

DÁIL ÉIREANN

AN COISTE UM THITHÍOCHT AGUS EASPA DÍDINE

COMMITTEE ON HOUSING AND HOMELESSNESS

Déardaoin, 28 Aibreán 2016

Thursday, 28 April 2016

The Select Committee met at 10.30 a.m.

MEMBERS PRESENT:

Deputy Colm Brophy,+	Deputy Alan Kelly (Minister for the Environment, Community and Local Government),
Deputy Mary Butler,	Deputy Fergus O'Dowd,
Deputy Seán Canney,	Deputy Maurice Quinlivan,*
Deputy Ruth Coppinger,	Deputy Brendan Ryan,
Deputy Clare Daly,*	Deputy Mick Wallace.
Deputy Bernard J. Durkan,	
Deputy Kathleen Funchion,	
Deputy Michael Harty,	

* In the absence of Deputies Maureen O'Sullivan and Eoin Ó Broin, respectively.

+ In the absence of Deputy Fergus O'Dowd, for part of meeting.

DEPUTY JOHN CURRAN IN THE CHAIR.

BUSINESS OF COMMITTEE

Business of Committee

Chairman: The committee is now in public session. Deputies Eoin Ó Broin and Catherine Byrne have sent apologies; Deputy Maurice Quinlivan will substitute for Deputy Ó Broin for the morning session. For recording and broadcast purposes I ask members and visitors to turn off their mobile phones or put them into flight mode. In accordance with standard procedures agreed by the Committee on Procedure and Privileges for paperless committees, all documentation for the meeting has been circulated to members on the document database. I propose that we now go into private session to deal with correspondence and certain other matters. Is that agreed? Agreed.

The committee went into private session at 10.35 a.m. and resumed in public session at 10.55 a.m.

Minister for the Environment, Community and Local Government

Chairman: I welcome the Minister for the Environment, Community and Local Government, Deputy Alan Kelly and his colleagues. I thank them for attending. The committee felt it was important that the Minister's appearance would be at the front end of the committee work. Before the Minister delivers his opening statement, I draw his attention to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the Chairman to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. Witnesses are directed that only evidence connected with the subject matter of these proceedings is to be given and are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or entity by name or in such a way as to make him, her or it identifiable.

The opening statements submitted to the committee will be published on the committee website after this meeting. Members are reminded of the long-standing practice to the effect that they should not comment on, criticise or make charges against a person outside the House or an official either by name or in such a way as to make him or her identifiable. The Minister, Deputy Kelly, is very welcome. His opening statement has been circulated and will be published, if that is okay with him. In his opening comments, he can address the statement in full or as he sees fit.

Minister for the Environment, Community and Local Government (Deputy Alan Kelly): I will go through the statement in full, if that is okay, Chairman, because there is so much in it and I might emphasise some points as I go along. I might also come back to some issues later on if that is okay. First, I thank the committee for the invitation to address it and for inviting me and my officials to today's proceedings. Second, as the Chairman is aware, because there was some comment, I was unable to attend here on Tuesday simply by the fact that I had to attend a Cabinet meeting. I think some people may have thought I missed it but it was obvious I could not attend because of a Cabinet meeting. However, I am glad to be here today at the committee's second sitting. I congratulate the Chairman on his role and the committee on its initiation and set-up. While the timeframe is short and it has a huge amount of work to do, I genuinely wish this committee well. It is a good initiative and it can achieve things. I will

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be very open with this committee today as regards solutions and I will be positive because we have to be positive.

I will introduce my colleagues, Ms Bairbre Nic Aongusa, assistant secretary of the housing section, and Mr. Barry Quinlan, principal officer in the housing policy area. I am also joined by Mr. Niall Cussen, principal planning adviser, and Mr. Brian Kenny, principal officer in the homelessness and housing inclusion section of my Department.

Housing matters, rightly, have been the focus of serious and considerable media commentary in recent times, usually based either explicitly or implicitly on a simple supply and demand model. In a simple model, supply and demand adjust and prices respond accordingly. However, and this is a key point, the housing market is not a normally functioning one at the moment. That is the real nub of the issue. It is not a normally functioning market. I know that while there are children and families in emergency accommodation, it will remain the headline story in terms of housing. I understand and accept that fact. However, it is important to recognise that this is a symptom of much deeper supply issues and can only be dealt with through increasing supply of social, private and rental properties. In the meantime, we must continue to strive to help these families and I consider rapid build is the best immediate answer along with greater investment in social housing, increasing housing supports and services, and continuing to improve services for families in difficulties.

Every player, State body or otherwise, has a part to play in solving this housing problem. A multiplicity of different Departments, agencies, outside agencies, private bodies, local authorities, etc., all have a role. It is really a huge, intertwined web of various organisations and issues that are involved in the solving of this problem. Any long-term solution needs the entire housing system pulling in the same direction to a common goal and this committee is a move in the right direction in terms of getting a cross-party approach to repairing a broken system.

I will try to set out what I believe are the key systemic weaknesses and questions we need to answer as well as meaningful recommendations for what needs to be done into the future. The first point I would like to make is that when we are discussing housing, we need to separate out the issues in order to generate real and true learnings. There are issues all over the sector, including issues relating to private housing, social housing, the private rented sector, homelessness, those who are caught in excessive mortgage debt, working couples who cannot get mortgages, etc. All of these issues collectively interact and impact on each other. I support the committee's efforts to discuss them individually but they are interconnected and that is a critical point - they cannot be separated out piecemeal. This is because there is no one cure-all to the housing situation.

The remedies to the problems are not all to be found within my Department. That is not to say we do not have a major role; of course we have a major role as the Department with responsibility for the environment. However, all the levers are not in the Department of the Environment, Community and Local Government. Many pieces of this conundrum need to be aligned for it to be solved but they are not all within my Department. Issues around construction input costs, how building materials are taxed or the price of land are relevant examples but none of these come through the lever of the Department of the Environment, Community and Local Government. We need to be really creative when formulating solutions and I encourage the committee to carry out its work in that vein. Despite differing political ideologies our end goal is the same, namely, more and better affordable homes with adequate infrastructure to service the demand as well as an end to the boom-to-bust housing cycle.

The State, including elected members and non-elected officials, needs to come up with bold and innovative solutions. We must bring all the stakeholders in the private and public spheres with us. The simple fact is that our construction industry is not building enough houses to meet the needs of our people. New supply is very low, with 12,300 houses completed last year. Almost half of these are one-off and some are finishing out from the overhang of incomplete construction. This is a significant and real number and I believe it is not going to move quickly. The numbers being delivered are about half of the estimated required new supply given the country's growing population and economy. With the addition of new private supply so low, we really have to reassess the scale of the role of the State in the provision of housing broadly.

Social housing in Ireland makes up 9% of households, as compared with 15% in France, 22% in Germany, 31% in Netherlands and 20% in the United Kingdom. One of the effects of this is a considerable reliance on the private rented sector for the provision of social housing in Ireland. It must be made clear that the share of social housing as a percentage of all households will increase substantially under the social housing strategy. The central question for the next Government is how much of our housing problem can and should the State solve. The State has traditionally supplied approximately 10% of homes through social housing for those who cannot afford their own. This is a very real question. If that dynamic is to change dramatically as a result of inactivity from the construction sector then there are significant consequences for our overall budgetary programme. Increased funding for housing has to come from elsewhere, whether from health, education, etc. I will not talk about any other topical issues at the moment.

It is a time for big ideas and considerations. Between NAMA, the social housing strategy and the mixed-use developments that local authorities like Dublin City Council are pioneering, there will be major State intervention in the supply of housing. I believe a balance is necessary and I believe in such intervention but I also believe that in the short term the State is going to have to increase its role in the provision of housing and it should be supported in doing so.

At local authority level, elected members need to ensure better use of limited land supply in urban areas and they need to embrace higher densities and potentially high-rise living in cities. We need to future-proof our housing supply, ensure our ageing population - we are all included in that cohort - is catered for and ensure that the system is sufficiently flexible to deal with increasing demand. Collectively as politicians we need to ask ourselves whether we are doing all we can to ensure housing projects are supported and promoted at all levels of the planning and development process. I am referring to the political process beyond these Houses to local authority level, which has a key role. We need to come back to this point during our discussions.

For example, I genuinely believe it is contradictory to have politicians of all persuasions and none calling for urgent action to deal with areas where there are housing shortages only to object to the very housing projects needed, either on an individual basis or on a multiplied basis or whatever. Politicians of all political persuasions need to address some of the negative associations that go with social housing development if we are to get a speedier resolution to our housing crisis. There are many objectors to social housing developments, even where they are being carried out by the Peter McVerry Trust or the Simon Community or, more recently, in Beaumont. Dublin County Council recently provided my Department with a list of 16 projects last year, all of which are being met with objections. There is no question in my mind but that NIMBYism and an incorrect negative perception of social housing leads to objections which delay local authorities in their work.

We also need to face up to the cold hard truth that, with the cost of constructing a new home now being significantly higher than second-hand prices in most parts of the country, we are go-

ing to have to improve the economics for the private market to supply badly needed additional homes. The sums do not add up. If it is not beneficial to build houses, builders will not build them, if they cannot make at least a modest profit. Comparing these costs with the new affordability dynamic created by the new Central Bank rules, which in general I support, it can be seen why many potential builders are waiting before they build.

The Department has been to the fore in deploying a wide range of measures to bring the cost of constructing homes more within reach of what ordinary people and families can afford to pay, but it appears that these measures may not be enough, and that we must go further. I spoke earlier about levers. We addressed issues within our domain, but many of the issues relating to costs are not within the Department's domain. Reductions in local authority development contributions, a streamlining of Part V social housing requirements, more consistent application of minimum apartment standards and, recently, a targeted development contribution rebate scheme have together reduced the input costs by anything from €20,000 to €40,000, depending on whether apartments or houses are being constructed. We need to go further.

The next Government will have to grapple with the basic economics of housing on the supply side in this country if it wants to see a significant uplift in activity by the private market. That is one of the key messages I want to get across here today. Recent history should demonstrate to us the dangers of over-reliance on the private market, but we do need to decide what exactly the appropriate mix of private and public housing is. The housing action report, Laying the Foundations, which I published a fortnight ago and which I take it everyone here has had a chance to read, provides further information on 31 major actions taken across the housing spectrum in the past 21 months to increase the supply of housing, including social housing. Every one of those actions is important and will have a positive impact on dealing with the problem, but, evidently, we must go further.

Some are calling for a relaxation of Central Bank lending rules as the answer, but with what result? It would clear the way to go back to the failures of the past, which we all know about, when families ended up paying €500,000 for a family home and then worried for 30 years afterwards how or if they were going to pay for it. Surely if two people on the average industrial wage of €32,000 can afford something, say approximately €200,000, is that not the type of house, built to proper standards and regulations and in good locations, that we should be aiming to provide with every strand of public policy?

As a nation we must also think seriously about our attitude to renting. If we can reform the rental market to make it more secure and attractive to tenants, I believe it can become a real long-term option for future generations, but the sector needs further reform. The rental market in Ireland has doubled between 2006 and 2011 to approximately 320,000 households, around 20% of total Irish households. In Dublin, rents are now back to 2007 peak boom-time levels. The measures I put in place last November will bring much-needed stability to the sector, but to really offer a secure, stable and attractive housing option, the rental sector needs more supply, with the associated competition that would bring to the market.

If we, the democratically elected parliamentarians, wish to see more people get access to the homes they deserve, at prices or rent they can afford and in locations they desire, I believe we are going to have to go further and address a number of questions. What is an affordable price or rent for a home? What exactly is the State's future role in housing provision? How do we reduce input costs, including direct and indirect tax take - currently more than one third of the cost of delivering a new home? Is the negative perception of social housing developments leading to unfounded objections causing major delays? I think we all know the answer to that.

Do local authorities and approved housing bodies have the capacity to build sufficiently? How do we guarantee that any reductions offered by the State in respect of these input costs will be passed on to households by developers? Where will the money come from to invest in the infrastructure needed to prepare land for development? How do we make land available over many years at fair prices?

Addressing these real issues raises politically and socially important questions. It also gets to the core of our problems. Many of them are very sensitive questions. We are going to have to face up to the fact that, if we truly believe people's incomes rather than the demands of the market should determine housing costs, a number of things must happen. For example, the State should set real housing output targets and set out the wide-ranging, time-bound actions required to meet that objective, not just for social housing - which I have done - but for housing in general. Targets for big reductions in housing construction costs are going to have to be set and delivered on by all stakeholders, including developers, suppliers and the State. Perhaps the State could lead on this. Local authorities must be encouraged and incentivised to invest for the future in preparing housing lands for development. A grown-up conversation needs to take place on Article 43 of the Constitution in order that we might achieve a better balance between the rights of individuals as property owners and wider social needs, including housing needs. I have a number of other recommendations which I would like to share with the committee later.

Social housing is arguably the one part of the housing system that is turning a corner. The last summary of social housing assessments in 2013 showed that there were almost 90,000 households on local authority waiting lists at that time. In April last year, as part of the Social Housing Strategy 2020, I announced over €1.5 billion in funding allocations in respect of social housing to be provided by all local authorities for the period out to 2017, via a combination of building, buying and leasing schemes, to meet the housing needs of 25% of the housing list. As members know, the various projects across the country are listed in this document. From the capital budget alone, in excess of €680 million has been allocated for over 3,900 social housing new builds, turnkey developments and acquisitions. That is just the capital budget and does not include approved housing bodies, AHBs, etc. I want to see local authorities advance these projects as soon as possible and have assured them that funding is available to fully support their efforts in this regard. There are no issues.

In all, over 13,000 sets of keys were delivered to people and families in 2015, the first full year of implementation of the strategy. This represents an 86% increase in unit delivery over the figure for 2014. These figures are independently verified in the other document on social housing output, which was compiled by the Housing Agency. This level of delivery was achieved in a very difficult operating environment and represents a good start to the implementation of the strategy. I am not saying anything other than it is a good start. I expect in the region of 17,000 social housing keys to be delivered this year. Local authorities have been geared up again to deliver at scale and well in excess of 450 staff have been allocated to them. That takes time and the announcements I made will be delivered in the years ahead. That is why this document is called Laying the Foundations. We have to be realistic; houses do not appear overnight.

I would argue that investment in and delivery of social housing are not the main issues provided we can get the housing market functioning appropriately again. The latter is key. Almost €3 billion in capital funding will be provided under the capital plan up to 2021, as well as other funding models such as public-private partnership, PPP, in order to deliver social housing. The real issue is supply for the other elements of the market and, particularly, supply of housing that is intrinsically affordable for the average or lower income household. This is the cohort I am

most concerned about - namely, those who are put to the pin of their collar paying rent while, in some instances, trying to save for a deposit. We all know it is a catch-22 situation. Without the required supply of housing coming on stream to take the heat out of the rental market and provide a supply of homes at an affordable price, we are simply storing up problems for the future.

In the short to medium term, the focus needs to be on the residential construction sector and boosting supply. It is taking time to recover from the economic downturn and, as a consequence, supply from that sector is lagging significantly behind demand. As I said earlier, private market housing is currently delivering circa 50% of the estimated annual requirement of 25,000 dwellings nationally. Lack of supply is having an adverse effect on the rental market and, along with causing all of the problems I have alluded to, will impact on our competitiveness.

We have the housing system we have because of political and social choices made in the past. To a certain extent, because of the financial crisis and its impact on the housing sector, some of those choices were probably made for us. During my time in office I have used the powers available to me not to solve the problem in its entirety, because that was virtually impossible, but to lay the foundations for a long-term and sustainable solution to this problem. The 31 major actions taken in the past 21 months will have a substantial impact, but I need to stress that I and my team could only directly take the necessary actions that fell within my areas of responsibility. This is a key point for the committee and the incoming Government when they ask what decisions we should be taking now to put our housing system, by which I mean all elements of the spectrum, back on a sustainable footing.

To truly crack this nut, my successor, whether a Minister for housing or for the environment, needs to be able to exert sufficient influence over all of the levers that will bring us to that end, including certain elements of taxation, and the powers to introduce changes that will impact on the viability of development for builders and ensure that any reduction in input costs is passed on to homeowners so that we have affordable homes in the true sense of the word.

I have heard a lot of talk that we should have a Minister for housing, and such a recommendation may come from the committee. I have no objection in principle to that. Appointing a Minister for housing and taking the function from the Department of the Environment, Heritage and Local Government is a waste of time. We will have a Minister for the environment, who will have a particular role, but unless sections are taken from the Departments of Finance, Public Expenditure and Reform and Social Protection and other agencies and included in such a ministry, a new Minister would be left in the same position as me and the former Minister of State, Paudie Coffey, were over the past 21 months. I admit that we had a significant role to play, but it was part of the overall pie.

If we are going to increase the supply of homes to the extent needed, we need to take a comprehensive action-based approach that is broad in scope and recognises all tenures. It needs to be an approach that boosts supply, helps tenants as well as home-buyers and recognises that, alongside new homes, we need to address the issue of how zoned land is made available for development so that we make the very best of existing infrastructure investment, land and buildings.

We also need to have a grown-up conversation about Article 43 of the Constitution, and getting the balance right between the rights of the individual, as regards property rights, and the common good. The two specific items that were directly affected by this were the vacant site levy and the protection of tenancies during the property sales. On the vacant site levy, while I am delighted that it is now enshrined in our laws and it is something in which I believe, my

original proposal, following my work with the former Minister of State, Paudie Coffey, was to have it at 6% to 7% of the market value of the land and for it to be introduced later on this year or in 2017. To ensure it is safe from a constitutional challenge, that provision was amended. Similarly, when it came to residential tenancies legislation, the Constitution acted as a barrier against protecting tenancies in cases in which a property was sold. There has been much commentary on this. I say this not to attribute any blame to the Constitution but because for this committee I need to be open and honest about the situation as I faced it. For the record, because there was commentary on this, I never suggested that the matter of compulsory purchase of land for housing was not an option for local authorities. We might discuss that later. It is not a panacea. There are issues with that as well and it can go on for years.

The key question for the committee is what the appropriate role for the State is in all this. Some might say we should go back to the massive public house building projects because the house building sector will never deliver. That is a deeply flawed approach that accepts failure. Yes, we need a vibrant public housing sector but do we seriously think nationalising all housing provision in this State is the answer? Have any of us here today any sense of the budgetary implications that would pose and the schools or hospitals that we would be unable to build if we diverted a huge level of Exchequer resources into housing to the detriment of other needy sectors? We have this famous fiscal space, a serious amount of which needs to go into housing. Everyone in this room will argue for a section of that pie to go to other sectors. My point is that we need to have a mix.

Does any of us here really believe that the answer to our broken housing system is the recreation of vast swathes of local authority estates which in some cases have taken billions of euros to regenerate? Would it not be better to fix our broken housing market and bring about social housing with it rather than dancing around the edges and pointing out the weaknesses without the political bravery to fix them once and for all? I believe that housing economics in this country is an eminently fixable problem if the collective will is there by us, as parliamentarians, and all the other stakeholders. It cannot be beyond our ability to deliver housing at a cost that ordinary people on average incomes can afford to rent or buy. I certainly believe it is possible and I want to do everything to deliver that.

In addition, in an ideal world, public policy would not only espouse but deliver a plan-led supply of land for housing, acquire it at reasonable cost if necessary and then prepare it with the necessary infrastructure before making it available for public and private housing development in sustainable communities, capturing the uplift in value arising from the zoning and servicing of land and paying for the infrastructure through that process, which we might describe as active land management. That is another topic I believe we should get back to. I might add that, having debated this issue during the general election, I did not see or seek a quick answer or silver bullet in any political manifesto to resolve this overnight.

The committee heard from local authorities on Tuesday - I did not see their contribution but I went back over it - that there is a time lag of about two and a half years when it comes to housing development and that we need to buy and lease in the meantime. There is quite an amount of information in the documents, Social Housing Output and Laying the Foundations, both of which I have shown to the committee and which I am sure its members have had time to study. We can collectively create the ideal scenario. Perhaps the Thirty-second Dáil, through this committee, will grasp that opportunity. It might be the springboard and might take the lessons learned over recent years and the recent decade and develop a national strategy for the delivery of all housing in Ireland that addresses all types, tenures and sectors and, above all, the needs

of our citizens.

In my contributions here, I want to be positive, solution-based and work with everyone. The election is over. We spoke about water yesterday but in my time in the Department this took up 90% of my time because it is the most pressing issue. Collectively, working together, we certainly can find some solutions. I have put forward four recommendations and at some point later on, I would like to put forward more based on the collective experience of this theme over recent years. I thank the committee for its time.

Chairman: I thank the Minister for his opening statement. Before we take specific questions, I would like to ask him one general question which arose having listened to his presentation this morning and previously to his contributions in the Dáil on the issue of housing. While I am not making a political point here-----

Deputy Alan Kelly: The Chairman would never do that.

Chairman: -----I sense a certain frustration. The Minister touched on the possibility of there being a Minister for housing and the role that Minister would need to have to be effective. What functions should that Minister have to be different from what happens in the Department of the Environment, Community and Local Government? Will the Minister also elaborate on the constitutional challenges he has met?

