

Public Accounts Committee – 14 December 2023

Appropriation Account 2022, Vote 34– Housing, Local Government and Heritage - Programme A and Chapter 11 Utilisation of the Land Aggregation Scheme Sites

Chairman, Members

I am pleased to be here this morning as Accounting Officer to assist the Committee in further examination of Programme A Housing under Vote 34 together with Chapter 11 Utilisation of the Land Aggregation Scheme Sites, as per the Committee's request for this meeting and following on from our attendance a number of weeks ago.

I am joined by colleagues from the Department:

- Aine Stapleton - Assistant Secretary- Social Housing Delivery Division
- Caroline Timmons- Assistant Secretary- Affordable Housing Division
- David Kelly – Assistant Secretary – Homelessness, Rental and Social Inclusion Division
- Feargal O'Coigligh – Assistant Secretary – Housing Policy and Standards Division
- Paul Hogan - Assistant Secretary (Acting) – Planning Division

We are also supported by Departmental colleagues:

- Sinead Kehoe – Finance Officer
- Theresa Donohue – Assistant Principal – Housing Finance & Co-ordination Unit
- Susan Murphy - AHB Policy and Agency Governance

We look forward to addressing your questions and I have provided some advance briefing for the meeting, along with responses to questions arising from the recent wider session on 26 October and a copy of my Opening Statement.

We are joined also by our colleagues in the Housing Agency, who will be assisting with discussions on Chapter 11 and the Utilisation of the Land Aggregation Scheme Sites and also answering the Committees questions in relation to their 2022 Financial Statements.

At the previous session, which dealt with Vote 34 and the work of the Department in its entirety, I mentioned the scale and breadth of the Department's activities, with ten Divisions and dealing with a number of priorities under the Programme for Government. The focus and commitment of staff,

and indeed across more than 20 bodies under the aegis, together with local authority partners and many other stakeholders continues.

There are significant challenges in the housing market in Ireland today and my Department is working with colleagues across government to address these. Just as there is no single cause, no single solution is possible, and so a range of new programmes has been introduced over the last 2 to 3 years aimed at driving increased supply from many angles and providing support to those cohorts that need it.

The mechanisms by which housing is delivered has become increasingly complex and that complexity includes:

- varied funding models enabling delivery across capital and current streams to maximise output
- a requirement for the development of new schemes to drive delivery of affordable homes including cost rental and affordable purchase
- a range of approaches to address vacancy etc.

The development of new schemes and bringing them forward from inception to roll out has entailed considerable work in conjunction all the various stakeholders and delivery partners. Adaptations and changes in some of these schemes were required in the face of challenges in the market, interest rates, inflation, legal hurdles to be crossed etc., all aimed at arriving at a position where the schemes can work and ultimately deliver.

Overall, significantly increased funding levels have been allocated to the Department across a number of subheads to support these developments. The annual voted current and capital funding provided for Housing under Programme A has increased from just over €2bn to over €3.5bn in the space of 5 years. The pattern of spend, particularly in relation to capital funding, continues to occur in Q4 of a given year, where local authorities submit large volumes of claims towards the end of the year, with in the order of 50% of the annual provision being spent generally in Q4. While we engaged with the Committee early this year on 2022 capital spend, overall capital expenditure to the end of November is just over €700m higher or approximately 40% higher compared to the same period last year.

The challenges that have arisen in recent years, including supply interruption during the pandemic, inflation following the Russian invasion of Ukraine, increased interest rate environment and also new demands arising, have all impacted.

Agility and responsiveness has been necessary together with a focus on value for money. To address the overall challenge, and to be well positioned to pivot towards priority areas, the system as a whole must be looked at and this has meant making changes to schemes where they have been required.

Under Housing for All, the supply of new homes to the broader housing system is increasing. Over 31,500 new homes were completed over the 12 months to the end of September this year. Building commenced on over 26,500 new homes in the first ten months of this year, an increase of almost 17% on the same period last year.

The second annual update of the Housing for All Action Plan was recently published and it sets the policy & delivery priorities for the year ahead. These include measures aimed at improving viability of housing construction, including through the adoption of Modern Methods of Construction, as well as enhancing construction sector capacity and reforming the planning system.

