



Ms. Sarah O'Farrell
Clerk to the Committee
Committee Secretariat
Committee of Public Accounts
Leinster House
Dublin 2

9 February 2024

Dear Ms. O'Farrell,

I refer to your letter, dated 25 January 2024, regarding the request for information arising from the meeting of the Committee on Thursday 14 December 2023.

Please find attached detailed responses to the 10 questions included in your letter.

If you have any queries in relation to the attached material, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, which appears to read 'Graham Doyle'.

Graham Doyle
Secretary General



Appendix A

Response to PAC Letter of 25 January 2024 – Matters arising at PAC Meeting 14 December 2023

Question 1

A list of the sites offered by your Department to the Department of Children, Equality, Disability, Integration and Youth, and the OPW, for modular housing use (pg.19).

Response

OPW Modular Housing Programme

Shortly after the invasion of Ukraine and as part of a whole of Government response to the emerging humanitarian situation, the Office of Public Works (OPW) was asked by Government to develop the programme of rapid build modular homes needed to accommodate Ukrainian Beneficiaries of Temporary Protection (BOTPs), on behalf of the Department of Children, Equality, Disability, Integration and Youth (DCEDIY). To support this work stream, DHLGH and LAs helped with the identification of a long-list of potential sites that could be considered for the homes. These sites were not part of the Housing for All delivery plans. At that point in time, there was little information available on the size / specification of the units and necessary site conditions, which is reflected in the range of sites considered and the factors that influenced the decision to proceed or not.

DHLGH notified OPW/DCEDIY of a number of such sites to accommodate 700 modular housing units which could cater for 2,800 individuals. Special planning provisions (SI 306/022) are in place to support this delivery.



Status of sites offered	No. of Sites	No. of units
Proceeding or under assessment	14	648
Not Proceeding	75	0
Total	89	648

The ultimate decision on whether sites were progressed for the purposes of rapid build accommodation was a matter for OPW and DCEDIY. Of the potential sites put forward for consideration, 75 were considered unsuitable for the programme following assessment; this was due to a variety of factors including for example; size, technical viability, economic viability, future plans for sites, access to services and infrastructure or other technical issues. These 75 sites are broken down by county in the table below.

County	Number of Sites not utilised
Clare	2
Cork	8
Dublin	7
Galway	3
Kerry	3
Kildare	7
Laois	11
Leitrim	3
Limerick	1
Longford	1
Offaly	8
Roscommon	7
Sligo	4
Tipperary	3
Waterford	1
Wexford	2
Wicklow	4
Total	75

I understand that OPW engaged directly with other organisations regarding the availability and suitability of sites in their ownership.

**Question 2**

A note on the oversight within the Department of the annual funding and the emergency funding provided to the Peter McVerry Trust (pg.22).

Response

The Department does not fund any homeless service directly but provides funding to local authorities towards the operational costs of homeless accommodation and related services under Section 10 of the Housing Act, 1988. Under the Exchequer funding arrangements, local authorities may recoup up to 90% of reasonably incurred expenditure from Section 10.

The management of the regional funding allocation is delegated to a lead authority in each homeless region and is governed by a Protocol between the Department and the lead authority. All regional authorities are obliged to ensure compliance with the Protocol and to ensure that accounting policies are in accordance with the regulatory accounting framework in place.

The administration of homeless funding is subject to Department's internal audit programme. The Department does not procure or tender for emergency accommodation services directly. The Department contributes to the overall expenditure incurred by local authorities in the provision of services. The Department does not have direct involvement in executive functions carried out by a local authority such as procurement, and the management of service level agreements.

Under Section 149 of the Local Government Act 2001, the Chief Executive of a local authority is responsible for the executive functions of the local authority, and for that purpose to manage and control generally, the administration and business of the authority, subject to law. Audit and oversight of local government is the responsibility



of two organisations; the Local Government Audit Service (LGAS) and the National Oversight and Audit Commission (NOAC).

In respect of the oversight of the exceptional funding being provided to the Peter McVerry Trust, the Department has put in place an Oversight Group made up of representatives from the Department of Housing, Local Government and Heritage and the Dublin Regional Homeless Executive (DRHE).