Deputy Alan Kelly: I have no issue with a future Minister for housing. It may well be a good idea and I am open to it. I am being totally frank and honest. If we want a Minister for housing who will drive all of this and be the tsar at the top of it, he or she would need to have control of the levers or be the person answerable for all the levers at the very least. In recent years the former Minister of State, Paudie Coffey, and I certainly did not have access to all the levers. I will say this out straight. If we are to have a Minister, he or she will have to have control over certain taxation measures.

Let us be frank about this. Will any Government take those powers away from a Minister for Finance? I would be amazed if that were allowed to happen. That is the first point. Approximately 38% of the cost of building a house goes to the State. That has to be addressed. However, that is up to the Department of Finance and not the Department of the Environment, Community and Local Government. The person to be in charge has to have that area.

When it comes to public expenditure, whoever is the future Minister in charge of allocating funding etc. has to consider the overall pie that I spoke about earlier, involving education, health care and everything else. By the way, I have to say I got great co-operation from the Minister for Public Expenditure and Reform, Deputy Howlin. Getting €4 billion at an incredibly difficult time was a huge amount to get. However, into the future, I would bet my bottom dollar that that will not be handed over either. There is the area of social protection and the lever relating to rent supplement. I was very interested in Tuesday's contribution by the CCMA regarding that lever.

There is the whole role of NAMA. Who has responsibility there? What is the future of NAMA? Should it be turned into a housing agency? I know many people have issues with NAMA. However, it is simply a fact that it will have a role in housing into the future because of the nature of that entity. NAMA was set up with a commercial mandate. Unless that is changed, it cannot act in other ways. That is just reality. We have to accept that or change it. If we change it, the European Union may have issues with what is on balance sheet and there

are a number of areas.

I believe it would be tokenistic to appoint a Minister for housing unless those three or four things I have mentioned - I daresay there are others - are all wrapped into that Ministry. One could envisage some sort of relationship being built with the Department of Finance, but at the end of the day, if a Minister for Finance is controlling those decisions, the Minister for housing is not truly in full control of it.

On the Constitution, I have the privilege - for another few days anyway - of sitting at Cabinet. One has to act at all times in accordance with the law and obviously we take advice from the Office of the Attorney General. One cannot produce legislation that is contrary to the Constitution. The Chairman sat there and he knows that. One must work within that and keep it between the ditches, so to speak. There will be debate. I saw the articles in the newspaper in which the Master of the High Court made his comments, but he is not sitting at Cabinet. I am sorry, but I must take the advice I am given. I respect the advice, and that advice is from the highest legal office that supports the Government.

With regard to the vacant site levy, I fundamentally believe we have to address the issue of hoarding land because, basically, it is just being left there. The number of underdeveloped sites between the two canals in this city is incredible. I wanted to instigate certain powers in respect of local authorities to address that, and I wanted to do it fairly quickly. On foot of the constitutional issue and the advice I received, however, I had to push it out and, for proportionality reasons, I was obliged to drop the percentage.

I had similar problems when it came to addressing rental issues in a number of areas. For example, we are all well aware of the issues regarding vulture funds. I met the people from Tyrrelstown. In fairness, I was asked to do so and was glad to do so because they are very decent people. Again, if we were going to introduce legislation which was going to prevent the sale, there were questions from a constitutional point of view and there were also issues in regard to the rental sector and other considerations. That is just fact.

We have to take the advice. I am just throwing it out there because everything has to be out there. I believe in property rights but we have to consider whether there is a balance. Maybe we can change it. Maybe we should not change it, but perhaps we should. I certainly believe we need to talk about it. That is why I am putting it out there.

Deputy Ruth Coppinger: My first point is that the Minister is not to blame for the housing crisis, although there is sometimes a tendency for him to get very defensive. However, he has been answerable for the last number of years-----

Deputy Alan Kelly: I am in a new-found space for the next week.

Deputy Ruth Coppinger: -----when his party was in power and he has been in this Ministry. My first question is why the local authority housing targets are so low in the first place. The Social Housing Strategy 2020 has a target of 35,000 new units from 2015 to 2020, but only 11,200 are to be new social housing units to be built or acquired by councils or housing associations. If that is broken down, given there are roughly 100,000 families on the housing list, only one in ten would be catered for by the acquisition or building of a social housing unit, based on those targets. The rest of the 35,000 new units were to be 11,000 leases, 2,300 refurbishments of voids and 9,000 units bought or leased under Part V, although that is dependent on the private sector building the units in order for them to be acquired. The Minister can see how, with a

continuation of this policy, the social housing lists are never going to be impacted upon in the way that is needed.

Another issue that arises in regard to the Minister's document is that the targets are proportionately lowest in the areas worst affected by homelessness. While Dublin is not the only place affected, it is at the epicentre of this tsunami. To take the four Dublin local authority areas, there were 22,000 on Dublin City Council's housing list in December but what the Minister is talking about would only have an impact on 21% of that list. In the case of Fingal, the figure is would be 23%. All of the other areas have higher outcomes, so the Minister can see how targeted intervention in the worst affected areas is just not happening.

The other question is on the breakdown of social housing. The Minister said that the share of social housing as a percentage of households will increase significantly under his strategy. However, last year - the first year of the strategy - there was only a maximum net increase of 268 genuinely new social housing units across all the schemes. I want to break this down. The Minister referred to 13,000 units in respect of which sets of keys were delivered. Of that figure, 2,696 are renovated voids, 125 have been regenerated, 1,096 result from local authorities acquiring second hand homes, 64 are new local authority completions, including from Part V developers, and 401 have been built or bought by housing associations. Of the figure of 33,000, only 1,561 are new permanent social housing units provided by local authorities or housing agencies. Some 8,933 units are rented or leased from landlords or developers. We have had complete reliance on the private sector. Will the Minister at least admit, now that he is leaving his post, that this was an error?

Why is the capital spend in this area so low? The Minister has continued to talk in the Dáil about the money that has been thrown at this issue. The money that has been thrown at it is now lower, with it being a third of what it was in 2008. We have a housing crisis and the money allocated to address it must be increased. Some €11 billion has been taken out of the allocation for housing since the recession began. It must be put back in if we are to solve the housing crisis.

The Minister mentioned those people who say we need loads more money to provide social houses; he was probably referring to the people on the left. He also said the money has to come from somewhere else and he asked if it is to come from the allocation for health or education. The answer is "No", it is not. It could come from the National Asset Management Agency, NAMA, which has €3 billion in its cash reserves. Delegates from NAMA will appear before the committee, so I do not want to focus on NAMA but there is money in its cash reserves and the Government could have ordered NAMA to change its remit at any time. The Minister could also consider taxing wealth in this country. That is the other place in this respect. The fiscal space the Minister has talked about cannot resolve the housing crisis or the other issues in health and education. It is too small. The Minister needs to get more wealth and use it for the vast majority in society but he has not been willing to do that. The Minister mentioned the percentage of social housing in Ireland has always been very low but in the 1960s it was almost 20%, so it was not always low.

On the private rented sector, the Minister mentioned today and previously in the Dáil that he is powerless in the face of the Constitution to keep people in their homes. The legal advice he got, I assume from the Attorney General, stating that people could not be kept in their homes if a property is being sold should be published because it has been disputed by others. The Minister mentioned Mr. Edmund Honohan and, hopefully, he will appear before the committee. We are meant to have a session on legal issues that need to be examined to resolve the housing issue.

The Minister did not enact most of the claimed improvements in the Residential Tenancies (Amendment) Act yet. For example, the provision relating to the statutory declaration landlords are required to provide if they intend to sell a property has not yet been enacted. Perhaps the Minister suddenly introduced a ministerial order to that effect, but it was not enacted when I last checked. The only other element to which the Minister has pointed is the two-year lease. Will he acknowledge that, given that rents will increase by 10% this year, the provision has not worked? The two-year lease provision simply doubled the increase that landlords imposed.

Chairman: Can the Deputy give the Minister time to respond, as other colleagues wish to contribute?

Deputy Ruth Coppinger: On the situation in Tyrrelstown, which the Minister mentioned and I thank him for agreeing to meet those concerned, will he ask local authorities to enact a measure to provide that if the council acquires homes that people are already renting, it cannot start to evict those people? A new scheme must be developed to allow people to purchase those houses, which they would be well able to afford because the rent they are paying is twice what they pay on a mortgage.

Chairman: Will the Deputy give the Minister an opportunity to respond as several other members wish to contribute?

Deputy Ruth Coppinger: Can I ask a final question?

Chairman: Very briefly.

Deputy Ruth Coppinger: It concerns the investment strike of capital among private developers. The chief executive officer of NAMA referred to developers not being happy with a profit of €20,000 to €40,000 on a house that they might build in Dublin. Relying on the private sector to resolve the housing crisis will not work and the Minister has said that developers are hoarding land. Will he accept that the role of the Government has to be much larger than was ever envisaged before?

Deputy Bernard J. Durkan: Would it be possible to bank two or three questions for the Minister to answer? Otherwise, we will very late in the day.

Chairman: Many members wanted direct answers, but if the answers could be specific-----

Deputy Alan Kelly: I can take them in a group. I do not mind either way.

Chairman: I will take three contributors. The second one was Deputy Durkan.

Deputy Bernard J. Durkan: I thank the Minister for coming before the committee and giving of his time. I congratulate him and his colleagues on their efforts in Government over the past number of years. It was a period that was fraught with difficulty at times, particularly in respect of access to finance. This must be acknowledged.

I agree with Deputy Coppinger about the extent to which the public housing programme can have an impact on the market. The shift from the direct-build local authority housing programme in the 1980s to a reliance on the private rental sector, supported by the Department of Social Protection, was the wrong decision, and I have spoken about it many times. I believe the evidence is there to support that. There are two issues. One is the immediate emergency. We need to accelerate everything we can do in terms of procedures to ensure we address this issue in the shortest possible period. I ask the Minister to put particular emphasis on that, whether

it be by way of direct build, modular housing or acquisition of existing private new or second-hand housing.

The rolling over of property has been a serious feature in making housing very expensive in this country. During the boom, it was not unusual for a site to be acquired for a sum of money and then passed over to a second, a third and a fourth owner, resulting in up to ten times the original cost of the site being borne by whoever was going to buy or build a house on that site. The Chairman and the rest of us all know of instances where this happened. I do not believe we have an obligation to facilitate that kind of thing, because the first priority in respect of those seeking private or public housing must be to make it as affordable as possible.

The use of developed private sites by local authorities was very well applied in times past and was very effective in enabling people on the local authority housing list to build their own homes to their own specifications without impacting on anybody. The next issue is local authority housing loans, which have effectively been gone for years. That was part of the switchover from the public housing programme to a reliance on the private rental sector. It was, as it were, stolen.

We need to plan for the future. The previous plan was to rely on the private sector. This is no reflection on the private sector, but the plan was wrong and could never work. During the 1980s, roughly 1,000 houses became available per annum for that income group - those on the average industrial wage - in my county. That was about 25 years ago. We have nothing to replace that except the private rental sector, which is subject to the fluctuations of the market, which makes it impossible.

Deputy Seán Canney: I thank the Minister and his team for coming in. I listened to his forthright presentation and was impressed with it because he is telling it as it is. In respect of active land management and how it would work, I presume that is what Deputy Durkan is talking about in respect of serviced sites.

The Minister said that 38% of the cost of a house goes on taxes. My concern is if we reduce the VAT rate from 13.5% to zero, will we create a lever by which the developer will make the margin? How do we control that? What are the Minister's views on this?

The local authorities are under awful pressure, not so much in trying to provide housing but actually dealing with the housing situation from social workers right through to people declaring as homeless every day. This is not just confined to Dublin or to the cities but happens in every town. Has the Minister any thoughts on how the local authorities could be better equipped with resources to handle that?

Another area where local authorities' ability is questionable is in how they manage estates once they are built. I have seen numerous cases where fine estates are built but, within weeks, houses are boarded up again. This is a criminal waste of money and public resources.

From his experience of the past 20 months in the Department at the coalface of this problem, does the Minister have any specific further recommendations for the committee or any changes or advice he would offer? I do not need ten recommendations; just two or three would be worthwhile. We do not need to comment on what has happened but on what we can do in the future.

Chairman: Deputy Copping asked about the Attorney General's advice to the Minister and the Cabinet concerning constitutional difficulties. I anticipate the Minister will say that

type of advice cannot be made public. As he has been forthright in his responses so far, I might put it another way. If there had been an amendment to the Constitution on a right to housing, does the Minister feel decisions he and the Government made could and would have been somewhat different?

Deputy Alan Kelly: Yes.

Chairman: Would they have been more equitable and the better good served?

Deputy Alan Kelly: Yes, probably, but we need to condition that statement. As it would depend on what was changed in the Constitution, one cannot give a definitive answer but I would say “Yes”.

On certain topics, I believe we need to amend the Constitution. I would also be a bit careful because sometimes one can make matters worse. It would depend on how one does it but we need an open discussion on the article in question.

Deputy Ruth Coppinger: The situation could not get any worse, in fairness.

Deputy Alan Kelly: If there had been a favourable generic amendment to the Constitution on the area in question, I believe it would have it made easier.

On Deputy Coppinger’s question on the target of 35,000 new housing units, 22,300 units will be built or acquired, 50:50 through capital funding through local authorities and through the European Investment Bank, EIB. On top of that, 11,000 units will come through pure leasing and 2,300 through restoring voids, with which we have been incredibly successful. We had to ramp up our building. Whatever anyone says about building houses, they take two to three years to build, except rapid-build housing which we should discuss later. I did not lay the foundations for any of the houses now being built - I do not mean that literally - and they were commenced by my predecessors. There are 5,000 houses in the process of being built across the country. It takes time to churn it up. Those houses that have been closed off in the past year or so came about because of what was done three years ago.

If we were to produce a large volume of houses immediately in this year, they should have been planned three years ago. The simple fact is we did not have the money for it. We need a continuous pipeline of social housing. I have set out through the social housing strategy how to achieve a pipeline where in excess of 10,000 houses can be built every year. That is where the rebalancing happens but it will not happen overnight. I accept that the number of houses being built is small but the facts are the facts. This year, hundreds of houses will be built in many cases because of work that was done preceding my time in the Department. The year after that, thousands will be built, and the year after that it will be near the figure I want, which is 10,000 houses. That is the way it has to work. We need to discuss rapid building as that is an important sector.

We have spoken about building houses and I agree with some points but in many cases, the local authorities simply buy or, working with the approved housing bodies, lease a property because it is cheaper. Some people have questioned the way in which houses in Ballymun have been put up and we can talk about that. I am fine about it. People are asking why houses are not just bought because that would be cheaper. We are doing that as well on top of everything to create more housing.

The Deputy referred to the capital budget and is right that it is lower than it was in 2008.

By 2008, we had seen a decade of the housing capital budget being ramped up because of a significant boom period in the State. The simple fact is we have just emerged from the worst ever economic crisis. In 2014, the capital budget was €299 million; in 2015 it is €430 million; and in 2016 it is €528 million. That is a fairly significant increase by any percentage year-on-year in our current position. In the total budget of the Department for this area, there has been a significant increase. It is now up to €933 million from €583 million in 2014, which is not that long ago.

I will address an issue relating to waiting lists. We have had much discussion in this country about how many people are waiting for social housing and what is the true figure. We have the 2013 figure and the figure given by others when they calculate statistics from local authorities, etc. The housing agency used to do this figure every three years and 2013 was the last time figures were produced. I have now insisted on and initiated a process where it is done every single year because we need that data and what we are really addressing. Analysis in that period has demonstrated that the figure for people seeking social housing and the numbers bandied about simply do not add up. Analysis has been made in which the figures for local authorities is totted up but that does not take into account that some people are on social housing lists for a number of years but do not need it any more. In some cases, people are on housing lists but there is no requirement or they are on the list for other reasons. There are people, certainly in Dublin, who are on multiple lists or are being double-counted and there are also other issues. That is not to play down the fact that we still have huge figures. This is important information.

Cork city did an analysis of choice-based letting - I want to talk about this later on - which I think should be rolled out across the country. It found there was a 25% drop in the number of people requiring social housing. Once choice-based letting, whereby the properties are put out there, became available, it was found that 40% of the people who were on the original list were not even active. They were not actively looking. It is important that we engage that information.

On ramping up local authority building, which a couple of representatives mentioned, it did take time. I gave co-operation. More than 450 staff have been put into local authorities. I got co-operation from the majority of local authorities, but I was disappointed that some of the recruitment still has not happened. Local authorities got out of social housing and now they have got back into it. They need the personnel to do that, but they have the capacity to do it.

In respect of the percentages of local authority housing, I believe they are quite ambitious. Anyone who looks at them can see the volume of funding that has been allocated to each local authority. I will pick at random. Cork County Council has €80 million up to the end of 2017, Cork City Council has €124 million, Dublin City Council alone has €292 million, and South Dublin County Council has €73 million. If we go down to the likes of Kilkenny, the county council got €43 million. Even a smaller county like Carlow has in excess of €20 million. There is a considerable amount of funding available for local authorities up until the end of next year. Overall, when we look at the total targets in Dublin, it comes to 30% of the total. I will break down the figures if the Deputy wants: 3,347 units in the Dublin City Council area, 1,376 in Fingal, 681 in Dún Laoghaire-Rathdown, and 1,445 in South Dublin, which makes a total of 6,849.

I have met the representatives of Tyrrelstown. I am quite circumspect about getting into details on this because there are negotiations and discussions going on to which I am privy and I do not want to influence that. I have spoken about the issue with the sale of houses and the article in the Constitution, but in general there are options available to the tenants, working through the local authorities, and I have made sure at a local authority level that they will be

facilitated in any way possible. I want to point out one fact that is not widely known. We have to be quite careful because a higher than average percentage of people who are involved in various schemes for purchasing their local authority houses, etc., are now in arrears. We have to be very careful about that.

I agree with Deputy Canney's remarks on the area of land management. He asked me what my recommendations would be and I thank him for asking that. I will do that at the end. I have more than two, by the way. We need better land management. It is a critical issue and it needs to be more co-ordinated. My colleague has maps in respect of the volume of sites and zonings available across Dublin. There are 27,000 houses with planning permission in Dublin. There are also another 20,000 with very little that has to be done. They will probably get planning because the services are there. That is 50,000 houses that can be made available pretty quickly. That raises certain issues. We must find ways in which actively to develop such land.

In respect of the Deputy's question on costs, 38% of the cost of building a house goes to the State. The big one is VAT. There is obviously Part V, which I think I have addressed in a fair way, and the issue of development contributions. I agree with the Deputy that there is no point in reducing the VAT to zero if that does not get passed on to the house buyer. One must have a process by which one can ensure that happens. In other words, one must have conditions built in, which we did recently with regard to developments in Dublin and Cork, whereby we kept the prices below €300,000 and €250,000. The sale price of a house or apartment must be at a certain level before a developer qualifies for such an exemption. That is what I would recommend. We must map and zone that all over the country so that if a developer is building a house or apartment and wants to avail of a special VAT rate, he or she must, with no underhand stuff, sell the property for a certain amount, depending on the location. That amount should be set at a national level. That would be my recommendation in that regard.

The last question the Deputy asked related to estates. Significant progress has been made in this area. In 2015 approximately 5,000 voids were remediated while in 2016 we have provided funding for a further 1,600. A lot of work has been done in the area of unfinished estates but a perennial issue in this regard is the taking in charge of estates. One of the last items signed off by the Government before the general election was a five-year plan for a fund and a process for the taking in charge of all estates in this country. Estates were put into various categories. Some estates only have minor issues to be resolved relating to kerbs, lighting and so forth but others have much more serious issues with their water and waste systems, for example. A fund has been put in place to deal with all of these matters.

Virtually all of the changes concerning rental space have been put in place and the regulations the Deputy asked about will be signed on Tuesday.

Deputy Ruth Coppinger: It will be signed on Tuesday.

Deputy Alan Kelly: Yes, because from a legal perspective it took some time to write up those regulations.

Deputy Ruth Coppinger: That is fine.

Deputy Alan Kelly: That is a positive thing. I am not defensive all the time.

Deputy Ruth Coppinger: Chairman, can I make a point? The Minister supplied an incorrect figure. He said that 30% was being spent in Dublin, but 60% of the housing need is in Dublin, according to Mr. Cummins who was before this committee on Monday last.

Deputy Alan Kelly: What I said was 30% of the target.

Deputy Ruth Coppinger: Yes, but 60% of the housing need is in Dublin.

Deputy Alan Kelly: Yes, but I did not give a wrong figure.

Deputy Ruth Coppinger: The Minister gave a wrong impression.

Chairman: I thank the Minister for his response. I am now going to take a series of questions because I am particularly anxious before the end of the meeting to deal with the issue of suggestions and recommendations. I do not want that to be bypassed.

Deputy Mick Wallace: I have a number of questions for the Minister relating to his contribution as well as an overall comment. I am not convinced that there is an acceptance of how bad things are. The way we have been dealing with this issue in recent years will not fix the problem. We are not making progress. People do not like to hear the word mentioned in this House, but there has been a neoliberal approach to the delivery of housing which is very problematic. It does not work and we need to do something different.

The Minister spoke about the role of the State and said that the supply of social housing in Ireland has generally been at around 9%. I support the new Central Bank rules because I do not see why we should drive people to despair in the future with mortgage repayments that they cannot meet. However, the flip side of that is the expectation that in the future, the Irish State will have to help approximately 30% of its people with housing. That is a huge game changer. The average figure is 9%, although I know it reached 15% in certain periods during the lifetime of this State. That is likely to go to 30% and we have to accept that. I ask whether the Minister agrees with that.

