

# DÁIL ÉIREANN

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## AN COISTE UM THITHÍOCHT AGUS EASPA DÍDINE

## COMMITTEE ON HOUSING AND HOMELESSNESS

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*Dé Máirt, 24 Bealtaine 2016*

*Tuesday, 24 May 2016*

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The Select Committee met at 10.30 a.m.

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### MEMBERS PRESENT:

Deputy Mary Butler,	Deputy Fergus O'Dowd,
Deputy Ruth Coppinger,	Deputy Frank O'Rourke,+
Deputy Barry Cowen,	Deputy Maureen O'Sullivan,
Deputy Bernard J. Durkan,	Deputy Eoin Ó Broin,
Deputy Kathleen Funchion,	Deputy Maurice Quinlivan,+
Deputy Michael Harty,	Deputy Brendan Ryan,
Deputy Kevin Boxer Moran,*	Deputy Mick Wallace.

\* In the absence of Deputy Seán Canney.

+ In the absence of Deputy Mary Butler and Deputy Eoin Ó Broin, respectively, for part of the meeting.

DEPUTY JOHN CURRAN IN THE CHAIR.

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### Threshold

**Chairman:** Good morning. I welcome Mr. Bob Jordan of Threshold.

I draw the witness's attention to the fact that by virtue of section 17(2)(l) of the Defamation Act 2008, witnesses are protected by absolute privilege in respect of their evidence to this committee. However, if they are directed by the committee to cease giving evidence in relation to a particular matter and they continue to do so they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or 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 statements submitted to the committee will be published on the committee's website after 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 House or an official either by name or in such a way as to make him or her identifiable.

I welcome Mr. Bob Jordan of Threshold to this morning's meeting. I ask him to summarise Threshold's full submission, which has been made available to the members of the committee. I am sure they will have a number of questions after he has concluded.

**Mr. Bob Jordan:** I thank the Chairman and the members of the committee. I am delighted to be here today. Our chairperson, Dr. Aileen Hayden, sends her apologies. She wishes the committee well in its deliberations. She is a strong advocate for reform in the private rented sector, which is the subject I am going to talk about today. One in five households now lives in the private rented sector. After owner-occupation, it is the second largest form of housing tenure and the single biggest cause of homelessness at the moment.

I should declare my own interest in the private rented sector. I am a tenant. I have lived in the same apartment in the same building with the same landlord for over 20 years. Throughout that time, my property has been upgraded and my rent has increased and decreased as we have got older together. There are many people like me whose good experiences of the private rented sector are based on their relationships with their landlords. Unfortunately, over the past couple of years in my day job as the chief executive of Threshold I have met people who have had different experiences.

We, in Threshold, see ourselves as standing between tenants with severe housing problems and homelessness. Last year, we helped more than 32,000 people with housing problems. Approximately 20% of them were at immediate risk of homelessness. Clearly, every single one of those people has a family crisis behind closed doors and needs support from an organisation like Threshold. In the past couple of years, in collaboration with the Department of Social Protection and the local authorities we have been able to give people money under the rent supplement scheme to keep them in their homes. Clearly, that is working and needs to continue.

An important point to make about the private rented sector is that even though it has expanded in size, it has not grown up. Many of our recommendations relate to giving people more protection in their homes, improving the standard of accommodation and dealing with problems like illegal evictions. All members of the committee know people who live in the private rented sector. They want to know how long they can stay in that sector and how much they will have to pay from year to year. They want to know to whom they can turn when things go

wrong with their properties. These are simple things, but when it comes to policy they have been pretty fraught. It is time to deal with them.

It is important for every member of the committee to get a copy of a minority report produced by Threshold as part of the work of the Commission on the Private Rented Residential Sector in 1999 or 2000. It is probable that there are fewer copies of this report than there are original copies of the Magna Carta. Much of the thinking around the private rented sector was done when this report was being formulated over 16 years ago. Some of the ideas we are proposing today, such as giving people rent certainty or indefinite tenancies in the private rented sector, were included in the report.

In Threshold's minority report, we made it clear that we opposed the commission's recommendation that the rents applicable to tenancies in the private rented sector should be open-market rents. While we accepted the position that initial rents should be freely negotiated between tenants and landlords, we were of the view that the later evolution of those rents should be based on an annual index. We included that recommendation in our report but it was rejected. The same page set out Threshold's view that tenants should have a continual conditional right to occupy their rented homes without it being subject to any upper time limit. As the committee is aware, an upper time limit of four years was introduced.

Threshold has been totally consistent in what it has been seeking for the private rented sector. Contrary to what has sometimes been said in the media, our responses are not knee-jerk - they are based on what is best for the private rented sector. That is why it is very important for the members of this committee to get a copy of our report. The positions set out in the report are still our positions. The private rented sector has changed. The private rented sector has changed, with an increasing number of families living in private rented accommodation. Security of tenure of four years does not cut it for families as their children will attend school for 12 or 13 years. There is no legal impediment to introducing indefinite security of tenure in the private rented sector and it should be introduced.

As members will be aware, there was a great deal of toing and froing on rent certainty last year. Rent certainty is the norm in modern developed European economies. With the exception of the United Kingdom, rents are linked to inflation in one way or another throughout Europe. This approach is good for landlords and tenants because rents will start to fall once the rented market returns to normal supply. In 2008-09, rents fell by 30% and the only reason landlords did not exit the market in droves was that most were in negative equity and there was a ratchet effect. The next time rents decline sharply, landlords will leave the market. Rent certainty would ensure the rate of decline would be tapered over a period, thereby protecting supply in the rented sector and landlords. That is an important point which is rarely made. Rent certainty provides a bandwidth, as it were, within which rents can increase or decrease. That they can currently rise or fall at any rate is not good.

No one has evidence to show whether the recently introduced rent freeze worked. The Private Residential Tenancies Board does not have such evidence because it registers new tenancies and does not measure changes in rent between tenancies. The *daft.ie* website does not measure changes because it advertises new properties. Based on our work, however, Threshold believes the rent freeze has had some effect. Last year, approximately 1,000 people who were facing unaffordable rent increases contacted Threshold and we were able to help them to remain in their homes. These individuals and families will not contact us again this year.

To summarise, a second commission on the private rented sector is required. I ask the com-

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mittee to support our recommendation that a new commission be established. The danger with introducing piecemeal legislation on the private rented sector is that we will deliver the wrong outcomes because of the large number of issues arising in the sector. When I meet the Minister, Deputy Coveney, tomorrow I will put to him our recommendation on establishing a new commission.

Our submission raises many other issues, including in respect of rent supplement, bedsit accommodation and standards in the private rented sector. I would like to address these issues, perhaps in response to questions from members.

**Chairman:** I thank Mr. Jordan for his opening remarks.

**Deputy Bernard J. Durkan:** I thank Mr. Jordan for appearing before the committee. I also congratulate Threshold on the work it does, particularly in the specialised area of emergency housing. It is appropriate that organisations and agencies are available to deal with this issue. I disagree with Mr. Jordan, however, regarding the degree to which the rental market can be regulated to any great effect in so far as consumers are concerned. I am glad the report of the first commission on the private rented sector has reappeared after so many years later because I opposed its recommendations on the basis that they could not work and unfortunately I was right.

I should declare an interest in that I rented for ten or 12 years. While my landlord was not great at doing repairs, he was a good landlord. I estimate that 90% of landlords are conscientious and reasonable people. However, there is a small group of poor landlords. Threshold and many members will have encountered cases where landlords have given tenants 24 hours to vacate a property. Such ultimatums are not in line with regulations and require interventions to protect tenants. In other cases, landlords have physically ejected tenants from their properties, leaving them on the side of the road with nothing. This is not in accordance with the law, irrespective of whether we like it. Some landlords refuse to sign a lease and the rent support system has difficulty providing support to tenants who do not have a lease.

The only resolution to the current problem is to rapidly increase the number of directly built local authority homes. That does not mean that the local authorities hire plumbers and plasters. Rather, they contract the work out and get projects done as quickly as possible. I am of the view that it would be possible to do what I have outlined.

I will conclude by saying that I heard some comments during the week about a reference I made last week to affordability. Affordability is a simple matter: it was always deemed to be two-and-a-half times the gross income of the earner. That was the maximum which could be tolerated. If a person has €100,000, the maximum mortgage or equivalent in terms of rent would be €250,000. That is a long way from where matters stand in the context of both the rental and purchase markets. The position is unsustainable. I have dealt with cases in the past week whereby rents have increased from €900 to €1,700 to €2,000. We can talk about this issue as long as we like but that what is happening. There will be no immediate resolution unless we can accelerate the delivery of publicly-funded houses by local authorities and eliminate the concept of social housing. It is a local authority housing programme that is badly needed.

**Deputy Fergus O'Dowd:** I welcome very much the submission from Threshold. I am deeply concerned about what is happening to people who have been put out of rented accommodation. Approximately 80 families per week are being put out on the road. It is an appalling disgrace that this very day, homeless children are being placed in adult hostels and obliged to sleep on bunk beds. That is an appalling vista. It is clear that urgent and immediate action is

required. We need to communicate with the Minister as a matter of urgency to encourage him to take whatever steps are necessary and to deal with the concerns of the different organisations that are commenting on this absolute scandal. One step would be to commandeer hotel rooms or any available space. It is unacceptable to have children sleeping, as I understand it, in staff rooms so that they are safer than in other rooms. That is absolutely appalling. As a committee, we must deal with this issue and make our recommendations.

Why are there 80 families going out onto the roads each week? It is because landlords can say the law allows them to act in a particular way. If a landlord is going to sell accommodation he or she owns, he or she will give his or her tenants three months to get out. I accept that one of the final acts of the then Minister for the Environment, Community and Local Government, Deputy Kelly, was to place an obligation on landlords to sign a statutory declaration stating that it is the intent to sell properties they own. I think we need emergency legislation to not allow that to happen in future and that for a period of, say, a year or whatever, people could not be put out of their accommodation if they are paying their rent. If they are not paying their rent, then the matter could go to arbitration. We cannot accept that families are being put out on the streets of our cities and towns by callous and cowardly landlords who are abusing their position. They are exploiting the market and seeking people who will pay more. As a result, they are creating appalling conditions for families. I feel strongly about this.

I agree with my colleague, Deputy Durkan, that the question of affordable housing is a myth. The scandal of councils refusing to accept houses from NAMA in this city is another disgrace. Thousands of houses have been offered to county councils, up and down the country, which they have not taken. In my view, they are failing in their statutory duty of care to the prospective tenants. We should also insist - I know we have been pushing an open door in this regard - that rapid build housing, which some of us have seen in Ballymun, be used as an immediate solution. Such housing could meet the needs of thousands of families in a short period. That is what we have to do. Speaking on my own behalf, I strongly recommend that the chairman be delegated to meet the Minister, as a matter of urgency, on those two issues today because we cannot allow this situation to continue.

**Chairman:** I thank Deputy O'Dowd. I call Deputy Wallace and I will then come back to Mr. Jordan.

**Deputy Mick Wallace:** I thank Mr. Jordan for attending. What I am going to ask has been influenced by what the other Deputies have said. Everyone agrees we need to build more social housing through local authorities but we must also accept that there will always be people who want to live in the private rental sector. The lack of regulation and leaving the sector to the markets to regulate have been a failure. Has Mr. Jordan any recommendations as to how we could tackle the issue of rent certainty in the short term? We realise every dimension of the market, including housing supply, is dysfunctional currently. This means we must work in a dysfunctional market and are not trying to operate in a regular situation. What ideas has Mr. Jordan as to how we could make private rental properties affordable again? We are at a high point currently. How can we deal with that? Can we get it down in the short term and how could we move to try to introduce measures to provide rent certainty across the board?

With regard to the point made that it is a disgrace local authorities did not take up the properties offered by NAMA, I would like to point out that much of what NAMA offered local authorities was not fit for purpose. It is a pity local authorities did not get a better choice of what NAMA was selling to vulture funds. In Berlin, there is a rule to provide that certain properties must be made available to the state before investment funds can buy them. This is something



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we should consider. Our local authorities should have had access to suitable, fit-for-purpose units that have ended up in the hands of vulture funds.

**Chairman:** A number of points Deputies have made will form part of our deliberations for recommendations but questions have also been raised for Mr. Jordan. Deputy O'Dowd said that when properties are put on the market, tenants are generally asked to vacate the property. One of Mr. Jordan's recommendations was to establish legal safeguards so that properties could be sold without the need for the tenant to vacate. That is the norm in the commercial market. If tenants have had a commercial lease for some time, the commercial property is sold "tenant not affected". What are the legal impediments to doing the same with residential properties?

**Mr. Bob Jordan:** There are no legal impediments. It is just custom and practice in the residential sector to sell with vacant possession. We have come across situations where tenants are being put out. These tenants were on fixed term leases. Receivers have had no problem selling on properties - in one development there were four or five properties - with tenants *in situ* to a willing buyer. This must change. I totally agree tenants should be allowed to remain in the property, particularly where the property is being sold on again for rental - in other words, where there is no buyer moving into the property. This area needs to be examined. One of the reasons the regulations were introduced last year was because lower paying tenants, perhaps in receipt of rent supplement, were being bumped out of properties in favour of higher paying tenants. We need a stronger rule in regard to moving on tenants in the context of the sale of properties.

The issue of rent certainty in the current market was mentioned. The Minister said at a conference this morning that while he is sympathetic to this, he does not feel he will be able to introduce it in the current dysfunctional market. We must therefore look at the issue of supply because this is the only factor that will impact on rents. A suggestion that arose recently was for purpose-built student accommodation. I believe students could be taken out of the mainstream private rental sector. Very often that market does not work for them because they are only in the accommodation for nine months of the year. They sign up to a one-year lease and then lose their deposit. Moving students into purpose-built accommodation could be done rapidly and I believe firewalling them against the mainstream private rental market would be good. However, if any section 50-type break was introduced again, it would need to be linked to affordable rents for students. I am dismayed by the fact that universities around the country have essentially followed the private rental market in raising rents. That is totally inappropriate as it is a different market. That area would certainly be one way of freeing up supply.

I know that the Minister for Finance was before the committee to talk about the living city initiative and creating something similar in rural areas. There has not been huge take-up on that. However, there are spaces - I see them all over Dublin 7 - above commercial properties that could be used for the private rental sector. I believe the main impediment tends to involve issues of fire safety and planning but those things are surmountable. In the absence of the Minister doing anything else other than the rent freeze, we must look at supply. I believe there are possible measures there.

The home renovation incentive was extended to both home owners and landlords. Home owners are extending their properties. They should be encouraged to do so and to take more people under the rent-a-room scheme. Landlords should also be encouraged to extend their properties. There has been good take-up of the home renovation incentive but perhaps it could be looked at even more.

**Deputy Kathleen Funchion:** I deal with many people who deal with Threshold and they have always found the service excellent and very professional. Oftentimes, people are in difficult circumstances and it is good to have a service such as Threshold. I welcome Mr. Jordan's comments about rent certainty with regard to landlords. That is often forgotten about. A number of years ago, at the start of the downturn, it was very handy for many landlords to rely on RAS because it meant guaranteed rent. Now that things are, as landlords see it, on the up, they are pulling out of RAS. That is part of the problem and part of the reason we have such a difficulty.

I have one question in regard to Threshold's submission. It is under section 5, which deals with more security and protection from eviction. Recommendation 9, which the Chairman touched on, recommends the introduction of legal safeguards. Has that ever been put forward by Threshold to the Department as possible legislation in the past? If so, what was the response Threshold received?

**Deputy Ruth Coppinger:** I welcome Mr. Jordan's comments about the kind of legislation and changes that are needed to protect people in the private rental sector. I am going to confine my remarks to the private rental sector rather than modular housing, which has nothing to do with Threshold. The majority of social housing units, as stated on page 8 of Threshold's submission, is going to be sourced in the private rental sector. This is something the committee needs to take on board. The private rental sector is an insecure place that is leading to homelessness and yet most of the increased social units are still situated in the private rental sector. Does Mr. Jordan have an idea of how many units will come from the private rental sector? According to the Government's figures, 75,000 units will come from the private rental sector and 35,000 units from the public sector. Even within those 35,000 units, some are leased and are therefore still coming from the private rental sector. Does Mr. Jordan agree that this is a policy that needs to completely change? Threshold's report nailed the absolute lie that the private rental sector can provide security for people when it is based on profit.

I wish to ask Mr. Jordan about overholding. Overholding describes a tenant staying in a property beyond the termination date. According to the Residential Tenancies Board, RTB, this increased by 50% between 2013 and 2014. How many people does Mr. Jordan envisage becoming homeless because of termination notices rather than rent increases? Does he have any figures on that? Overholding is the biggest issue about which people contact me for advice and I am sure that is the case for other Deputies too. I understand that Threshold can only advise people to stay within the law. Its website is very good for pointing people in the right direction. However, there is a limit to what Threshold can do. Does Mr. Jordan agree with me that people face overholding or homelessness? Is that now the choice for those people? As a public representative, I have had to advise people to stay in the property and to overhold. I am now advising people to do that because I am not going to be responsible for ringing the council three days later looking for non-existent accommodation for somebody who voluntarily left a property. Does Mr. Jordan agree that this is the only choice people have?

How much of their incomes are families paying in private rent? What impact does this have on their lives? We will talk to the Department about top-up payments, but research carried out by Threshold indicates that half of all tenants are paying top-up payments to landlords. The One Family Ireland group has found that three quarters of lone parents are having to do this.

With rent increases, security of tenure presents the biggest problem because landlords are using a legal mechanism to get rid of tenants. Sometimes the intention is to sell the property but more often it is not. Landlords have resorted to using all sorts of tactics such as having

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painters and decorators come while a family are still *in situ* to pressurise them to get out. They send text messages and use other subtle means to get rid of tenants and which causes huge stress. Threshold advocates the introduction of laws on security of tenure to make it similar to the commercial sector in which tenants stay *in situ*, even if ownership changes. How does this work in the commercial sector? My information is that in the commercial sector NAMA has succeeded in securing rent decreases for 99% of applicants. We need rents to be decreased for residential tenants, but there does not seem to be any way this can be brought about except by legislation. Does Threshold have any idea of what benefit that would have?

