorities.
- The leasing target is currently 20% of the overall housing target. If leasing opportunities were foregone, these dwellings would have to be found, developed/purchased and funded from elsewhere at a significant capital cost. The Enhanced Leasing Scheme makes up only a very small part of delivery under the Leasing Programme.

The Enhanced Leasing Scheme is a sub-programme within SHCEP

How does the scheme work?

- The Principal objective of the enhanced lease is to encourage larger levels of private investment in social housing while ensuring that the resulting leasing arrangement is off-balance sheet in respect of Government expenditure.
- The scheme is targeted at new build or new to the market properties, to be delivered at scale and which will complement the existing long-term leasing arrangements.

What are the main features of the Enhanced Lease?

- Lease term is 25 years;
- Local Authority (Lessee) pays up to 95% of market rent to the Owner (Lessor);
- Rent indexed every 3 years based on the Harmonised Index of Consumer Prices (HICP);
- Lessor is obliged to provide Management and Maintenance Services for the properties;
- If Management Services are not performed as required, the Local Authority will apply penalties at a proportion of the monthly rent for the property where the failure occurred.
- The LA is the landlord to the tenant and collects differential rent from them.
- All enhanced leasing proposals submitted must be accompanied by an independent valuation of the market rent for the properties.

Activity in 2019

No. of proposals received	No. of units proposed	No. of units delivered
3	147	113

- 37 units at Millrace Apartments, Ballinasloe, Co. Galway comprising 2 bed apartments.
- 87 units at a development in Herbert Hill, Sandyford, Dublin 16. These units comprise 1, 2 and 3 bed apartments.
- 23 units proposed for Stoneybatter and Blackhill Place, Dublin City. The apartments are 1, 2 and 3 bed apartments.

Table 1: Enhanced Leasing: Spend and Delivery

Year	Homes Delivered	Proposed units	Proposed Part V units	Total annual spend €
2018	0	0	0	0
2019	113	147	9	0
TOTAL	113	147	9	0*

*no claims were made during 2019 on the 113 units delivered in 2019 by the local authorities

Repair and Leasing Scheme

Key metrics	2019
Subhead (s)	A4 Social Housing Current Expenditure Programme: RLS
Total Expenditure	€3.772m
Total cumulative households supported	165
Total additional households supported	76

How the Scheme works

The **Repair and Leasing Scheme (RLS)** is targeted at owners of vacant properties who cannot afford or access the funding required to bring them up to the standard for rental property. Subject to the suitability of the property for social housing, and the agreement of the property owner, the cost of the necessary repairs will be met upfront by the local authority or an approved housing body (AHB) using the capital funding from this subhead. This allows the property owner to sign-up to a lease arrangement for a length that is linked to the value of the repairs, subject to a minimum of 5 years. The value of the repairs will then be offset incrementally against the agreed rental payment over a defined period within the lease. The current limit of funding is €60,000 per unit.

The subhead also funds the **Vacant Homes Unit** (established under the Department's Planning Programme Management Section) which provides financial support for a Vacant Homes Office in each Local Authority and carries out other functions including advertising and publishing, organising seminars/ conferences and research provision.

RLS Activity in 2019

- A total of €3.772m was spent under the Repair and Leasing in 2019. This comprised:
 - €1.837m on repair works to properties
 - €1.935m by the Vacant Homes Unit.
 - A total of 76 homes were brought back into use under the scheme.

RLS: Budget, Spend, Delivery & Targets

Year	Target	Homes Delivered	Applications	Budget €	RLS Spend €	VHU Spend €	Total Spend €
2017	150	9	820	6m	0.196m	N/A	0.196m
2018	800	80	440	32m	1.613m	1.333m	2.946m
2019	950	76	280	38m	1.837m	1.935m	3.772m

Emergency Accommodation

Key metrics	2019
Subhead (s)	A.13
Total Expenditure	€165m
Total households supported to exit Homelessness	5,971

How does funding for homeless emergency accommodation work?

- Accommodation for Homeless (Current) provides for the recoupment of expenditure incurred by housing authorities in the provision of accommodation and related services for homeless persons. Housing authorities must provide at least 10% of the cost of services from their own resources and may also incur expenditure on homeless related services outside of funding arrangements with the Department.
- Provision of accommodation for homeless persons rests with individual housing authorities but for administrative purposes services are organised across nine administrative regions, with one local authority in each region acting as the “lead authority”.
- A consultative forum exists for each region and it is the role of the management group of these fora to consider the need for services and to plan for the implementation funding and co-ordination of such services in the region.
- The management of the funding allocation is delegated to the lead authority in each region and is governed by a protocol between the Department and the lead authority.
- The protocol sets out the funding arrangements and structures to ensure adherence with statutory requirements and public financial procedures.

Expenditure

- The 2019 Exchequer outturn of €165m was some 19% higher than the outturn for 2018 of €139m. The final outturn reflected the continued rise in presentations to homeless services in 2019 and the clear need to provide homeless accommodation and supports to those individuals.
- In 2019, 5,971 adults and their associated dependants exited homelessness into homes, an increase of 16% on 2018.

- In 2019, the number of people in emergency accommodation remained high resulting in a continuing need to provide emergency accommodation and supports to those experiencing homelessness.
- Funding in 2019 allowed for an expansion of capacity of emergency accommodation for single individuals and families.
- In 2019 a further 8 family hubs became operational, providing a further 131 units of accommodation. The total number of family hubs operating to date is 35, offering over 766 units of family accommodation. Over 200 additional permanent emergency beds were introduced in the Dublin region during 2019 to ensure sufficient shelter for all single adult individuals.
- Increased funding was also provided to enhance preventative and tenancy support services including the HAP Place Finder service which aims to prevent households entering emergency accommodation and assist homeless households exiting emergency accommodation as quickly as possible.
- Enhanced outreach and support services were provided to engage with rough sleepers and to encourage them to avail of the accommodation being provided.
- The Housing First programme, which provides housing, with intensive wrap around supports continued in 2019 with 172 individual who had been rough sleeping or were long term users of emergency accommodation housed over the year. In 2020 the Programme was expanded into all regions of the country with a total of 208 tenancies created bringing the total number of housing first tenancies to 508 to the end of 2020.
- A National Quality Standards Framework (NQS) for homeless services was introduced during 2019 and is now operational nationally for all local authority and NGO delivered services. The Framework was developed to ensure a consistent approach in how local authorities and service providers respond to the needs of those experiencing homelessness and to improve the quality of services provided.
- Local authorities also carry out inspections on facilities that are not covered under the Framework. This regime operates in parallel with, and is based on, the NQS arrangements. The Standards and Facilities Teams in the Dublin Region Homeless Executive (DRHE) oversee all emergency accommodation in the region and seek to ensure that all relevant guidelines, policies and procedures are complied with in order to deliver a safe and comfortable place to stay for service users.

Capital spend on emergency accommodation

- The Department is working with local authorities to develop high quality emergency accommodation for homeless households.
- The provision of capital funding for the development and acquisition of homeless accommodation will reduce expenditure on private emergency accommodation, including commercial hotels, and provide capital assets, which may be suitable for future development as social housing (or disposal with funding ring-fenced for social housing).
- The level of capital expenditure on homeless facilities depends on the identification of suitable properties in suitable locations and the Department is working with local authorities and the Housing Agency to identify properties suitable for use as emergency accommodation.
- In 2019, capital payments of €9.3m were made in respect of the provision of emergency accommodation, which included a total of €7.1m for the development of family hubs.