The Minister asked if local authorities have the wherewithal to build the housing. Obviously, local authorities are not in a position to directly build. When we talk about directly building local authority housing, we are talking about local authorities organising it and the State paying for it. Obviously they have to be put out to tender and get builders to build it. They do have the capacity to do that.

To be parish pump about it, Wexford County Council has approved 31 units for 2016, 36 for 2017 and 55 house acquisitions for vulnerable groups in 2016 and 40 in 2017. I know two projects that are ready to proceed. Taghmon is ready to start on 16 houses but funding has not been approved. It is a ready to go site but it has not got approved funding. Carrick-on-Bannow is ready to start on ten units but funding has not been approved. Given the demand what is delaying the decision to approve the funding?

The Minister said the waiting list was inaccurate. In Wexford there are 3,800 on the waiting list. If that figure is inaccurate can we get somebody to make it accurate?

Deputy Alan Kelly: I have.

Deputy Mick Wallace: What is the figure in Wexford?

Deputy Alan Kelly: That is why it is being done this year.

Deputy Mick Wallace: Okay. The Minister mentioned the site levy of 7% and said he would like to introduce it in 2017. I am glad to hear that. Does the Minister agree that the vacant site levy introduced before Christmas is a joke? The yield from it is so little it will not

speed up the development of sites. Is the Minister going to tell me otherwise? If an individual has borrowed the money to land bank, the Minister is not asking that person to pay tax on it or asking to pay a levy. The rate is 0.75% if he owes more than 75% of the money. Of course he owes more than 75% of the money. He would be off his head if he was not borrowing to acquire land for land banking. Will the Minister admit the State has refused to address the problem of land banking? Land banking is probably the biggest problem in terms of affordability around private housing in Ireland. Last week a site for 27 units was sold in Clontarf for which the developer paid more than €220,000 per unit. We have not dealt with the issue. It is an absolute scandal that the State has not dealt with land banking. The Kenny report published in 1974 is gathering dust on the shelves.

The Minister said that nationalising all aspects of housing is not the answer. Nobody is saying it is the answer. We expect the majority of housing still to be in the private sector. However, in the region of 30% of social housing units will need to be provided by the State. The Minister asked where the money would come from. He is probably tired listening to me saying, and I said it in the House yesterday, that if the Government is serious about building social housing through the local authorities it will have to challenge the fiscal rule. Italy, Spain, Lithuania and Austria will all break the fiscal rule this year. Why cannot Ireland do the same? We have a very good reason to do so. France will break it for security reasons because it is dealing with ISIS and we cannot break it to deal with the emergency in housing. I do not understand the reason the State is not challenging the European Union so that we can borrow money at less than 1% to build housing.

The Minister made the point that it takes two or three years to build houses. I am well aware that it takes a long time to do things. I have done it all my life. From start to finish, large projects take between two and three years. With regard to a site like Taghmon, when the design is completed, planning is approved and funding is approved and ready to go, does the Minister know how long it takes to actually build them? It is about one year and no more - one year.

Deputy Alan Kelly: Add in the other stages. Look at the document.

Deputy Mick Wallace: Huge projects take a long time, but it means that small projects do not. This country is full of small sites. Dublin city has loads of them. Would the Minister not admit that there is a major concentration by local authorities on the big bang effect of big sites? Why are the small sites not happening and why do we not get the small builders back in the game? There are small builders all over the country dying to do work and they are not looking for a profit of €20,000 or €40,000 a unit. The builders I know are probably different from builders that Frank Daly might know but they are not looking for that kind of profit. If they made between €5,000 and €10,000 profit per unit they would be delighted with themselves and more than happy.

Perhaps the Minister could clarify if it is possible to activate a lot of the smaller sites and get the smaller builder back in? However, we are then back to the finance problem again. Can the State start organising finance for smaller builders because the banks will not give finance to them? The banks do not want to lend to them. Most of the building which goes on in this town today is being done by investment funds and the Irish banks are not funding it. However, those guys come up with their own money and they are dominating what is being built at the moment. Developers such as Kennedy Wilson and Hines are building now but they are only building for the rental market and do not have to worry about having to sell the units at a low price.

Chairman: Time please Deputy.

Deputy Mick Wallace: My final question to the Minister is if he thinks it would be possible for the State to start funding these small projects and to help the builders build housing, be it 50% social, 50% affordable or even private. They need help.

Chairman: I ask the Minister to bank the questions as we will run out of time if I do not go through the various Deputies.

Deputy Clare Daly: I am here in place of Deputy Maureen O'Sullivan and I must also attend the Chamber for statements on EU migration and the refugee crisis so I will not repeat points that have already been made here. The discussion has been wide ranging and the Minister has made the point, correctly, that our housing market is a result of political and social choices. That is really, in essence, the project of this committee; to make political and social choices going forward. Having heard what has been said so far, my concern is that repeating the same mistakes will not give a different outcome. From the Minister's comments today, and from much of the documentation I have seen from the Department, it appears that mistakes are being repeated.

The Minister has said that the heart of the matter lies with what the State's role is in housing provision. That is the point. He is correct in saying that the social housing list is not the numbers that are bandied around. There have always been people on the social housing list who, ultimately, may not have wanted a social housing house. They may have been on the list in order to access rent allowance. We all know this, many of us being from a local authority background. However, this is not the issue. Is the social housing crisis worse now than it was a number of years ago when those problems existed? The answer has to be that it is worse. When I was a councillor there were never situations where people got letters telling them their average wait to be accommodated would be ten or 12 years. Does the Minister accept this or does he think we do not have a problem?

The figure of 13,000 given by the Minister - this gets to the heart of the matter - which he says were the number of social housing units provided, is not correct. Some 8,000 of those units were either rent supplement arrangements reclassified as HAP or they were RAS accommodations which were coming on board anyway. These were not new units. If we keep doing that - the Minister said there is no problem with investment - and if one is investing in the private sector to deliver all the time, we will have the same problems. With regard to the pie, I would like to hear the Minister's comments on taking money from other areas. Does he acknowledge that if one accepts the size of the pie, then we are not going to get a solution since the amounts of money needed are quite vast?

I would like the Minister to comment on some direct initiatives because the State has to have a more direct role. For example, a lot of housing stock is underutilised. There are those who want to downsize and so on. Dublin City Council, for example, has a list of approximately 500 people who want to downsize to older people units and single dwellings but they cannot because the unit for older people is not there and because of the one-bed provision and so on. We have stock out there. What of the idea of the State directly encouraging initiatives for people to give up that stock in the way people used to sell their dwellings and give one third to the council in return for being re-accommodated? What of the €100 sites that used to be there? There are a lot of pocket sites held by local authorities. Three or four people could get together and build a house for themselves. This was the old way of doing affordable housing. Unless we tilt the direction back to more State provision, would the Minister not agree that there will not be a way forward on this?

I have two quick questions. The Minister correctly posed the question as to how we make land available. We had the answer to that question in the Kenny report. Has it been looked at really? There was a huge problem in the lifetime of the last Government with the advice of the last Attorney General - I suppose she is still the Attorney General - on constitutional issues. Constitutional issues are only decided by the Legislature and the courts. We need to either test these in the courts or change the Constitution. The Minister and his Government were quite willing to change them on really ridiculous things such as the age of the President. This is more important.

Deputy Alan Kelly: I agree with the Deputy.

Deputy Clare Daly: Good, we will be all on the same side then when it comes out on that.

My last point concerns rapid builds and the Minister's point about objections from communities to social housing, which is a little unfair. People in many areas would object to any type of housing if a cul-de-sac is being opened up and their whatever is being interfered with. However, the Minister mentioned Beaumont. Would he not accept that it was not sensible to buy a big block for fewer social housing units? It might have been better, and would have been for all sorts of reasons, to buy the whole lot, offer to sell 50% of it for private housing and use that money to acquire social housing in a different area. That is precisely the point about rapid builds. The Minister said, and I would like him to explain it, that the Department is spending money buying houses. We know that. However, if we take the rapid build project the Minister has planned for Balbriggan, he is planning to spend €3 million more on those rapid build units than it would cost to acquire the same number of units across Balbriggan, which would free up that amount of money. Therefore, the Minister is not spending the same amount of money.

The Minister might also deal with the amount of time taken to deliver rapid build houses, which are now not modular units but timber frame houses. If they were to go through the normal planning permission process and so on, they would not necessarily be any quicker than any other timber frame dwellings.

Chairman: The Minister might hold his replies for a moment. I call Deputy Quinlivan and ask him, as far as possible, to keep to direct questions to the Minister.

Deputy Maurice Quinlivan: I thank the Minister for coming and welcome his statement that the needs assessment will be carried out across all councils but I would have a concern to ensure that it is done accurately. In 2013, when it was carried out in my city of Limerick, 1,690 people disappeared off the list. I believe many of those still had a housing need and that it was not done properly. I would be concerned that if we do a needs assessment, it is done accurately and that we ensure those who are on the list are contacted. I do not believe it was done properly in Limerick. Some people allegedly got one letter, but I believe some people did not get the letter. To this day, we are still dealing with people who believe they are on the housing list who are not on it. I, therefore, am concerned that if we do it that we do it exactly right. It is important that we have a correct list and that we can look at solutions which deal with the number that is actually on the list.

The Minister mentioned the procurement process, as have many other Deputies. I have a concern about it and why it cannot be speeded up. Will the Minister explain some ways in which we could do it faster? On the rapid build houses project in Ballymun, why can we not just change the process quickly to deliver houses more quickly? The Minister stated there were objections to a number of applications and Deputy Daly dealt with that matter very well.

There have been objections, but there were also a number of projects and I will mention Limerick again in this regard. We have a regeneration project but, seven years into it, no houses have been delivered in St. Mary's Park or in the Ballinacurra Weston area. There would be no objection to any plans for those areas. We could have built houses and put people into them years ago. We reviewed the project in 2014, as the Minister knows, but we still have not built a significant number of houses in most of those regeneration areas. There are about 50 houses built in the Moyross area but we have knocked approximately 300 houses there. The project has not delivered what it was supposed to deliver.

The Minister said the Department housing strategy up to 2020 was the largest social housing investment in the history of the State. I was interested in that comment when I read it. The Minister repeated his statement in the Dáil on a number of occasions. Will the Minister detail the capital spend per year over the six years of the strategy and what will be spent year-on-year? Will the Minister compare that with the capital spent in the six years prior to the strategy being implemented? He might even go back to 2007 or 2008, etc.

Let us consider some of the projects the Department has undertaken. There is one in my area, although I have no wish to be harping on about Limerick all the time. One project was supposed to deliver 11 houses in what was called the Shelbourne Square area of Limerick. Some private developer popped in and bought it before we could. It was a NAMA-type property. Do we know of any others throughout the State where that has happened? Are there projects on this list which will not be built or delivered for us? In this case there were 11 units in Limerick. Will they be replaced by another 11 units or something similar? Is that happening to other local authorities throughout the State?

We have a deep concern because the Department's housing strategy was reliant on delivering up to 80% private rented properties. Again, we saw figures for Limerick yesterday and there were five one-bedroom apartments available. The rent sought was between €600 and €750 for one-bedroom apartments in Limerick. Given a rent supplement of €375 for a single person, that is not really going to work.

I have a concern about some of the projects. Obviously we want to get them delivered as fast as we can. However, in Hospital, County Limerick, we are building 20 units at a cost of €185,000 each. That figure comes from dividing 20 into the money that has been allocated for the project. However, it is possible to buy a house in Hospital at the moment for €75,000. A number of houses are available in that area for €75,000, some €100,000 cheaper than the cost of the houses in the capital project. The Minister said himself that these figures do not add up. Is there provision under this review whereby if we were going to build something and the money has been allocated then we can simply buy available houses? We can deliver the housing far quicker that way. Obviously, if we can build houses, it is far better because we are putting people back to work as well.

Another issue was raised and there is some confusion about it. The credit unions have been in touch with all Deputies. They have sent their housing policy in to us along with offers of moneys that we could access. Can the Minister update us on what contacts we have had with the credit unions?

Chairman: I do not mean to interfere but the committee had previously arranged to meet the credit unions specifically on that issue.

Deputy Maurice Quinlivan: That is my final comment. I will wait for that.

Chairman: As a committee we will meet the credit unions on that. I will continue, Minister, if you do not mind, and we will bank the questions.

Deputy Alan Kelly: Of course.

Deputy Kathleen Funchion: I thank the Minister for coming in. I am going to have to leave shortly to speak so I apologise in advance for that. I have some brief questions because many of the points have been made and there is no point repeating them.

My first question relates to the targets for year 1 of the strategy. Is it possible to get a county-by-county breakdown? I appreciate the Minister might not have that information to hand, but can we get it forwarded to the committee? Can we get the figures for housing assistance payment tenancies? How many of these are new tenancies? How many are recycled and involve people coming from existing rent supplement schemes? How many are actually coming off the list or coming from homeless or potentially homeless scenarios?

I have some other questions relating to the homeless situation. Many people who are experiencing homelessness have highlighted the immediate measures we could take. An important step is to decide the immediate measures we can take. One possibility is raising rent supplement limits. I do not believe we should do that in isolation - that would be a disaster in terms of rents increasing for everyone. However, it could be linked to rent certainty. What is the Minister's opinion on raising rent supplement along with implementing rent certainty? We need some immediate measures in this area.

I have made a point previously about rural homelessness. It is very different to homelessness in an urban area. For example, in my constituency there is a good mix between urban and rural because it includes Carlow and Kilkenny. Many people experiencing homelessness in a rural area cannot take up the option of emergency accommodation because it is so far from where their children are at school or if they have part-time work they cannot travel. Has anything been done in the Department to address that specifically because many small villages and towns do not have hotel and bed and breakfast accommodation? For example, in Kilkenny there are three facilities that provide emergency accommodation but someone who is homeless in Urlingford or Callan is a 15 or 20-minute drive away.

The Minister mentioned private property in his statement. We all know of properties in our towns, villages and cities that have been empty for ten, 15 or 20 years. I know property rights are an issue but surely given that there is such a housing crisis we should be considering how to acquire those properties, refurbish and use them. The Minister also spoke about large developments of social housing but there are empty houses all around the country that we could consider taking over. There must be something we can do despite the property rights because not only is it bad for every estate to have empty houses because that leads to anti-social behaviour but it would be better for everyone if someone lived there. That would also help to address the housing and homelessness crisis.

Deputy Alan Kelly: In response to Deputy Funchion's last question on property rights, that touches on Article 43. I have a degree of sympathy with her question but we also need real data and there are specific questions in the census, which will come through in a few months and will help with this. Working with local authorities we will be able to zone in on empty, derelict properties. We might be able to put a more comprehensive plan in place as a result of that.

Rural homelessness is an issue and, in fairness to Mr. Kenny and the team in the Depart-

ment, we have plans in place across the country which give local authorities the capacity to source properties as close as possible to the individuals involved. In many cases the needs are complex but working with the HSE and other agencies they have the capacity to source properties and those people are treated as a priority. They have the capacity to do that and will be facilitated in whatever way possible.

I take what the Deputy says about rent supplement. It is a very interesting comment, which I will note. The Deputy asked for statistics for targets. The document I issued shows the targets up to 2017. It is a two year list. We will break it down by year if necessary. Carlow has a funding allocation of €20 million and Kilkenny has €43.5 million.

Deputy Kathleen Funchion: I understand that but-----

Deputy Alan Kelly: As for the number of houses, there are 435 in Carlow and 686 in Kilkenny. There is a lot of information in that document which I am putting out there to inform people. Local authorities can acquire private property and have done so under a range of other measures.

I want to ensure that I get to a number of the questions. I am going to hop between questions because there is overlap. Deputy Quinlivan asked about the capital spend and I have quoted the €4 billion, which is the largest amount ever allocated for social housing from a multi-annual perspective.

Deputy Ruth Coppinger: It is not.

Deputy Alan Kelly: Wait a second. It is.

Deputy Ruth Coppinger: It is a third of the figure for 2008 so how could it be the largest? The Minister keeps saying this.

Deputy Maurice Quinlivan: The question I asked relates to what we are going to spend over the next six years and what was spent over the six years prior to the strategy being implemented.

Deputy Alan Kelly: I will answer the question if I am allowed to do so. We are working in a spirit of co-operation.

It is the largest amount announced in respect of a multi-annual plan for social housing. When the country was bursting at the seams with money, of course there were larger individual amounts every year. However, the spending at that time was not multi-annual in nature or planned over a period. That is simple fact and it is what I have always said. The figures are all there in respect of capital planning if the Deputy wants me to produce them. In 2016 €2.9 billion is committed under the capital plan. The figures are all publicly available. I will send them on to the Deputy rather than taking up more time here.

If Deputy Quinlivan has specific issues concerning Limerick, I would be glad-----

Deputy Maurice Quinlivan: I was not specifically asking about Limerick. Is it happening in other places as well? Is there a context?

Deputy Alan Kelly: Primarily not, but let me just say this. It is very important.

Deputy Maurice Quinlivan: The key thing is that there are still 11 units gone-----

Deputy Alan Kelly: Yes, but here is the issue. Does the Deputy know what he needs to do there?

Deputy Maurice Quinlivan: Go on.

Deputy Alan Kelly: He needs to go back to his local authority and ask what other projects it is putting forward. He knows from this document----

Deputy Maurice Quinlivan: I know the projects, yes. I am aware-----

Deputy Alan Kelly: The Deputy is well aware. Limerick City and County Council has just under €60 million to spend. By the way, it should decide the projects. I agree with Deputy Wallace; the more smaller projects are put forward, the better. I will come back to that. It is obvious that there is an information gap out there. If those 11 units are gone, and there may be other cases across the country although I am not aware of them-----

Deputy Maurice Quinlivan: I do not expect the Minister to know them all.

Deputy Alan Kelly: -----they can be replaced. Local authorities put forward the projects. The Department does not put them forward. That is the way it has to be.

Deputy Maurice Quinlivan: May I just clarify that? The Minister is going to give us a spend of that money anyway, so we can go with another project.

Deputy Alan Kelly: Of course. Local authorities make the decisions. We administer the approval process.

Deputy Maurice Quinlivan: My understanding was that a local authority approaches the Minister in respect of sites it possesses and that he then comes forward with proposals.

Deputy Alan Kelly: No, the local authorities always put forward the projects. They have their funding, which I have outlined, for 2017.

In the context of the issues for those on housing lists, the choice-based letting that happened in Cork is a good example. Choice-based letting should be rolled out across the country. Let me just say that out straight. It may need to be tweaked a little or whatever - I am open to that. It is a good policy. When people are written to by local authorities and they do not engage, I do not know what local authorities are meant to do. There has to be some form of responsibility for re-engaging. Choice-based letting is actually a very good policy. It shortens the period for which houses are left to be viewed by people, etc. People get to look at properties, to know where they are going and so on. It removes all the issues about people looking at locations and all of that sort of stuff. It gives way more flexibility. That is important.

I want to come back to some of the other questions that were asked. I was very much taken by Deputy Wallace's contribution. Maybe Deputy Wallace should flip sides and be interviewed here, given his experience.

Chairman: That might happen next week.

Deputy Mick Wallace: There are a few things that could be ruled out.

Chairman: I apologise to the Minister.

Deputy Alan Kelly: That also goes for a few other people in the room.

I find myself in agreement with a number of the Deputy's points, but not others. I agree with the Central Bank rules. They may need to be tweaked and definitely needed to be monitored but, in general, they are correct because the price of houses cannot rise to €500,000 and we cannot have people worrying about how they will pay for such houses over 30 years.

We cannot go back to a boom-and-bust situation where developers and builders entered the market and people ended up with large mortgages which they were unable to pay. That leads to social issues, such as estates not being finished, and developers and builders owing the State millions, if not billions, of euro which the chances of recovering are very low. We cannot go back to that and allow the people who engaged in such activity to re-enter the market. We cannot allow profit margins to be with the developers and builders. I acknowledge that they have to make a profit, but we should act on behalf of those who need housing.

Deputy Wallace asked about the local authority process. I was very taken by the question. I have changed the system. I ask the Deputy to revert to his local authority and ask it why it is taking so long. I presume the Deputy has read the report on all the projects in Wexford. They include: St. Aidan's Road in Wexford town, comprising 14 units; Barrystown in Wellington-bridge, comprising 16 units; Ballyowen in Gorey, comprising nine units; Killeens, comprising ten units; Cherryorchard in Enniscorthy comprising eight units; and others. They are all small projects and there is no reason in the world for them not to proceed as quickly as possible. They have all been sanctioned.

Committee members may not be fully aware that I changed the process by which approval for small projects is granted. Virtually all of the projects I mentioned would come under that process. Smaller projects previously had to engage in a four-stage process with the Department, but there is now only one stage for projects comprising fewer than 20 units. Such action was necessary.

I ask Deputy Wallace to allow me to finish because he asked many questions. Local authorities have the capacity to engage in that process. There is an information gap or misinformation about what is happening. The capacity of local authorities to take control through a one-step process for small projects is in place. I instigated and demanded the process because I agreed that the process needed to be speeded up.

There are requirements for planning, design and all of that. Local authorities have the capacity to engage with such projects but very few, if any, take up the chance of engaging with smaller projects through that process. That is a question the committee may want to address. The process has been in place for a while, but local authorities have not engaged. It is something which will be very fruitful into the future.