32 conditions are attached to the provision of exceptional funding, including actions already undertaken/ underway as well as additional actions to be undertaken by the Trust. The conditions provide for information to be provided to the Department and DRHE, including updates in relation to budgeting and cashflow and the provision of a detailed restructuring and rationalisation plan outlining how the Trust will move to a financially sustainable position, relative to funding available from its funding partners.

Further conditions relating to the assets of the Trust will serve to protect the exchequer, there are also a series of conditions which relate to financial and corporate governance. A number of conditions include procedures and processes which are being put in place to prevent this type of issue occurring again including in relation to budgetary discipline, cashflow and creditor management; and the identification of internal skills shortage and recruitment to address.



Question 3

A list of the 15 to 20 interventions that the Department has implemented to make it easier for local authorities to deliver on housing (pg.37).

Response

Social Housing is delivered through a number of programmes across the Build Acquisition and Leasing delivery streams. Since the introduction of Housing for All the Department has introduced a broad range of initiatives, supports and resources to assist local authorities and Approved Housing Bodies (AHBs) increase delivery of social housing.

DHLGH, LAs and AHBs have a good track record in assuring appropriate governance, cost certainty and value for money in the delivery of social housing while continuously increasing output and future pipelines. Some of the main initiatives introduced by the Department are outlined below.

1. Standardisation of Design for all Social Housing Projects
2. The clearance by DHLGH of site debt in respect of 35 sites across 13 LAs, so the sites can be advanced using Design & Build (D&B)/Modern Methods of Construction (MMC).
3. The introduction of D&B arrangements to increase use of MMC through D&B contracts, including a 3-stage process where D&B is used by LAs.
4. Specialists made available to support LAs to advance projects using D&B/MMC]
5. Planning & Development (Section 179A) Regulations 2023
6. Single Stage Approval
7. Pre-Submission Funding for Site Condition Surveys
8. Remove need to get Approval at Stage 3 in some cases
9. Additional staff for Local Authorities



10. Engagement with Uisce Éireann
11. Land Acquisition Fund
12. Targeted Leasing Initiative
13. Housing Agency Resourcing
14. Housing Delivery Coordination Office Resourcing
15. CALF Review
16. Provision to LAs of Guideline Costs for housing of different types ('Basic Unit Costs' and "Acquisition Cost Guidelines")
17. Provision to LAs of Guide Timelines for the advancement of LA SH projects under the 4-stage arrangements
18. Quarterly Technical meetings held between LA Housing Teams and DHLGH Architects/Quantity Surveyors

1. Standardisation of Design for all Social Housing Projects

Through a series of workshops with all LAs, the Department have embedded the requirement to adopt a standardised approach for all Social Housing projects through adoption of the *Design Manual for Quality Housing and Employers Requirements*. This is promoting a consistent approach nationally; it is decreasing the amount of time spent on reviewing proposals to achieve value for money; it is shortening detailed design phases; and it allows for a more efficient tender process.

2. The clearance by DHLGH of site debt in respect of 35 sites across 13 LAs, so the sites can be advanced using D&B/MMC'S

The Department is overseeing a project involving accelerated delivery on over 35 local authority sites, with approximately 1,500 homes, which will use MMC. This includes 26 sites where the local authority received funding of over €90m to address legacy debts in December 2022. The provision of this funding was linked to the immediate development of a housing proposal, a commitment to use MMC and construction to



start in 2023 or no later than 2024. The programme will support accelerated delivery of housing and will include a range of MMC technologies. The Department is working closely with the local authorities to manage the programme with additional project management and technical supports in place.

3. The introduction of D&B arrangements to increase use of MMC through D&B contracts, including a 3-stage process where D&B is used by LAs.

The Department have put in place a programme for accelerated delivery through the use of Modern Methods of Construction for LA-owned sites. As well as the Accelerated Delivery Programme the Department is supporting local authorities to expand the use of Design and Build social housing delivery. Regional Frameworks are being established and all 31 local authorities will have access to Design and Build frameworks. Under a design & build contract arrangement, the detailed design is the responsibility of the contractor and as such there is no requirement for a Stage 3 application/approval, unless there are significant changes to report at pre-tender stage.