**Deputy Maureen O’Sullivan:** As Threshold is based in Dublin 7, Mr. Jordan will know that there are concerns on the part of the community about the massive influx of students and the effects it will have on it. I have also heard stories of landlords who have had tenants for a number of years in adequate accommodation. They are now telling them to leave because they are subdividing what was an adequate bedroom into two units for students. We may get students out of the main rental sector, but this will be an unintended consequence.

Mr. Jordan has said Threshold saved 8,550 people from becoming homeless. Will he explain how and whether it was all to do with increasing the rent supplement? We know that the supplement needs to be linked with the cost of living or the consumer price index, but how can it be balanced with the exorbitant rent increases some landlords are imposing? I have heard of unbelievable rent increases for people who live in extremely meagre accommodation. A part of me hates landlords getting that increase because they are not improving the accommodation provided.

There are tenants who are afraid to complain about the conditions in which they are living. They are afraid that if they say something needs to be repaired or repainted, it will give the landlord an excuse to evict them.

In the context of our discussion on the rural resettlement scheme, is Threshold finding that there is an interest on the part of some Dublin tenants in moving outside Dublin?

**Mr. Bob Jordan:** On the sale of property, the measures introduced at the end of last year followed our lobbying to the effect that the provisions in the Act on a landlord’s intention to sell a property or to move a family member into a home were being abused regularly. We came across properties which the landlord had purported was for sale, but the tenant discovered that another tenant had moved in a few weeks later. These measures have not yet been addressed by the Department, but we go one step further to suggest the sale of a property, under most circumstances, should not be a reason to put a tenant out. There are a lot of people who would be delighted to have somebody paying rent from day one, somebody who was recruited into the property by the previous owner and who has a track record of paying the rent. It is counter-intuitive to want to get that tenant out of the property when they are there ready, willing and paying.

**Deputy Ruth Coppinger:** They do that because they want to increase the rent.

**Mr. Bob Jordan:** Absolutely. Rent certainty underpins everything we are talking about in terms of people’s tenancies. That is a very good reason a tenancy should continue beyond the sale of a property because if it comes to an end, there is an opportunity to increase that rent to market level rent again. That is the reason having an enduring tenancy is very important.

Deputy Coppinger spoke about the proportions in terms of the sourcing of housing units. A big footnote to the social housing strategy is that most of the units will be delivered in the



private rented sector. Threshold is on record as having said that we accept that one third of households will need some State support. They will be in either the social rented sector or the private rented sector and there needs to be a rebalancing of those sectors. The social rented sector comprises 9% and we have said it should be brought up to about 15%. We should at least have a 50:50 situation but it appears the private rented sector will continue to grow. Unless people can be given the kind of security, or close to it, in the private rented sector that those can be given in the social rented sector, then clearly many people do not belong there. Threshold's experience is that there are people living in the private rented sector who should not be there as they cannot cope there. Equally, there are people in the private rented sector who have legitimate aspirations to own their own home and they need to be helped as well.

The issue with overholding is that when people remain in a property beyond the end of the tenancy to some extent that is making a problem for the landlord which is really a problem for the State. That tenancy will ultimately crumble and the tenant will eventually have to find alternative accommodation. The Deputy correctly pointed out the increase in the number of overholding disputes that have gone to the Residential Tenancies Board. If a tenant has a bone fide problem with finding alternative accommodation, there needs to be a protocol between the Residential Tenancies Board and the local authority and it is the local authority's problem to find people alternative accommodation either directly or through a non-governmental organisation or whatever. The tenants should not end up in homeless services for the lack of alternative accommodation. Our experience is that where people overhold the tenancy eventually crumbles. Therefore, it is better to deal with the problem directly and it is more the State's problem than a problem for the landlord.

On the issue of top-ups, we published a report in Cork in 2005 that showed that 20% of tenants even at that time were paying top-ups in the private rented sector. The reason we have had a family homelessness crisis since 2013 is that even if some tenants paid all of their welfare to a landlord they would still not be able to meet the rental payment. That is the issue. The issue has moved from one where people have been managing their own poverty for years to one where they cannot even manage their own poverty. It is Threshold's experience that tenants will go to the ends of the earth to pay their rent. They will do that above anything else, above buying food, looking after their children or going to the general practitioner when they need to. Clearly, there is a crisis for them in that area that has gone out of control.

Deputy O'Sullivan made a number of remarks. When I referred to student accommodation I was clear in saying that it should be on-campus and purpose-built and that it would take students out of the mainstream market. Students require a particular type of accommodation for a particular period and it should be affordable. There is an opportunity there to do that. The section 50 tax break introduced a few years ago was one of the most successful tax breaks of all. However, in recent years on-campus accommodation has become as expensive as accommodation in town, so there is no benefit to it. Any measures introduced around student accommodation need to ensure that rent is set at an affordable level for students and their parents.

Preventing people from becoming homeless is not only about protocol, although it is mostly about that. We negotiate with landlords and when we explain a tenant's position some landlords are willing to leave the rent the same. That must be acknowledged. In some cases where landlords issue a valid notice of termination, we can buy the tenant extra time to find alternative accommodation. Some tenants have got local authority accommodation along the way. One thing that is clear from this service, and it is a second best option, is that if people are given more money under rent supplement, they do not become homeless in the main. This raises the

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question as to why not provide for this across the board. One of the issues concerning the rent supplement scheme, which has been mentioned widely, is that if one increases rent supplement across the board, one just inflates rents for everybody.

The problem with the rent supplement scheme at present is that it is a bit of a blunt instrument. Essentially, there is more or less one rate for all of Dublin. All of us here know that rents are very different within different sub-markets in Dublin. The PRTB rent index is accurate to a level of 30 properties. We need to make sure that rent limits are not as visible to landlords. It is none of landlords' business where tenants get their money from or how much they get. It needs to be much more invisible to the landlord how much support a tenant is getting so we can get the best value in the market.

We have asked in the past why the Department of Social Protection should not just bargain directly with landlords and get a good deal. There are many landlords who are making significant money from the rent supplement scheme. Why not have some economies of scale in this regard?

With regard to people being afraid to complain, the Deputy is absolutely correct. People are afraid to make contact with their landlord in any way at all. That is why organisations such as ours are really important. The proof of this is that one of the biggest issues we are still dealing with is substandard accommodation in the private rental sector. Not carrying out repairs is an issue. In this regard, 1,800 people came to us in 2014 and 1,400 came to us in 2015. That is really the tip of the iceberg.

Much has been said about people moving outside Dublin. For some who have tried this, it has worked but it has not for many. The reason it has not worked is because they have moved too far away from their family support networks. The Deputy knows better than I do that if one does not have the support of one's extended family, it does not quite work out. One needs to be very careful about a rural resettlement scheme.

Deputy Coppinger asked about the commercial sector. Her question was very good. The point about the commercial sector is that there are long-term leases. A property may be sold but the tenant might have a 35-year lease, for example. In the private rental sector, there are no 35-year leases anymore. However, if we gave people indefinite security of tenure and the right to remain in the property after its sale, the arrangement would be something of the equivalent of that in the commercial sector.

I cannot tell the committee how one could drive down rents in the private rental sector by any measure other than increasing supply at the moment. It is a very tricky issue that, dare I say, would lead to constitutional problems. It is probably the one issue that would. If all these other measures were implemented, circumstances would improve considerably for people.

With regard to the homelessness problem, there is considerable focus on the provision of emergency accommodation. That prevents people from being on the streets but the rebalancing regarding homelessness needs to focus on preventing people from becoming homeless at all costs and moving people as quickly as possible out of homelessness. The Minister for the Environment, Community and Local Government, Deputy Simon Coveney, has increased the number of rapid-build units from 500 to 1,000 but the number obviously needs to be much higher. However, the relentless focus should be on preventing people from becoming homeless and on moving them on. Otherwise, the number in emergency accommodation will only continue to grow.

**Chairman:** I will take the final series of questions. I call Deputy Frank O'Rourke.

**Deputy Frank O'Rourke:** I thank Mr. Jordan for all his help with various tenants down through the years. I have a number of points and questions on which I would like him to comment. We know one of the main reasons for homelessness is that there is no activity in construction in either the private or public sector. That is the real problem. Without prejudging the outcome of the proceedings of this committee, one of the outcomes we would like to see is the actioning of construction activity. We need to improve supply urgently.

I acknowledge Mr. Jordan is not here to comment on the rapid-build initiative. I do not share the view on rapid-build units because it has already been demonstrated the cost is way in excess of the cost of building a conventional property. This needs to be taken on board.

The lifespan of rapid-build properties is of concern. The construction time has not proven to be any faster than with a conventional build. That is a concern. I acknowledge there is a massive crisis. We need to have supply and when we have it, it will deal with all the issues we are all speaking about this morning. However, if there is a knee-jerk reaction, we will be back here having this discussion with hindsight, having to learn from it. That is important.

Tenant protection is also vital. For all of the landlords in the private rental market who do excellent work, there is a minority that does not do good work. What are Mr. Jordan's views? Is he in favour of temporary rent supplement increases to assist people at risk of becoming homeless until supply is back in the market? Whether we like it or not, we must currently rely on the private sector to keep people off the streets. In my constituency of Kildare North, I engage with tenants and landlords to get properties. They are not an attractive tenant for landlords because there is such a demand from people who do not depend on social welfare payments to rent the property. As such, one has to engage to persuade the landlord to take them as tenants. Without that engagement and supply from the private sector, we would have a lot more homeless families.

I would also like to hear Mr. Jordan's views on the HAP scheme. It is currently geared towards one's accommodation need. Due to shortage of supply, one has three choices if one is looking to get a property which has one room more than one needs. One stays homeless, makes the top-up or there has to be flexibility within the HAP scheme to allow that to be approved to avoid the family being homeless because that is a reality. Anyone who believes top-ups are not happening is not on the ground. A number of families want a one-bedroom unit, but these are not available. If they get a two-bedroom unit to avoid becoming homeless, they must make up a huge differential in the rent because the HAP scheme is only geared at their need.

Is the risk of compulsory long-term leases going to eliminate properties being available for those availing of social welfare payments like rent supplement, the HAP and the RAS? My concern is that while we have to protect the tenant, some of the measures we need to put in place as a matter of urgency equally have associated risks which might remove these tenants from consideration by landlords. That will mean they remain homeless.

I share Deputy Maureen O'Sullivan's views on the standard of accommodation and tenant protection in that regard. While it is a minority, I have a number of constituents for whom the standard is appalling. If they complain, they are asked to move out while the work is being done and are not then allowed to move back in. That is a problem. What is the way around that? There is no immediate answer until we get supply back into the system.

## THRESHOLD

**Deputy Maurice Quinlivan:** I thank Mr. Jordan for his presentation. Most of my questions were asked by Deputy O'Sullivan and have been answered so I am happy with that. I have dealt with Threshold over a number of years and I know its service is very good. It really gives solace to people who are in very difficult situations. The website is excellent and one can easily download the letters to give to landlords and tenants. In a number of cases we have dealt with, that has prevented people from becoming homeless. Does Mr. Jordan have any idea of how many landlords have been brought to court or convicted for issuing illegal notices to quit? Are there any statistics on that? Who, if anybody, monitors this? We deal with a lot of people who say, for example, that a daughter is coming back from Australia, so the tenants must get out of the house or that a house is to be sold but that house is never sold and is rented out to someone else. Is there anybody who monitors that? I do not believe there is.

If Mr. Jordan had a chance tomorrow, what two things would he introduce to stop people who rent privately becoming homeless due to increased rent?

**Deputy Brendan Ryan:** I thank Mr. Jordan for his presentation but also for his more substantial document which will be very useful to us in our considerations. Under the section on reforming the rent supplement scheme, Mr. Jordan has come up with a number of recommendations on administration which seem to be no-brainers in terms of implementing change. They are essential and clear in the main with the exception of Mr. Jordan's final point, on which I ask him to elaborate. The recommendation is to introduce clear guidance for Department of Social Protection representatives who deal with circumstances where receivers are appointed to properties with rent supplement tenants. Mr. Jordan might expand on that.

Certainly in my experience the tenancy protection service is working well. Community welfare officers, outside the tenancy protection scheme, are applying flexibility too. Threshold recommended that the tenancy protection service be extended nationwide. To what extent is there a lack of consistency across the country in applying the flexibility the community welfare officers have?

On increasing rent supplement limits to reflect market rents, Threshold has indicated they should be more targeted, related to local sub-markets, tailored to individual circumstances and less visible to the market. From this, it seems Threshold is not arguing for an across-the-board increase in rent supplement. What is the methodology for achieving the best outcomes and best use of resources?

**Deputy Kevin Boxer Moran:** I thank Threshold for its excellent report. In Athlone up to 6,000 students attend the institute of technology. One must consider the amount of accommodation they take up. In the past we have looked to get accommodation campuses built for these students through public private partnerships. However, the Department will not allow this to happen, as it is completely against public private partnerships. What is Threshold's view?

All the talk is about tenants being pushed out of houses. What about houses which are taken by tenants who are taking quality accommodation but will not pay for it? There is no help for the landlord in removing them from the accommodation to free it up for those who deserve it. We have much experience of this around the country. However, the issue is being ignored, with the people affected being told to go to this or that board. I know that in the area I represent, Longford and Westmeath, there is a lot of this going on. Could some legislation be introduced to help landlords to move troublesome tenants out? As well as this, troublesome tenants can move on and find accommodation elsewhere in other towns. This is an issue which needs to be examined.

**Mr. Bob Jordan:** On tenants who are not paying rent, the first commandment in the private rented sector is, “Thou shalt pay thy rent.” That is the basis of the landlord-tenant relationship and there are plenty of rules around it. It is a question of whether someone cannot or will not pay. Where someone cannot pay, we are trying to identify supports.

The Private Residential Tenancies Board is the regulatory body for the private rented sector. A landlord can bring a dispute with a tenant to it. One of the issues in the private rented sector is that disputes continue to take a considerable time to be heard. Obviously, from a landlord’s perspective, the sooner they are heard, the better.

It has been talked about how well public private partnerships have worked with schools. I am not well versed enough to comment, other than to say we need purpose-built student accommodation. It could be modular or drop-down units and provided in campuses quickly. I would be in favour of this because it would free up supply immediately in the private rented sector.

One of the things about the rent supplement scheme is that it is not always about the limits, although they are extremely important. The administration of the rent supplement scheme hinders tenants in a lot of ways too. For instance, a landlord could have two prospective tenants, one of whom who depends on rent supplement, while the other does not. The tenant who is not dependent on rent supplement will have a deposit and the first month’s rent to hand. The rent supplement tenant, on the other hand, will have a form and the landlord might not see rent or any money from him or her for six to nine weeks. He or she might not see it at all if the tenant is not approved for payment of rent supplement. The administration of the rent supplement scheme, therefore, needs to be dealt with. Tenants need to be preapproved under the scheme, the administration of which needs to be speeded up. Tenants need to be given deposits and all the support they need in order to be able to compete in the market.

Clearly, having broad geographical regions with a single rent supplement limit does not make sense. In view of the data on the rented market that was not available when the rent supplement scheme was introduced but that we have now, we need localised limits for the areas under pressure, such as Dublin 15, 24, 1 and 2. Community welfare service staff should be given a bandwidth in which to operate, however it should be less visible to landlords. The exact amount of money that landlords can aim for should not be put on a notice board or on the Department of Social Protection or Citizens Information Board websites. It does not make much sense. This is our experience. The Government should increase rent supplement for a local sub-markets.

A number of years ago, a directive was introduced that rent supplement could be increased for people at risk of homelessness. The same circular specified, in bold writing, that if a person makes this decision he or she must report to the Minister. This created a chill factor on discretion in the community welfare service. To some extent, Threshold’s tenancy protection service is the outsourcing of discretion. Increasingly, the community welfare service is using more discretion. However, it must be mainstreamed back into the mainstream rent supplement scheme.

Often, the Department of Social Protection ends payments for tenants when the landlord changes. Regulations must be put in place to ensure the payment continues, even when a receiver is in place. This has been a problem in the private rented sector for a long time. One way for a landlord to get tenants out of a property was to telephone the community welfare service, say something about the tenant and stop the payment. We are working on delivering temporary rent supplement increases for people, and it works. It should be available to everybody, as far as possible, across the board.



## THRESHOLD

Landlords are not familiar with the HAP scheme, although there are many benefits to it in some respects. People at risk of homelessness should not have to fall into homeless services in order to qualify for the HAP. We hope to deliver a service at least with Dublin City Council whereby we can move people who are genuinely at risk of homelessness directly onto the HAP scheme without having to access homeless services. There could be benefits to it.

Landlords will come before the committee this afternoon and talk about bedsits. Much has been said in the public domain about the new bedsit regulations bringing properties out of the market and landlords being forced to put tenants by the side of the road. None of it is true. The bedsit regulations have been very successful. Environmental health officers do not have the power to shut down any property, even if it is substandard. According to figures from Dublin City Council, approximately 90% to 95% of landlords have complied. For example, they previously had properties that had shared toilets on a landing, but now, each individual unit has a toilet. This is what the bedsit regulations were all about. This means there is better accommodation available. However, in the course of its inspections of bedsits, Dublin City Council has discovered approximately 50% of properties did not comply with fire safety regulations. This has been the major issue.

The bedsit measures have had a bootstrapping effect on the private rented sector. They have made bad accommodation into better accommodation. The question is where all the bad accommodation has gone. Based on registrations in the PRTB, more than 1,000 bedsits from last year have been registered, which means tenants are living in them. I do not know where properties have disappeared from the market. It appears the bedsit regulations have increased supply. This has happened because many of the older private rented properties were in such poor condition that they were approximately 60% occupied. Given that landlords were, to some extent, compelled to bring them up to scratch, more properties have become available. Counterintuitively, the bedsit regulations may have increased supply. We cheered this on from the outset and we believe it has been very successful. The figures are publicly available from Dublin City Council. Any roll-back on the bedsit regulations would reward the very small number of landlords who have not complied with the regulations but who are still allowed to rent out their properties.