The Deputy is correct about social housing percentages. Of course the figure of 9% has to increase, and that is why we have put in place a new process. In regard to the vacant site levy, I disagree with the Deputy. Local authorities are actively planning for how they are going to use the process and are very happy with it. I speak as a person who wanted to do a lot more, but I have already outlined how I was prevented from being as ambitious as I wanted to be.

On the issue of funding, it is not for me to suggest, but perhaps the committee should bring in the outgoing or incoming Minister for Finance to discuss housing.

Chairman: To be helpful to the Minister, depending on the timing, that is our intention.

Deputy Alan Kelly: That would give us a fuller picture. There may also be others who

need to come in.

I will respond to the other issues that were raised by Deputy Daly. I disagree with the Deputy on Beaumont. Human beings can object and that is their right and it is fine, but at times I find it absolutely incredible that public representatives of all hue and cry can, for political reasons, shout out about social housing requirements, or, indeed, private housing, which creates more stock, facilitates everything, creates competition and ensures we have more supply, and then go along on the other side and, for many reasons which I would not agree with, object to the same ones. I find it incredible and, let us call a spade a spade, in many cases it is hypocrisy. I am not saying in every case that it is so. I could list off a whole pile of these throughout the country, not just in Dublin, where that is the case. There is very little social housing in Beaumont. I agree with the Deputy on social mix and the requirements. I accept that and it is the way we should plan for the future.

Deputy Clare Daly: That is not what I said.

Deputy Alan Kelly: Within that area, the acquirement of those houses meets both the intensity that is professed and good practice. One cannot, on the one hand, say that we need more social housing and that we need to get as much as possible for people who obviously need it, many of whom are in difficult situations, and on the other hand say “not in my back yard” or that it does not meet a particular requirement

Deputy Clare Daly: I have to correct the Minister.

Deputy Alan Kelly: I am not talking about that.

Deputy Clare Daly: No.

Deputy Alan Kelly: I am not talking about Deputy Daly now.

Deputy Clare Daly: I am not saying that. Perhaps the Minister misunderstood. The precise point was exactly-----

Deputy Alan Kelly: I did not misunderstand.

Deputy Clare Daly: -----that the Minister was scapegoating residents and communities-----

Deputy Alan Kelly: I am not.

Deputy Clare Daly: -----for the housing problem.

Deputy Alan Kelly: I am not scapegoating anyone. By the way-----

Deputy Clare Daly: The Minister is caricaturing what I was saying.

Deputy Alan Kelly: I am not caricaturing it.

Deputy Clare Daly: He was.

Deputy Alan Kelly: The Deputy did not let me finish.

Deputy Clare Daly: I am sorry but I am actually speaking next.

Deputy Alan Kelly: I am finishing on Deputy Daly’s points. One has to remember that from the Department’s point of view, it is the local authority that comes forward and actually

decides. It is the local authority that feels it is appropriate and the right thing to do. From that point of view, we have to work with the local authorities to ensure that this happens. On the recommendations, we need to decide as a body politic will we work together on this and not be saying one thing on one side and another thing on the other side.

The Deputy asked about rapid builds. I think she is using the figures for the houses in Pop-pintree for Balbriggan.

Deputy Clare Daly: No.

Deputy Alan Kelly: Where is the Deputy getting the figures from? The point is that obviously there is a tendering process involved in this and that will all come through, but I am very happy with the rapid build houses. I wanted houses that lasted longer than 30 years, perhaps for 60 or 70 years. I wanted an AA rating and I also wanted to ensure they were built as quickly as possible. They are the fastest built houses in the history of the State. That is the simple fact of the matter. Part of the solution into the future is to create the protocol, which has been put in place, to ensure we can do this in multiple places throughout the country. There are economies from doing so.

Deputy Clare Daly: I am sorry but I must leave.

Deputy Alan Kelly: No problem. Perhaps the Chairman wants to take another round.

Chairman: There are three further members offering. I ask members to keep an eye on the time. We will resume our deliberations at 2 p.m. and should try to conclude this session by 1 p.m.

Deputy Mary Butler: I thank the Minister and his team for attending. The Minister said his Department cannot control all the factors affecting housing, which I understand. Deputy Funchion spoke about rent supplement. I represent the people of Waterford city and county. The rent supplement in Waterford is €520. That is one of the issues because people cannot rent houses in the area for less than €650 or €700. There will need to be joined-up thinking involving both Departments.

The chief executive of Roscommon County Council appeared before the committee on Tuesday. He pointed out that local authorities are not developers. His submission stated, “Even if we had the adequate resource to build on our lands, the regulations stipulate that we can only build 10-15% for social housing.” I am very concerned about that because the Department is putting most of its eggs into one basket in terms of the local authorities supplying housing and the chief executive of Roscommon County Council stated, on behalf of the County and City Management Association, that they can only build 10% to 15% for social housing. As a short-term fix, does the Minister see merit in putting extensions on existing social houses within local authority stock in order to meet family demands as opposed to waiting two years to move them into other houses? I refer to extending houses that are not for people with health-specific problems. That should definitely be considered because it would be a quicker fix.

I feel we missed an opportunity to support social housing through the Ireland Strategic Investment Fund. The fund will spend €750 million of its current €3 billion cash balance before the end of 2016 on a range of projects. It missed the opportunity to invest some of that money in social housing.

I welcome the Minister’s comments as to what would make a difference.

Deputy Alan Kelly: I missed the Deputy's final remark. To what entity did she refer?

Deputy Mary Butler: The Ireland Strategic Investment Fund. There is €3 billion in the fund, with €750 million allocated for a range of projects. I hope we will get a chance to ask questions of the Minister for Finance, Deputy Noonan, on this. He decided against putting any of that money into social housing. I welcome the suggestions made by the Minister, Deputy Kelly, at the end. He has been in the position for the past two years and understands how it works.

I agree with what Deputy Wallace said. To bring matters back to the parish pump, I live in Portlaw where eight or ten new houses are to be built. I know ex-Deputy Coffey-----

Deputy Alan Kelly: He is probably Senator Coffey by now.

Deputy Mary Butler: I do not think so.

We saw the plans in the last week of May 2015. These eight to ten houses are being built on a local authority site where there are already 20 houses. The land is there. There are no objections. It is has now been 11 months. The council approved the project but not a sod has been turned. I am not a builder, but I would have thought that if the money is there and 11 months have passed, should a sod not have been turned at this stage? I do not know.

Deputy Mick Wallace: I am prepared to build them.

Deputy Mary Butler: I thank the Minister. Did he get those five points?

Deputy Alan Kelly: Yes.

Deputy Brendan Ryan: I thank the Minister and his officials for coming in to help us with our work. He will be aware that we are tasked with making recommendations on housing and homelessness. To do that, we obviously need to understand the extent of the problem and our programme of work will assist us in that. The purpose of the Minister's attendance is for him to tell us if there is a plan in place. Is it adequate to address the problem? Is it timely enough? We could spend time going back to analyse why the pipeline was and is empty. If it is not timely, can parts of it be fast-tracked or accelerated? Is it properly resourced? Is funding a problem? Are all the players aligned, for example, the Minister, the Department, the local authorities and all of the other elements? Can we improve on the plan as a committee? Obviously, we will take note of what the Minister has to say on that. Most critically, given the emergency that exists, what do we do while we are waiting for the plan to be delivered, if we are talking about a two and a half to three year timelag?

I want to pick up on some of the Minister's remarks. It is said the construction industry will only deliver 50% of what it needs to deliver, so what is being done to address that? Changes are proposed to Part V from 20% social and affordable housing, with the opportunity for local authorities to get money instead, to a new regime of 10%. At a personal level, I would be disappointed if it does not remain at 20%, with that 20% perhaps being social housing. Does the Minister believe the 20% was a barrier to delivering housing? If so, are we seeing any improvements?

The Minister talked about the need for local authorities to be incentivised to provide land. How might that work and can the Minister share his thoughts with us to help us with our future work? The Minister highlighted the issue of the supply of affordable housing. Given people

are paying such high rents, they are not able to save for deposits. What does the Minister see as a solution to this problem?

The Minister said any input cost reduction must go to homeowners, and I absolutely agree with him on that. However, will that ever be possible given that, in the past, there were first-time buyer grants and the amount always ended up being added on to the cost of the property. Will there ever be a solution to that issue?

What plans has the Minister to address the issue of the powers of the Private Residential Tenancies Board when a property is sold? Can anything be done in that area?

The Minister referred to the timelag of two and a half years but he also talked about buying and leasing during that lag period. Is this buying and leasing option realistic, given the supply shortage, and does that impact further on the dysfunctional market?

Deputy Colm Brophy: Most of the key areas have been covered and I will not go back over them, but I want to focus on a couple of points. The 10% to 15% target for the local authorities in regard to social housing is an area that has to be reconsidered. No one is arguing for 100% large estate builds but there is a problem if the local authorities are heavily involved in building that 10% to 15%, and I think this should be looked on as a limit.

I want to give the Minister my personal thoughts on this and get his view. The local authorities entering into the market, buying houses on an ever greater scale, even at this moment are beginning to create a distortion in that part of the market in which they are trying to buy. I have been contacted by people who, on a number of occasions, have lost out to the local authority - these would be people who were trying to buy at a particular price point. It is a supply-side issue. We need to build, and I know that, but if the local authorities enter too much on the buying side, there is a problem, so that balance needs to be looked at.

I am not looking to have a row with the Minister. I have met him on many occasions and respect him. However, as a former councillor who has voted for every single Part VIII that came before my council, I do not like terminology that refers to, in particular, hypocrisy on the part of public representatives who make a decision for what they believe to be legitimate reasons, even if the Minister said this only refers to some of them. A councillor can be 100% in favour of the principle, and probably every elected representative is, and still have a right as a public representative to examine any issue that comes before him or her and make a decision.

Deputy Alan Kelly: I accept that.

Deputy Colm Brophy: Where council officials come back with a proposal that an elected representative examines and genuinely decides he or she cannot support, that does not mean that he or she is hypocritical. That was a wrong choice of word. Public representatives, particularly at council level, are struggling with this on every occasion this arises. I say that as someone who was quite willing to support the Part VIII schemes of my former council and I believed that what we are doing is the right thing in the process. However, I would not classify my colleagues who opposed them as having any motive other than the fact that they believed they had a problem with the specific proposal.

Chairman: Before the Minister makes his final response, I wish to make one or two brief points. He might address Deputy Brendan Ryan's question inquiring if there are specific actions or steps we could take to front-load any of the supply? I take account of the Minister's point about the process, but there is an emergency and that was the context of the Deputy's question.

Deputy Brophy made a point that is worthy of reflection and I saw the Minister nod his head in response to it. In his opening statement he spoke about people who might be earning the average industrial wage of €32,000 buying a €200,000 property. That is what is being bought by local authorities in the suburbs. There is that competition in the Dublin market between those houses going from potentially private first-time buyers into social housing. That is the point the Deputy was making. Ultimately, there is a total supply and capacity issue.

Deputy Alan Kelly: We all know that.

Chairman: I am only making the point that there is a balance to be met here if, ultimately, local authorities have deeper pockets than first-time buyers. I am not ruling it out but the Minister needs to be conscious of the point Deputy Brophy made. We are meeting people affected by this.

On the rapid build housing, which we have all learned not to call modular, we have been educated on that.

Deputy Alan Kelly: That is brain control.

Chairman: The Minister might comment on its value for money and the cost-effectiveness of it in comparison to other types of housing. The Minister has the floor.

Deputy Alan Kelly: I will deal with some recommendations at the end of this session.

Chairman: Yes.

Deputy Alan Kelly: I will start by responding to the last speaker's questions as they are freshest in my mind. I would never want to fight with Deputy Brophy either. I stand over what I said. I was very conditional in what I said. I did not say it was everyone. I respect that everyone has a choice to make in every individual situation. This is not confined to local authorities. It might be more prevalent in places other than in local authorities. I have found in the overwhelming majority of cases that councillors have been of the Deputy's view when he was a member of a local authority. I know of many, dare I say it, brave councillors who would face a fairly significant crowd and stand by their principle and I know of many who did that recently, and I truly respect them. It would be wrong of me to say that I have not experienced the other case as well where people have lectured or waxed lyrical about the need for housing in a certain area and demanded such provision and then, when a proposal was put forward, had the opposite opinion. I am not talking about a generic case of someone opposing something because they believe in it and still demanding social housing. That is one thing, and that is fine, but where an elected representative says that social housing is needed in a certain area, they get a page spread about that in their local newspaper, and when a proposal is made two weeks or one month later, they oppose it. That is contradictory whatever way one looks at it. I accept these are all individual cases. I am not talking generally. I am not talking about everyone. In the majority of cases this does not happen, but it does happen on occasion and there is no point in saying that it does not.

I very much take the Deputy Brophy's point regarding local authorities entering the market. A few members, including Deputy Brendan Ryan, mentioned this. To be fair to them, local authorities do not enter the market in many different areas. For instance, they do not enter where first-time buyers are actively seeking to buy and so on. If they find out it is a first-time buyer, they generally pull out. There is a balancing act here and the Deputy knows what it is. We will not have the supply coming on stream for a couple of years so we need to supply houses so they

need to use their judgment there. There is an element of trust in respect of local authorities using their judgment to go out and get houses but I take all the points that have been made. It is a well-made point because it is obviously pushing it up on others but the guidelines around how to do involve not hitting first-time buyers, actively observing the area and ensuring they do that.

The question of the 10% to 15% is one for my successor, whoever he or she may be. It might be the Deputy. It could be anyone.

Deputy Colm Brophy: I do not think so.

Deputy Alan Kelly: There has been much commentary about rapid builds. We have plans for 500 of these. A lot of learning was accrued from the first set of them but they are excellent houses and the fastest ever built. To be frank, one pays for time. Another tender is out at the moment and I believe it will create other economies and learnings that will ensure that there are even more savings. I understand there is greater competition this time around. Last time around, there was only one respondent. It was a case of either do it or do not do it. As we are sitting here, 22 families are viewing the houses they have been allocated today. We all talk about the need to do this. In fairness, there are 22 families with children viewing the houses today. That is the pendulum. I believe that will certainly work its way through and that it is a very progressive thing to do.

In respect of Deputy Butler's question on rent supplement, if we are to have a housing Minister, there is an issue relating to the protocol, the 7,670 people who came in through the upfills and the 2,030 people through the threshold who received an increase when they went to their community welfare officer. This debate is one we have had many times. I have heard varying views on it today. Does one chase the landlord, do something similar to the Central Bank rules on housing or leave it like that?

The Deputy referred to what the chief executive of County and City Management Association said. He is right because it is not just social housing. It involves the approved housing bodies doing their work and leasing but it also involves the private sector so it is a pie mix.

Local authorities have some discretion when it comes to funding to extend houses. Perhaps my successor should look at a specific scheme which will keep people in their houses that is just dedicated to extending houses. I would take that as another suggestion.

When the Minister for Finance appears before the committee, he will deal with the Ireland Strategic Investment Fund. The Deputy's last question concerned local authorities. Deputy Wallace was going to jump in and build them. Local authorities have all the control as regards getting them built as quickly as possible. Members should trust me when I say that we push them all the time to deliver units as quickly as possible. There was a major issue when I took over this Department. They needed staff and they needed them quickly. This is why over 450 staff had to be allocated. To be honest, I obviously took-----

Deputy Mick Wallace: Is the Minister saying there is no issue regarding money and that it is available to local authorities to allow them to build anything they want?

Deputy Alan Kelly: Deputy Wallace has the document in front of him. He should read it.

Deputy Mick Wallace: They tell me they are waiting on money.

Deputy Alan Kelly: They are not waiting on money. Let us be honest because this is a

myth.

Deputy Mick Wallace: I am only telling the Minister what they are telling me.

Deputy Alan Kelly: Look at Wexford. Wexford has €25.5 million. I will not be doing it but if I was there and some other local authority did not spend its money, I would be happy to move even more to Wexford.

Chairman: To be helpful to this process, the Minister has set out one side while Deputy Wallace has a different opinion. That needs to be followed up and is part of the process in which we are engaging.

Deputy Alan Kelly: I want to finish off as I do not want to leave out my party colleague, Deputy Brendan Ryan. If I did so, I would be in awful trouble. Also - not because he is my party colleague - he did make some good points.

At the end of all of this, there is an issue the committee should bear in mind. Earlier, I spoke about the various pieces of the jigsaw and the range of components. It is important if one can create a process whereby, whoever is in charge in the future, will ensure all the components are aligned and facing in the same direction. Within our domain, we have done our lever, for want of a better phrase.

The construction industry question relates to the land and costs issues which I spoke about earlier. The 38% of the cost of building a house going to the State is an issue on which this committee will have to make some recommendation.

The real issue with Part V was that in many cases money was taken instead of the 20% housing provision. I did not agree with that and stopped it. I also changed it so that now the developer has to hand over an actual house rather than a site. In an expanding economy and if conditions change, maybe that should change. This needed to be addressed to get building going, however.

There need to be future proposals for local authorities to be incentivised to provide land. However, the amount of land local authorities have is often underestimated. It is not a panacea as there are some local authorities which need to purchase land. An official is here with maps if members wish to check. They can also check them online on the Department's website.

I began a process to subsidise an affordable housing package which was passed by the Cabinet before the general election. This needs to be expanded in the future and there is a fund towards it.

We made the change that a landlord now has to sign a declaration if he or she is selling a house. If it is found that he or she has not done so, the Private Residential Tenancies Board can effectively deal with that and the tenant can actually go back into the house. There is an issue with Article 43 of the Constitution.

Deputy Bernard J. Durkan: Can a period spent in the private rental sector be used by local authorities when determining eligibility for a loan? If a person is able to rent in the private sector on his or her own account without subsidisation, he or she should be eligible for a local authority loan.

Regarding shared ownership loans, the rental part of the equity should become the subject of tenant purchase schemes in the same way as tenant purchase schemes have applied to the total

value of a local authority house.

Chairman: From the outset of the meeting, the Minister indicated he had some specific recommendations he wanted to make. We would like to hear those.

Deputy Alan Kelly: First, as a country we need to set output targets for total housing, both social and private. I strongly recommend that it be done as part of the recommendations from the committee. We need to consider in a constructive way how land is being managed or made available for social housing. Effectively, we need an asset management system nationwide relating to housing and how houses are managed. We need to look at Article 43 in an open way. I repeat that neither I nor anybody here has all the answers, but it is worth discussing. I absolutely believe that a housing Minister would be a good idea if he or she has all the levers I have spoken about *ad nauseam* in here; if he or she does not, frankly, it would amount to pure tokenism.

I will run through a few other issues. Choice-based lettings should be brought in nationally for all local authorities. There should be a national system. The example in Cork is excellent, and I complimented the two individuals who ran it, but we should introduce the process nationally. It is evidence-based and a good policy. We have started a process where houses are not just voids but are derelict. That should be concluded, as it would bring back some more stock. Local authorities must take some ownership and embrace the changes brought about in building small numbers of units across the country. They have the capacity through one step to do this. The census will help local authorities in dealing with vacant houses across the country that are not being used. There are a number of relevant tax schemes, including the home renovation scheme and the housing assistance payment, or rental accommodation scheme tax breaks. A scheme using such processes would be a progressive step.

The current housing issue is very difficult and I absolutely believe we must consider how to cut the cost of building. This relates both to the State side, which must lead, and also the developer, material and builder side. It should be across the board, as it is a real issue, particularly given the conditioning that exists because of Central Bank rules, with which I agree. There is a real issue from a political perspective in ensuring that everybody from the body politic can work together from local authority level up to here in the provision of both private and social housing. In that sense, local authorities in particular will have to work on the policies and help to ensure their implementation to a greater degree.

This committee should make some recommendations on the future role of NAMA. The members will be delighted to hear me say that. We must accept where NAMA came from and the boundaries of its commercial mandate. It was set up when the Chairman's party was in government. Certainly there are assets, knowledge and so on that need to be utilised. That needs to happen. A number of leasing schemes that have been brought forward through my Department regarding the involvement of private investment need to be concluded.

The issue of credit unions has not been raised as I hoped it would be. I met with the credit unions and I would love to see them engaged. Let me just nail one myth: I am not stopping it. They have to get sign-off from the regulator. When they get sign-off from the regulator, they can come back and there will be full engagement with whoever my successor is, I presume. That needs to happen.

I believe the housing needs assessment, which will state how many people are in need of housing and will happen year-on-year, is needed to manage the process and the decision-mak-

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ing into the future because we are shooting in the dark. We have the 2013 figures and then we have the 2015 figures, but nobody knows if the latter are accurate or not because they are taken from local authorities and for all the reasons I outlined earlier.

Chairman: I thank the Minister and my colleagues. I thank the Minister and his staff for attending today and for his direct and forthright replies. From the committee's point of view - I want to be helpful - the Minister made some specific suggestions. Towards the end he talked about a possible future role for NAMA and the credit unions. It is the intention of this committee to meet with both of those very shortly. I do not want him to feel that what he said is being taken in isolation. It will be pursued and the response from the credit unions, NAMA, the Minister for Finance or whoever will be explored. The Minister's replies and responses were direct and helpful but they are not taken in isolation. We will be challenging others on those.

Deputy Alan Kelly: Of course.

Chairman: It was a meaningful contribution. We appreciate it and I thank the Minister for his attendance today.