4. Specialists made available to support LAs to advance projects using D&B/MMC]

Supports available to local authorities to expand their use of Design Build include:

- Programme co-ordinator (HDCO)
- Design & Build Technical Advisor (DHLGH)
- Guidance on use of Design & Build contracts (Housing Agency)
- Department Technical Advisors
- Accelerated Delivery Programme Steering Group, LA Group, Procurement Group
- Information Notes for Risk Management by HDCO/DHLGH (ongoing)
- The Design Manual for Quality Housing – 2D & 3D manufacturing suitable (DHLGH).
- Site Visits to active/ completed sites.
- Funding available for Procurement Specialists to assist LAs in procuring D&B projects.



- Funding for Clerk of Works and site supervision related to D&B
- Frameworks set up guidance workshops.
- Engagement with the OGP by the HDCO/ DHLGH
- Coordination of Utilities queries with Uisce Eireann, ESB (HDCO)
- 'Project Tasks' template to assist LAs with sequence programming.
- Ongoing engagement with MMC Industry.

5. Planning & Development (Section 179A) Regulations 2023

This measure allows for accelerated delivery of social, affordable and cost-rental housing by LAs by way of a temporary exemption from the Part 8 Planning Permission process where the land is residentially zoned and in ownership of the LA or prescribed State Bodies.

6. Single Stage Approval

LA capital funded social housing construction projects that are estimated to be below €8M and less than 25 homes should be progressed under the Single Stage approval process. The Department has recently issued a circular, increasing the limit for availing of Single Stage process from €6M to €8M.

To help to de-risk the process, LAs availing of the Single Stage approval process can re-submit for increased funding approval in cases where tender inflation and other unforeseen issues arise post-tender.

The Department are implementing a Comply or Explain requirement approach at funding submission stage.



7. Pre-Submission Funding for Site Condition Surveys

The Department is providing pre-proposal funding to encourage LAs to undertake early site assessments in order to identify any initial issues in advance of the development of Capital Appraisal and Detailed Design.

8. Remove need to get Approval at Stage 3 in some cases

Under the Four-Stage Process and where certain criteria are met, there is no requirement for a full formal Stage 3 Pre-tender submission to the Dept. A Stage 3 notification is sufficient, where:

- The All-in Project Budget is under €20m
- The submission is within 6 months of Stage 2 Approval
- The pre-tender estimate is closely aligned to the prior approved budget (within the percentage advised on a case by case basis by the Department at Stage 2; default 2.5%.
- All Stage 2 approval conditions have been addressed
- Unit delivery numbers unchanged (from Stage 2).

9. Additional staff for Local Authorities

In addition to LAs funding staffing from existing resources, for certain programme initiatives, central funding may be provided to fund the costs of additional staff. In the case of *Housing for All*, the Department has approved funding for over 250 additional housing posts in LAs nationally to deliver social housing.

10. Engagement with Uisce Éireann

LAs are required to include Uisce Éireann Pre-Connection Enquiry number in all Stage 1 Capital Appraisal documents (pre-stage 1) which ensures early engagement regarding project works. Furthermore, LAs now have access to the Capacity Registers for water



and wastewater networks which provide key information on spare capacity, or lack thereof.

11. Land Acquisition Fund

Housing for All commits to support local authorities to acquire land to deliver new housing schemes. To support this objective, the Minister established a dedicated land acquisition fund to be funded and overseen by the Department and managed by the Housing Agency

An allocation of €125 million was paid to the Housing Agency in December 2022 to establish the fund. The funding for the Land Acquisition Fund is focussed on the delivery of social housing. For 2024 the Fund has been expanded to include the acquisition of sites for affordable delivery and an additional €114m have been provided in funding (€64m for social housing and €50m for affordable housing). The fund also supports construction by Approved Housing Bodies through a long-term leasing model, with the local authority acquiring land and leasing to the AHB on a long-term lease.

12. Targeted Leasing Initiative

Last year the Minister brought proposals to Government to deliver an additional 1,000 units through an emergency targeted leasing initiative to address pressures on the housing system. Following an Expression of Interest conducted by the Housing Agency, there was potential to deliver approximately 1,000 new leased units in 2023 and 2024. Approximately 200 of these units to be delivered in the current year.