**Chairman:** I thank Mr. Jordan for his response to the questions. That concludes this stage of the presentation. I thank Mr. Jordan for attending and for his written submission. I would say to colleagues that a number of the answers Mr. Jordan gave, particularly the last few answers in regard to rent supplement, will form questions for our next round of witnesses as there is a natural follow-on from a number of the issues he raised.

**Deputy Maurice Quinlivan:** I asked a number of questions that were not answered.

**Mr. Bob Jordan:** Deputy Quinlivan might remind me of the questions.

**Deputy Maurice Quinlivan:** I asked about the number of landlords brought to court for giving illegal eviction notices and what two things Mr. Jordan would do tomorrow to stop people being evicted.

**Mr. Bob Jordan:** The two things are, first, to give people more money under the rent supplement scheme across the board but in a different way, based on local submarkets, so it is not obvious to landlords. Second, to give people indefinite security of tenure and the right to remain in their home beyond the sale of the property.

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In terms of landlords being brought to court, I am not aware of the illegal eviction numbers as it is the Private Residential Tenancies Board that deals with the issue. From our own figures for last year, over 20% of the clients who came to Threshold had a problem in regard to their security. Overall, over 1,500 people came to Threshold last year in regard to tenancy terminations, which could have included illegal evictions, so it is a very substantial number.

**Chairman:** I thank Mr. Jordan. That concludes this session.

*Sitting suspended at 11.40 a.m. and resumed at 11.45 a.m.*

### Department of Social Protection

**Chairman:** Once again, I remind everyone about mobile telephones. Either turn them to flight mode or turn them off. They interfere with the meeting and the recording and broadcast of its proceedings.

I wish to draw the attention of witnesses to the fact that, by virtue of section 17(2)(I) of the Defamation Act 2009, they are protected by absolute privilege in respect of their evidence to this committee. However, if they are directed by the committee to cease giving evidence regarding a particular matter and they continue to do so, 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 or 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 statements submitted to the committee will be published on the committee website after this meeting, and 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.

I welcome the Department of Social Protection, represented by Ms Helen Faughnan, Ms Jackie Harrington, Mr. Carl O'Rourke and Rita Tighe, to this morning's meeting. The full submission from the Department of Social Protection has been made available to members and, as I said, will be on the website afterwards. I invite Ms Faughnan to summarise the submission, after which colleagues will have a number of questions for her.

**Ms Helen Faughnan:** I thank the committee for the opportunity to appear before it on the matter of our supplementary welfare allowance scheme, or SWA, as it is most often referred to. I would like to introduce my colleagues. On my left is Jackie Harrington, who is the principal with responsibility for SWA policy and is based in our headquarters office in Sligo. On my right is Carl O'Rourke, who is head of the Department's homeless persons unit and asylum seekers and new communities units in Dublin, based in North Cumberland Street and Gardiner Street. Also on my right is Rita Tighe, who is the area manager for the Blanchardstown Intreo centre, which operates the full range of our Department schemes, including supplementary welfare allowance.

The SWA scheme acts as a safety net within the overall social welfare system and its objective is to provide assistance to people whose means are insufficient to meet their basic needs and those of their dependants. A range of payments and supplements are administered under the SWA scheme, ranging from basic once-off weekly payments to once-off emergency pay-

## DEPARTMENT OF SOCIAL PROTECTION

ments and the rent supplement payment, a very important payment in terms of the deliberations of this committee. The scheme is administered by the Department's community welfare service, whose staff have considerable experience in engaging with people facing challenging and financially difficult times resulting from, for example, unemployment, ill health or relationship breakdown, and who may end up in homeless services. These staff are generally based in our Department's Intreo centres throughout the country and work very closely with local authorities, the homeless action teams throughout the country and other local stakeholders, including non-governmental organisations to provide the necessary financial supports to facilitate people to access accommodation.

Overall, the response to the current extremely difficult housing situation has to be multi-faceted, and this level of inter-agency participation ensures greater integration between the key agencies involved in the area of homelessness and related services. The Department is also represented on the homelessness policy implementation team in the newly formed Department of Housing, Planning and Local Government to oversee the implementation of that action plan.

Fundamentally, the main cause of rising rents is a lack of supply, and the implementation of the range of actions under the Construction 2020 strategy, the social housing strategy 2020 and the most recent programme for Government will support increased housing supply. Notwithstanding this, there is an inevitable time-lag in the provision of new stock and the difficult and distressing challenges faced by people, including those in receipt of rent supplement, in maintaining suitable, affordable accommodation. All of these issues are well documented. The State is a key player in providing support to these people and is providing almost €450 million this year in respect of a third of the private rented market under rent supplement, the housing assistance payment and the rental accommodation scheme. The accommodation needs of almost 100,000 individuals and families are supported through these three schemes.

I will now provide some background information on the rent supplement scheme and the steps being taken by the Department to support customers to maintain their homes during these difficult times. The Government has provided more than €260 million for the scheme this year. Approximately 56,800 people are in receipt of rent supplement, of which almost 4,500 were awarded the payment in the first four months of this year. The provision of support under the rent supplement scheme is a key priority for the Department. This issue is under consideration by the Cabinet committee on housing in the context of the overall Government commitments contained in the programme for a partnership Government to provide affordable, quality and accessible housing. The programme for Government includes the commitment to increase rent supplement limits. The Department is examining options to increase the limits in line with this commitment.

The Department has in place a number of targeted measures to ensure that people at risk of homelessness or loss of their tenancies continue to be supported under the rent supplement scheme at this time of further increased rents and reduced supply. We are operating an individual case management approach which is kept under constant review in the light of the vital feedback our staff receive from stakeholders, including customers, non-governmental organisations and, very importantly, Oireachtas Members. Under this approach, each tenant's circumstances are considered on a case-by-case basis, and I assure the committee that payments are being increased above prescribed limits as necessary. Staff in the community welfare service have a statutory discretionary power to award or increase a supplement for rental purposes. This flexible approach has already assisted almost 8,200 households throughout the country to retain their rented accommodation. We estimate that the average number of people receiving an

uplift payment will increase to approximately 8,900 in 2016, equating to approximately 16% of the average number of people receiving rent supplement. These uplifts will cost approximately €23 million this year.

In addition, the Department, in conjunction with Threshold, operates a special protocol as part of the tenancy protection service in Dublin, Cork and the commuter counties of Kildare, Meath and Wicklow, to where it was recently extended. It will go live in Galway city over the next two weeks. The level of housing supply is particularly acute in all of these areas. The primary objective of the tenancy protection service is to provide advice and support to householders experiencing housing problems and at risk of homelessness. The key add-on for this service is these people advocate on behalf of the clients. Almost half of the calls - approximately 4,000 - to the Threshold service were resolved without referral to the Department for financial support. The protocol ensures a speedy intervention to ensure that our customers who are at imminent risk of losing their tenancy will get immediate financial assistance. The programme for a partnership Government has identified expanding the protocol nationwide. The Department of Social Protection will work actively with Threshold and the Department of Housing, Planning and Local Government to ensure the extension happens as speedily as required.

The strategic policy direction of the Department is to return rent supplement to its original purpose of being a short-term income support scheme, mainly for people who are unemployed. To achieve this, the Government has two initiatives to deal with long-term reliance on rent supplement. These are the rental accommodation scheme, RAS, which has been in operation since 2004 and the more recent housing assistance payment, HAP, which started in 2014. These are key pillars of the social housing strategy and the Pathways to Work programme. Under HAP, responsibility for the provision of rental assistance to those with a long-term housing need is transferring to local authorities. The key benefit of HAP with regard to Pathways to Work is that it will ensure households which find full-time employment can retain their rented accommodation. HAP is operational in 19 of the 31 local authority areas, and a homeless project operates in the four Dublin local authority areas. Almost 9,580 people are in receipt of HAP, with more than one third of them having transferred directly from the rent supplement scheme.

I will mention two further supports under the supplementary welfare allowance scheme, the first of which is the exceptional needs payment. Under it, we can provide rent deposits or rent in advance to vulnerable people who are on low incomes and rely on the private rental market. To the end of this April, 750 rent deposit or rent-in-advance payments had been made at a cost of almost €465,000. The second support is the humanitarian assistance scheme, under which 540 households that were badly affected by the flooding and bad weather conditions of last winter have been supported in restoring their homes to a habitable condition at a cost of €1.1 million.

The Department recognises that homelessness is one of the most visible and distressing signs of the social impact of the crisis. The Department continues to take specific actions to address the problems. We will examine the best options for increasing the rent supplement limits, which, with the new rent certainty measures in place, will give greater certainty to tenants. Our community welfare service will continue the targeted and flexible interventions in respect of increased rent payments. We will continue to support vulnerable prospective tenants with the payment of rent deposits and rent in advance. We will continue working with Threshold to support the tenancy protection service and its proposed extension nationwide. We continue to examine ways of communicating with people who are at risk in order to make them aware of the available supports. The Department is monitoring the supports that are in place to ensure that

the appropriate response can continue being provided. Committee members have a vital role in this regard and I urge them to advise people who are experiencing increased rents or people they are aware of who are making top-up payments to contact our offices or Threshold, as we can support them. Sometimes, this key message is not getting out to the most vulnerable.

I trust that my presentation has been of assistance to the committee. I remind members that, in terms of communication, we have key posters that are on view in social welfare offices, post offices and Money Advice & Budgeting Service, MABS, offices. We have circulated them to Oireachtas Members but will re-issue them in light of the newly formed Government. We ask that Members display them in constituency offices and so on and we will e-mail copies to the committee members.

**Chairman:** I thank Ms Faughnan for her opening statement. Since a number of colleagues have indicated, we will take a few questions together and the witnesses can decide who among them is most suited to answer the individual questions.

**Deputy Maurice Quinlivan:** I thank Ms Faughnan for her presentation. I have a query on the housing assistance payment, HAP, scheme. Most people in receipt of rent supplement are being put onto the HAP scheme regardless of whether they want that. They are getting letters from the Department of Social Protection to the effect that they must sign up for HAP or else their payments will be cancelled.

Ms Faughnan referred to people of whom we were aware who might be making top-up payments on their rent supplement. Let us be fair - every single person in receipt of rent supplement is paying a top-up. This is probably something that is not discussed publicly but I have not encountered anyone in receipt of rent supplement who is not paying a top-up. This is because the limits are too low.

Ms Faughnan referred to extending the protocol for additional payments to Dublin's commuter counties, which is welcome, and Galway city but she did not mention Limerick city. I have always been perplexed by this, as there is a major problem in Limerick, particularly in terms of social housing and private renting in that sector. If the witnesses do not have the figures, they might send them to us later, but how many people per county who are on the HAP scheme have received top-ups? Some councils claim that they cannot make top-ups. Nineteen councils are administering the HAP scheme for the Department, four Dublin councils do it through the homeless services and Limerick council operates all of it, but the perception is that the HAP limit has been set and cannot be increased even though I understand that it can be.

**Deputy Frank O'Rourke:** I thank Ms Faughnan for her presentation. I acknowledge her staff and compliment them on the great work done by the rents unit under extreme pressure and in difficult times, with everyone shouting at them from time to time to hurry up. In terms of engagement, my office is very complimentary of the staff of the rents unit and I would like to put that on the record. Following on from that, I would welcome Ms Faughnan's view on resources within the rents unit in the context of the current crisis in the housing area and the lengthy waiting time for approvals for rent supplement, which as I said is no fault of staff of the rents unit but can result negatively in terms of securing properties from landlords.

I would also welcome her view on the application process. Notwithstanding that there must be a proper and transparent application process in place, as stated earlier, this process is extremely lengthy in the context of the many documents to be prepared. Often when a person is accepted onto the housing list and then finds a property in respect of which the landlord is



prepared to accept rent supplement, the individual is at that point required to submit all of the relevant documentation to the rents unit. However, during the time taken to process the documentation and the person securing agreement on the payment, the landlord has often received numerous other offers and he or she does not secure the property. Are there any interim measures that could be put in place to prevent this happening, such as: perhaps, allowing the person space to get the paperwork together before finding a property; or the agreement would be reviewed in cases where a property is not found within a particular timeframe? What can be done to speed up that process?

I would also like some clarification on the role of the community welfare officer in respect of emergency payments and deposits. If I understood her correctly, Ms Faughnan said that community welfare officers have the power to assist in this regard. Based on my personal experience, and having talked about this issue with colleagues, that is not the case. Community welfare officers are refusing to pay deposits to help people in emergency situations. A few months ago I secured a property on behalf of a constituent, following which I contacted the community welfare officer requesting payment of a deposit only to be told that it was not within the remit or jurisdiction of that community welfare officer to do so. We did not succeed in securing the property. I have made similar requests of the community welfare officer since then in response to which the answer was the same. I would like the role of the community welfare officer clarified for the record and also, if there is a misunderstanding in this regard, that a message in that regard be sent to all community welfare officers.

Like other Deputies, I would welcome Ms Faughnan's view on the housing assistance payment, HAP, and the rental accommodation scheme, RAS. When I raised the following issue during earlier meetings I did not get a clear answer to it, perhaps because it was not within the remit of the person concerned. The HAP scheme is good but there is a discrepancy in relation to it because it is purely tailored to people's needs. In other words, a person who needs a two-bedroom unit but owing to the current scarcity of supply can only secure a three-bedroom unit, will only receive payment under the HAP scheme for a two-bedroom unit, which leaves the person having to pay a huge top-up. As stated by Deputy Quinlivan, the reality is that people are paying top-ups. If they were not, the current crisis would be greater. Given the current housing crisis, is it possible to provide for flexibility under HAP to the effect that in a situation where a person can only secure a two-bedroom unit despite that all he or she requires is a one-bedroom unit, that person will receive payment in the short to medium term?

I would also like Ms Faughnan to comment on the rental accommodation scheme. A constituent of mine who was previously homeless is now living in a two-bedroom unit in respect of which she receives the housing assistance payment. While the landlord is willing to participate in RAS to help her, she is not eligible under that scheme because she is over-accommodated. However, we are unable to secure a one-bedroom unit for her, which means she will be put out on the street. This week she will be made homeless if there is no flexibility given by the Department to the local authority to deal with this issue. In addition, is there any flexibility around the requirement for a person to have been in receipt of rent supplement for 18 months prior to his or her being eligible for participation in RAS? In another case with which I am dealing, we have secured a property but the landlord only wants RAS tenants. However, the person concerned is not eligible for it because she has not previously been in receipt of rent supplement. I would welcome Ms Faughnan's views on those issues.

**Deputy Fergus O'Dowd:** I echo the sentiments expressed by my colleague in regard to Department of Social Protection. I have always found its staff to be 100% committed to work-

ing for people, particularly in terms of their responses to representations which we make on behalf of people who find it difficult to access information. When one rings the staff, they are always focused on what the entitlements are. They are first class.

I have two questions. One was raised with me by somebody who works in a county council and has many dealings with people who are homeless. I have mentioned the view he put to me previously in the committee but I am anxious to hear the witness's view on it. He told me that, at present, one is not allowed to support a family in their family home, for example, a son or daughter who might wish to stay in the family home notwithstanding the fact that they may have a child or family. They must leave the home to get financial support. The point he made to me is that if there is no accommodation for people, which there is not, and there is space in the family home, the regulations could be changed for a limited, defined period of time. In other words, they could pay a rent at home. His point is that a fortune is being paid for bed and breakfast accommodation, hostels and so forth, which are not appropriate, whereas there could be a payment in respect of the family home, provided the room was available, as an exceptional measure. That is the point. Could they be paid a rent allowance? Obviously, it would not be a commercial rent but it would help to ease the burden as the family might be able stay at home. I realise there are all sorts of social problems which I will not detail now - all of us are aware of them - as to why that should not, and could not, happen but there are instances where it might and should happen. That is the case he made to me. There is a lot of space in homes that could be used and it might make a difference.

The other issue is the room to rent scheme, although I realise it is not the Department's responsibility. Under that scheme, people living in housing in which there is significant accommodation available can rent it to other people. It is the same principle, essentially, just that it would include direct family members. Under the room to rent scheme, I could have my nephew or niece living with me, take rent from him or her and the Department could pay him or her the rent but I cannot do that with my son or daughter in an exceptional case. That does not make sense if people are sleeping rough on the streets of Dublin or they are in inappropriate hostels with children sleeping on airbeds in staff rooms. Is that worth considering?

The witness mentioned that the tenancy protection service is being extended. What is the situation in County Louth? She did not mention it in her opening statement. I submitted a parliamentary question on that while she was talking. That brings me to another problem. My office is inundated with people who are homeless and trying to get accommodation. That is the case with every Deputy. The problem is that local authorities do not have the capacity to advise, listen to or help these families in the way they did traditionally. As there are thousands of people on the list rather than hundreds, they are inclined to tell people to go away and come back in five years' time. Huge problems are building up. As the witness said, the tenancy protection scheme is, and I liked the words she used, an advocate for the applicant. We really need advocates for these people with officialdom and the local authority. People might not necessarily be able to articulate their best case, perhaps because of the difficulties they might have, medical problems, social problems or anti-social issues. If that is the case, it is hugely significant and important. Will the witness describe it a little more and what would be required to extend it throughout the country or to areas where there are other significant housing problems?

**Ms Helen Faughnan:** I will start with Deputy Quinlivan's questions. I wish to put on the record the excellent work Limerick City and County Council has done in this area. It was the initial area for the housing assistance payment and it is now the hub for all the payments around the country. It has done excellent work in that regard. The Deputy asked why the protocol is

not being extended. In conjunction with our colleagues in the new Department of Housing, Planning and Local Government and Threshold, we will look at what areas of the country most need the protocol to be put in place. The housing assistance payment scheme is currently working extremely well in Limerick. More than 1,200 people are receiving the payment in Limerick. The need for increased rent supplement payments is very low there. Approximately seven payments are being made there at present.