Sitting suspended at 1.05 p.m. and resumed at 2.05 p.m.

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Chairman: We will resume in public session. Apologies have been received from Deputy Seán Canney who will not be attending this session. I remind all present to switch off their mobile phones or to put them in flight mode as they interfere with the recording and broadcasting of proceedings.

I wish to draw attention to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. However, if they directed by the committee to cease giving evidence on a particular matter and continue to so do, they are entitled thereafter only to qualified privilege in respect of their evidence. Witnesses are directed that only evidence connected with the subject matter of these proceedings is to be given and are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise nor make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable. The opening statement submitted to the committee will be published on the committee website following this meeting. Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official either by name or in such a way as to make him or her identifiable.

I am very pleased to welcome representatives of the Housing Agency, Mr. John O'Connor, chief executive, Mr. Conor Skehan, chairman, and Mr. David Silke, director. I believe Mr. Skehan will deliver the opening statement. Is that correct?

Mr. Conor Skehan: Yes. I thank the Chairman and members for inviting us to attend. We have prepared an opening statement and have also submitted a body of material which we thought might be of assistance to the committee. I do not propose to read out the latter but it will be available to members for consideration during their deliberations.

We are very pleased to be here this afternoon to assist the committee in its examination

of the issues facing us with regard to housing and homelessness. I am joined by Mr. John O'Connor, chief executive officer, and Mr. David Silke, our director, who will assist in answering any questions members may wish to pose.

The Housing Agency was founded in 2010 and our vision is to enable everyone to live in good-quality, affordable homes in sustainable communities. The agency provides a wide level of expert advice, support, research and training activities for local authorities, the Department of the Environment, Community and Local Government, approved housing bodies, the National Asset Management Agency, NAMA, and many other public and private sector organisations. Together with its research, the many activities in which it is involved provide the agency with a unique vantage point from which to be able to offer this committee advice and observations on current housing issues in Ireland and how to make progress towards improving the situation. We have taken what the committee has asked us to do very seriously. In the material submitted, we have specifically identified a series of issues and what we see as potential solutions for members to consider.

Housing in Ireland consists of many parts and successful policies and actions must be co-ordinated across all of those parts. If we have one message for this committee today, it is that there is no single solution that will work in isolation. All of the parts must be understood by all of the actors and all actions must take account of their effect on other parts. We urge the committee to ensure that decisions on priorities in terms of spending, sequence and action take account of the whole sector and to be aware of the potential for one to affect the other.

We must remind ourselves that a house is many things, ranging from deeply personal and emotional issues that surround the word "home", to practical considerations of a house as a financial asset that involves, for example, complex building and planning regulations. We adhere to and promote the reality that shelter is a human right while at the same time one's address is often a social signal of one's status. We draw attention to the fact that the cost of housing is the single biggest factor that determines the consumer price index and, therefore, is the single biggest driver of wage inflation in Ireland. The house is also the biggest financial deal that most people ever make and our mortgage or rent repayment is probably our single biggest household payment every month. That means that nobody is neutral about housing.

We have a sector that is full of contradictions. For example, the couple who enjoy the increasing value of their home in a rising market will, at the same time, rue the fact that their children cannot afford their own new home. The Department of Finance is likely to gain revenue from increases in house prices and house building while the Department of Jobs, Enterprise and Innovation will view the same increase as lost international competitiveness. All these factors need to be part of the committee's considerations in trying to make plans for the future of our housing in Ireland.

To provide a background and to remind ourselves of the context, we need to bear in mind that we are looking at a wide and rapidly changing range of households and their needs in Ireland. The biggest single thing the agency says at every opportunity it gets is that we have to be very careful about not carrying over habits of thinking from the past out into the future. The future is going to be dramatically different. For example, many people are very surprised to learn that Irish national home ownership peaked 25 years ago at 80% and it has fallen every year since then. Now 70% of housing is owner-occupied and 30% is in rental. In Dublin, tenure is divided equally between ownership and rental. These trends are consistent with international trends. Ireland is becoming a normal European economy.

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The rental housing consists of both private rental, one third of which receives State support, and social rental housing. These changes can be explained in part because we have gone through significant demographic changes in the past 40 years with a rapid reduction in household size. There is an average of only 2.7 people per household. The reality is that 75% - three quarters - of the housing requirement for the country is for households of three persons or fewer. All the recent publications of the agency ask people to draw attention to the dramatically different types of houses that will be needed into the future, not just the numbers.

It is critical that the work of the committee is based on the need of these new and emerging types of tenure and the types of house. We must avoid the bitter recent experience of other countries such as Spain and Germany where attempts to recover from housing crises were stymied by the realisation, which came too late, that they had built houses for sale when the new markets mainly wanted homes built to rent. We must not make that mistake.

Actions to increase supply must maintain a focus on providing the right types of accommodation while also making housing affordable to buy or to rent. We say to the committee and anybody who will listen that affordability is the real challenge. There is no point in us building houses for people concentrating on supply if house supplies cannot be afforded. That would be a tragedy.

The committee needs to be mindful that a third of the population will need to get some level of State support. To clarify, that does not mean a third of all housing in the future will be local authority housing. It is that a third of our housing will need some level of support and there are sliding scales of that requirement. It is a very nuanced field. We need to ensure the majority of households can afford housing from their own resources while also ensuring the State can provide the necessary supports for that third of the population that require them.

The committee invited the agency to identify how the obstacles that are impeding progress on housing can be surmounted as well as the specific actions that need to be taken to achieve urgent implementation of those measures. On that matter, the Housing Agency wishes to remind the committee of the need to ensure the right issues are addressed in the right priority; specifically, that the biggest priority is that because Ireland has no overall plan, priorities or focus for housing, there is a very real danger that attention will focus excessively on short-term issues at the expense of long-term progress.

More important, we advise that all sections of housing are deeply interconnected. For example, a crisis in market housing, even in Aylesbury Road, is quickly transferred into pressure on the private rental sector which, as we have heard this morning, increases pressure on social housing. Therefore, solutions to homelessness will only emerge when the workings of all housing is stabilised and improved. The big message for us all is that homelessness and rough sleeping are the symptoms. We need to address the deep causes that drive people into those circumstances. Addressing the wrong priorities, in the wrong sequence, will condemn Ireland to an unending process of catch-up and, worse, to sowing the seeds of the next housing crisis. For instance, table one in my presentation shows the overall numbers of types of households in Ireland indicating that homelessness, which comprises people who are living in emergency accommodation or sleeping rough, accounts for some 3,400 households - a figure which is the subject of vigorous debate - while more than 200,000 households are in mortgage arrears. On top of that there are more than 200,000 homes lying vacant. These are big figures. We want to ensure the committee's priorities recognise that. These examples illustrate that while homelessness is indeed an acute problem, our priorities also need to be directed towards issues that affect nearly 500,000 households and 500,000 properties.

We have supplied the committee with material that sets out the agency's opinions on a wide range of issues and how the problems might be overcome. We are here to answer questions about that. I ask that members look at the further table which illustrates what the Housing Agency does. The agency has only been in existence since 2010. In some ways we are a standing symptom of what is going on in Ireland in housing - that there is a huge amount of work taking place across a very wide range of issues of which many people are unaware. We have a wonderful chief executive in Mr. David Silke. The agency is involved in wide ranging issues such as repairs to homes affected by pyrite, dealing with agencies that have tranches of property being transferred, unfinished housing estates, supporting the introduction of the housing assistance payment, HAP, and keeping statistics and carrying out research. It is a huge field and covers a wide range of activities, which is the reason we are able to share with the committee the type of advice and opinions that may be of assistance to it. We have summarised in simple form our very high level description of what we see as being the obstacles, the solutions and the actions. We are not suggesting that the obstacles are not the ones that people are talking about but that it is the lack of an overall plan, the lack of priorities and the lack of focus that are the real issues. That is what we would like to discuss with the committee this afternoon.

Chairman: I thank Mr. Skehan. Perhaps he could expand on one figure. Reference was made to 200,000 homes lying vacant, a figure which is obviously divided between holiday homes and homes that may be in parts of the country for which there is little demand. Does Mr. Skehan have any idea of how many of those 200,000 houses would be in high demand areas and what it would take to bring them back into what could be called ordinary, everyday use?

Mr. Conor Skehan: We have done a few things on that. We have provided a very detailed pie chart in our submission showing a breakdown of the vacancies. There is also a note on vacant housing, which is a stand-alone sheet, showing the categories. There is an overall vacancy rate of 14% and we have given the breakdown within that. There are also figures available, which we will supply to the committee subsequently, showing locations of the vacancies throughout the State. They are the single biggest example of the fact that the committee in its work must stop itself being sucked into the debate fuelled by people who have skin in the game and who tell the committee the only solution is to put one brick on top of another. What sets the Housing Agency apart from everybody else is that we are saying the construction and management of our existing and new resources are where the solution will lie. We need a holistic plan and we have supplied tables showing how the targets can be met in the future by a blended mix of building and bringing into better use under-utilised houses in towns and villages and vacant houses which we have throughout the State.

Chairman: The chairman of the Housing Agency might submit those figures to the committee, as he has suggested. Do members have questions for the witness?

Deputy Mick Wallace: The witness would be disappointed if I did not ask him something. What does Mr. Skehan think should be done to address the fact that private housing is too expensive in Ireland?

Mr. Conor Skehan: First, we all have to acknowledge that. It must be put on the table that affordability is key to all our efforts and we all must accept that it is too expensive. Second, the cost of housing is made up of a number of elements, all of which need to be separately examined. We hope to bring to the attention of the committee and others the work the agency is doing to examine how to value engineer down the various components. We take our inspiration from the electronics sector and people like Michael Dell who brought the cost of computers down from €5,000 to €4,000 to €1,000 to €500 a unit. We think the same potential exists for

the housing sector by examining the position in respect of things such as land. In the rest of Europe, land makes up 10% to 15% of the cost of a house. The figure is many times that in Ireland. We can examine elements to do with expectations of profit and the financing of the sector. As I heard Deputy Wallace say this morning, the financing costs of our deals are exorbitant and not affordable by many traditional developers.

One of the big issues, and this is a new thing for people to think about in Ireland, is scale. I also heard Deputy Wallace outline the fact there are many fine builders of a small scale all over Ireland but the reality is that the smaller the scale, the less easy it is to achieve economies of off-site construction and large scale purchasing. One of the main things we are saying is that for public and many other types of housing, with a transition to building at scale - I am talking about building in units of 500 at a go - one starts to get dramatic decreases in costs of things such as labour and mobilisation of skills and skilled labour. Those are the two big things, namely, land and scale, if I wanted to give the committee a simple one.

I cannot see it in front of me but in terms of detail, we have prepared a table of measures. Again, we have been listening to the questions the committee has been asking people during the week and we have identified 12 short and medium-term actions - really quick ones - that would increase and accelerate housing provision. We will leave those with the committee also today. However, on cost, there is no one thing. It is engineering down all of them, but scale is the big one.

Deputy Mick Wallace: On the issue of scale, I realise it costs a great deal more to build ten houses per unit than to build 100, but we must also take on board the fact that the guy who builds 100 wants a higher profit per unit than the guy who is building ten. Does Mr. Skehan agree?

Mr. Conor Skehan: No, I do not. The basic message is that the Marks & Spencers and Tesco's of this world can make huge amounts of money based on a very small percentage of profit on each individual one whereas our small, traditional high street grocer is the person who has to charge the high prices, I am afraid. Scale drives price down like nothing else.

Deputy Mick Wallace: Mr. Skehan is comparing it to other businesses such as Marks & Spencer and how that whole industry which it is involved in works. However, my experience has been that we have a particular problem in Ireland with the profit margin sought by the larger developer. We obviously have a particular problem with the profit sought by the land banker. Mr. Skehan may have heard me say this morning that it is something we have not addressed here. Mr. Skehan's points are very good but, despite the fact that things can be done so much cheaper on scale, we need to look at having some sort of control over the type of profits the large developer is able to commandeer.

Mr. Conor Skehan: Nothing we are saying puts us in opposition. The expectations of profit are wildly unrealistic among many of the former players in this sector. That has got to be questioned and those people will slowly lose their position on the pitch as they realise other people can make money with lower profit margins on larger developments. The other part of that though are the people Deputy Wallace just mentioned such as the land bankers. The land bankers themselves are seeking to recover land costs which were incurred at a period when people were excessively optimistic, to put it charitably. Many people in the sector must understand that that particular component of the price - the land price paid in 2004 - will never be repaid. They will never get that money back, in particular. We have to find a way of taking that out of the equation as well.

Deputy Mick Wallace: I would argue that most of the land bank and land - I would say over 90% of it - was purchased many years before that and the sites being bought in 2003 and 2004 were actually being turned over. They were not being bought to be banked at that time. They were being bought to be developed. I still think the land banking area is a huge potential for the State to move in on, but we need the will to make that happen.

Mr. Conor Skehan: We will not disagree. We will submit papers to Deputy Wallace to build up on that and not to take the time of the committee. Everything Deputy Wallace is saying is correct but we are trying to put it in a bigger context.

Deputy Maurice Quinlivan: On the issue of scale, I have a concern. To a degree, everyone has stated that we can never again build big estates. I do not believe that should be the case. We should be looking at developing as many houses as we possibly can. Obviously, there should be a social mix and proper community services and facilities as well.

Let us suppose we got around to doing that and the councils in Waterford, Cork or Limerick city wanted to provide 300 or 400 houses. The Housing Agency offers advice to the local authorities and the Department and so on. Does the agency have any ready-made plans that would involve building 200 houses here or 500 houses there? I do not mean plans with details of the exact type of house but rather what is needed to get the necessary social mix and facilities in place. We could deliver big projects. In Limerick, for example, we have delivered major projects that did not work. Obviously, the Moyross and Southill areas did not work. However, we have delivered other big projects that have worked, including Janesboro, Kennedy Park and Ballyanty Beg in the city. They worked because the facilities, schools and services were put into those areas. It is a dangerous thing to suggest we could never build large schemes or estates again.

Mr. Conor Skehan: There are two parts to that. I will answer the first part and I will ask our chief executive to answer the second part. We have heard other members say what Deputy Quinlivan has said. We are all in agreement that terrible mistakes have been made in the past by building monocultures, for example, in cases where there are 500 units that are all the same type of house. I hope we never go back to that again. The reality is that in future it will be even more complex because we need a mixture of socials and types, including big and small units, as well as mixtures of tenure, whereby 40% of units will be built to rent and 60% built to own, etc. Building in future is going to be a complex endeavour. Local authorities may well be the conductor of the orchestra by bringing all these people together, but may only build a portion for themselves.

John O'Connor will speak in detail about the practicalities, but we are not in any disagreement about what Deputy Quinlivan is saying. It is a question of how we do it - the details are important.

Mr. John O'Connor: Building and development is about ensuring there is a mix with different forms of housing and different tenure. I was involved previously in the Fatima Mansions redevelopment. We can build on scale where we get the right mix of different types of housing. It is appropriate for local authorities and other public sector bodies to build on scale with a mix of housing, including people on social housing, private renting, people who purchase housing and affordable housing. We can do it and it has been done before.

Deputy Ruth Coppinger: Deputy Quinlivan raised a particular point. This seems to have become a theme in recent days. If we continue to look at small-scale social housing projects we

are never going to deal with the housing crisis. That must be grasped and accepted by everyone. The idea that we can build ten houses here, 20 houses there and 30 elsewhere makes no sense. We are not going to house 100,000 families that way. We can argue about the scale of the waiting lists, as the Minister has done today, but there are large numbers of people who are not on the waiting list and who would like to get on it. There are bus workers in my constituency whose income is too high for the list. Let us suppose 100,000 is a representative figure for now.

I wish to take up this demonisation of social housing. I am not saying it is on the part of the Housing Agency but it is a general theme that has come up. Who says we cannot have decent communities made up of a few hundred houses? It seems to be a demonisation of people. We need to deal with poverty. People have been made poor in recent years by austerity and many other things. I was brought up in a housing estate of 500 houses, but almost everyone had a job and that was different. The way around this is either to increase eligibility for social housing and have a greater mix of people, some of whom would be working. That would give higher rents to the local authorities or housing agencies. I know many people who would go for that. Another thing we need to look at is affordable housing. The private sector is not going to build affordable houses. Many workers are paying €1,400, €1,500 or €2,000 rent per month and they would gladly take an affordable house. I do not agree with the constant view proffered that we must only have small-scale. We cannot deal with the problem that way.

Mr. Conor Skehan: I wish to take that question first, because it is an interesting question. Our chief executive would like to comment on it. I agree with Deputy Coppinger that there are large sites in the hands of the public sector, local authorities or others. The Housing Agency has mapped all the local authority housing lands and lands under land aggregation. The local authorities have assessed that. The striking aspect of much of that land is that some sites are very large and in order to use them, we have to build on scale. The Deputy is right, we need a mix of housing for people of different income levels and affordable housing across the board. We also need to build on the small sites. The land mapping shows several large sites and if we want to meet the targets, we have to build on those and provide housing for a range of income groups.

Deputy Ruth Coppinger: The committee needs answers about the cost of houses. The Housing Agency seems to be doing a lot of research. Perhaps it could send us some details. What percentage of the cost of a social home - which averages €180,000 depending on where it is located - does Mr. Skehan believe is made up of elements of finance or profit, labour and materials, land, risk and development contributions? We need a breakdown of the position in this regard and in respect of the cost of an average private home. Instead of building temporary houses - modular or rapid build, whatever they are called - which cost €150,000 on average but much more in Dublin, would it not make more sense to reduce the cost of building? That would be better than building houses which last for 60 years, which are not permanent.

Mr. Conor Skehan: We will be a very boring set of witnesses because we will end up agreeing with everything the Deputies say. Exactly as Deputy Coppinger stated, we are targeting costs. We hope that by the time the committee's work is finished, we will be able to give it elemental ranges for where the different parts come from and perhaps talk about targets for where we need to move with each of those components. It will only work if we have an integrated solution across several branches of government. As the Minister for the Environment, Community and Local Government said this morning, not all the levers are in that Department's hand. On our "12 to do" list, we have given the committee a set of recommendations that the Dáil could legislate or regulate for, encourage, budget for or fund in order to get there but they are spread across a wide range of Departments, just as the consequences of getting it wrong are

spread across the whole economy.

Chairman: Mr. Skehan mentioned supplying figures when the committee finishes its work but if he could supply them sooner, they would be of much more assistance as we deliberate.

Deputy Clare Daly: One reason why there is no disagreement is that the Housing Agency stole the show at the meeting in the Custom House. The idea of setting out the parameters, as it does, validates the Housing Agency in the first instance. It is really strategically important and we will not grapple with the issue unless we do as it does. Now I am agreeing with the witnesses.

The points about changing family size and the stock come up a lot. The demographics of the population and how we use empty stock and stock occupied by ageing citizens, and the interconnection between these elements, comes up. There are many older citizens who would happily downsize. Any of us would aspire to the development of more communal older citizen accommodation, which is independent but with a bit of support, as is the case with group housing. However, it is not in the Irish culture to deliver that. If we were to do so, it would free up a great deal of other stock that growing families could occupy. Does the Housing Agency have any specific ideas or initiatives to encourage people out of accommodation where they are over-accommodated? Examining the position in the context of big or small developments is to engage in a false debate. Many of the big developments have been riddled with the greatest social problems and these have had knock-on effects. It is a question of lack of social mix and scale. There is a difference between cities and areas outside of cities in terms of what is possible. For example, and I do not know if the Housing Agency has done any work on it, small scale works very well in rural areas. My constituency is in Dublin but has huge rural parts. We would have small pockets of land where traditionally people came together collectively - we could call it a sort of a mini-co-operative. In some instances the council provided a site on a cheap basis and five or ten families got together and built collectively. They got the economies of scale more than they would have for one-off houses. Small is better. Has the agency done much on that and is there anything to be explored? The local authorities would find it easier to deal with big projects; it is in some ways the lazy approach. I know there is an economy of scale but it can bring a lot of problems if it is not done properly. They are just some aspects.

Mr. Conor Skehan: I thank Deputy Daly for her kind words about the role of the agency. We have only been here since 2010 and are trying to put ourselves in a central position so there is one source of objective data and ideas that does not have skin in the game. With great gratitude to the Department, we have been told to go off and be more independent, more like the EPA and An Bord Pleanála, and to tell the Department things it needs to hear even if it does not want to hear them. We are going to continue to do that.

The Deputy's question allows me to answer another which I neglected to follow through on with Deputy Wallace. When we talk about scale, it is not necessarily about building 500 units all in the same place. For instance, going back to Deputy Coppinger's figure of 100,000 units in the next ten years, we as Ireland Inc. might go to the market for ten years' worth of roofing tiles, windows, doors and radiators, and buy a range of them so that the architects who are designing 50 units here and five there have a variety available to them. Ireland Inc. would then have bought at scale, using procurement as a weapon in our favour instead of a scourge on our backs. That is one of the ways in which scale could operate. It is certainly relevant to Deputy Wallace's point that our needs can often be met by developments of three, five and 35 units, especially outside Dublin. We have to remember that we have a whole country to deal with here.