Social and Affordable Housing Delivery

Specifically, in relation to social and affordable housing delivery, the Local Authority sector, the AHB sector and the LDA continue to work in partnership with the Department.

2022 saw the overall delivery of over 29,000 new homes in Ireland. In this context, over 10,000 homes were added to the social housing stock. Almost 7,500 of these were new build social homes, a further 1,800 were delivered mainly through new build leasing and other programmes with the remainder largely through acquisition.

We have seen strong spend on social housing this year with significant units expected to be delivered in Q4 exceeding last year's output. Given the number of projects on site, the pipeline for 2024 is strong.

At our last session we spoke about 2022 representing the first year of an ambitious programme on affordable housing, with over 1,700 affordable purchase and cost rental interventions made in 2022. By the end of Q3 2023, this was over 3,800 across the various programmes, with more expected to the end of the year. The affordable schemes are new and given the challenging environment we are happy to see good appetite on the part of the various partners. In the last few months alone the Minister has approved more than €448m in funding to support the delivery of over 1,900 new cost rental and affordable purchase homes. This momentum will continue, as we build a pipeline of affordable housing with local authorities, Approved Housing Bodies and the Land Development Agency.

The public awareness of the supports available has had a positive impact with a good response to our recent Open Doors campaign which included information for the public about the First Home Scheme, the Local Authority Home Loan, the Help to Buy Scheme, the Local Authority Affordable Purchase Scheme, Cost Rental and the Vacant Property Refurbishment Grant.

Homelessness

Working to address homelessness continues to be a priority for the Department. This year a supplementary estimate has provided an additional €102m to ensure that local authorities have the necessary funding to support individuals and families at risk of or experiencing homelessness, increasing the overall allocation to homeless services to €317m for 2023. This funding will ensure that local authorities have the resources to provide emergency accommodation to households that present to homeless services and to provide them with any other supports that they need, including in relation to prevention and tenancy sustainment. Many individuals and families in emergency accommodation require additional supports and the Department works closely with other Departments and Agencies across Government to ensure that there is a coordinated response to homelessness. This coordination is overseen by the National Homelessness Advisory Committee, which is chaired by Minister O'Brien and includes representatives from a range of Government Departments and Agencies, in addition to the NGO sector.

The key objective for local authorities and their service delivery partners is to ensure that households in emergency accommodation are supported to exit homelessness to a tenancy. Key to eradicating homelessness is increasing the supply of housing and, in particular, the supply of social homes. Social housing delivery in 2023, particularly in Quarter 4, will support increased allocations to households on the social housing list, including those in emergency accommodation.

Housing Agency

Mr. Jordan, Chief Executive of the Housing Agency will address the use of lands transferred under the Land Aggregation Scheme. I acknowledge, the key role that the LAGS scheme played from 2010 to 2012 in alleviating the financial burden on local authorities relating to maturing HFA land loans where residential development had not proceeded, facilitating the ongoing delivery of key services by those local authorities.

In this context, it is worth noting the strategic approach being taken to land acquisition with the establishment by the Minister of a Land Acquisition Fund, administered by the Agency in 2022. Action 4.5 of Housing for All commits to support local authorities to acquire suitable land for social housing and building the required pipeline. Of the €125m allocated to the Fund in 2022, a total of approximately €84m has been approved so far and sites valued at €28m are currently going through the approval process. A further €114m is being allocated to the Fund to enable the sector to further establish their pipeline for new build social housing and also to assist in acquiring sites suitable for affordable housing.

I would like to acknowledge the significant role the Housing Agency continues to play in assisting the Department in delivering its housing ambition. In particular, I would like to mention the central role of the Housing Agency in dealing with remediation. They have committed their knowledge and resources to helping to design and now operate the Interim Remediation Scheme for the funding of emergency fire safety defect works in apartments and duplexes, constructed between 1991 and 2013, which Minister O'Brien launched on Monday of this week.

Conclusion

In conclusion Chairman, I'd like to again note the ongoing co-operation by all stakeholders involved in the delivery of a work programme of the scale undertaken by this Department. The Department, its agencies and our partners for delivery, including the local Authorities, NGO and AHB sectors, continue to be acutely focused on achieving the best for citizens.

Together with our colleagues from the Housing Agency, I look forward to engaging with the committee this morning.

Thank you