**Deputy Maurice Quinlivan:** There are seven payments being made. Is that what Ms Faughnan has said?

**Ms Helen Faughnan:** Yes.

**Deputy Maurice Quinlivan:** Ms Faughnan has said that the housing assistance payment scheme works really well in Limerick. It works well in the rural parts of Limerick but it does not really work well in the city.

**Ms Helen Faughnan:** Okay.

**Deputy Maurice Quinlivan:** The payment is the same in both parts of Limerick. That is why we have a massive problem.

**Ms Helen Faughnan:** Okay.

**Deputy Maurice Quinlivan:** I assume that is the problem in other areas as well.

**Ms Helen Faughnan:** I am on the housing assistance payment implementation board, so I can take that issue back and feed it into the discussion on top-up issues.

Deputy Quinlivan also asked about letters. Rent supplement was originally designed as a short-term income support. The idea was that it would be provided to someone living in rented accommodation who lost his or her job and needed support for a couple of weeks or a month until he or she got back into employment. That went out the window during the recession. The big difficulty with the rent supplement scheme is that there are barriers to employment in it. Under the housing assistance payment scheme, a person's payments are adjusted when he or she takes up part-time or full-time work and decisions on differential rent are made on the basis of need. We have had success in supporting people back into work under that scheme. For example, 120 households moved from unemployment into part-time work, more than 90 households moved from unemployment to full-time work and ten households moved from part-time to full-time employment without any stopping or starting of their accommodation issues, which are separate. We are focusing on people who have been receiving rent supplement for more than 18 months. We are engaging with our customers. We are not going to force them out if their landlords do not want to go into the housing assistance payment process. We want to engage with people by supporting and encouraging them. It is in their best interests to be supported into employment.

I was also asked about the whole area of top-ups. Part of the difficulty is that people will not come into us to declare their top-ups. My key message today is to reassure people not to be scared of coming in and talking to our staff. If people are struggling to meet top-up payments, we can increase their rent supplement payments to cover that. We are not in a position to do so if the discrepancy is wildly exorbitant but that is not the case with most of these people. We can assist with reasonable payments. People need to come in and talk to us. They will not be penalised in any way. There is evidence to show that those who have come in have been ac-

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commodated. As I have said, when we consider the extension of the protocol, we will work with the Department of Housing, Planning and Local Government and Threshold in looking at the critical areas, such as counties where there have been many increased payments or where the housing assistance payment scheme is not in play.

I thank Deputies O'Rourke and O'Dowd for their compliments. The staff of the Department have a challenging job in trying to meet the needs of customers who are often distressed when they come in. We try our best to put people at ease and to meet their needs as speedily as possible. We keep the Department's resources under continual review to see where we need to act in the best interests of our customers. We have put a great deal of resources into our case officer work. We are engaging with unemployed people to try to support them to get into work, in the first instance, or otherwise into education or training. We hope that if we can help people to get back into work, they will be able to be self-sufficient in meeting their accommodation costs. We have cross-trained many staff. The new cadre of staff who are trained as community welfare officers can be of assistance when there is a particular need. This happened during the flooding crisis, which affected many counties over Christmas and into January. Staff were available on the ground to meet people, etc., and cater for their requirements.

We have streamlined the application process to quite a degree. The application form used to have many elements but we have streamlined it to a good degree. We try to engage with our clients to support them in processing their applications. It is complicated in so far as this involves a two-stage process and the details of the landlord are required in addition to those of the tenant. The Dublin Regional Homeless Executive, with the non-governmental organisations, particularly Focus Ireland and the Society of St. Vincent de Paul, among others, operates a front-line advocacy service. It is engaging with this issue by putting in place rent deposits to secure accommodation where the position regarding the latter is tight.

To clarify the issue raised regarding Celbridge and County Kildare, a significant number of uplifts - 384 - have been paid in County Kildare for people in receipt of rent supplement. I am a little surprised that somebody would not offer an exceptional-needs payment to make a rent deposit. Perhaps the Deputy will give me information on specific cases after the meeting and I will follow up on the matter. We gave clear instructions to our staff on two occasions last year to be as flexible as possible during the homelessness crisis. In general, community welfare staff do not need our blessing in that respect as they view this as a duty of care to their customers. However, with almost 7,000 staff in the Department, there may be instances where staff do not react in the correct manner. If there are particular cases, I ask members to bring them to our attention and we will address them.

I confirm that exceptional-needs payments are being made. Last year, for example, the Department made more than 2,500 exceptional-needs payments for rent deposits and rent in advance, at a cost of €1.48 million. The average payment was approximately €590 and a similar figure was paid out the previous year, as noted in the opening statement. If members believe these payments are not being made in particular areas, especially where housing supply is acute, I ask them to inform the Department.

**Deputy Frank O'Rourke:** Kildare North is definitely one area where there is an issue with housing supply and homelessness. I assume the directive to which Ms Faughnan referred has been issued to all community welfare officers.

**Ms Helen Faughnan:** Yes, that is correct.

**Deputy Frank O'Rourke:** While we can discuss the issue in more detail after the meeting, these payments are not being made in Kildare North.

**Ms Helen Faughnan:** There are particular issues around Kildare, Celbridge, etc., because we are competing with some of the large businesses and companies located in the Kildare area, as well as the university in Maynooth. All of these are causing issues in terms of supply, as workers are competing for the same properties.

Policy responsibility for the HAP and rental accommodation scheme lies with the Department of the Environment, Community and Local Government. Flexibility is available under the HAP scheme, however. For example, in Kildare, the scheme is being operated using the limits applied in Dublin, with an additional payment of up to 20% available. Flexibility is being applied in respect of HAP limits, particularly in areas of acute supply. South Dublin County Council, for example, is operating with flexibility of up to 20%.

Under the homeless HAP pilot schemes operating in the four Dublin areas, flexibility is provided to increase the payment by up to 50% above the limit to try to secure accommodation. While the two Departments and local authorities are working very much hand in hand to try to ensure flexibility is available, the big issue we are coming up against is supply.

**Deputy Frank O'Rourke:** I raised the issue of over-accommodation, citing the example of two and one bedroom properties. Is there flexibility in the HAP scheme to assist families in such circumstances given that they must contribute a major top-up to their rent if they are to emerge from homelessness? Can that issue be addressed?

**Ms Helen Faughnan:** I will have to raise the issue with my colleagues to confirm the position. As I understand it, however, the local authorities are doing their best to operate the HAP scheme as best they can. Over-accommodation, as the Deputy describes it, is always a risk. Whether the accommodation consists of two or three bedrooms-----

**Deputy Frank O'Rourke:** It is definitely one and two-bedroom accommodation.

**Ms Helen Faughnan:** As I indicated, I will raise the issue with my colleagues in the Department of the Environment, Community and Local Government. If rent supplement was involved and no other accommodation was available, we would generally be pragmatic and try to meet the need. When supply is tight, putting a family into three-bed accommodation when it needs only a one-bed or a two-bed, precludes a three-bed family from sourcing that accommodation. It is a case of trying to balance all the needs which is not easy in the circumstances.

**Chairman:** Deputy O'Dowd asked questions on accommodation for families.

**Ms Helen Faughnan:** In response to Deputy O'Dowd, when looking at the issue of the family home and if there is accommodation in the family home, given that Ireland is facing a homelessness crisis, there has to be social responsibility for family members. If they have accommodation available to them in a family home situation my personal view is that they should provide accommodation for their son or daughter as necessary. The room to rent scheme and the tax benefits attached are a valuable incentive in this area for non-family members. Ideally, families should try to accommodate them and generally we find that is happening. It is often the case that when somebody loses accommodation, he or she is returning to family members but often accommodation can be very tight. At the moment we would not be looking to pay a supplement.



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**Deputy Fergus O'Dowd:** I acknowledge the point made by Ms Faughnan. Is it the case that by staying in the family home there is an additional cost on the family or on the owner-occupier for heating and other issues that would not otherwise arise? This point was made to be me by a homelessness officer.

**Ms Helen Faughnan:** If one has a single person in receipt of a social welfare payment, he or she has to pay €30 per week as the personal contribution towards the rent supplement. That €30 could go towards offsetting the costs of staying in the house plus some contribution from their social welfare payment. In their private rented accommodation they would be expected to meet the cost of their heating, lighting and cooking facilities. There would be scope within their social welfare payment plus the €30 or, if a couple, €40 payment per week they would have to pay towards their rent. We would expect them to contribute to the family home.

**Deputy Fergus O'Dowd:** As the point was made by my homelessness officer on that issue I will take the advice.

**Ms Helen Faughnan:** In regard to the situation in County Louth, HAP, the housing assistance payment, is working extremely well where there are more than 800 tenancies. Some 130 rent supplement uplifts are payable in the Louth area. It is working well.

The Deputy mentioned the advocacy role. Threshold, which is doing excellent work, receives about 8,000 calls. Overall, at least 6,000 households throughout the country have been supported by the community welfare service. Our staff feel they have an advocacy role. For example, I spoke to Ms Rita Tighe, who is the area manager for the Blanchardstown Intreo centre, before coming into the meeting. She mentioned that the centre has engaged with the local community and some of the teachers in the local schools where it is aware that parents are in difficulty. At times the centre has got in touch directly with landlords. The Department definitely feels it has an advocacy role in this space. Our citizen information centres throughout the country and MABS also have a supportive role in this area and should not be forgotten.

**Chairman:** I thank Ms Faughnan for her responses. I ask Mr. O'Rourke to forward his response to the committee on the issue of people being classed as technically over-accommodated, particularly a single person being housed in a two-bed where one-bed is not available in the RAS and HAP schemes. I call Deputy Funchion.

**Deputy Kathleen Funchion:** I have a difficulty because I do not see a uniform approach. For example, in Kilkenny, it is one community welfare officer versus another. It seems to depend on who one meets and it depends on the day. I have never heard about the offer of rent in advance until today.

There is also an issue with people moving from emergency accommodation into accommodation under the RAS or HAP scheme. While the responsibility is on the landlord to provide furniture, etc., moving into such accommodation is very expensive because tenants do not have cooking or washing equipment and receive no payment from community welfare officers when they finally find a property under the RAS or HAP scheme. A woman who came to talk to me about her situation told me how for a long time after her rent had been raised, she had made the extra payment and found herself struggling. When she went to the community welfare office to explain her situation, she was told she was engaging in fraud because she was paying an amount above the rent allowance limit. I hate to be negative, but it is my experience that community welfare officers do not always show understanding and are not always helpful to those who find themselves in difficult circumstances, unless they bring with them an elected representative or

somebody from Focus to the community welfare office. They should not have to rely on doing this. They should be able to visit the community welfare office and represent themselves.

On the training given or the notices issued to community welfare officers, there is obviously a major issue with the communication of the message. Unfortunately, the overall experience of persons in difficult circumstances in going to community welfare offices is negative. This means that they will not return on the issue.

May we have some contact name or information on whom to contact when these situations arise? I know that the Department will give us the facts and figures for what payments have been made, but members of the committee would agree that their experience is that tenants are not given deposits or top-up payments. When we come across such cases, whom can we contact for information? There is a breakdown in the process because based on what departmental officials are saying and our experience - it is certainly mine - there are two completely different stories.

**Deputy Ruth Coppinger:** I want to ask about the rent supplement and top-up payments and supports the Department gives. When representatives of Threshold appeared before the committee earlier today, we were told that rent supplement had remained at 2013 levels, but it had been cut by 28% prior to then. In two years rents in Dublin West have risen by €341 per month. Therefore, in my area rent supplement lags behind by approximately €400 per month. Rents are at bubble levels, but rent supplement has decreased. Given these figures, what responsibility does the Department have for dealing with the housing and homelessness crisis? It has been advising the Minister to keep rent supplement at its current level. Last year it conducted a review and stated rent supplement should be left at the same level, despite every homeless agency telling it that there was a need for an increase. Does it have any responsibility for the fact that people who are swimming against the tide are becoming homeless because they cannot find properties or afford to stay in them? Has it been using the rent supplement scheme as a form of rent control on the backs of the poorest people in the State, while knowing full well that rents have risen?

Focus Ireland has stated the making of top-up payments is universal, yet the former Minister, Deputy Joan Burton, has said there is “no evidence” that this practice is widespread. Is this the only form of social welfare fraud about which the Department is in denial? Is this because the people affected have to defraud themselves and the Department does not care. It has used the word “fraud” to describe what people are doing in paying above the rent supplement limit and breaking its rules. However, it does not care because they are only defrauding themselves. It is turning a blind eye to this practice. We all know that lone parents are particularly vulnerable right now because of all the cuts they have had to endure. If people are paying up to €100 a month plus their €30 a week, what level of poverty do the witnesses think that is creating?

My third question concerns the general supports for those who living through this housing crisis. In 2014 an EU survey found that 54% of people renting in Ireland were living in deprivation. The figure for owner-occupiers in the same position was approximately 5%. We know where the poverty lies; it lies in the private rented sector because of the type of rents people are paying. Do the witnesses think there is an acceptable level of support and social protection for those people?

Exceptional-needs payments for people in emergency accommodation are mentioned on page 4 of the witnesses’ presentation. I have seen far too many of those people in Dublin West in recent times. Assisting people with travel costs is given as an example of such payments in

the presentation. However, I put a parliamentary question to the Department of Education and Skills in April for which the reply was that “no assessment has been conducted on the school transport needs of homeless children.” Was that reply incorrect? The witnesses are telling us they are giving money to people who are travelling the length and breadth of Dublin in many cases. No hotels take people in Dublin 15, for example, so they are travelling two bus journeys away. I cannot think of anyone who has told me about getting any help.

Is there any extra allowance for food for families living in hotels, given that they have no cooking facilities and have to go out and buy food continually? Given that there is a housing and homelessness crisis, I see no extra support being provided to families. The Department has set its face against increasing the rent allowance, which has made the situation much worse.

**Deputy Michael Harty:** On the rent deposit and rent advance scheme, Mr. Bob Jordan from Threshold said this morning that people in receipt of rent supplement are at a disadvantage in the private rented sector when they are competing for accommodation against others who have a deposit and a month’s rent in their hands. How easy is it for people to get rent deposit and rent in advance so they can compete on an equal footing?

**Ms Helen Faughnan:** In response to Deputy Funchion’s comments, I am disappointed with the views on the service that people in Kilkenny are receiving. While there are issues, there are approximately 128 people in receipt of increased payments in the country. We try to ensure that there is a consistent approach throughout the country, although each officer would have discretion in his or her own right. I suppose the officers are balancing the need of the customer with a need to ensure that there is value for money for the taxpayer, who is paying for these various supplements. I will take the matter up with the divisional manager in that area in the context of looking at the position with regard to some of the payments.

In terms of point of contact, the Department operates a special inquiry line for Deputies with direct contact names, e-mail and phone numbers for every area of the Department, including for each division. We will be reissuing the details for new Deputies shortly. If there is a particular issue, it is best for the Deputy to raise it through that forum in the first instance.

It depends as well on the needs of the actual person. Some people do have a deposit available to them. Others may not, particularly if they are coming from emergency accommodation. Generally, what would happen in those circumstances is that the local community welfare officer would be part of the homeless action team in the area. The team would have case conferences to see what people’s needs are and to try to make whatever payments are necessary. Again, if the Deputy is aware of particular cases, we might have a conversation about them offline.

A question was raised about people going to RAS or HAP in respect of furniture. Generally, it is the responsibility of the landlord.

**Deputy Kathleen Funchion:** My question was not related to furniture. What is often said to people who are living in very overcrowded family circumstances or in emergency accommodation by the community welfare officers is that they should have been in a position to save. They might not be responsible for the furniture in the house but obviously if people are in emergency accommodation, they will have had a lot of extra expenses for a long time. There is also a cost incurred when they are moving and they are not getting any assistance at all. I know there is no responsibility on the part of the tenant or the community welfare officer to pay for furniture under the RAS or HAP scheme but it is important to acknowledge and recognise that those people will have many additional expenses in moving. There does not seem to be any flexibility

around that. Telling people that they should have been in a position to save is not good enough.

**Ms Helen Faughnan:** Ideally, each case should be assessed on its merits to assess the circumstances of the person coming from emergency accommodation. I am meeting all of our divisional managers tomorrow and I will raise the concerns of the committee in order that the divisional managers engage with the staff, as they do, to assess the issues that are coming up. We can raise these issues.

Over the years, we were trying to protect the State, in a way, and were ensuring that landlords declared the correct payments that were supported through the rent supplement scheme. Top-ups were illegal in that case. It is the same point that Deputy Coppinger was making. If the landlord and the tenant are in collusion and it is a cash payment, it is very difficult for us to be aware of it. The clear instructions that have gone out to staff are that we want to support people. We do not want them to be topping up where it is a vital accommodation need. I appreciate that tenants may be afraid or nervous in this situation and we need to try to communicate better with some of our clients. I will circulate the contact list to the members of the committee in the first instance as well as to the other Oireachtas Members so they will have an individual point of contact in the various divisions to enable them to raise issues of concern.

In response to Deputy Coppinger's comments on the review of the rent supplement limits, I am responsible for the policy approach in that area. The main finding of our previous rent review, which we carried out early last year, was that the lack of available supply is the biggest problem. It remains the key issue of the homelessness crisis. This relates to supply across the market in general and not just in the private rental sector. The number of private rental properties is at its lowest level ever. Increasing rent limits will provide a small amount of accommodation but that is not going to solve the issues. That is why we agreed to the special protocol with Threshold last year and in mid-2014. At that time, we felt that a targeted approach was far more beneficial in terms of supporting the individual customers as well as targeting the resources that were available to where they were most at need. The big changes that have happened in terms of the rent certainty are the amendments to the Residential Tenancies Act. Rents can now only be reviewed once every two years as opposed to once every year. We will be reviewing the rent limits in that. On average, we are paying an extra 120 rental uplifts on a weekly basis. Approximately 23% of Dublin recipients are already receiving an uplift payment. In effect, the current limits are no longer sustainable. We will be looking at how best to implement the commitment in the new programme for Government to spread the increase to the greatest effect.