To go back to Deputy Daly's point, we not only have vacant houses but under-utilised houses. There are 1,500 small towns and villages in Ireland. If we challenged each of those to bring forward four new houses every year that would be 6,000 a year which, as Mr. O'Connor said, would both bring villages back to life and allow us to reach those very onerous targets very quickly. We would also be spreading the benefit out and using the installed houses and the streets, sewers, pubs and shops that surround them. We would achieve many goals at the same time. All that comes from regarding housing not as a building exercise but in terms of managing our housing stock, part of which is building, part of which is renewing and part of which is bringing back into use.

The last point was about ageing. Mr. O'Connor will talk about this. The Deputy is absolutely right about trying to free up existing stock. We have to learn from our neighbours in Britain and see the disaster that was the poll tax, the disaster that was trying to get older people to leave their homes. Sticks do not work; we have to use honey and carrots to get people out. Exactly as the Deputy said, we have to give them something that is so attractive that they would want to leave their houses for something better in the same area with the same parish priest and pharmacy that they have been used to. That is the way forward to increase the yield out of what we have. It is about managing as much as building.

Chairman: On Deputy Daly's point about the age profile and so forth, we had the Minister, Deputy Kelly, in this morning and he referred to housing construction as a pipeline that was being ramped up over a number of years. I want to park the question of whether one agrees with the programme; it is to grow. In terms of the mix of housing, has the Housing Agency fed into that? In other words, are the model and the proportion of houses that would be one, two and three bed based on the agency's figures?

Mr. Conor Skehan: There are two answers to that. In addition to being one of our directors, David Silke is our director of research. We have two publications out so far and a third on the way. Would Mr. Silke like to describe what they are?

Mr. David Silke: Last year we produced a statement of housing supply and demand which looked at what we produced and needed to produce last year and looked forward into 2017 in terms of what kind of accommodation will be required and the general trends. I can provide that statement to the committee; we are updating it for this year now.

Chairman: Is that feeding specifically into the Department and the Minister's housing construction programme?

Mr. John O'Connor: Yes, it is. Reference was made to different household size. The appropriate accommodation for a one-person household may be a two-bedroom house or apartment because he or she may want flexibility for visitors and so on. We are feeding such information into the supply process.

Mr. Conor Skehan: We work very closely with the Department of the Environment, Community and Local Government. We are its go-to people for the data and we will sometimes commission that outwards beyond ourselves. We are trying to grow into that position. As I said, it is early days for the agency. It has only been in place since 2010. We are trying to become a reliable source for the committee and policy-makers, as much as for the Department, in terms of facts that can be trusted. We do not want facts given to the committee and others by an auctioneer or builder who, with no disrespect to them, have their own agenda to pursue.

Deputy Bernard J. Durkan: I am sorry that I was absent. I am concerned about using large-scale developments comprising 300 or 400 houses to solve the problem. In various local authority areas throughout the country there is an over-concentration on what could be called socially deprived areas. Large developments might make for good economics but they do not make for good social cohesion. We all deal regularly with the issues arising from such an approach.

One of the contributing factors has been that since the local authorities slowed down or stopped direct building, there seems to be a concentration of people who fit into a particular category with the local authorities, while others are catered for by voluntary housing agencies. The suggestion has been made by local authority members that cherry-picking takes place. An over-concentration of social deprivation in one area is lethal. It does not work and I would strongly advise against it. The evidence seems to suggest that in the region of 40 houses would have an impact.

Economies of scale can be achieved in the same way, as the Chairman said. Housing can be bought or ordered in bulk over a period. A number of builders in the country specialised in building housing in several locations at the same time and using the same model and dimensions, such as roof trusses and so on. They engaged in such work for many years, were very successful and built very good houses. The same can be done today.

I refer to the quality of housing. For example, the design of duplex houses needs to be done very carefully, such as in the case of external stairways. Older people or children may be blown off such stairways in a gale. We have all seen examples during wintertime where ice caused people to slip. The worst element of design is having an entrance to somebody else's house under a stairs. It is a classic example of maximisation in terms of economics, but it is not a good approach to living conditions or a good place to put people. We should never try to do that because we are penalising people in a way that makes it impossible for them to live, exist and have a reasonable quality of life. I strongly urge that we do not go down that road.

We have to build houses. Economies of scale can be achieved in the way that Mr. Skehan has mentioned, but I strongly advise that we avoid the creation of ghettos. There is a tendency to respond to a situation using multiples of numbers, but we may make the situation worse.

Deputy Ruth Coppinger: Is there any proof that every location where there is social housing is a ghetto? That is what Deputy Durkan is suggesting.

Deputy Bernard J. Durkan: No, I have not. That is a rubbish suggestion. I said nothing of the sort.

Deputy Ruth Coppinger: Deputy Durkan said 40-----

Deputy Bernard J. Durkan: I said nothing of the sort, and Deputy Coppinger knows that. I want to emphasise that over-concentration on the kind of development about which I spoke is not a good way to resolve the problem and will result in ghettoisation. We do not want that and we have seen it happen before. Trying to twist, for publicity purposes-----

Deputy Ruth Coppinger: No, I said-----

Deputy Bernard J. Durkan: I fully realise what Deputy Coppinger is trying to do.

Deputy Ruth Coppinger: Deputy Durkan is not the only one who-----

Deputy Bernard J. Durkan: I fully realise what Deputy Coppinger is trying to say.

Deputy Ruth Coppinger: Deputy Durkan does not have to shout. I can hear him.

Deputy Bernard J. Durkan: I am not shouting, but I did not interrupt Deputy Coppinger - she interrupted me.

Deputy Ruth Coppinger: I spoke after the Deputy.

Chairman: Deputy Durkan.

Deputy Bernard J. Durkan: I am sorry, Chairman.

Chairman: The purpose of having the witnesses here is not to make statements. We will have our own debate afterwards on the evidence that has been produced. We have witnesses here and the purpose of the session is to question them, interrogate them and extract the information we want. At subsequent meetings we will try to decide on policy responses, recommendations and so forth, but the purpose of today's session is to have witnesses make a presentation and to question them. Deputy Durkan made a number of statements. I will now afford the witnesses the opportunity to respond. After that it is Deputy Funchion.

Mr. Conor Skehan: The issues that are being raised by Deputy Durkan, which refer back to the issues raised by Deputy Coppinger, get to the heart of it, so it is worthwhile debating these in exactly the manner the committee is doing. There is not necessarily a contradiction between the two positions. Deputy Coppinger is absolutely correct that our vision of social housing as being something that is solely for poor people - if I am not misquoting her - is something that we have to move away from. We have to start to understand that, exactly as we and our publication have said, one third of our population will need some form of support and the support will be graduated. The wonderful thing about something like the housing assistance payment is that it now allows people, like the bus driver mentioned by Deputy Coppinger or a trainee garda or young nurse, to live in a place. There are a whole range of people who are in full employment who need to have some form of support. That is the first issue.

The second issue is the type of mixture we are talking about. Deputy Durkan is dead right to haul me up on it. If I gave a mistaken impression that I am talking about building slabs of 500 semi-detached houses for local authority consumption, the Deputy is absolutely right - there is no future in that. What there is a future for is developments, perhaps 500 at a time, of which 50 are for a local authority, another 50 are for housing for the aged, and another 50 for very expensive housing, and that they are all going ahead at the same time. That is the idea. The points the Deputy has made are absolutely correct and we have to learn from them. We will have to have standards that leave things such as duplexes in the past. There should be completely new types of mix because, as we are saying to the committee, there will be mixtures of type - small, medium and large - and of tenure - owned by the State, owned by AHBs and owned privately - all mixed up together. It is a completely different type of project. We have not even really started doing it.

The last thing is that we have them among us. We can go down to places like Cherrywood, which is already under way, where we have exactly those types of mix. The advantage of going ahead on a big unit is that we get fantastic social facilities and parks, wonderful roads and very good public transportation systems which are made possible by having that overview and doing them all at the same time. When it is done right - and thanks be to God we are finally doing it right in Ireland - it works and everybody benefits. It really is a win-win situation.

Chairman: Could it be built into what we call strategic development zones? Is that an ideal opportunity for it?

Mr. Conor Skehan: It is certainly becoming a vehicle for delivering it, but our local authorities have local area plans and master plans which are a stepped down version of that and can be very good when skilfully used, and not as time-consuming as the SDZs.

Deputy Kathleen Funchion: I thank the Housing Agency for its presentation. Its document is very good and very concise. I have a few questions on the mortgage-to-rent scheme, which I raised on Tuesday. From a lot of my dealings with people trying to qualify for the scheme, I am aware that there are huge difficulties around red tape, paperwork and people being told that their houses are too big. It could be a couple whose family have grown up and moved on, who live in a three-bed house and have been told they cannot qualify for the scheme because of that, which makes absolutely no sense. What is Mr. Skehan's opinion on that? A lot of people who could qualify are falling through the cracks because of really stupid things like that. It is not as if they are living in a mansion.

The recommendation in the document for State support to households that do not qualify for social housing support is a good idea, but what we really need to do is to challenge the banks when people have mortgage difficulties and ensure they are negotiating with them and sitting down with them, because a lot of the problem is that sometimes the banks will not talk to people. I deal with people on a regular basis who are willing to pay, in many cases, a considerable amount of the mortgage. It is a good suggestion but we need to be careful that we do not let the banks off the hook in that regard. Mortgage-to-rent needs to be looked at because an awful lot of people who are going onto the housing list now are going on it because of repossession, and it is increasing homelessness.

Mr. Conor Skehan: I thank the Deputy for raising that issue about which we feel passionately. The agency believes that above all else - before we clear vacancies, before we do things to do with building - we need to stop anybody else ending up in these circumstances. Preventing people ending up in these circumstances must be everybody's priority. Again, this goes back to the need for us to regard housing as something that needs management as well as building. We could speak for half an hour on the importance of this issue, but we only have a couple of moments. It is critical and I thank the Deputy for raising it.

Mr. John O'Connor: At the bigger picture level, the Deputies who are on the ground know better than we do how serious the number of households in mortgage arrears is as an issue. There is a financial issue, but it has been going on for so long that the psychological effect on families is incredibly serious. We absolutely must address it. I need to be careful about what I say, but the Central Bank and the Department of Finance would be focusing on it from the banks' point of view. I urge the committee to look at it from the people's point of view - the families and households. There are very serious levels of arrears. There are arrears and then there is restructuring. Much of the restructuring is not sustainable.

The mortgage-to-rent scheme has not been effective to date. Between private and local authority mortgage-to-rent properties, there are only 357 households. While it is important that those households have been helped, there may be another 100 coming through that will avail of it. We have to make that mortgage-to-rent scheme work more effectively. We need to overcome the issues the Deputy raised over the number of bedrooms and location of house. At the moment, the process requires an approved housing body to purchase the property. The whole process may take too long. We have ideas for how it could be improved, but it must be

improved because many families should be able to avail of the mortgage-to-rent scheme.

Deputy Kathleen Funchion: Are the agency's ideas on how to improve it contained in this document?

Mr. John O'Connor: They are outlined but we can provide more.

Deputy Kathleen Funchion: That would be great.

Mr. John O'Connor: While it is an endeavour that has problems, we should not throw the baby out with the bathwater. Let us turn the things that worked badly into lessons and see if we can make it work better.

Chairman: Those are two specifics: vacancies and the mortgage-to-rent scheme.

Mr. Conor Skehan: Specific new ideas.

Chairman: Please.

Mr. John O'Connor: There are two other issues. On the State support, the committee should look at one issue. At the moment people either get full support through social housing or other forms of housing support or they get nothing. Many families cannot get the support but cannot afford to rent or buy on the market. We need to provide considerable support for new families, but we also need to find ways to support families in their homes at the moment.

Mr. Conor Skehan: This is nettle that must be grasped by the incoming Government. The arrears will peak, so to speak. The numbers are enormous and they will dwarf all the other matters we are discussing, such as emergency accommodation and other things. It is uncomfortable; the bullet will have to be bitten - whatever clichés one wants to use. We urge the committee to get the Government to give its highest priority to addressing this issue. It will not go away. As we get closer to negative equity going away, we will see banks tempted to realise their assets. We must act urgently and the committee must use its voice to make this urgent issue known to Government.

Deputy Brendan Ryan: My main question was on the mortgage-to-rent scheme.

I have another issue with land ownership. Some lands, previously in the ownership of local authorities, have been transferred to the Housing Agency as a means of, perhaps, getting them off the local authorities' books. What is the process of getting those lands back into play, or are all such Housing Agency lands currently in play? We could ask the local authorities what lands they own and they probably would not include the lands they have transferred to the Housing Agency. Will Mr. O'Connor explain that?

Mr. John O'Connor: Any of the land that was transferred into this land aggregation scheme is owned by the Housing Agency but, if a local authority wants to utilise that land, it will be transferred back to it - there is no question about that.

Deputy Brendan Ryan: It is simple process.

Mr. John O'Connor: Yes, it is a simple process. From our point of view, the main thing is that the local authority is actually going to utilise the land to provide housing. We are working on this. A number of sites are, in different ways, in the process of going back to local authorities to be utilised for housing and we are working in partnership with some local authorities to

develop sites. For example, there is one site in Dún Laoghaire-Rathdown which we want to get built as quickly as possible, and there are other sites around the country. If the local authorities want to build housing, the land will be transferred back.

Deputy Mary Butler: I thank the agency for a very informative presentation. My question concerns the 200,000 homes that lie vacant throughout the country. Has the Housing Agency taken into account, for example, the overhead accommodation above shops that is under-utilised or perhaps derelict and without proper lighting and heating? Were such areas included in the figure of 200,000? Does the Housing Agency see merit in putting forward a scheme for the rejuvenation of this overhead accommodation?

Mr. David Silke: Those figures were taken from the last census. The census enumerators would have identified the properties as vacant and, in doing so, they would have called to all the properties to ask if there was somebody living upstairs over a shop, for example. To clarify the Deputy's earlier question, the figure excludes the 60,000 holiday homes, which are in addition to the 200,000 vacant properties.

Chairman: When will the current census feed into this?

Mr. David Silke: I understand that looking at vacant properties is one of the issues the CSO has prioritised.

Deputy Mary Butler: In rural areas in particular, but in the cities as well, there are many two- and three-storey buildings where only the bottom section is being used and the upper sections are not. Would this not be a partial solution to the current problem?

Mr. David Silke: Yes. The agency always emphasises the efficient use of the housing stock as a key point in order to prioritise what is already available.

Mr. John O'Connor: One point we are extremely keen on is to get houses in towns and villages back into use. The Housing Agency would be very supportive of and would assist any local authority that wanted to do that. The committee should look at how we incentivise not only the housing that is needed but also the revitalisation of villages. With falling household size, it is probably more important that people move back into villages, and we think it is a very manageable thing to do.

In addition to the figures coming from the CSO, we note that what other countries have done in regard to vacant properties, with local authorities and agencies like ours, is to identify all the vacant properties and the reasons they are vacant. Of the vacant properties, there are some that might not be available because people own them and they do not want to sell. However, there are many properties that are vacant for various reasons, and one would be surprised how many can be put back into use. England has been addressing this issue for years because, perhaps, it does not build enough housing. The number of houses throughout England that are vacant for more than six months is 200,000. They have a national housing stock of 23.5 million homes and 200,000 of those have been vacant for more than six months. They have been actively surveying them and identifying all the different issues as to why they are vacant. We have ideas about how what they have done can be used here.

Chairman: Before I conclude, I want to be specific with the witnesses because they have engaged with us in that they will forward us information on the breakdown of those 200,000 houses that have been vacant. The committee would also be interested to hear about what they have found to be the best practice internationally, how the UK has managed to have only

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200,000 houses vacant for more than six months and any practical suggestions that might accompany those figures. Obviously, some of those houses might be semi-derelict. In other words, what can this committee recommend that would fast-track the reintroduction of some of the vacant houses into family homes? Mr. Skehan might include that in his concluding remarks. He has the floor.

Mr. Conor Skehan: We are leaving the committee with a very simple thought that we have repeatedly mentioned. The big picture is managing all our housing, of which building is a part. I have said that five times now but we must stop ourselves from being sucked into the builders' agenda that the only solution to everything is building; it is not. It is managing our stock in a smarter way. That is the first point. Managing does not only mean providing houses but also controlling their price. We as a nation must set targets for ourselves as to what constitutes an affordable house which is a reasonable multiplier of the disposable income of households. We must bring about a situation where our development sector builds to price and not one where it has all of us scrabbling around trying to bring whatever money we have up to whatever prices it sets for us. We must drive that down. It needs a concerted effort across all the instruments of Government to bring that about. That is the challenge for the committee and for it to see what we can do working with it. We are its servants from now until the end of July to help it to do that. That is the big picture and it is to see if we can do that.

Chairman: I thank Mr. Silke, Mr. O'Connor and Mr. Skehan for their attendance. Their direct and frank answers and the supporting documentation and statistics they provided are very useful.

Sitting suspended at 3.03 p.m. and resumed at 3.08 p.m.

Irish Council for Social Housing

Chairman: I am pleased to welcome a delegation from the Irish Council for Social Housing comprising: Dr. Donal McManus, CEO; Mr. Justin O'Brien, president; and Ms Caren Gallagher, joint project director of policy. The council has made a submission, which I presume most members have read. I invite Mr. O'Brien to make an opening statement relating to the submission.

Mr. Justin O'Brien: I thank the Chairman and members for the opportunity to present on behalf of the Irish Council for Social Housing. We welcome this opportunity. The Chairman introduced my colleagues, Dr. McManus and Ms Gallagher.

The Irish Council for Social Housing is the national federation of approved housing bodies. We have 270 members which are spread throughout the country. We provide over 30,000 homes and related supports in about 500 communities in urban and rural areas. We provide a range of housing from what is termed general needs to what would be considered specialist needs, namely, that involving the elderly, the homeless and people with learning disabilities. We have grown over the past 20 years with the aid of Government funding. We are actively engaged as one of the pillars of the Social Housing Strategy 2020 and try to work with the Department and other bodies to ensure this is implemented. We are actively engaged with the Dublin Region Homeless Executive in terms of participation on the consultative forum and in the implementation and advisory group, which is trying to inform and advise on responses to homelessness in the city.

There is a need to reference where we are and where we were. In 2009, the approved housing sector produced over 2,000 new types of social housing homes nationally. This was in a context where about €400 million was made available for the sector around 2008. In 2013, that funding had been reduced to about €40 million so we have had to operate in a very constrained context over the past number of years. Capital funding spend for social housing in 2008 was about €1.4 billion. In 2014, it was reduced to about €270 million. There has been a significant change for us to adjust to this different financial context. Up to 2011, we were reliant on 100% capital funding from the State to acquire or design and build. Since then, we have had to engage in different types of business and gear up for it through engaging with the private sector, developers, financiers, receivers and NAMA to enable the provision of new types of housing units. The sector has delivered nearly 2,000 NAMA-controlled units via leasing options, acquisition and the fitting out of distressed assets.

The funding context in which we operated previously was a 100% grant regime. The regime is now fundamentally altered to a maximum of 30% construction or acquisition costs funding from the State with the rest borrowed from the Housing Finance Agency or from banks to enable acquisition, design and build. We are into a different business model of development. It is a significant change for us but we are not afraid of it. However, in similar northern European countries, such as Holland, Britain, Germany and France, the transition from 100% capital funding to primarily private funding happened over a ten to 20-year period. We have been expected to adjust to this in a five-year timeframe. That is the context with which we are currently grappling.

Up to 9% of the housing stock in Ireland is social housing. We consider that far too small. The National Economic and Social Council, NESC, has commented on this in different reports over the years and has recommended 200,000 social housing units should be available to meet social housing need. We endorse that, believing social housing should account for 17% of national housing provision. It will obviously vary from region to region, area to area, based on social housing need. In its recent reports, NESC stated one third of people in need of housing will be unable to afford it from their own resources. Most people aspire to home ownership, but the reality is that there is discordance between the aspiration to and the affordability of home ownership. That is where social housing becomes a central platform and an important one. Our fundamental message is that its provision needs to be increased.

One of the policy options in Social Housing Strategy 2020, with which we are linked, is the development of the affordable or cost-rental housing model. We believe this would meet the needs of people who are starting off, such as teachers or nurses who are on lowish incomes, but cannot get a mortgage. We support that type of provision where they would be able to rent at a reduced market rate and would live in mixed tenure schemes of social and affordable housing. We see that as being important for the way ahead.

In the area of homelessness, the maintenance of adequate rent allowance for people is critical. An inadequate allowance is the main driver of people becoming homeless in the Dublin area because of the unaffordability factor. The housing assistance payment, HAP, a key point of the social housing strategy, will not be cost neutral. It needs to be aligned with market rents and there needs to be security of tenure for people in that option. One can see from the homeless figures that those families presenting have mainly come about because of the lack of affordability. It is a key element of consideration for the future.

We provide high levels of housing support and are mainstream housing providers. Our dedicated purpose is to provide housing, which we believe we do reasonably well. We have

to grapple with a more complex operating environment with regulation, funding and finance, however. Some of the developments we have tried to undertake over the past several years, particularly with some of the NAMA schemes, have been stymied by planning, technical and financial issues. They are not the impediments but the issues we have to deal with to get developments across the line.

In 2015, the sector provided 1,300 new units of accommodation via acquisitions and design and build. It is not always recognised publicly that we have reached that level of new provision. It is important that we rise to the challenge of delivery and enhance that. Our paper represents some of the issues we think could make that easier for us.