13. Housing Agency Resourcing

The Housing Agency's Projects and Procurements Unit has been given a dedicated role to support the use of MMC and has developed guidance for local authorities on the use of Design Build in construction projects.



14. Housing Delivery Coordination Office Resourcing

A project/programme manager has been appointed in the HDCO to support social housing delivery and manage the programme of accelerated delivery.

15. CALF Review

A review of the CALF funding model has been completed and the Department received sanction from DPER for the revised model. The new methodology for the P&A-CALF funding model was introduced 6 April 2023. The introduction of the revised CALF model will increase AHB delivery across all local authority areas including area where CALF had not previously been viable due to low market rents. This will support increased delivery through CALF in 2023 and also the development of the long-term AHB pipeline under Housing for All. Its introduction will now allow AHBs to bring forward both new projects and those which have been delayed due to viability issues.

16. Provision to LAs of Guideline Costs for housing of different types ('Basic Unit Costs' and "Acquisition Cost Guidelines)

Department issued updated Basic Unit Costs (BUCs - previously referred to as Unit Cost Ceilings) and Acquisition Cost Guidelines (ACGs) in April 2023 for each local authority area. Both BUCs and ACGs are updated by the Department on an annual basis.

The ACGs provide cost guidelines for the acquisition by housing authorities, of second-hand properties for the provision of social housing. These guidelines reference lower and upper cost ranges along with an average/benchmark cost, which is representative of the average range of current (at the time of issue) prices across the local authority area.

The BUCs specifically relate to social housing build projects developed directly by local authorities or AHBs on LA/AHB owned lands, using the Public Works forms of



contract. While not a record of actual delivery costs, BUCs are based on an analysis of returned data from tendered social housing schemes.

The Department monitors the tender cost trends and analyses the tender data for the construction cost element of new build schemes approved under the SHIP four stage approval processes across each unit type, where sufficient information is available to allow such costs to be extrapolated and where the information available is appropriate for comparison purposes. This analysis and data in turn informs the BUC levels.

17. Provision to LAs of Guide Timelines for the advancement of LA SH projects under the 4-stage arrangements.

Guidance has been provided to local authorities on the gateway approvals and timelines to actively manage the four stage construction approvals process.

18. Quarterly Technical meetings held between LA Housing Teams and DHLGH Architects/Quantity Surveyors

Quarterly technical meetings are held between individual local authorities and the Department's technical advisors. These engagements allow local authorities and the Department to manage pipelines and address any potential concerns at an early stage.



Question 4

Expenditure by the State on the HAP and RAS schemes since 2014 (pg.39).

Response

	HAP €M	RAS €M
Q3		
2023	€403.14m	€71.07m
2022	€538.96m	€113.9m
2021	€541.69m	€122m
2020	€464.65m	€132.9m ¹
2019	€382.40m	€134.3m
2018	€276.60m	€143.3m
2017	€152.69m	€142.84m ²
2016	€57.69m	€131m ³
2015	€15.64m	€121.79m ⁴
2014	€0.39m	€133.5m

Note on RAS Reserve

Any surplus RAS income over RAS expenditure that arises in a given year in a local authority is transferred to its RAS Reserve at year end. The build-up of the Reserve was sanctioned by the Department of Finance with local authorities permitted to retain any savings from surplus RAS income accrued from the difference in the standard differential rent amount netted off RAS recoupment claims and the differential rent paid

¹ In addition, in 2019 and 2020 €10m in RAS recoupment claims were offset against local authority RAS Reserves, giving total funding of €144.3m for 2019 and €142.9m for 2020.

² In addition, €1.42m in RAS recoupment claims were offset against local authority RAS Reserves in 2017 giving total funding of €144.26m.

³ In addition, €13.9m in RAs recoupment claims were offset against local authority RAS Reserves in 2016 giving total funding of €144.9m.