The measures our Department can take in a housing crisis mainly relate to the financial supports that can be put in place. The Deputy asked about the various payments that are being made in Dublin West. Uplifts are being made in the Dublin West area, at an average of approximately €850 with a range of between €650 and €1,100. Ms Tighe will give some examples of what is happening on the ground.

**Ms Rita Tighe:** I am responsible for the rent supplement scheme in Dublin 15, where there are approximately 3,000 live rent claims. We are going above the limits in most cases for anybody who comes to us with a proposed increase from a landlord. On average, we are going approximately €250 above the limits. We query it when it becomes unreasonable and we might make a call to the landlord or the tenants may go to Threshold and ask it to advocate on their behalf. In general, however, we go above the limits under the article 38 provision for anybody who comes to us with a problem because the last thing we want is for them to be homeless. We do not believe the rent limits *per se* are causing the homeless crisis, rather it is down to the fact that there are so many huge increases.

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I am sure people are making top-ups but we do not want people to do that because we are going above the limits in any event, so top-ups are no longer an issue. A lot of people were afraid to come to us because they were paying top-ups and feared that we would not deal with them but that is not the case. We are trying to let people in Dublin 15 know that we will talk to anybody, no matter what their issues, ranging from arrears they have built up to paying top-ups about which they might not want to tell us. We will discuss anything with them to prevent homelessness.

**Deputy Ruth Coppinger:** The Department is still hundreds of euro behind what is the going rate. I do not agree with having to do this but I wish to point that out. The only effect is that landlords will not take people. We know a law was passed but landlords vet people when they get in the queue and ask them if they are on rent supplement. All that happens is that landlords will not take people on rent supplement because they can get more rent from other people, which puts people in the position of not being able to find accommodation.

**Ms Rita Tighe:** I said that €250 was the bottom line but the reality is that we are going to the market value and to the asking price in a lot of cases, especially with big families or where there are medical issues because they can be paid under the article 38 provision in any event. We are going to €1,300 and €1,400. In general, we do not turn anybody away to become homeless. We have been very supportive to people in Dublin 15 who come to us for payments for emergency accommodation. If their source accommodation was in Dublin and they end up in a hotel on the outskirts and have to go to and from schools or their community, then we help them out with that.

**Deputy Ruth Coppinger:** Does that apply to food?

**Ms Rita Tighe:** I do not think so but we do give support for travel.

**Deputy Ruth Coppinger:** Does Ms Tighe accept that people who are homeless or living in a hotel pay a lot more for food?

**Ms Rita Tighe:** I am not sure they are paying any more than they normally would.

**Deputy Ruth Coppinger:** If one cannot cook one has to eat out all the time.

**Ms Rita Tighe:** Okay, but we have not had applications for that type of payment.

**Deputy Ruth Coppinger:** That would be because there is no payment for it.

**Ms Helen Faughnan:** On the question of food, etc., flexibility exists in the area of exceptional-needs payments for an unforeseen expense, sometimes depending on the number of children in the emergency accommodation. It has not arisen however.

The Deputy asked about the Department of Education and Skills on the possibility of transport. Often the supplementary welfare allowance scheme has been a safety net not only for our Department's clients but for those of some other Departments where they have not been able to meet the cost involved in the issues of concern. In individual cases of transport, the Department of Education and Skills may not have flexibility in its response. There have not only been instances in the areas Ms Rita Tighe manages but we have had instances of other cases where people have been provided with transport costs because they have been an exceptional-----

**Deputy Ruth Coppinger:** How many?



**Ms Helen Faughnan:** I do not have that figure to hand.

**Deputy Ruth Coppinger:** Ms. Faughnan might check that figure and forward it to us.

**Ms Helen Faughnan:** I will check if we have something on it at that level.

The Deputy mentioned rent reviews. Our two reviews prior to 2013, in 2010 and 2011, found that the rental values had stabilised at or near the maximum rent limits that were in payment at the time and that provided scope to the Department to make savings. We had the troika programme in place at that time and Ireland had to come forward with savings. Approximately €44 million was cut from the rent supplement budget but there was scope there because the rental supplement and the market levels had stabilised at or around the rent limits we had in place. When it came to the review in mid-2013, we were trying to benchmark our limits at around the 35th percentile of housing stock that was available. At that time the Department invested €7 million because we needed to bring the limits back up to try to maintain that limit but since then the market rents have escalated and now the increase is approximately 10%. The available supply is now the lowest ever. There was no question of trying to match them. We are trying to retain the households that are being supported in private rented accommodation in their accommodation, so we are no longer market leaders. The targeted response has assisted an extra 8,000 people and we plan to spend approximately €24 million on that support this year.

**Chairman:** Ms Faughnan might deal with Deputy Harty's questions.

**Ms Helen Faughnan:** Deputy Harty raised the issue of rent deposits. This depends on the individual circumstances of the case. In Dublin the Dublin Regional Homeless Executive is working through the non-governmental organisations. Those are the advocates paid by the State such as Focus Ireland and so on. They have contracts with the Dublin Regional Homeless Executive to source and support people trying to access accommodation. That mechanism is working very easily in terms of putting the rent deposit and the rent in place in advance in particular cases of need together with a pool of supports around the client. I would not have knowledge of how easy it is to do that in various parts of the country. We will ask our community welfare staff to support people as much as possible if that is an issue. Deputy Funchion spoke about this also and I will take that matter up with my divisional managers to encourage them in terms of the engagement with our clients to try to make the mechanism as easy as possible. If the Deputy has particular instances she could bring to my attention, I would appreciate that.

**Chairman:** I remind colleagues that we will resume proceedings at 2 p.m. and a number of speakers wish to contribute. I ask members to be direct in their questions and we will try to conclude in order that we can continue at 2 p.m. The next speaker is Deputy Brendan Ryan.

**Deputy Brendan Ryan:** I thank Ms Faughnan and her team for their assistance with our work. Representatives of Threshold, who appeared before the committee just prior to the Department officials, came up with a range of administrative reform measures, which they said would not cost much but would increase the confidence of landlords in the rent supplement scheme. Ms Faughnan might briefly consider them now and while I do not expect her to give me her view on them I would appreciate if she would come back to us later. These are to provide for the automatic payment of RS directly to landlords; ensure that RS is paid in advance, rather than in arrears; introduce a pre-approval mechanism for RS claimants who have been assessed by the local authorities; review the documentation requirements for RS and provide for direct submission of confidential documents by landlords to community welfare service staff; restore the face-to-face applications facility in local social welfare offices; ensure that eligible

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RS recipients are afforded an exceptional needs payment where they require a sum of money for a security deposit; ensure that RS claimants are given at least 28 days' notice of the suspension or termination of RS payments; and place greater reliance on the local review process in respect of RS decisions, afford priority to appeals relating to RS claims, and ensure that RS continues to be paid while an appeal is pending. There is a range of items on which we would like a direct response, if the assistant secretary could provide it, although not necessarily today.

**Deputy Kevin Boxer Moran:** I echo what has been said by other members. When we were discussing the programme for Government, there were 15 Independent Deputies in the room and, no different from those here, we all raised the same questions that have been put to the Department today.

Despite Ms Faughnan's advice to the committee that these measures are in place, they are not. As my colleagues have stated, it is the case that throughout the country deposits from the community welfare officer are not available. I could give Ms Faughnan a list of persons who have been with community welfare officers and who have been sent to hospitals, sent back to the local authority and then sent, in the finish, to the Society of St. Vincent de Paul for help. It is wrong for us to leave here thinking what was said is the case on the ground.

On top-up payments, it is true that top-up payment clients are told they are committing fraud. They are told they are breaking the law while the landlord gets clear. He or she does not want such a tenant in the place for fear of word of it getting back to the local authority or the Department.

Flooding is an issue with which I am familiar in my constituency. It is almost a joke how people access funding when their home is flooded. The paperwork, the questions they are asked and what they must deal with in the application process is unfair. If an area is prone to flooding and the local authority or the Government is putting in special funding, such as for flood defences, there should be a mechanism found so that if it happens again a certain amount of money is provided to those people without delay. As it is, delays in the process are having a detrimental effect on families. We all talk about mental illness. It drives people over the edge with the result that they become frustrated with the system.

On the role of community welfare officers, there is no funding available. Ms Faughnan spoke a lot today about Dublin and Dublin 4. Homelessness is an issue outside of Dublin. It is not only occurring in the same areas. It is a big issue in other areas throughout the country and it is something that we should look at.

**Deputy Bernard J. Durkan:** I am pleased to see my friends from the Department of Social Protection before the committee and I thank them for their work.

There are a couple of matters that need to be addressed. As we have stated on many occasions, the Department of Social Protection was an emergency housing support. It was not a housing body and it should never become a housing body. A former Minister in that area, Ms Mary Coughlan, brought that to the attention of the Houses of the Oireachtas a few years ago. What became an emergency support is now an ongoing support and the Department of Social Protection should not be involved in that aspect as it falls to another Department.

The points raised by a number of members are valid. In terms of upfront payments, one month's rent in advance and exceptional needs payment for the person about to rent a house on rent support and on the HAP, it is difficult to access support in some cases. For want of a better

description, it is patchy. In some cases, depending on who is dealing with it, it works well. In other cases, it does not and one might well be waiting for some considerable time. I am aware there is discretion in that regard, although it does not always apply.

The other part is the top-up for the HAP. The HAP was never intended to have a top-up. It was supposed to be the answer in terms of bringing it back to the responsibility of the local authorities. If we have a system whereby the tenant is supposed to pay a top-up on top of that again, it seems to defeat the purpose of the exercise. The question that arises is, at what stage do we say that we can no longer support the increase because to do so would mean we are contributing to inflation in the market?

I would like to know the degree to which the number of exceptional needs payments have increased or decreased over the past two or three years. What is the total number of families now reliant on rent support, support through the HAP or one of the various supports, be it related to rent support, the RAS or otherwise? The total number gives an idea of the extent to which we need to address this issue.

I have covered the exceptional needs payments.

Where a case has been determined, the appeals system is patchy. It takes considerable time to activate it and get a result from it. This affects a household that might have been reliant on rent support and, possibly, carer's allowance, for example. If, for one reason or another, a payment is stopped, it takes quite a while to address the issue and a great deal of hardship is caused to the individual before he or she can gain access to the support system again.

The last point I wish to make concerns procedures. The system was working quite well for a while, depending on the individuals who dealt with cases where rent had increased within reason and where it was found necessary to make an increase on foot of documentary evidence. A supplementary welfare application form is 29, 30 or 40 pages in length. When I see a case and especially if I see five or six in the one day, I get chilblains. There should be a simplified system which would speed up the process and cost the Department less. Less time would also be spent in making assessments. Every time I see a voluminous application form I know straightaway that it will require a huge input in terms of the labour required in assessing it.

**Chairman:** A considerable number of issues were raised. Time is somewhat against us. Deputy Brendan Ryan set out a series of questions. If Ms Faughnan has not got them, we can forward her the details. If she could respond to them through correspondence, it would be very useful from the committee's point of view. She does not have to respond on the point being made by Threshold now but may do so in correspondence.

Let us consider the circumstances where two prospective tenants approach a landlord and one has cash in hand to pay the deposit and the first month's rent, while the other is dependent on State support. In the latter case the landlord is not sure when he or she will receive payment. The applicant probably has to obtain a tax clearance certificate before becoming eligible, in addition to an energy rating certificate, etc. At that point, one is not sure about the rate of assistance, depending on the State support programme in question, be it rent supplement, a housing assistance payment or a payment through the RAS. From the landlord's point of view, the prospective tenant who is not dependent on State support seems to present a better, quicker and easier option.

The Department has overarching control over some of this. What proposals or recommen-

dations would it make to level the playing field such that when a landlord considers the two options, they will be deemed to be of equal value? If this were addressed, the landlord would not face considerably more paperwork and administrative effort to claim one over the other. If Ms Faughnan cannot answer my question now, she might do so in the correspondence to be sent to the committee in responding to Deputy Brendan Ryan's questions. I invite her to also address the other issues raised.

**Ms Helen Faughnan:** I thank Deputy Brendan Ryan. We will examine the transcript from Threshold and the various questions and answer them.

I have noted the comments made by various Deputies on the apparent misalignment of the experiences of constituents in the payment of deposits, etc. We will examine that issue.

With regard to flooding, the humanitarian assistance scheme operated by the Department of Social Protection is meeting people's immediate needs. The first stage is the provision of emergency income support. Staff on the ground are generally providing money for essential clothing, personal items, to hire dehumidifiers, etc. Generally, the payments are between €100 and €500. Stages 2 and 3 are when it gets into the more formal assessment in relation to, say, the replacement of white goods or furniture and other essential household items. Stage 3 involves the works that are required when the houses have dried out, such as plastering, drylining, relaying of floors, etc. We are still in that process with a lot of households around the country. To date, 540 households have been assisted and payments totalling €1.18 million have been made. The Department has a legal right whereby when flooding happens, we do not have to go to the Government to seek approval. We have permission to spend up to €10 million as required in relation to all of these various needs. Of course, there are a lot of other issues in relation to flood barriers, etc., that are the responsibility of the OPW and local authorities. We might engage if there are issues around the humanitarian aid scheme from Deputies' first-hand experience. While we can try to be a bit better prepared for the next time, I am satisfied that we have the feet on the ground. Our staff are engaging with the local authorities and emergency services, including gardaí and fire personnel, in this space.

Deputy Durkan asked about the various elements. I agree social welfare and income supports should never have been in this whole housing support because what in effect happened was that we had nearly 90,000 people in receipt of rent supplement. Local authorities did not regard them as being their responsibility or on their books or consider that they had to try to find a housing solution for them. This is why the rental accommodation scheme and HAP are very important initiatives in this regard. To date, exceptional needs payments, RAS and HAP support 100,000 people at a cost of approximately €450 million per year, which is a significant investment. Expenditure on exceptional needs payments has been decreasing over the years but we inherited a mechanism where staff were operating who had been in eight different health board areas. Depending on the nature of instructions, etc., there were huge inconsistencies. What we tried to bring forward was a level of consistency across the country so that if somebody applies for an exceptional needs payment in Buncrana, New Ross or Kildare, he or she can generally be provided with the same level of service. A lot of payments were being made which were not exceptional or unforeseen and we are trying to bring a level of consistency to those. For example, payments seem to have stabilised at or around €30 million per annum but it is a demand-led scheme and if demand increases for whatever reason, we will ensure the proper supports are provided. The appeals mechanism is generally at local level. If a community welfare officer has made a decision and a person is not happy with it, the area manager, who is someone like Mr. O'Rourke or Ms Tighe, will review, in the first instance, the payments made.

It will always be somebody different from the original person who made the decision who will review it.

The form is probably one of our more complicated ones. I mentioned the third party intervention with the landlords. One of the major supports and efficiencies which have been gained with the establishment of our Intreo centres is that community welfare service staff have access to our central IT system which is called BOMi. The amount of data they now have available to them in terms of clients' means has assisted so that the processing time for the primary social welfare payments is down from about three weeks to about three days. The data the staff have available to them assists them. We are not there yet in terms of some of the SWA schemes but that is our next stage in terms of trying to improve the efficiencies in the processing of those particular claims. There are various proposals in terms of our clients who are competing. It is a challenge. We will consider those issues and come back with a note to the committee.

**Deputy Kevin Boxer Moran:** Is it possible for a grant to be given to those residents in vulnerable flood-prone areas to lift, for example, sockets off the ground or to tile the house inside to ensure when water comes in, it goes out? Will the Department look at such a grant because it will save millions of euro in claims every three or so years?

**Ms Helen Faughnan:** I am pleased with what the Department is doing in this regard. We have hired loss adjusters to assist us with the stage 3 refurbishments. We have also asked the loss adjusters to give advice to householders on simple measures, like the Deputy mentioned, such as locating sockets higher up, replacing wooden floors with tiles, etc. The stage 3 payments we are making cover and include any type of preventive measures like that.

**Deputy Kevin Boxer Moran:** In Athlone during the recent floods, we saved 120 houses. However, there is nothing to say that if it happened again, those houses will not flood. Those residents have not got any grants. It was an emergency in November and it is still an emergency today. Will a grant be made available to residents in such circumstances to do the works now on their houses to prevent another problem happening again?

**Ms Helen Faughnan:** An interdepartmental group, led by the Office of Public Works, is looking at this whole area of preventive measures at local as well as individual level. The Department is represented on this group and we will be supportive of whatever instructions come out of it.

**Chairman:** I thank Ms Faughnan and the full team from the Department for attending today. The answers were enlightening and there are several written answers which they will forward on to the committee.

*Sitting suspended at 1.05 p.m. and resumed at 2 p.m.*

### **Irish Property Owners Association**

**Chairman:** I ask colleagues to switch their mobile phones off or to flight mode. By virtue of section 17(2)(l) of the Defamation Act 2008, witnesses are protected by absolute privilege in respect of their evidence to this committee. However, if they are directed by the committee to cease giving evidence in relation to a particular matter and they continue to do so they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they



are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or 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 statements submitted to the committee will be published on the committee's website after the 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 House or an official either by name or in such a way as to make him or her identifiable.

I welcome the Irish Property Owners Association, IPOA, represented by Mr. Stephen Faughnan, Mr. Tom O'Brien, Mr. Cathal Lawlor and Ms Margaret McCormick. Their full submission has been circulated to members and will be published on the committee's website afterwards. I invite Mr. Faughnan to make his opening statement and I will then open the meeting to colleagues for questions.

**Mr. Stephen Faughnan:** I thank the committee for the opportunity to make the presentation and wish it well in the difficult task it has been given in a time of turmoil in the housing sector and in regard to homelessness.