One of the key issues, referenced clearly in the submission we made, is the assembly of suitable sites for housing. There was a low-cost subsidised sites programme administered by local authorities in the 1980s and 1990s. That was absolutely beneficial to the establishment of the sector, providing economy of scale and stability. That is critical. We also want to engage with the Part V provision, and we alluded to that in our submission, stating it should be 20% rather than 10%. That would provide good value for money.

An important point to consider in the submission is that when the Celtic tiger's housing market was booming in 2005, land costs were in some schemes totalling 40% of the cost. That is untenable and we have made recommendations about sites and unused State land being made available for the sector. That is critical. We also reference the Judge Kenny report from the early 1970s about land value. The Oireachtas committee considered that 20 years ago, indicating that it was not unconstitutional and should be implemented. It is back to the Department or the Minister to endorse that.

Housing associations have changed very much from what we were ten years ago. We have to deal with loan finance and housing management and we work in partnership with local authorities, developers and the Housing Finance Agency. There are 13 members accredited with the Housing Finance Agency and able to borrow money. That enables an additional provision and better value for money for government grants and loan finance that we borrow and repay via State funding. That enables development. We are also trying to look to the future and have alternatives to the Housing Finance Agency. We are trying to create a special purpose vehicle committee that would enable investors to come in and fund the sector for the provision of new housing. The larger member associations are very actively working at that to see if we can possibly avail of credit union money to enable the kind of investment that is required for us to access funding for the delivery of new housing.

We provide many schemes in rural areas; it is not just an urban problem. In County Clare there are many schemes for the elderly pioneered by people in local communities. It is a very vital contribution to Irish life. What is really needed in maintaining those elderly schemes is some sort of assisted independent living funding. When older people become less able they need more assisted support. They do not need to go to nursing homes but there must be a source of funding coming to the housing body so they can live independently. We have called for that for 20 years and got nowhere with it. We can make the case again but it is a very important contribution to community life, particularly in rural areas. To my mind, it is something that is often unrecognised as an example of what capital funding from the State has enabled over the past 20 years.

We welcome the idea of the cross-party committee. It is important in bringing the different stakeholders together and perhaps it could be ongoing and active, reviewing the delivery by

different stakeholders, developers, ourselves as approved housing bodies and local authorities. We made particular recommendations in our report that the committee might wish to clarify or seek further information on, and we will happily engage on that.

Chairman: The full report will go on the website after the meeting, and I acknowledge the recommendations and so forth that were made in it. A number of Deputies have questions and comments.

Deputy Michael Harty: I thank the delegation for attending. In our village a development of 16 houses was built 15 years ago and we have taken in people who were homeless and taken people out of nursing homes. We have housed people who were in very poor rural housing. It has been a very successful scheme. We were, perhaps, lucky at the time in that 5% of the funding of the scheme came from the community, with 95% of the scheme's funding coming through what is now the Department of the Environment, Community and Local Government. Does that system still work or is that funding still available? We have had people coming to us from other villages looking at our scheme and wondering if they could replicate it in their own villages.

Dr. Donal McManus: The schemes Deputy Harty mentioned were in place throughout the country and through them about 8,000 homes were built for older people at that time. The scheme is still there. It is called the capital assistance scheme. It does not have the scale of money it had ten or 15 years ago. It has around €70 million now, compared to about €150 million 15 years ago. Houses can be either 90% State-funded and 5% self-funded, or 100% funded if all applicants are taken from the waiting list. That is the *quid pro quo*. It is still there. Obviously for many schemes the draw on €70 million throughout the country would be very heavy, so it would have an impact on any big schemes, but the scheme is there and it has worked very well. It has probably been one of the most successful schemes from the Government's point of view over the last 30 years because of its simplicity, but it does not have the required scale of capital funding. In that context, some associations are moving towards what Mr. O'Brien mentioned, the mixed funding regime, in which one gets a 30% capital contribution from the State and then borrows 70%. It is only where the association has equity in cash that it will do that. Smaller local associations that may not have access to cash or be able to borrow may not go down that route, but in urban areas some of the larger associations are looking at that for older people. The scheme is still there, but not on the same scale that it was 15 or 20 years ago.

Deputy Michael Harty: In the scheme we had, 75% of the people came from the housing list and we had a discretionary allocation of 25%. If 100% of people were coming off the housing list, we could have had 90% of that scheme funded. Is that right?

Dr. Donal McManus: The association could have 100% of it funded.

Deputy Michael Harty: What is the mechanism for applying for that?

Dr. Donal McManus: It is through the local authority again. In Deputy Harty's case, the association would contact Clare County Council to see whether there was a demand. Obviously everyone would be drawn from the waiting list in, say, west Clare. The local authority would have to be assured that there was a demand, and then, once the local authority was happy with that, it would prioritise the list of schemes in Clare and submit it to the Department for consideration. One has to go through the local authority to approve the scheme. If it is approved, the Department will indicate when money can be drawn down as a priority.

Deputy Michael Harty: I have another supplementary question. Is it the case that one must establish a need and then apply to the county council, which will prioritise the scheme?

Dr. Donal McManus: Recently - probably back at that time - there was more an open call, but now there is an annual call under the capital assistance scheme. It usually happens in springtime. All associations are called to bring forward schemes for assessment by the local authority to be prioritised. It happens on an annual basis. In the past, it was open all the time and one could apply throughout the year. Again, one has to go back through the local authority system for that and prove need. The key issue now is to make an impact on the local authority waiting list in the area, whether it is Clare, Cork or wherever.

Deputy Clare Daly: I am going to sound negative, although I hate sounding negative and I do not mean it personally. I do not get the role of housing bodies. I am not saying this in a smart way, but it could seem to some people - I am probably one of them - that many of the functions the housing bodies have taken on were traditionally those of the local authorities and that much of what the housing bodies have done is to replicate the old model, but at significantly higher expense and in a duplicated manner. I know there are some very small housing associations, but if there are 270 organisations providing 30,000 houses, that is an average of 110 units for each housing association. We had a discussion earlier about economies of scale, and this is one. How many staff, including administrative staff, are there in those associations? How many of them have chief executives or directors of finance? How many have separate offices and so on? I am not saying this in a nasty way. I think these are very valid questions because years ago we did not have housing associations, except maybe for specialist accommodation for people with disabilities or whatever, where one could see a certain role. Generally the local authorities did this. It smacks to me of middlemen. I know there is an issue with the fiscal space and there is a function for housing bodies as a market version of borrowing money. I am not saying I agree with that, but there is a certain logic in it. However, beyond that I honestly do not know why local authorities are not performing this function. The provision of social housing was their job and we need a reorientation in regard to that. I am not saying the housing bodies do not do necessary work, but the issue is how it is being done. A not-very-funny joke did the rounds approximately ten years ago which suggested that there were fewer homeless people than there were individuals on quite large salaries working for the organisations that deal with homelessness in Dublin. I know that is not the case now but there is an argument to be made in that regard and I would like to see the data relating to the matter. Some of the broader points made by Dr. McManus are obviously correct and were also made by the Housing Agency, which takes a strategic view. I do not mean this in a derogatory way but I do not see how it fits. It is an issue that needs to be-----

Chairman: We will afford Dr. McManus the opportunity to explain the specific role of the housing associations and to outline what they do that is different to what is done by local authorities, where they fit-----

Deputy Clare Daly: Would it not be more efficient for a local authority, as a collective body that has an organised structure already in place, to do this work?

Dr. Donal McManus: I am happy to address Deputy Daly's comments. In essence, the housing associations were here before the formation of the State. The Iveagh Trust in Dublin was one of the earliest initiatives in voluntary housing for working class people in Dublin. It provided social housing prior to the local authority doing so. The latter played a strong role from the 1920s onwards. Housing associations, not just in Ireland but throughout the European Union, predate public authorities which are very generic and do many things, including hous-

ing, planning, finance and so forth. Housing associations in Ireland and many other countries are dedicated to housing management and provision. That is their sole focus.

The added value provided by housing associations is that they have a long-term commitment to the provision of rental housing in the areas in which they operate, as well as to the provision of supports. Local authorities do not have a focus on providing supports. What is needed is both housing and support services, whether for homeless people, the elderly or people with disabilities. Initially housing associations after the 1920s would have been in a niche area, providing for special needs groups. Such groups were well catered for in this way because the local authorities at that time would not have had the strands of expertise to provide for such client groups. In this context, one is not just talking about bricks and mortar. One is also talking about support services.

On the question of the scale of housing associations, there are three classifications, namely, tiers 1, 2 and 3. The majority of the 30,000 homes are managed by approximately 15 larger housing associations in the so-called tier 3 group. There are approximately 180 smaller housing associations in the tier 1 group. They do not have any staff. Most of those associations are voluntary and started from the ground up. They may have obtained sites from local parish councils, received funding through the capital assistance scheme, which was mentioned by Deputy Harty, and provided housing. They would not have staff in place although they would have boards. One of the biggest challenges we have been dealing with in recent years is in trying to consolidate some of those associations. Some of the older board members have moved on and we are trying to get a structure in place to help to consolidate the sector. That has happened to some degree in that there have been a number of mergers of smaller voluntary housing associations. Many of them do not have any staff at all. They may have caretakers but there are no chief executive officers, directors of finance and so forth. Such staff operate in the tier 3 housing associations. I can obtain the figures from the regulation office on how many people are employed in the tier three associations. That is where the bulk of the staff in the sector are employed, as finance directors, chief executive officers and so forth. The small voluntary organisations would not have the rental income-----

Deputy Clare Daly: In terms of the larger housing associations which do have significant rental income, how many are we talking about? How many offices, staff, chief executive officers and so forth?

Dr. Donal McManus: Most of the 15 tier 3 associations would have chief executive officers or directors. The largest body has approximately 5,000 properties. The two largest have almost 10,000 properties in total and they would have a significant number of staff. They would have housing staff and support staff for tenants. They would also provide education programmes. Housing associations do not just provide housing and housing support; they also provide social programmes. I will supply the Deputy with the details on the numbers of staff employed. The larger tier 3 associations with significant stock would employ staff. The larger an association becomes, the more staff it will have to employ to deal with various issues.

Some of the mid-sized housing associations with between 300 and 400 units have come together and amalgamated. The key issue is that if one is trying to raise private finance, one needs scale. The financial bodies will look for scale and competency.

Deputy Clare Daly: Will Dr. McManus be able to get that information, on the costs associated with staff, premises and so forth?

Dr. Donal McManus: Yes, I can get that information.

Deputy Fergus O'Dowd: I apologise for being late. I am impressed with what I have heard so far and I like what Dr. McManus is saying. Dr. McManus spoke about housing for older people and pointed out that as people age they need more supports. I do not know he is aware of the Great Northern Haven in County Louth which is a fantastic centre. I suggest to the Chairman that we might visit it. The centre has about 12 apartments where people live as they get older. The centre has technological assistance in terms of sensors whereby if the residents get up late at night, a light comes on automatically in the bathroom, or if water spills over in the bath or in the kitchen, an alarm goes off. The residents are interrogated medically in terms of "Did you take your pills today, Mary?", or "Let us check your blood pressure", and so on. That is the type of wonderful work that is needed in the future. I like that; I think it is good. I also like the fact that the community can add and build on. If there are people in the community who are dedicated to a voluntary body or an ideal, they can do much more than a local authority.

I understand where Ms Gallagher is coming from and I do not disagree with her. I see an improved role for voluntary associations because they can open doors for people that local authorities would never be able to open. In terms of the national deficit in social housing and the limitations on local authorities and the bureaucracy, for want of a better word, what more can the organisation do to add value or get more housing built?

Some years ago I was in Ringsend where I met two ladies close to the toll bridge. Approximately 100 apartments were built there for less than €200,000, while in the same area, commercial developers were building for double that amount. We are talking about getting commercial developers back into the business. They are not coming back at the moment, but if we could get voluntary organisations working, we should support them as they can build at a far cheaper cost. They will have much more support from statutory agencies. What new initiative could be supported? If my question is too long-winded perhaps the witnesses would forward a submission to the committee. The bridgehead the witnesses can bring to this is hugely important and could get through much red tape.

Ms Caren Gallagher: On the issue of housing for the elderly, the scheme the Deputy mentioned in Barrack Street, the Great Northern Haven, is just one example of the type of scheme that is unique in terms of the technology installed. That is one of many schemes throughout towns, villages and parishes that are run by voluntary boards and linked in with the wider community services. As Mr. O'Brien said earlier, those people who were housed were either off the waiting list or included in the 25% mentioned by Deputy Harty. That gave some housing associations the scope to house some people within the scheme who may not have qualified for social housing in the traditional sense. A person may have had an asset such as land but may have lived in very poor conditions. That is the scope that has enabled these schemes to work.

In terms of beyond the bricks and mortar, what has happened in the past is that the community supports to the tenants in those schemes are provided either by volunteers or the wider community and the housing association has primarily absorbed that cost. As people in the scheme are ageing and may have gone in aged 65, the additional care and support they require is becoming a bigger issue. They may not need medical or nursing care but a housing related support, as mentioned by Mr. O'Brien, in terms of the assisted independent living scheme for which we are calling. That type of support will allow those people to age in place in their communities and avoid residential or nursing care until the time comes when it is essential to access that. This is one of the niche areas in terms of what makes the sector unique - the specialism around housing for older people, people with disabilities and provision for people who are

homeless, and the additional supports around that.

Deputy Fergus O'Dowd: Unless one is involved in this sector, one probably does not know about it. How can we encourage more people or start-ups to become involved in what Ms Gallagher is talking about? What needs to be added to the mix?

Mr. Justin O'Brien: A key aspect of our submission is the availability of land to the sector. It is currently a very difficult market in which to acquire property, particularly in the Dublin area. It may not be as true outside Dublin. Public land must be made available to us in order for us to design and build houses. That is critical. The funding mechanisms are evolving and we are getting more attuned with them. There are more people in the sector borrowing from the Housing Finance Agency to undertake acquisitions and design and build. There is projected growth in that area.

One of the things we would suggest - this occurred when former Deputy Bobby Molloy was the Minister of State with responsibility for housing many years ago - is a centralised unit within the Department of the Environment, Community and Local Government to deal specifically with the housing sector. We have said this to the Department. At the moment we deal with seven principal officers. If our activity was co-ordinated under one principal officer that would enable the processing of applications, delivery and funding and make housing delivery more possible.

Deputy Fergus O'Dowd: To make a difference.

Mr. Justin O'Brien: With regard to Deputy Daly's comments, there will be a process of amalgamation among smaller or larger housing associations in the next number of years, some of which will be determined on a financial basis. Our key performance indicators are very much advanced with regard to those used generally by the local authority sector. We are dedicated housing providers. We provide housing. Some of our performance measurement is very positive and we believe we can give added value and complement what local authorities do.

Deputy Fergus O'Dowd: And not in competition.

Mr. Justin O'Brien: We do not want to compete. Previously there was always a kind of competition for funding between the local authorities and the approved housing sector. We see ourselves working in partnership with them, not against each other, to enable delivery together. That has to be the way to enhance delivery.

Chairman: On that point, in his opening statement, Mr. O'Brien referred specifically to the agency having design and build capacity, and he clearly identified land availability as an issue.

Mr. Justin O'Brien: Yes.

Chairman: There are land banks available across the local authorities in Dublin. What is the interaction with the local authorities to access those lands? The agency has clearly identified the availability of land as an obstacle in the delivery of housing. Yet local authorities have land, some of which they own and some they do not. Perhaps Mr. O'Brien could clarify the agency's engagement with local authorities on the issue of land availability.

Mr. Justin O'Brien: Yes. Dr. McManus might like to share this response. One of the things the Housing Agency was meant to do was try to provide an inventory of public lands. That is part of the social housing strategy to 2020. It was for the development of land in Dublin,

which is recognised as being critical. The owners of lands were to be identified and the aim was to examine what their use could be. That process has not been completed, as I understand it. We think that is important.

In fairness to the local authorities - Dr. McManus can outline this - and with regard to approved housing bodies going to local authorities, there could be possible issues around procurement, so a framework process would need to be put in place whereby there is reasonable equity and assessment of people's capacity to deliver. A protocol on that has now been set up, which Dr. McManus will outline.

Dr. Donal McManus: There is a communication protocol between local authorities and approved housing bodies and the different types of housing development they undertake, whether it is new build on local authority sites, developer-led initiatives, Part V building or building on a housing association's own land. With regard to local-authority-owned land, some local authorities have their own programmes that they want to develop at the same time, so there may be less land available. Another context is that some local authorities have historical debt on their land and some of the land may have been put into the land aggregation scheme. There may be costs incurred in that regard. The housing associations have in the past tended to have bilateral discussions with local authorities to see if housing would be suitable in an area. Now it goes through a more structured protocol. If a site is available, the local authority will contact a number of associations and see what is the best fit for that site. Also, it is more transparent in terms of who gets the site. In the past, the low-cost site was a real trigger that local authorities had. It was a real trigger for our sector and for people building their own homes. Thousands of sites were provided for our sector and it worked well. The scheme diminished in recent years and we are trying to get something like it activated. The mapping exercise the Housing Agency-----

Chairman: I will stop Dr. McManus there. The council is trying to get something like that activated. Where is it in the process at present?

Dr. Donal McManus: At present, it is not in the process. It used to turn up in the statistics. Every year, every quarter, the Department used to produce statistics on how many low-cost sites were provided to individuals and approved housing bodies, AHBs. They do not turn up any more so the scheme seems to be inactive at this stage. We are trying to get something similar to it activated. First, we want to have the sites that were mapped by the Housing Agency moved on in terms of their status. Are they eligible for housing? What is the timescale? Is there any debt on the site? It is basically moving on from inventory to detail about what is available for AHBs to develop. The Housing Agency and the local authorities will have to negotiate with that in terms of what is the next phase for AHBs.

Obviously, sites are key. We have got a lot of sites in recent years from the development sector, whether they were from receivers or private developers. That was a supply chain, but it has run out and some of the things have been sold on to third party investors. That niche which we had for the past four years was very much concerned with working with private developers and the private sector. As Deputy Ryan said, what is being brought to the table? Some of those schemes were low cost schemes between NAMA and private developers. However, the land issue is a key factor. To move to supply, the sector's ambitions for the larger bodies is approximately 5,000 homes over the next two to three years. They think they have the capacity to provide even more and to manage but they would like to know or get visibility on sites ahead so they can plan with the boards to find out what finances they need for, say, the next five to seven years.

Deputy Ruth Coppinger: If there is to be an increase in the amount of public housing that is to be built, which I hope there will be, the question is who is best placed to do it. I completely understand why the question of housing agencies working in niche areas - to use that expression - such as those relating to elderly people and disabled people cropped up. These were people who understood the needs of the particular sector. However, what is happening lately is that housing agencies are being given the lion's share of public housing building. I have questions about this and I think that is what was being referred to. It seems to me that it is obviously related to the financial issue because of this off-balance sheet aspect - the EU fiscal rules - but I am questioning whether it is ideological as well.

On the problems with housing agencies versus local authorities, as someone who was on a council for a period, one of the things I found dealing with the housing agencies, which were increasingly being given housing estates in the area, is that councillors are not in a position to represent any of the people living in those estates like they are with the council. That is a real disadvantage for those people in those houses because they have no one to bat on their behalf. At least with councils, we can go in and argue about rent, arrears, anti-social behaviour or whatever. There are a few things. I mentioned three of them, one being pyrite, about which a housing agency in my own area, Respond!, has not done anything. If that was the council, I would be best placed to go in and make representations but I have not got anywhere. Another thing is the replacement of windows. There are housing estates in Mulhuddart which are controlled by NABCO and others. They have not done window replacement and the tenants are living in freezing cold houses. At least with the councils there is a process and a certain democracy as well.

I have a problem with the fact that it seems councils are being obliged to hand over their land to housing associations. That is what is happening. Again, to mention my constituency of Dublin West, we have a massive housing crisis and a massive homelessness crisis but, according to the Laying the Foundations document, only 22 houses will be built and that will be done by the housing agency Clúid. They will be just for generalised population. Why is a housing agency being given all these estates when no specialised group is going to be in them? Let us be clear: housing associations are not battling on behalf of a sector that needs proper care, for example, the way ALONE used to argue for the elderly.

Chairman: You have asked the question. We will give the representatives of the council an opportunity to respond.

Dr. Donal McManus: I will share the reply with Mr. O'Brien. The first part was a question on the either-or aspect. Deputy Coppinger clearly referred to either local authorities or approved housing bodies. I do not see it as a question of either-or. Obviously, the bulk of the capital funding goes to local authorities. We can see this in terms of the output, construction and acquisition. At the moment, local authorities have the bulk of the capital rather than AHBs. We have only 30% of the capital funding. The capital assistance scheme is €70 million for the country and 30% of capital is available under the capital advance leasing facility, amounting to €30 million or €40 million. In other words, the bulk is still within local authorities at the moment rather than AHBs. Initially, we played a complementary role. Moreover, we provide more family-type housing and we take people off the waiting list. Obviously, all elected members know people on the waiting lists. Whether it happens through local authorities or approved housing bodies I imagine members want people off the waiting lists. That is one thing AHBs believe they can alter. In some cases they may have to acquire the properties or talk to receivers to buy properties in different estates. Anyway, they take people off the waiting list. Their key

motivation is to house people. In some cases they need sites. In recent years more of the sites have been provided by the private sector whereas in the past it may have been religious bodies or local community organisations that provided the sites. That would have been the path for land. Anyway, I do not see it as either-or. We have a housing crisis at the moment and we have to put all hands to the pump, whether local authorities or AHB. We have no wish to be competing when it comes to taking people off the waiting list.