⁴ In addition, €14.85m in RAS recoupment claims were offset against local authority RAS Reserves in 2015 giving total funding of €136.6m



by tenants. The financial model, therefore, was designed to incentivise good practice without leaving the authorities exposed to the financial risks under the scheme. Where a surplus did build up, the LA was permitted to use this money, principally for RAS purposes (and more recently to bridge the shortfall in funding for the administration of RAS) and in certain instances for housing purposes other than RAS.

LAs are required to retain a RAS reserve balance (known as the Deposit Contingency Fund (DCF)) sufficient to cover the deposit of up to 1 month's rent for each RAS unit (excluding voluntary and LA owned stock). These monies will continue to be ring fenced in the DCF (currently part of the overall RAS Reserve) to protect against any future damage claims.

On 17th October 2023, the Department reached agreement with DPENDPDR in relation to the RAS administration fee meaning there was no longer a need for LAs to use the RAS Reserve to partly fund the administration of the RAS scheme. As such, the Department wrote to all LAs to advise them that, from the 1st November 2023, all RAS Reserves (bar the DCF) were to "close" and that it would no longer be possible to access or spend monies held in that LAs RAS Reserve without prior written permission from the Department. The Department is currently collating confirmation of the closing RAS Reserve balance held by each LA.

Question 5

The number of landlords that have over 50 properties let out under the HAP scheme, and other relevant statistics available to the Department (pg.40).

Response

1. The overall number of landlords in the HAP Scheme is 30,729 of which 3,290 are agents.



2. 98% of landlords (30,248) manage less than 10 properties each. The number of landlords that have over 50 units in the HAP Scheme is 5. The number of agents with properties in excess of 50 units is 49.

Question 6

A detailed note on estates not taken in charge in the State, including:

- *related issues regarding the taking in charge of sewage treatment plants by Uisce Éireann*

Response

Under Section 180 of the Planning and Development Act 2000 (as amended), it is a matter for the relevant Planning Authority to take housing estates in charge. A Memorandum of Understanding between Uisce Éireann (UÉ) and local authorities sets out a prerequisite for housing estates to be taken-in-charge is that the estates concerned must be connected to the UÉ network.

There are a number of housing estates across the country that rely on developer provided infrastructure for their water services networks -wastewater and/or drinking water. These estates, currently, have not been taken-in-charge and their water services networks are not, currently, connected to the public UÉ network. The water services infrastructure, provided by the developer of such estates, is more commonly called DPI. In April 2023, the Department carried out a survey with the local authorities which identified 457 residential estates nationally and a further 28 reliant on DPI for wastewater treatment and drinking water respectively. These estates comprise circa. 8,300 housing units. Almost all of these estates were constructed between the mid-1990s and mid-2000s and are a legacy issue from that time.



Using funding under the National Development Plan, the Departments' Developer Provided Water Services Infrastructure Resolution Programme (DPI) has provided finance to assist in progressively resolving issues across the country.

In June 2023, the Minister approved funding of €14.7 million under the DPI Programme. To date a total of €18.1 million has been approved under the programme to benefit approximately 1,800 households in almost 60 housing estates.

- *the co-operation between local authorities and Uisce Éireann on these matters, and*

Response

There has been on-going cooperation between Uisce Éireann, the local authorities and the Department and resolution work continues on these matters. In addition to projects funded under the Departments' DPI program, Uisce Éireann through its Small Towns and Villages Growth Programme 2020-2024 (ST&VGP) is providing water and waste water growth capacity for smaller settlements nationally which includes some estates with DPI.

- *details of the Department's plans in this regard, particularly over the next two to three years (pg.41).*

Response

Extensive engagement throughout 2023 resulted in UÉ acknowledging that they, as the national water authority, are best placed to manage the resolution of DPI nationally. Therefore, effective from 1st January 2024, UÉ have taken responsibility for the remediation of DPI infrastructure nationally - this was noted by Cabinet on 7 December 2023.



Given the scale of the issue and the range of resolution options that are likely to be considered and used, it is acknowledged that it will take some time to resolve all locations.

Question 7

An up-to-date report on the taking in charge of the Limekiln estate in Clogh, Co. Laois (pg.42).