The Irish Property Owners Association, IPOA, is the representative body for landlords in the private rented sector. We will give our help to, and co-operate with, the work of the committee. Our written submission outlines our views on the need for change to take place, with the help of the Government and with the co-operation of local authorities and landlords on the ground. It is high time the State extended the hand of friendship to the providers of private rented accommodation. The Government must not forget the importance of maximising home ownership. When a house is purchased, there is a mortgage on it for a period, and when it is paid off, the owner has a roof over his or her head. When people are tenants, they rent all their lives and they may have a dependence on the State in times to come.

I am joined by my colleagues from the IPOA national committee, Tom O'Brien and Cathal Lawlor, and our information officer, Margaret McCormick. The IPOA was formed in 1993 as a non-profit organisation limited by guarantee and it has been at the coalface of legislation, compliance and so on for years. For example, we sat on the private residential tenancies commission in 1999 and participated in its report of 2000, we were on the *ad hoc* board of the Private Residential Tenancies Board, now the Residential Tenancies Board, and we have served on various elements of the Residential Tenancies Board. We are committed to standards of accommodation and have made submissions to most of the reports published in the sector, as well as educating our members on legislation, compliance, banking difficulties, of which there are many, and disputes.

Landlords are not the most popular sector of society but they are a vital part of the solution and yet they are constantly being levied with legislation compliance far beyond what is necessary, all to the detriment of the supply and cost of rented accommodation. It is notable that we house 700,000 people in quality rented accommodation and while there are some exceptions, the majority of this accommodation is affordable, or has been affordable.

I will give a summary of our recommendations. We require the urgent revision of Central Bank lending rules, which would make the position more accessible for investors coming back into the market or extending their remit in the sector. We recommend real action on excessively high mortgage interest rates, given landlords are paying 4% to 4.5% on mortgages while institutions are borrowing the money at 1% or less. We need action to close that gap in order to give landlords a more realistic return on their investments. We need mortgage interest relief to

be restored to 100%, given ours is the only sector in Irish society that has seen reduction in the rate of relief, which is in comparison to the commercial sector and all others, who receive 100% relief. We need that restored because it is not fair that we should be paying tax on a loss, which is the case in many current circumstances. In addition, legitimate expenses need to be allowed fully. Overall, it is a necessity that the law is amended to reflect the fact the buy-to-let sector is a business. We have been looking for this change for a long time and it has not come forward, so it is high time this is addressed.

Consideration should be given to the reintroduction of targeted capital allowance schemes for investment in appropriate, quality housing in areas of high demand. An example of a targeted area in the constituency of some of the Deputies present is the North Circular Road from Hanlon's Corner, as it is known, to Phoenix Park. This is an area with a high density of converted properties of good quality houses and yet 11 of these houses, which could accommodate some 200 people, are boarded up. We want to progress this in conjunction with the local authority, as we have discussed with previous Ministers, but it needs to be activated to proceed. The rest of the North Circular Road is less hit in this sense, but it is hit nonetheless, and there are many properties which are not boarded up but which are out of use. A targeted capital allowance scheme in this type of area, not only in Dublin but throughout the country, would be a very important element of our requirement.

We need to reduce and simplify existing legislation in the sector, given that such legislation was brought in on a whim in many cases. Rather than legislating property owners out of business, we need to legislate for them to be in business and to satisfy the demand among tenants for affordable and comfortable accommodation. Bedsits should be allowed. According to current standards and legislation concerning rented accommodation, bedsits, which are one-bedroom units that do not have bathroom facilities within the unit, are no longer fit for occupation. We demand that this be reversed, certainly for the moment but also for the foreseeable future. Many of the houses on the North Circular Road are closed down because of these regulations. We need to get those back on board, get people housed and get the properties filled and working.

The HAP and rent supplement schemes need to be reviewed. Rent supplement has traditionally been paid directly to the tenant - the person who qualifies for the supplement - with the idea that he or she then pays it to the landlord. This arrangement has fallen through in quite a lot of situations, so we have been constantly demanding that these payments be made directly to the landlord's bank account because if rent is not paid, it causes a great deal of bother and disputes with the RTB. If it is paid directly to the landlord, an awful lot of difficulties in the sector can be overcome.

Income tax exemptions should be granted for long-term letting. We mention in our submission that we have leases in place to deal with long-term renting. When I speak of long-term renting, I refer to multiples of four: four, eight, 12 or 16 years, or beyond, in either furnished or unfurnished accommodation. If the property is unfurnished, tenants will have a 20% to 25% reduction in their rent. They can furnish the property as they like, the same as if they were renting a local authority house, which does not come furnished. We feel that this is a vital appeal. We raised this with Ministers, Deputies and so on, but to no avail. It is a concept that needs to be considered and one in respect of which we would be very supportive.

Regarding the abolition of the proposed deposit protection scheme, work is being carried out at the moment by the RTB on that scheme. We have always argued that there is no need for such a scheme because we currently have, I believe, 324,000 units of accommodation registered with the RTB. Difficulties have arisen in less than 1% of cases administered through the

scheme, and that figure has been reducing significantly in the last two years or so. The reason for the reduction is probably the education, training and information given to our landlords, who are getting abreast of this whole situation, so we feel that the deposit protection scheme in its current form should be stopped immediately. We proposed simple alternatives at various committees previously. One alternative would be to have a designated bank account for landlords in which all deposits are lodged. A similar provision is in place for solicitors, accountants, auctioneers, insurance brokers, etc. This would be a simple process once it is governed by the RTB. Another alternative would be to increase the fee for registering with the RTB from €90 to €95, which would create a capital sum for payouts in cases where people are not satisfied and in the context of getting one's money back from the offender, be it a landlord or a tenant. This would bring in €500,000 per year because there are approximately 100,000 or 103,000 registrations per year. That €500,000 would be an ideal way to deal with the matter, rather than the current amount of bureaucracy which has introduced something that is not necessary for tenant or landlord. The problem with the scheme, if and when it is brought in, is that if tenants decide to leave, they will not get their deposits back for months or longer because they will have to apply in conjunction with the owners of their properties for the release of the funds from the board. Tenants want their money back the day they are finished, and they are entitled to it. It is their money. A current account especially for deposits would be a simple way of administering this.

Funding should be put in place by the local authorities for any refurbishment work to be done or we should be allowed to borrow money from credit unions or the like at a very low interest rate.

I could go on about these matters for quite a while but I will leave it to the Chairman and the committee to ask any questions they feel might be relevant to the situation.

**Chairman:** I thank Mr. Faughnan. I will take questions from members in a moment. I want to pick up on a point Mr. Faughnan made, and when he answers the other questions he might refer to this in more detail. He mentioned there are 11 vacant multiple unit properties between Hanlon's Corner and Croke Park on the North Circular Road. Does he have more information as to why they are vacant? We are not talking about sub-standard accommodation, but a change was made in the regulations on bedsits and the committee has probed this with the Department of Social Protection and the RTB. We would like to get to grips with this matter. Have these regulations resulted in properties being taken out of rental accommodation? I do not condone or support inferior accommodation, but to balance this, we are also looking at children sleeping on mattresses or airbeds in grossly inappropriate accommodation, as Deputy O'Dowd stated. Given this, it is somewhat concerning that we are being told there are 11 vacant properties on the North Circular Road. Mr. Faughnan can address this with some of the other questions.

**Deputy Bernard J. Durkan:** Yesterday, it was reported that 250,000 vacant properties are available throughout the country. To what extent do they represent sales in transit? To what extent do they represent properties which are being refurbished following tenancies or awaiting new tenancies? Is there another reason such a large number of properties throughout the country are vacant? Is the figure just being tossed out as an indicator we do not really have a housing crisis because 250,000 properties are available for tenancies?

With regard to the 4.5% interest rate which must be paid for capital costs for purchasing, how does a first-time house buyer compete with the witnesses in the market? Does a first-time house buyer have any chance, or is he or she priced out of the market? Are there instances where a first-time house buyer and the Irish Property Owners Association compete in the same market at the same time in the same place? If so, what happens?

I hate to repeat myself-----

**Chairman:** But you will do so anyway.

**Deputy Bernard J. Durkan:** The witnesses might see themselves as part of the solution, and the jury is still out on this. I do not see the rental market as part of the solution. In fact, I see it as being part of the problem. I do not blame the Irish Property Owners Association; it is because in lieu of what was previously a reliable system of local authority housing the private rental system was purported to be the future answer, along with the privatisation of the sector. It has not worked. I predicted it would not work at the time. I will not go into the details of it now, but the problem remains. Do the witnesses accept there is now an urgent need for local authorities to become directly involved in the provision of local authority housing through direct building and local authority loans, which were the bedrock of what the first-time house buyer relied on in the past? Public officials such as nurses, gardaí and teachers went there for their loans and many people stayed in the same house for their lifetime or for quite a long time.

There is a difference between responsible and irresponsible landlords. There is a difference between people who are in the market to make a quick buck and those in the market to provide an ongoing long-term service, and I take this point. How do the witnesses respond to situations in which rent increases well in excess of inflation are demanded by some landlords on a fairly regular basis? To what extent do they take advantage of the fact one is only allowed one rent increase every two years? A rent increase in this situation could well be 100%. I have dealt with such situations as, I am sure, has everybody else here. How do the witnesses deal with this? It certainly is not a PR effort which would be of any benefit to the Irish Property Owners Association.

The same would apply in respect of a deposit refund. The responsible property owner is willing to do the right thing. How many situations are the witnesses aware of in which the tenant is not refunded the deposit? The only way the tenant has of getting the deposit is by staying in the property illegally for an extra month to work off the value of the rent.

**Deputy Ruth Coppinger:** I wish to ask, first, about accommodation standards; second, about the “populist left wing agendas” that the delegation highlighted; third, about the number of landlords; and, fourth, about taxes on profits. I will start with the great standards that the IPOA believes its members are maintaining in the private rental sector. Last year, Threshold received 1,836 queries relating to substandard accommodation and raised issues about a lack of adherence to fire safety regulations. Do these relate to the IPOA’s members or have the witnesses proof to the contrary? The witnesses are telling us that the IPOA’s members join to become familiar with the regulations.

According to the third page of the delegation’s submission, the IPOA wants the Government “to ignore populist left wing agendas”. Does this mean that it follows an elitist right-wing agenda? The two contrast. The delegation was being political.

The IPOA believes that landlords are a vital part of the solution to the housing crisis. Based on the facts, however, there is an oversized number of landlords. That number is increasing, it is not, as we hear from the IPOA on the radio every day, decreasing. The RTB appeared before the committee a few days ago. Between the first quarter of 2015 and the first quarter of 2016, there was an increase of 15,904 landlords registering properties with them. Only two things can be happening. How does the IPOA explain the discrepancy in the number of landlords who it asserts are exiting because they cannot make a living in the private rental sector and these fig-

ures? Either the IPOA's members did not bother to register with the RTB before suddenly doing so or there has been an increase in the number of landlords. We must say that it is the latter. According to the RTB, the number of landlords is between 180,000 and 190,000. That is 4% of the total population and 5% of the adult population. In the Dáil, the figure is much higher. Between 20% and 25% of Deputies are landlords. The IPOA is actually well represented in the Dáil, given these figures. The most recent figure was approximately 20% and probably includes members of this committee, although I do not know which.

**Deputy Fergus O'Dowd:** I have nothing.

**Deputy Ruth Coppinger:** The IPOA is represented in the Dáil at a level five times greater than is the case with the population. In the UK, the number of landlords - 2% of the population - is approximately half that which obtains here. We are expected to believe that it is dreadful if the number of private landlords in Ireland does not increase, but the opposite is the case and we have too many private landlords. Most got sucked in during the boom when they were told that their only way of making money was by investing in property. We now know that many people bought an apartment or a house or two for their old age or in order to profit from others.

The delegation mentioned the Central Bank's rules ruling out private investors. What is so bad about that? People privately investing or speculating on a place to live is horrible and has led to many of our problems. There is nothing good about it. I do not know how anyone could argue that there is anything good about people getting into property as an investment.

The IPOA is seeking the introduction of a raft of tax breaks for landlords to stop them exiting this totally unprofitable sector. On the statement that costs have increased by 24%, can the witnesses provide a breakdown in that regard? Leaving aside the property tax, which every property owner must pay, whether he or she owns one or ten properties, what other costs have increased the costs of IPOA members by one-quarter?

In regard to the reintroduction of the capital allowance scheme, surveys in Britain and Ireland of property related tax breaks indicate that they primarily benefit high earners and wealthy people who use them to reduce their tax liabilities and that that is their only affect. An Indecon survey carried out here in 2006 also reached that conclusion. I would welcome a response from the witnesses to those questions in light of what we are hearing from the IPOA every day on radio about what needs to be done.

The issue of bedsits, which was raised by the Chairman, was raised earlier this morning with Threshold. The figures indicate not that there is less private rental property available but that there is actually more private rental property available than heretofore.

**Chairman:** I will also allow questions from Deputy Fergus O'Dowd at this point.

**Deputy Fergus O'Dowd:** I apologise for being late. I also want to assure my colleague that I am not and never have been a landlord and nor has any member of my family ever been a landlord.

**Deputy Ruth Coppinger:** The Deputy did not have to assure us of that.

**Deputy Fergus O'Dowd:** To be honest, I have never been a fan of landlords and nor have they been a fan of mine. I stand up for people who are in conflict and are experiencing difficulty in their lives because they have no money or no jobs. For the record, I have been in public life for 42 years and have been dealing with tenants for that length of time. During the past 12



months, there has been a significant increase in the number of tenants coming to my constituency office who have been told by their landlord that they have to leave a property because it is being sold. To me, that is unusual. It is a pattern that did not exist heretofore. There are many people who because of this practice are ending up on the streets, some of whom are sleeping in cars or in relatively well protected from the weather areas. I accept that in this context we are speaking about a relatively small number of landlords and that the vast majority of landlords are decent and not of that calibre.

Would the IPOA agree to a change in the law to the effect that where a two-year tenancy agreement exists and a property is to be sold that tenancy should be sacrosanct? In other words, linked to any proposal to sell a property would be an agreement that a tenancy would continue. This would at least provide continuity for families for at least two years, provided they pay their rent and conform to all regulations. Would that not make sense for the landlord and the tenant? The problem that arises is that many of these people, because they have very little money, cannot afford to rent anywhere else. They have very little going for them other than their sheer humanity.

Reference was made to children being inappropriately accommodated on air beds in hotels and hostels, possibly in danger. That is wrong. However, that is a matter for Tusla. Would the IPOA agree that the way forward is to secure tenancies such that when a property is being sold a tenancy may continue?

For many years town centres were populated over shops and so on. That type of accommodation no longer exists and for a number of reasons. There are no longer people in our town centres at night. Years ago, they were populated by families. The Government is proposing to advance a new scheme to populate those areas again. Provided it is possible to meet the fire and building regulations in so far as possible, given the age of some of the properties, would the witness agree that we should be able to devise a scheme to encourage him as a landlord to develop those properties? The development would have to be within the physical shape of the building. In other words, one is not dividing an existing room. The rooms are whatever size they are because the building was built in 1860 or whenever but they might accommodate single people or childless couples. If it was to the witness's advantage to do that and get tenants into the building, it would be an advantage to the State that people would have houses. Perhaps he will give his view on that.

People still tell me that landlords will not accept the HAP. A house is on *Daft.ie* or elsewhere but landlords will not accept HAP. I believe we could offer a tax incentive to landlords if they would accept HAP and provide a tenancy of X number of years. Landlords should want HAP because they would know they would be paid, so it is to their advantage to develop the property and maintain it. It is also an advantage to the tenant because he or she has security and a decent place in which to live. What are the witnesses' views on that?

**Chairman:** Does Mr. Faughnan wish to address those issues first before another series of questions?

**Mr. Stephen Faughnan:** My colleague, Mr. Tom O'Brien, will take some of the questions.

**Mr. Tom O'Brien:** I will start with Deputy Durkan's questions. There were a number of them. It is difficult to pinpoint what is driving the vacant properties issue. It certainly is a function of the sales that are taking place, whether they are consensual or enforced. There is a mass exit of people leaving the sector despite what Deputy Coppinger says. I accept that the number

of tenancies being registered is increasing but the Residential Tenancies Board's numbers show that there is a 25% reduction in the number of landlords since the recession began.

**Deputy Bernard J. Durkan:** Are they going out of the system permanently or are they just going underground?

**Mr. Tom O'Brien:** They are going out of the system permanently. Indeed, independent research by Sherry FitzGerald shows that for every 50 properties out of 100 that are sold-----

**Deputy Ruth Coppinger:** Sherry FitzGerald? That is just an oxymoron.

**Mr. Tom O'Brien:** It shows that for every three investment or buy-to-let properties that are sold only one re-enters the system. One can see that with the amount of buy-to-let sales that are taking place at present. There is a decrease in the housing stock available for buy-to-let. I am sorry if it is not an easy message to accept but that is what is driving the rental increases. It is a decrease of stock where people want to live. In the vast majority of cases, people generally want to live close to amenities and in city centre locations. Unfortunately, because there has been a dearth of building since 2006 or 2007, as opposed to 2008 mentioned by many commentators, we now have a situation where there is very little supply.

I will verge off tangent a little but will do so on the basis that it refers to some of Deputy Coppinger's points as well. On capital allowances schemes, I absolutely disagree that they have not been a success. Consider the number of people currently being accommodated in Dublin city centre in section 23 properties that are now out of the tax net and the allowances are finished and gone. There are thousands of apartments in Cork Street, on the quays, in Dublin 1 and Gardiner Street that are housing people and we are very glad to have that stock at present. If that stock was not there, there would be many more people homeless. Those properties, in the main, are affordable properties. They are not properties that have been acquired by real estate investment trusts, REITs, or properties that are commanding €1,500 to €2,000 per month in rent. They are affordable properties.