There are two regulators at the moment. There is a regulator for landlord tenant relationships with the Private Residential Tenancies Board. We have moved on with the PRTB. Tenants have a remedy and can go to the PRTB in the end if there are any issues. That is one positive thing for the landlord-tenant relationship. There is regulation of organisations as well. A new regulatory structure was put in place in recent years and it will probably be statutory from next year. That will provide a public level of accountability and hopefully there will be an independent regulator for the sector. There will be regulation for the organisations and regulation for the landlord-tenant relationship. That is important to build up confidence among everyone in the sector, including elected members and others.

Mr. Justin O'Brien: I will complement some of what Dr. McManus has said. We are meeting the same housing need. All the people we house come from the local authority waiting lists. They give the names to us and then we interview and agree the selection with them. Therefore, we are meeting a public need for housing.

We are a dedicated housing body. There are important regulations, particularly for larger tier 3 associations. As part of regulatory compliance we have to produce a 30-year asset management plan and get it verified and approved by our boards. The purpose is to ensure we know the money we need to set aside for the replacement of component parts of housing, such as windows, roofs, etc. That is what we have to do as part of business modelling. In that sense we are probably more disciplined than local authorities. The truth is that local authority rent goes into the central coffers of local authorities. It does not always go back into housing. We use all the money we get on rent to maintain and manage the properties. The indications are that the key performance indicators we have are generally better than local authorities, but people operate in different contexts.

In that sense I take on board the issue Deputy Coppinger raised. I cannot speak for the bodies she referred to. I can only speak for my association, Circle Voluntary Housing Association. If a public representative contacts me with an issue for a constituent, I will respond to it. It is simply part of what I have to do. I respect the right of a public representative to do so and I would try to respond and give an explanation in respect of housing need or where a person is. If there is a complaint about maintenance, I would try to explain how we are trying to deal with it. That does arise. I am simply saying that this is not to delegitimise the rights of public representatives to advocate on behalf of the people we house or the people they represent. That is not the position. That is the context in which we have to operate.

Further to what Dr. McManus has said, it is not a question of either-or. We may have the capacity to get funding from one source and the local authorities have to rely entirely on public funding. We are trying to work together and broaden the funding regime to deliver the necessary social housing. If the capital advance leasing facility and the payment availability works, then for every 30% the Department puts in we will have to raise the other 70%. That is a better value equation for the State in terms of new provision. If there are limits on the Government balance sheet for the capital spend, that is a serious factor facing the country and it affects us as approved housing bodies as well. That is why the capital programme was decimated between

2008 and 2015. It began to increase slightly only in 2015. It was decimated for local authorities and for us.

Chairman: We will follow up on some points in Deputy Coppinger's questions when we deal with the finance section.

Deputy Kathleen Funchion: I want to ask about the co-operation between the local authorities and the voluntary housing sector. I know that the voluntary housing sector gets its list from the housing list but if someone needs a transfer, on overcrowding or medical grounds, there is no inter-transferability, for want of a better word. I do not know whether that is a national issue or whether each local authority decides.

In my constituency, if, for example, Respond! has a bungalow that would be suitable for somebody in a local authority house, there does not seem to be any room for a transfer. I agree with some of Deputy Coppinger's points about it being more difficult to deal with some of the housing agencies than with the local authority. I know of a situation where people are expected to pay for central heating to be put into their homes. That would be very different in local authority homes. I know Mr. O'Brien cannot comment on individual cases but it is worth bearing in mind that a better approach to dealing with tenants and their public representatives is needed. While there seems to be good co-operation at the start when the housing body takes names from the housing list, it would make sense to have more inter-transferability in some situations.

Mr. Justin O'Brien: It can happen that a family increases and says it is overcrowded. The context is that but for the AHB and the local authority, there is not much available stock for transfer. It is a problem. Some of that is capacity. Sometimes what tenants do, and public representatives advise them to do it, when they want to go from one location to another, to downsize or upsize, is arrange a mutual transfer with the sanction of the AHB and the local authority. We have done that numerous times. Each person would interview the potential new tenant and agree, work out that there are no rent arrears or that an anti-social tenant is not being transferred from one place to another. There is a process. The biggest problem for us all, even within our own stock, is that if families increase in size, the capacity to transfer them from a small to a large unit is limited. In most local authorities and AHBs, the turnover of tenancies is very limited. Therefore, the capacity is limited to enable the situation the Deputy outlines.

Deputy Kathleen Funchion: Can I clarify that it is not policy not to transfer between local authority and AHB because that has been my experience? It does happen.

Mr. Justin O'Brien: It happens in two ways, for example, where tenants try to make the arrangements and that is done with the approval of the respective bodies. Sometimes the local authority might say the person is housed and ask why he or she should be put back on the list. There will be a conversation with the local authority about size or other factors, such as medical or anti-social behaviour issues and we ask the authority to help us out. We have that kind of exchange.

Ms Caren Gallagher: I wish to make a broader point about us as a federation and our members and to raise awareness about the role, functions, accountability and governance of the sector. We have been reaching out to all the strategic policy committees, SPCs, on housing and opening ourselves up to any questions or issues that are arising for particular local authorities. We have written to the chair of every housing SPC. We are trying to emphasise the added value the housing associations can bring. We are also emphasising the partnership approach with local authorities, as well as addressing some of the issues that elected members are facing. We

also hope to clarify some of the questions about the sector and, in particular, Deputy Funchion's issue about policy for local authority tenants and tenants of housing associations. Part of this is also to increase awareness about the operation of the sector in terms of how it works in conjunction with local authorities.

Deputy Kathleen Funchion: That is a good idea.

Deputy Maurice Quinlivan: Most of my questions have already been asked by other Deputies. In paragraph 2.4 of the council's submission, concerning cutting through red tape and so on, a special purpose vehicle is mentioned. Could the witnesses explain what they envisage that doing? I am aware of a project in Limerick whereby Clúid was able to provide sheltered housing. Unfortunately, those houses are now demolished. It could be done in such a way that housing is freed up or reallocated on a different programme or whatever. Would the witnesses envisage something like that?

Dr. Donal McManus: There are a couple of issues. I will start with the special purpose vehicle. We have been involved in trying to get a financial vehicle set up for the last three or four months. There is a need to bring more finance into the sector that is off the balance sheet of the State and off the balance sheet of the housing associations, as we are carrying debts on our balance sheets. There is a Welsh model which we were looking at very closely initially. Five associations set it up, drew in a lot of money from financial bodies and acquired properties on the private market. We are looking at a financial vehicle that draws money in from the investment sector - such as pension funds or credit unions, which lend out to housing associations at very favourable rates. That was the overall context.

Obviously, with any financial model we can have plenty of finance but no product. That is what we are facing. There is loads of finance floating around but there is no product in the private sector. This is a more structured vehicle. We are looking at the possibility of joint ventures with the private development sector. If it has product, then we can use that finance to acquire the units.

We had discussions with Limerick City and County Council about regeneration involving a number of associations. We have been down there for a couple of years to see what role we can play in Limerick in spreading regeneration. Again, that could be a use for the loan finance mixed funding regime. It has been considered in the context of recent issues, as the Deputy mentioned, as well as in the wider context of drawing finance into the sector.

At the end of the day there is a huge ask on all of us, with 35,000 homes to be produced by 2020. The local authorities can play a role, as can we. We have to use these different vehicles to draw money in. Although the new vehicles can be complex, people are working their damndest to get these solutions in place for the likes of Limerick and others, in terms of both regeneration and new building and acquisition.

We do need product and we depend on the private sector being active. There is no point in the private sector being inactive. We are all intertwined in terms of failures in the housing sector. I hope that, in its deliberations, the committee will reflect on the fact that the private sector does affect us in terms of new supply.

Returning to Deputy Quinlivan's question, we are sad at the moment because we came very close to having a model together. We do not want to over-egg it or do it prematurely. We want it tied down and to get the people and the associations committed. We can then show people

it is not just talk but is actually something we have achieved. Hopefully in the next couple of months we will have something concrete. We are still working to try to assist the regeneration programme in Limerick.

Deputy Mick Wallace: Most of my questions have been asked by others but I want to follow up on one point. Would I be right in saying that there has been a proliferation of approved housing bodies since the crash in 2008? It might be sad for the witnesses that this proliferation has coincided with what is probably the worst handling of housing supply in the history of the State. Listening to the witnesses' defence of the questions put, for want of a better word, I get the impression that if local authorities were given sufficient access to funding and were better resourced and staffed, there would be no need for the housing bodies.

Dr. Donal McManus: I thank the Deputy.

Deputy Mick Wallace: I am only asking.

Dr. Donal McManus: To answer his first question on proliferation, there has been major consolidation since 2008. Prior to that many associations received capital grants or loans to provide housing, but after the financial crash in 2008 that no longer happened. Very few bodies have been established in the past five, six or seven years. Some housing associations merged and other local voluntary bodies came together.

As a result of the downturn, there are fewer associations providing newer housing. There are probably about 15 or 20 under the mixed funding private finance model and another 20 or 30 in the CAS scheme. It is ironic that there has been much more consolidation. Given that there are now multiple layers of regulation, I suspect there will be more consolidation rather than proliferation in the coming years.

Mr. Justin O'Brien: My association was set up in 2003 and owns and manages 1,000 units. If we established it now we would not get start-up funding and would need serious financial clout to enable us to develop. It is very difficult for a new association without backing to develop. The truth is that very few new associations are looking for membership of the Irish Council for Social Housing because the context of delivery is very difficult. Some 15 years ago a housing association could get a 100% capital grant and grow, but that is no longer the case. It is the complete opposite.

The Deputy asked what our purpose is, if local authorities are doing everything right. We need to have an honest conversation. I am not trying to dismiss local authorities. They have delivered social housing over the lifetime of the State. A considerable amount of social housing has been sold via the process to enable people to buy their homes. Political choices were made. We see ourselves as complementing the provision of social housing in the country. That is our main purpose. We are a single-purpose organisation dedicated to social housing and need to enhance our ability to do that.

There are often changes of personnel in local authorities when people move from one section to another. As I said, we believe that with the funding available we can add value and grow what is in place. It is not a case of one body being against another. Most northern European countries, including Holland, Germany, France and the United Kingdom, have different approaches, but they have fairly vibrant social housing sectors alongside public housing bodies which are meeting social housing need.

Deputy Bernard J. Durkan: Like Deputy Daly, I do not want to be pejorative and it is not

my wish to be in any way offensive, but we are discussing the kernel of the housing situation in terms of the public sector in this country. For a long time I have been an opponent of the replacement of the public sector building programme, as suggested by Deputies Daly and Copping, with housing provided through voluntary agencies. They are ideally placed to deal with sheltered housing and special needs. Local authorities are not in the same league and could never do such work. There are reasons for that.

In terms of the delivery of the main thrust of the requirements of local authority type housing throughout the country, it is the wrong vehicle. If we continue along this road, in five years' time the Chairman will be sitting in the same spot discussing the same issue. The member states of the European Union agreed to have a particular vehicle to deliver housing in order to ensure an off-balance sheet situation. It does not work.

A 100% capital grant, plus a maintenance grant, all of which, I presume, was available to local authorities, were given to housing bodies. There is a replacement by the voluntary housing agencies of what the local authorities were doing. The biggest housing agency owns about 5,500 houses at present. It is the biggest landlord in the country. The point I want to make in particular is that the local authority housing officers will tell one straight out that they are competing with the voluntary agencies for the same funding coming from the same source. I cannot understand for one moment how the capital going from central government to the voluntary agency is agreed, is quite all right and in accord with all rules and regulations but the capital funding going to the local authorities to do the same thing is not. There is no reason for that. It is a technicality that was introduced for a particular purpose. To my mind it was a total and abject failure. My reason is that in this country there was a baseless theory, which still exists, that we should get away from owning houses, that Irish people were preoccupied with ownership and so on and that we should become like the Europeans who lease or rent their houses. We are not the same and we do not have the same traditions as people in all areas across Europe where they have different traditions. It works very well for them but it does not work here. Irish people want to have the potential of owning their own house for two reasons. They want to be able to improve it, expand it and call it their castle and part of their investment in life. They cannot do that with the voluntary agencies - it is as simple as that.

I want to emphasise that it is for this purpose that I am sitting here. I have dealt with this before and I know that we will be here in five years. This is no disrespect to the housing agencies at all but they are not the appropriate vehicle to deliver the volume of housing necessary in this country or any country with a similar requirement at this or any other time. For special needs and sheltered housing, there is no doubt in the world that they are by far and away the best providers. There is McAuley Place and various other places like it all over the country, which are excellent. The local authorities cannot compete with that. If we do not address this issue and deal with, we will not solve this problem.

Chairman: I am sorry for interrupting the Deputy. There were two elements there. The Deputy mentioned financing a number of times. They are questions we will follow up with the other Departments. The other comments Deputy Durkan made about whether the housing bodies are the appropriate vehicle are part of the deliberations we will make as a committee. What I was trying to get at specifically was if the Deputy has a direct question that he wants to ask the witnesses when they are here.

Deputy Bernard J. Durkan: There are no other direct questions.

Chairman: Thank you.

Deputy Bernard J. Durkan: How much more direct does the Chairman want to make it?

Chairman: I took it more as a statement than as a question. I want to clarify that this Chairman will not be sitting here in five years because after 17 June 2016 this committee will have completed its work. Let us remain focused on the job in hand. Does anybody want to comment?

Mr. Justin O'Brien: I appreciate the comment that Deputy Durkan made and which has been made by other members of the committee. It is a perception or a view that has been expressed and we have to listen to it as a sector. I would say, as Dr. Donal McManus said earlier, that we currently provide over 30,000 units of accommodation. The perception is that we are mainly gifted to provide special needs housing for the elderly, the homeless or people with learning disability but the vast majority of our provision is family housing. That is the truth of it - it is about 70% of what we do, so we are delivering.

There are issues and it is not that we are trying to take away from local authorities - we are trying to add value. We think we have a specialism, our key performance indicators are good and our work complements the local authorities. It is also the case when one goes through the finances that the bulk of funding that has been given for the capital programmes over the last ten years has mainly gone to local authorities and not to approved housing bodies. That is the truth of it. We have to compete with it - there is truth in that too but we are also trying to secure money from other sources off the Government balance sheet to enable delivery to meet public housing need. That model has worked effectively in other north European countries.

Deputy Bernard J. Durkan: It has not actually. Can I give an example?

Chairman: Very briefly.

Deputy Bernard J. Durkan: This is a classic example. I was involved in a voluntary housing body that was set up specifically to provide 100 houses or whatever the case may be. We had to buy the sites from the local authority for €20,000 each. The voluntary agencies got the sites for free. That is competition. We were doing the same job, but we were doing it for the people to acquire their own homes.

The local authority gets a sum in respect of maintenance or whatever the case may be, but so do the housing bodies. I do not want to be in any way pejorative about this. It is a fact of life that the two are competing and the model has failed. However, more importantly, the capital allowance scheme provides for 100% capital funding - 100% for the site, 100% for the loan to build the houses and a grant thereafter for the maintenance of the houses. I could go on, but I will not, as the Chairman will be glad to know.

I said the voluntary agencies are better equipped to deal with special needs and sheltered housing than anybody else, but they are not the proper vehicle to provide the volume of housing that is required through the local authority system. That is why in the 1980s we did not have a problem. It was as a result of the changeover that we now have the problem we have.

Chairman: Before allowing Dr. McManus to reply, I wish to say we will pursue some of these issues with other Departments, but I want to hear what Dr. McManus has to say on it.

Dr. Donal McManus: I want to challenge Deputy Durkan's assertion that model has failed on that side. Many local authorities approach housing associations to manage their properties. If that is evidence of failure, I do not know where we are. They have asked housing associations

to manage properties. In terms of measuring failure, I do not think it is. There is huge demand for housing association properties in many areas because they like the standard of management that is provided to tenants. That is not a failure. Local authorities have approached us to regenerate their own properties. To be truthful, there were failures in local authorities over the past 30 years. There have been various regeneration schemes in different local authority areas and the State has had to pick up the tab. The sector believes it could have a role in redressing that. I would challenge that it has been a failure. Perhaps for some people it has been a failure, but I would say that the tenants living there would not claim it was a failure and they are the people who matter.

Deputy Bernard J. Durkan: There are nearly 8,000 people on the housing list in County Kildare, so I would not think it was a success.

Chairman: The Deputy has had a fair hearing on this.

Deputy Bernard J. Durkan: I am sorry, Chairman, but it is a burning issue with the people I represent. It is not my view; it is theirs.

Chairman: The Deputy has made his point and I do not dismiss it. I am saying that we will have other meetings where the same issue will need to be teased out further.

Deputy Seán Canney: I apologise for missing the start. I was at another meeting. I welcome the witnesses.

I will offer a bit of positivity. In my experience the housing agencies involved in projects in my county are considerably better equipped to carry out the management of the housing stock when it is in place. Accommodation that was built in approximately 2000 is as good and as well kept today as it was when it was built. I have proof of this, because I was involved in the construction. The local authorities have failed to maintain their housing stock as well as the housing agencies have. It seems to be down to resources.

The witness said that whatever rent roll the Irish Council for Social Housing gets is used for maintenance and future work, whereas when local authorities get in their rent roll they put it into the Central Fund and it is dissipated. We can build all the houses we are talking about, but if we do not maintain them, we will be back at it again. I see it in my own county. We built houses about 20 years ago and we will probably knock them down now to rebuild them. That is not how we want to operate in the future. We have to look at housing and estate management.

Obviously the Irish Council for Social Housing has a way of doing estate management that the local authorities do not. Would the council be willing to share that expertise with the local authorities in order that we can genuinely protect our housing stock? That is the first question.

Second, one of the issues I have with the housing associations, which relates to the housing lists, is that an association gets a list of prospective tenants from a local authority and chooses from that. I think this is wrong. If the local authority has a housing list and the housing association has 20 units, the local authority should give the association 20 families to go into them and that should be it. The housing association should not have the veto on who is let into the houses. The position in this regard has to change.

Mr. Justin O'Brien: I thank Deputy Canney for his acknowledgement of where he thinks we have reasonable performance.

Deputy Seán Canney: The witnesses needed something.

Mr. Justin O'Brien: That is affirming and I want to recognise that. I was trying to express that earlier in terms of saying we are primarily housing providers, so that is where the resources go. It is true that, in the context of local authorities, rents go into the central fund. There have been issues where some stock has not been well maintained over the years. On a very important point, however, under the regulation code we must have asset management in place that is verifiable and is signed off on by our board, and we have to adhere to that and make provision for it financially. Therefore, there are strictures on what we can and cannot do.

Sharing expertise is important and we would be very open to it. It is not that we are the best boys in town all the time and that we know everything. People work in different contexts and it would be very good to get that sharing of expertise. For people working in our sector, there is relatively more insecurity, particularly for housing bodies which are starting off - before they get reasonable economies of scale - as compared to local authorities. People have sometimes gone from the AHB sector into the local authority system and there is now a bit of transfer the other way, which is very good. It would be good to look at enhanced learning through the SPCs. It is a question of what works and what does not work in a local area, and how learning on this can be translated for the common purpose of shared intelligence. I believe that would be sensible for each SPC to undertake.

The context for nomination and selection is that we are getting the top people on the list from the local authority. Rather than doing what they do in the UK, where they simply take people, the housing body is trying to get a balance within its scheme. The waiting list is sometimes very blunt so what we always try to do is get a mix of ages of children and of adults, and of working and non-working people, so they are not all lumped together. There has been experience, particularly in Dublin and the urban areas, where some schemes were overloaded with the same category of person. This has had disastrous social consequences because the communities became unbalanced and were socially deprived and then became very difficult to manage. Some effort has been made in this regard. We are not trying to cherry-pick, to use a word that is often said about us. My approach is that we are trying to get a balanced community within the 20 units or 50 units - whatever the figure is - so there is some vibrancy within that community. I do not know if that gives Deputy Canney some clarification of the question he asked.

Deputy Seán Canney: Yes. I thank Mr. O'Brien.

Chairman: Earlier in the meeting, the witnesses agreed to supply information to the committee in regard to the query raised by Deputy Daly.

Deputy Clare Daly: It was on tier 1 and tier 2 staffing, salaries, premises and so on.

Chairman: The witnesses might do that by means of correspondence with the committee.

Ms Caren Gallagher: In response to Deputy Daly's question, one of the items we can provide is a publication by the regulation office. It provides a commentary on the sector from the first round of regulatory returns and included in that is a section which gives a breakdown of the staffing across each tier. We will come back to the committee on that aspect in detail.

Deputy Clare Daly: Premises, salary and that type of information would be illustrative also. That is great.

Chairman: I thank the witnesses for their contributions. They heard a significant range of

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questions and contributions from all sides. Their input was much appreciated. I am grateful for their attendance and co-operation. I thank Mr. O'Brien, Dr. McManus and Ms Gallagher.

The meeting is adjourned and we will next meet at 10.30 a.m. on Tuesday, 3 May. Members should enjoy the bank holiday Monday and they will be in here sharp on Tuesday morning.

The committee adjourned at 4.20 p.m. until 10.30 a.m. on Tuesday, 3 May 2016.