Response

Laois County Council have confirmed that they have not received an application from the developer for taking in charge of the Limekiln Estate in Clogh, Co. Laois. They have also confirmed that remedial works including some on the waste water treatment system are required. The Department has not received an application for funding under the DPI programme from Laois County Council for Limekiln Estate in Clogh, Co. Laois.

Question 8

The amount of local authority home loans approved, and the percentage thereof drawn down, for 2022 and 2023 (pg.43).

Response

Background

The Local Authority Home Loan is a government backed mortgage for creditworthy first time buyers and those availing of a “fresh Start”. It is a requirement that an applicant must have received insufficient offers of finance from two regulated financial providers to be eligible to apply for a loan under the Local Authority Home Loan scheme. Therefore, by its nature it would be reasonable to expect that a loan scheme that requires applicants to have been refused sufficient finance from two commercial lenders would have a number of refusals.



Assessment Process

Applicants apply initially to the relevant local authority. The Local Authority processes the application, seeking further information from the applicant as required. Once an application is deemed validated, as in it is deemed sufficiently complete to form the basis of a proper assessment, it is sent to the Housing Agency.

The Housing Agency provides a central support service that assesses applications for the Local Authority Home Loan on behalf of local authorities and makes recommendations to the authorities to approve or refuse applications. This is done through a team of professional underwriters who evaluate each application in accordance with the credit policy governing the scheme. This includes a creditworthiness assessment and a repayment capacity evaluation. The Housing Agency then make a recommendation to the Local Authority Credit Committee on the application. This is the point at which the number of recommendations to approve is captured.

Each application is then assessed by the Credit Committee of the Local Authority who make a decision to approve or refuse the application taking cognisance of the evaluation carried out by the underwriting team in the Housing Agency. The final decision on loan approval is a matter for the relevant local authority and its credit committee on a case-by-case basis. Decisions on all housing loan applications must be made in accordance with the Regulations establishing the scheme and the credit policy that underpins the scheme, in order to ensure prudence and consistency in approaches in the best interests of both borrowers and the lending local authorities. A person can submit more than applications to more than one local authority but may only draw down one loan in the authority in which they are purchasing the house.

There are a number of reasons that an application would be refused a loan under the Local Authority Home Loan. This would include:



- Ineligible
- Net Income Ratio Outside of Policy
- Repayment Capacity Not Demonstrated
- Unsatisfactory Credit History
- Unsatisfactory Savings Record
- Insufficient Deposit
- Income Sustainability Not Evident
- Unsatisfactory Financial Management
- Sufficiently Committed

Approval Figures and Rates

The most recent figures provided by the Agency on the number of valid Local Authority Home loan applications that it has assessed for each local authority, in 2022 and 2023, are set out in the below table.

LAHL	Valid Applications Assessed by HA	Recommended to Approve by HA
2022	2168	921
2023	1721	796
Total	3889	1717

The number of recommendations to approve a loan as issued by the Housing Agency broadly correlates with the number of approvals issued by the local authority. Of the number of approvals that issue by the local authority, in general approximately 50% result in drawdowns.



House Price Limits – Additional Point

The PAC debate referenced the house price limits for the Local Authority Home Loan being €340,000 in Dublin. The house price limit for the 4 Dublin local authorities, as well as Kildare and Wicklow, are €360,000, as of 1 March 2023.

Question 9

A note on the number of people who present at homeless services each year and the number of people who exit, including how long they have been classified as homeless, and the different cohorts, particularly children (pg.43).

Response

The Homeless Quarterly Progress Reports provide data on homeless presentations, reasons for presentation, exits from emergency accommodation, preventions from entering emergency accommodation, and duration of stay in emergency accommodation. However, while this data disaggregates single adult and family households, it does not disaggregate children. Nor does the data track individual or household progression into and out of emergency accommodation.

Question 10

A copy of the latest quarterly progress report on homeless services (pg.43).

Response

A copy of the latest quarterly progress report on homeless services is available at <https://www.gov.ie/pdf/?file=https://assets.gov.ie/281950/d663ffb8-9eb0-43d9-b8eb-72b45e94b137.pdf#page=null>, and previous reports can be accessed at <https://www.gov.ie/en/collection/80ea8-homelessness-data/#local-authority-regional-performance-reports>