I absolutely reject the suggestion that capital allowances in areas of high demand are inappropriate. Of course capital allowances in places such as Carrick-on-Shannon and other places where there is no demand are inappropriate but in circumstances where there is a demand for housing, I believe the allowances schemes, such as even the living over the shop scheme mentioned by Deputy O'Dowd which was very useful and is now discontinued, have a role to play in the housing crisis. At present, we do not have private investors investing in property. That is borne out by the figures which show that three people are leaving for every person who is coming in. We need to-----

**Deputy Ruth Coppinger:** If that is the case, why are the numbers going up?

**Mr. Tom O'Brien:** I cannot comment on the increase in the number of tenancies being registered other than to say that the Private Residential Tenancies Board has noticed that compliance is increasing. That is going to result in an increase in the number of tenancies. As the committee knows, large blocks of apartments that were acquired by real estate investment trusts have started to become let over the last six months. They are now hitting the market. They were previously half finished or in a state of hold until they were sold. They have now been sold. I suspect that the number of such properties is in the thousands, when account is taken of the large portfolios that have been sold.

**Deputy Ruth Coppinger:** The number is going up. That is my point.

**Mr. Tom O'Brien:** Yes, but-----

**Deputy Ruth Coppinger:** Mr. O'Brien is saying that it is going down.

**Mr. Tom O'Brien:** I suppose it is not a case of one size fits all. Consideration must be given to the profile of the properties coming to the market. In the main, blocks of high-end apartments are coming to the market. Such properties are not directed at the people who are looking at affordable accommodation.

**Chairman:** I would like to get clarity from the committee's point of view. Is Mr. O'Brien saying, quite clearly, that the number of individual tenancies is increasing but that the number of landlords is decreasing?

**Mr. Tom O'Brien:** I am not. I am listening to Deputy Coppinger. She is saying that the number of landlords has increased. I am saying that the residential-----

**Deputy Ruth Coppinger:** I am saying that the amount of private rented accommodation has increased.

**Chairman:** The Deputy is talking about units of accommodation.

**Deputy Ruth Coppinger:** Yes. That is what they are.

**Mr. Tom O'Brien:** The Private Residential Tenancies Board's figures show that the number of landlords has decreased from between 210,000 and 212,000 to approximately 170,000 over a period of four years. That is a fact. It is based on the Private Residential Tenancies Board's information. The total rental stock in this country is approximately 365,000 units, the vast majority of which - over 95% - are provided by landlords with one or fewer properties. The market is very fragmented. I do not believe it is possible for the State to provide a single solution to house all of those people. It is just not practically or financially feasible. I do not believe the institutional players have the appetite, capability or wherewithal to provide solutions. They are interested in concentrated blocks where capital appreciation is the primary objective. They will exit when market values recover. I know it is not popular or politically acceptable in certain quarters to say that the market will fall back to relying on the private sector to house people. I am sorry to say that it is just not financially feasible to invest in property at present. Capital repayments on borrowings are being made by people who are unable to deduct all of their interest against rent. Such people also have to pay local property tax, which is not tax deductible even though it is a direct expense of doing business. They also have to contend with increased regulation and the involvement of the Private Residential Tenancies Board. All of these issues are relevant to what is meant to be a passive investment. It is far from passive, however. It is a very hands-on business. There is nothing appealing in terms of return or effort that is encouraging the private sector in its current state.

I suggest that incentivisation needs to be brought in. I know that is not easy for certain people to hear. If we do not have incentivisation, we will not have private investment. I say that on the basis of the way the market is at the moment, even when taking current rents into account. The figures on which we are working are based on fact and have been properly costed by tax accountants. The purchase of property at current prices is not a profitable venture when account is taken of current rents and the legislative tax position. Some form of incentivisation is required. We are suggesting that measures such as Deputy O'Dowd's proposal for living-over-the-shop relief are needed. Urban or capital allowance schemes need to be directed at areas of high demand. They are urgently required in provincial town centres and city centres but

not in areas where demand does not exist. I do not believe they have imposed huge costs on the Exchequer in the past. In many cases, the purchasers paid for their allowances upfront. Contrary to a great deal of the political rhetoric we have heard before now, the allowances allowed landlords not to avoid tax but to smooth out their tax bills. They paid upfront. The property prices were inflated by the value of those allowances at the outset. Landlords essentially paid for their allowances upfront.

Unfortunately, there has been significant Government intervention in the market. This has undermined confidence. We have many members. In 2011, we took a central role in a challenge to the abolition of section 23. The Government's interventionist measures have affected investors who have assumed significant debt obligations over a 20-year period. They pay upfront for their allowances and they are threatened with the removal of those allowances in one fell swoop even though they have debt underpinning those allowances and have paid for them upfront. Such measures erode confidence significantly. We are hearing from our members that this lack of confidence is significantly inhibiting investment and will continue to do so.

There has been a great deal of talk about rent control measures. However, when considering rent increases, one must remember that rents halved in Dublin city centre between 2007 and 2014. One should also remember when reading the figure that rents have increased by 50% that this increase follows a 50% fall, which means they have only recovered by 50% of the peak.

**Deputy Bernard J. Durkan:** Surely rents in the years leading up to 2007 were based on a property bubble in which property prices were vastly inflated and incomes had to follow to keep pace with the property market. How does Mr. O'Brien respond to that point? If we are harking back to the peak of the boom and hoping to achieve boom time rents, we will go down the same road we went down the first time around.

On the rate of rent increases, do members of the Irish Property Owners Association discriminate between social welfare supported tenants and other tenants? Questions were also asked on refunding deposits.

**Mr. Tom O'Brien:** Rental expenses, as a percentage of income, have not changed since 1993-94 and the Deputy may check the figures. He referred to affordability and rents. Rents are a supply and demand issue and they halved as a result of the circumstances that applied in 2007 when there was too much supply.

**Deputy Bernard J. Durkan:** Incomes have declined dramatically since then.

**Mr. Tom O'Brien:** I do not agree.

**Chairman:** Deputy Durkan and Mr. O'Brien are not required to agree. The committee will reach a decision afterwards on the issue.

**Deputy Ruth Coppinger:** I sought clarification on the figures, which are extremely important. According to the Private Residential Tenancies Board, both the number of tenancies and the number of landlords have increased. I will provide Mr. O'Brien with the figures because he indicated the number of landlords had not increased. Between the first quarter of 2015 and the first quarter of 2016, the number of landlords increased by 16,000 and currently stands at 172,000.

**Mr. Tom O'Brien:** As of this morning, the PRTB has confirmed, in writing, that the number of landlords registered in 2012 was 212,306, while the number of landlords registered in 2015

was 170,282. Those figures come directly from the PRTB.

**Deputy Ruth Coppinger:** What I see is that higher rents are bringing landlords back into the marketplace.

**Chairman:** The committee will need clarification on this matter. I ask Mr. O'Brien to circulate the document from the PRTB after the meeting when members will examine the figures.

**Mr. Tom O'Brien:** I accept the point made about rents. They must be affordable for providers of accommodation as well as for those who are living in accommodation. There is no investment proposition, in terms of entering a market, that is based on froth. Everybody wants rents to be affordable. Unfortunately, however, investors in the property market look at the prices properties command and these must provide for an element of return. If people are proposing that people should enter a market and trade at a loss, they are arguing for philanthropy rather than what takes place in the real world. Whether in Ireland, the United Kingdom or other countries, private sector investment will not occur where there is no return. We have demonstrated, through the figures, that property investment currently requires substantial subsidisation from the investor's wages and is not self-financing. I am afraid supply is driving rent increases. Until that issue is addressed through investment by the State and private sectors and the provision of accommodation by the latter, the current homelessness and housing shortage problems will continue.

To return to Deputy Coppinger's contribution, I am not sure of the relevance of her point that 4% of the population and 20% of Members of the Oireachtas are landlords. These are irrelevant and erroneous statistics.

**Deputy Ruth Coppinger:** They are highly relevant.

**Mr. Tom O'Brien:** I am sorry but I do not agree. Decisions in the property and private rental market in 2012 were palatable in many quarters at the time but some of the tax measures were introduced when landlords could at least afford them. Landlords were the most unfortunate section of society after developers at that time.

**Deputy Ruth Coppinger:** I am in tears.

**Mr. Tom O'Brien:** The tax measures and additional charges introduced at the time were all anti-investment and anti-property. Those decisions are bearing fruit in a housing shortage. Many of our members will be slow to return to the private rental market because it is not possible to do so financially on a number of fronts. Tax is one reason, while access to finance remains a problem. Significant deposits are needed to fund buy-to-let property and investments are not self-financing. They are among the issues that need to be addressed. In particular, the tax code needs to be addressed as a matter of urgency. That is not something we prepared for today. We have met Department of Finance officials on a number of occasions and laboured the point about the tax code and the treatment of private investors relative to our peers in the commercial sector in which rent is 100% deductible. If we were to rent a shop, there would be 100% deductibility, whereas when we rent a residential property, the figure is 75%. This results in a situation where one could pay tax on losses as a landlord, which is unprecedented.

**Deputy Eoin Ó Broin:** I apologise in advance as I will have to leave to go to the Chamber at 3.10 p.m. for questions to the Minister with responsibility for housing. I will, therefore, ask to be excused.



I wish to make a couple of comments and ask two specific questions. I live in a property in the private rental sector. It is where I want to live and I have a very good landlord. A stable housing system needs a well regulated private rental market of a good size. I am neither against landlords nor the private rental market as long as it is done in the right way. My concern is that we do not have either. We do not have a stable and a properly regulated private rental market, notwithstanding some of the delegates' criticisms of the regulations in place. The specific purpose of the committee is not to look at what will happen in the long term from the point of view of the private rental sector; that is something most of us agree that we need to do and we will return to the issue. The purpose of the committee is specifically to look at interventions the Government needs to make now to try to tackle the sharpest end of the housing crisis. My two questions arise in that context.

The delegates have said the vast majority of landlords have a single property or two properties and are what are called accidental or part-time landlords. One of the difficulties with this is, even with the best will in the world, because they see it as a passive investment, they do not have the time or wherewithal to invest in running it as a business or as an active investment. Often even good landlords do not know the law, or what the changes to it are, and this has an impact on the nature of the private rental market. The biggest problem is that this means they are risk averse and think very much of short-term calculations. Given that we know that having such a large number of landlords with a single property makes them risk averse, do the delegates think we can have a stable private rental sector in the short to medium term, or do we need as a longer term objective to start disincentivising these investors from being in that market because they are in the wrong place and should be elsewhere? If so, do the delegates have ideas or proposals for how that could be achieved in a way that would cause least disruption to the people who live in properties in that sector?

The second question is on the need for rent certainty, not rent control. I have a strong view that in the long run rent certainty is good both for the landlord and tenant because it creates stability in the market and that, therefore, one does not have dramatic crashes in rental income when things go bad or dramatic spirals in rent. The Irish Property Owners Association and other landlord representative organisations are steadfastly against this. In the context of our current deliberations, rent certainty would be of huge benefit in stopping people at risk of homelessness because of spiralling rents, many of whom are working and not in receipt of State support from becoming homeless. Is the Irish Property Owners Association open to having a conversation with the Government on the need for rent certainty in exchange for sensible reform of the tax treatment of landlords? When I use the word "reform", I do not mean tax breaks but treating landlords as professional businesses and taxing them in the same way as other professional businesses. If the Irish Property Owners Association continues to set its face against rent certainty, it will not have an open conversations with any of us on what their demands are, whereas if it was to indicate a willingness to contemplate rent certainty, there would be a conversation to be had which could be very good for tenants because it could help to find a way to control rents in a manageable form in line with inflation and at the same time help to professionalise the sector which even the association accepts is needed and would be beneficial for both the landlord and the tenant.

**Deputy Mary Butler:** I thank the representatives of Irish Property Owners Association for appearing before the committee and for their submission. As Deputy Eoin Ó Broin stated, we have been here for the past four or five weeks. We have been tasked with trying to come up with solutions to the housing and homelessness crisis. We must, therefore, put our questions to every group that comes before us because we must make our recommendations to the Dáil by

17 June. As I was travelling to Dublin this morning, I was listening to reports on housing all the way. We are at crisis point.

The IPOA was established in 1993 to represent property owners in the private rental sector. Obviously, landlords must make a profit or they will not stay in the business otherwise. Profit is what drives our economy. There is a perception, which I believe is the reality, that landlords do not want HAP tenants. The issue of HAP arises constantly at this committee's meetings. As we all know, the supply of local authority housing is practically non-existent. It has slowed to a snail's pace and the only hope people have is to get private rented accommodation. Many prospective tenants are on a HAP scheme because they are on a local authority waiting list. When they go to view houses, however, the moment they mention HAP, the landlord does not want to know them. This is an issue that needs to be addressed. Also, it should be mentioned that while other allowances were not paid to landlords, HAP is paid directly to landlords.

The IPOA representatives stated that improvements made to a property cannot be claimed as an expense unless and until the property is sold. Is that a disincentive to landlords in regard to doing up their properties and keeping them in a reasonable state of repair? If there is no provision for them to claim back money spent, there is no incentive to maintain property. We hear constantly about people who are living in sub-standard accommodation, with poor insulation and wiring and so on.

Mr. Faughnan said the cost of unfurnished rental accommodation is up to 25% less than that relating to furnished accommodation. Is that correct? Will he speak further on that because it might make a big difference for people who are trying to rent, given that many of them have their own furniture? I welcome the comments regarding bedsits. Many of the organisations I have spoken to feel there is merit in reconsidering bedsits, as there are many single people seeking accommodation.

**Deputy Brendan Ryan:** In regard to the 12 recommendations put to us by the IPOA, particularly those seeking an incentive for IPOA members to become involved in this area, has the organisation any figures in respect of the number of units that would be delivered over the next year or so if these proposals were implemented? Such figures would be useful as we consider solutions to deal with the immediate crisis. What would be delivered in one or two years? The provision of these incentives would involve a cost to the Exchequer and to justify that, we would need some indication of the return. Has the IPOA run any numbers on that?

My second question relates to the recommendation to abolish the proposed deposit protection scheme. I have had spurious indications from landlords as to why they hold onto deposits. Can the IPOA justify its position? Why would it want to abolish a system that would be fair to both sides in the context of deposit retention?

**Deputy Mick Wallace:** I apologise for being late and perhaps some of the points I will raise have already been addressed. Has the IPOA expressed opposition to the proposal that apartments should be sold with tenants in place, as would happen in most of Europe? If the situation here was different and if it was difficult to rent a residential unit, it would be of benefit to have a tenant in place if a person was buying a property from a landlord. The delegates probably do not need me to tell them that a commercial unit is worth more with the tenant in place than if it is empty. An empty unit is problematic, while an occupied unit with a regular tenant paying his or her way is a bonus. The tenant adds value to the sale.

Obviously, I was a landlord and let a lot of properties. I can remember a time when I was

getting crazy money to rent properties and when I was getting terrible money to do so. Now, although we are back to crazy money again, if I was back in the game of being a landlord, I would much rather have consistency and regulation. Being up and down and having boom and bust are actually not good for business and nobody benefits from it.

I am listening to the delegates highlight some of the challenges in being a landlord today. I understand where they are coming from in some of their points, but we have a dysfunctional market in Ireland. However, it need not be that way. Do they not think that if we were to regulate and change it in such a way that there would be rent certainty for the tenant, it would bring certainty for the landlord also? They are telling us that life is not good for the landlord. Life is not good for the tenant either. It has not been good for either of them because of the ups and downs in the past few years. Should we not change the *status quo* and do things differently? Do the delegates not think introducing regulation to control rents - rent certainty to a degree - would actually be better for their industry in the long term? It might not seem as attractive in the short term, but surely all business investors are interested in having stable, long-term certainty. That is why people buy bonds, sometimes at 0%. People will buy German bonds before they will buy anyone else's; there is bugger all return on them, but no one will lose any money. Do the delegates not think more regulation and evenness in how the industry operates would be in the interest of landlords too?

**Deputy Maureen O'Sullivan:** What percentage of the 170,000 or so landlords registered are members of the Irish Property Owners Association? I suspect there is a considerable number of landlords who are not registered with anybody. I do not want to demonize all landlords because I know that they have ended up with tenants from hell. Unfortunately, however, I have come across too many landlords who are big into their rights but not their obligations and who provide substandard and inferior accommodation. The North Circular Road which I know very well was mentioned. There are two issues, one of which is vacant properties, some of which have been vacant for a very long time. There is a call for a tax after they have been left idle for a certain period. The situation is replicated in so many other communities in the constituency of Dublin Central that I represent.

The other issue on the North Circular Road is the appalling standard of rented accommodation provided. It has ruined what should be a beautiful road. It should be like Griffith Avenue, but the private rented accommodation provided has made it very difficult for residents and communities to achieve this. In certain places along the road every second house is rented and it is easy to tell which houses are rented from the look of them. That leads me to the need for a code of conduct or protocols for landlords to ensure they observe their obligations while enjoying their rights.

We have talked about rent increases. This morning the rent for one man in one room in Dublin central went from €480 to €860 without any change to the accommodation. I do not know how any landlord could stand over such an increase, regardless of what the market is like.

**Chairman:** Before the delegates reply, to summarise, their presentation dealt with tax exemptions for long-term lettings. A number of Deputies addressed that issue, particularly around rent regulation and rent certainty, as well as the other side of the issue. In cases of long-term lettings, one of the problems the committee has found is that when a property goes on the market, it is sold vacant, whereas if it is a commercial property, it tends to be sold with a sitting tenant. What are the witnesses' views on that? If a property is sold with a five-year tenancy, ten-year tenancy or whatever, it should be sold with the tenancy being allowed to continue to its natural conclusion. The sale of these properties is causing huge problems because, invariably,

the properties are being sold vacant. That is a summary of some of those issues.

**Mr. Cathal Lawlor:** I wish to address the question the Chairman raised in regard to long-term lettings. As an organisation, we have made presentations to Government and to Ministers on providing a tax incentive. I know the words “tax incentive” are dirty words for some but in order for people to change their habits, we must encourage and incentivise them to do so. Within that context, the Department of Finance introduced a tax relief on the long-term leasing of land in a review of the agricultural sector. The reason for that was that farmers who were letting land were invariably doing so on a one-year lease for fear that giving a longer lease would give the tenant some rights. On a general and casual basis across the length and breadth of Ireland, farmers had let their land on a one-year lease. In order to overcome that, the Department of Finance introduced a tax incentive to provide tax relief on rental income where a lease of land is entered into for a period in excess of five years.

As part of our previous submissions, we argued that a similar incentive should be brought in regarding residential property to encourage landlords to enter into long-term leases to give tenants the security of tenure they require. I believe that fits in with many of the points that have been raised by Deputies Eoin Ó Broin and Mick Wallace and some other Deputies. Even if a long-term lease was in place, disposal of the property would be subjected to that lease on the basis that it covered off over a period. In terms of giving the security of tenure a tenant requires and avoiding peaks and troughs in how the residency or tenancy is managed, it would help a lot.

With regard to some of the other points made by Deputies, there tends to be a feeling - whether it is right or wrong - that to invest in property is a very bad thing to do. Fundamentally, that might be right. I do not agree with it but I can see how somebody might have that view. What has happened is that the State has invited the private rental sector to provide rental accommodation. That has happened and that is just the way it is. We have to deal with the reality of the situation we are in. There is no point inviting people to provide property and then beating them up when they do. That is not going to achieve the end game.

From the landlords’ point of view, we feel that the taxation treatment that has been applied since 2009, in particular, has been an impediment. This answers Deputy Coppinger’s question around how it is that costs have increased. DKM Consultants, which is independent of the IPOA, found that costs have increased by 24%. One of the reasons for the increase is that we are not entitled to claim tax expenses in respect of 25% of the interest that we incur. In some circumstances, that can result in landlords getting taxed on losses. When there is a situation where anybody is getting taxed on losses, he or she is clearly not going to invest. Arguments around whether or not there are more or fewer landlords, or more or fewer units, in the market are futile because, fundamentally, fewer landlords are going to invest in a sector in which they are disincentivised from investing. It would be preferable for a landlord to invest in a commercial property where they are not disincentivised from investing. From our point of view, we argue that we must stop disincentivising landlords from investing and look at ways of incentivising them to invest. That might involve incentivising them to invest and provide properties that would be suitable to solving the homelessness crisis we have at present. If that was done in the context of long-term leasing, it might not be a bad way for the committee to start thinking.

**Chairman:** Does one of the witnesses wish to conclude?

**Deputy Fergus O’Dowd:** A question I asked was slightly but not completely answered by Mr. Lawlor. There is the question of incentive relating to HAP, which I do not think we would disagree on. To return to the question on landlords, the problem is not in selling the property.

However, if an occupied property is sold, it should be legally certain that the tenancy continues at least until the end of the lease. Would the witnesses agree with that? It is a critical point.

**Mr. Tom O'Brien:** I am similar to Deputy Wallace in that I have been renting properties since the early 1990s and I have also seen two or three cycles. Until two years ago, tenure was not an issue. Tenants would move on after 18 months to two years even when one wanted them to stay. Long-term letting did not prevail in the market. Rents were also pretty steady until there was a jump in the late 1990s. They steadied again until 2004 when, again, they jumped. The undermining symptom is supply and that is the root cause of the problem. There has to be more supply. The State cannot solve this by itself, practically, financially or in the context of the time available, nor can the institutional players solve it, as they are not interested in the end of the market most affected by the homelessness crisis, which probably came about with private tenants squeezing lower tenants out of the market because they can afford the higher rents. They are now renting units previously inhabited by the people who are now having difficulties. It will take time to resolve this but politicians have to create the climate and the environment to facilitate more supply.

Deputy Ryan asked about deposit protection. There might be cases where there is an issue with deposit refunds but our membership does not see that issue. Our members are, by and large, absolutely compliant and *au fait* with the laws and regulations. One has to bear in mind the levels and incidence of deposit disputes. Some 800 disputes arose last year, in the context of some 100,000 tenancies. The UK has a deposit protection scheme in place which is a huge burden on the Exchequer. Given that finances are limited for everybody on this side of the table and on the other side, in the form of the State, I would caution against introducing a regime and a structure for processing deposits that will be hugely onerous on the Exchequer for cases which amount to less than 1% of all tenancies.

According to the PRTB's figures, almost three times the number of disputes before it relate to rent arrears. People do not want to hear that but that is what is consuming the PRTB's time. As Mr. Faughnan outlined, when a tenant leaves on a Friday, he or she wants the deposit back because he or she is moving into somewhere else on a Saturday. He or she wants to have the deposit in his or her hand when going on to the next property. If we introduce a deposit protection scheme, it takes 28 days, as it does in the UK, and the level of landlord claims against deposits in that system is much higher than they are here. When it is dealt with by an administrative body, independent of the tenant and landlord, it is much easier for the landlord to make a claim. Introducing such a framework invites more problems when there are deposit disputes, although it is not an issue for our members as they are compliant. The Government-appointed body, which commissioned an investigation into deposit protection infrastructure, warned against it.

**Deputy Brendan Ryan:** Mr. O'Brien believes it is more a question of the burden on the State rather than a problem for his members.

**Mr. Cathal Lawlor:** It is that there is an easier way to solve the problem. We would suggest that the PRTB charge be increased by €5 to cover deposits that are erroneously kept by landlords. It is a simpler solution to the problem than creating a new agency, which will inevitably bring with it a body of work.

**Deputy Mary Butler:** My questions on HAP were not answered.

**Deputy Ruth Coppinger:** A lot of questions have not been answered. Can the witnesses send us the information if there is not the time to answer them now? The question on increased



costs has not been answered nor has the question on how many properties currently being held would be released if owners got the tax break they are seeking.

**Mr. Tom O'Brien:** The DKM report was a Government-commissioned report and we can make it available. The analysis being looked for by the Deputy is within that. What was the second question?

**Deputy Ruth Coppinger:** The representatives asked for a tax break to be reintroduced. How many additional rental properties would such a measure provide?

**Mr. Tom O'Brien:** Additional properties-----

**Deputy Ruth Coppinger:** We need to work that out because we have to calculate whether it would be better not to have such a tax break and make the investment in social housing instead.

**Mr. Tom O'Brien:** All we can work from is our prior experience. I am at odds with the Deputy as to the effectiveness of those schemes but they were hugely successful in the inner city.

**Deputy Ruth Coppinger:** For whom?

**Mr. Tom O'Brien:** The tenants who are now living in those properties. Thousands of people are housed along the quays and in the inner city in quality apartments. I accept that some of the earlier schemes were smaller apartments but under the later schemes in, for example, Cork Street 1,000 sq ft two-bedroomed quality apartments were built and they are at a level that is affordable for the average person.

**Deputy Ruth Coppinger:** Mr. O'Brien said that earlier. I am talking about additional properties that are being held back now that would be released by the association's members and others if we gave them a tax break.

**Mr. Tom O'Brien:** Our schemes will not assist----

**Chairman:** I ask the representatives to supply the additional information we seek by means of correspondence as I am conscious other witnesses are due before the committee. One of the representatives might respond briefly to Deputy Mary Butler's question regarding the housing assistance payment scheme, HAP-----

**Deputy Bernard J. Durkan:** -----and rent support.

**Chairman:** -----and then we will conclude this section.

**Ms Margaret McCormick:** One third of all tenancies are covered under the HAP scheme and the rent supplement scheme and, therefore, a great number of people are in receipt of those payments. There are big issues around the HAP scheme and the rent supplement scheme. First, it is not market rent. HAP is paid in arrears rather than in advance and that can cause huge difficulties because the market takes rent in advance. There is no communication between those administering the HAP scheme and a landlord. If the payments stop a landlord gets no details of that, so there is a communications issue there. A person cannot give a landlord confirmation that they are in receipt of HAP, rather they say that they will apply for it. Those issues with the scheme are difficult and fraught. The system is not fit for purpose.

Rent supplement is paid directly to the tenant unless a tenant gives consent for it to be paid to a landlord. If it is not paid onward, difficulties arise for the person living in the accommodation because they will go into arrears and the money is used to cover different expenses. The Government subsidies are not fit for purpose.

**Chairman:** We have had officials from the Department of Social Protection and representatives of Threshold in before the committee this morning and we discussed with them the issue around the State payments, whether it be the rental accommodation scheme, RAS or HAP. We asked the officials from the Department of Social Protection to submit in writing recommendations they believe would be an improvement to give people who are dependent on those supports an equal opportunity. I ask the representatives to do likewise. We are trying to ensure people who are dependent on State supports, whether it be RAS, rent supplement or the HAP scheme, on presenting at a property will have an equal opportunity. The witnesses have given a number of reasons they do not have an equal opportunity. I ask that they submit those in writing. We want to put those together with the recommendations that will come from the Department of Social Protection to make something meaningful happen.

**Ms Margaret McCormick:** Absolutely. It is the system that is at fault here, not the individual. Market rent is the key issue. If somebody is not able to pay the market rent, it is very difficult for them to source accommodation on the open market.

**Deputy Mary Butler:** Does Ms McCormick accept that landlords do not want to communicate with a tenant regarding HAP? They seem to walk away from engaging with it; they do not even try to facilitate people. That perception we get from people is that the landlords do not want to engage with a person who would be in receipt of HAP.

**Ms Margaret McCormick:** No. Our members would be aware that under the equal status legislation they must treat everybody equally. We know that nearly 70,000 people are in receipt of some sort of subsidy. The problem is the market rent and a landlord needs a tenant to be in a position straight off to pay the market rent. The HAP and the rent supplement do not cover the market rent in many cases and that is a huge difficulty as is the fact there is no confirmation initially that a person has an entitlement to such a payment. Once we let somebody into a property, if he or she does not pay any rent after that, we have to follow procedures and we can be months with no income and a person residing in a property. That causes significant difficulties. The system, including HAP and rent supplement, needs to work with the market system. It needs to be paid in advance in full, and directly to the landlord.

**Chairman:** I ask Ms McCormick to put a note in writing to that effect to the committee on those specific issues because it has arisen this morning. We are about to conclude. Would Mr. Faughnan like to sum up?

**Mr. Stephen Faughnan:** On a point the Chairman raised about long-term letting and selling property in vacant possession, the trend has changed significantly in that regard. Pre-1963 properties are now selling with tenants *in situ*. In the past three-to-six months, that has taken off quite successfully.

As we have mentioned previously, the long-term leasing is a great idea, but the costs involved, which are being pushed down to the private rental sector, are making it prohibitive. We have energy conservation coming down the road and that will cost a great deal. It would be good if we had some sort of certainty from Government where we would enter into a long-term arrangement in which we would have control on costs to a certain extent.

I thank the committee for its time and I thank the members for their questions. I hope we have been of help to the committee. If, as I stated at the outset, there are matters on which the committee wishes to have clarification, more information or any backup, we would be pleased to provide it.

**Chairman:** I thank Mr. Faughnan and his colleagues for their attendance today. Their submission, as I said, will be on the committee's website. On the additional information which they stated they would furnish, not meaning to rush them, they might furnish it to us sooner rather than later because the committee will be reporting in a short number of weeks' time.

*Sitting suspended at 3.22 p.m. and resumed at 3.26 p.m.*

### **Housing Finance Agency**

**Chairman:** We will resume in public session. I draw the witnesses' attention to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, they are protected by absolute privilege in respect of their evidence to this committee. However, if they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or 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's website after 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 House or an official either by name or in such a way as to make him or her identifiable.

I welcome the representatives from the Housing Finance Agency, HFA, Mr. Barry O'Leary and Mr. Seán Cremen. They have submitted documentation, which has been circulated among members. I invite them to summarise it, after which my colleagues will ask a number of questions.

**Mr. Barry O'Leary:** I thank the Chairman for the invitation to speak to the committee. Mr. Cremen and I will, I hope, address some of the members' questions in the course of our presentation. I will skip some of the items in our written submission.

The HFA, was established in 1982 to advance loan finance to local authorities and, more recently, approved housing bodies. Our role is to facilitate and support the delivery of social housing. We have a statutory borrowing limit of €10 billion and an outstanding loan book of €3.7 billion. We raise the majority of our funding via the National Treasury Management Agency, local authorities, the European Investment Bank and the Council of Europe Development Bank. We still have available to us facilities of approximately €6.3 billion. The majority of the HFA's loan book is provided to local authorities for mortgage and non-mortgage lending. From late 2011, the HFA began lending to approved housing bodies. At this stage, we have 15 approved housing bodies through our certified body status, which means they can draw down funds from us.

There is information in our submission on net lending to local authorities and the loan ap-

provals to approved housing bodies. We can deal with those as the afternoon proceeds. Last year, we made quite a few approvals in the approved housing body area. We made approvals for the development of 650 houses last year, which is a significant increase in comparison with the previous year.

The submission we have for the committee this afternoon focuses on our area of finance. There are obviously a number of areas in the general housing scene concerning planning and regulation, development cost structures, procurement and the availability of land. The committee will focus on these but our proposal concerns the provision of finance. Having in recent years considered and dealt with the approved housing bodies, with which we are in constant contact regarding their development plans, we believe that the 15 with which we are currently doing business have the ability to produce, over the next four or five years, approximately 4,500 or perhaps 5,000 houses. They are doing very good work and have significantly improved on the delivery they achieved last year. Even if the estimate is out by 1,000 or 1,500, the likelihood is that there will be relatively few houses over 5,000 delivered. In terms of complementing the strategy of the Department of Housing, Planning and Local Government, which focuses on the provision of 35,000 units, we need to look at lending money to local authorities again for them to build social housing.

Our submission is that to get the scale, local authorities need to be involved. Within the period, they could produce twice the number of houses. We have suggested in our submission that would be 9,000 homes. The breakdown of the funding requirement is in our submission where we show that there would be gross lending involved of approximately €2 billion. The normal life of our existing loan book is such that there are repayments coming back in from mortgages and in a normal way our book is falling. Members will see within the submission that the red figures show the normal repayments of annuities. We are saying that capacity plus some additional new borrowing should allow for gross lending of €2 billion which would be split between local authority lending and AHB lending. There would be a net lending situation of €1.3 billion. That would allow the building of 13,500 units which would be roughly 40% of the total requirement under the Government strategy on 35,000 units which we spoke about earlier.

Why do we come to that conclusion? First, what is required at the moment is for homes to be built for people. We think the capacity of local authorities is such that they are best placed to do that building. Historically, the cost of finance is so low at the moment that it produces a unique opportunity. We are in a position to borrow money and the European Investment Bank is keen to give it to us. The bank will give us fixed rate money for 25 years at something below 2%. We can pass it on to local authorities cheaply. There are very few of us in the HFA and we do not need a lot of overheads. We can pass the money on at a very tight margin and enable the houses to be built.

The cost of funding is such that it is not going to be this low forever. Something is going to happen in the next year or two and rates will start drifting away. If one were to borrow €1 billion at the moment it means one could service the loan on an interest-only basis for approximately €17.5 million. One could pay principal and interest and cover the servicing of it for approximately €50 million a year. One sees reports all the time that the cost of emergency accommodation is such that we are probably spending that kind of money already. It is an opportunity that should be looked at. While it is very easy to say that, it would be silly not to also acknowledge that there are certain borrowing constraints on the Government. Our contention, however, is that there has to be a decision made to do this and build the houses. The opportunity

is there and, temporary as it is, somebody must make a decision to facilitate the borrowing and get the homes built. At some point in the future, we can look at the local authorities either selling them or providing mortgages to people if they can service them without putting risk onto the books of local authorities. Alternatively, the units could be transferred to approved housing bodies.

The primary objective is to get the houses built. People need homes. The money can be provided relatively cheaply and that is the essence of the proposal. Our proposal targets the finance side of things. It allows those who can respond quickest to achieve the necessary scale of development. The current interest rate environment is such that we should do it. That in essence is the proposal we bring to the committee today.

**Chairman:** I thank Mr. O'Leary. Before I open it up to questions, I have one or two quick comments. Mr. O'Leary indicated that the cost of borrowing to the HFA would be under 2%. Is that correct?

**Mr. Barry O'Leary:** Yes.

**Chairman:** As that is advanced to local authorities, what rate would be charged? The agency has set out an ambitious programme. Deputy Durkan will be pleased to see local authorities back providing housing. Apart from the finances, has the agency any feedback from local authorities on their capacity to deliver these units? I am not being in any way critical but this is a financial document. Has the agency drawn it up in tandem with the capacity of the local authorities? There is no point in putting the funding in place if there is no drawdown.

It was stated there would be other repercussions for the State's finances. I presume this means that it will be an on-balance sheet expense.

**Mr. Barry O'Leary:** As it stands, our lending is at a fixed rate of 1.75% for 25 years. That takes the shock out of variable interest rates and other factors.

**Chairman:** To whom would the agency advance it?

**Mr. Barry O'Leary:** We would advance it to the local authorities.

On the capacity of local authorities to build and lend, we have had conversations with them. We have been in contact with local authority heads of finance and the County and City Management Association, CCMA. They are interested and would love to be able to borrow. However, there are issues for them. They want to be sure that if they borrow, they will not be put into a position where, at some point in the future, they will be struggling for the capacity to repay it. They like the idea that it is a fixed rate and there is certainty about it. However, there are issues for them in interacting with the Department and ensuring there is a system in the style of the payment and availability agreement available for approved housing bodies. This would ensure they have certainty that their own financial situation is kept stable.

All our borrowings are on-balance sheet, meaning it is one of the challenges. It is our contention that there are many potential solutions that will contribute to this. There are off-balance-sheet vehicles, public private partnerships and activity with credit unions. All these options take time, however. An intervention where local authorities could get involved with a signal given to them to go ahead and build would, we feel, be quicker than all the other options. This does not preclude them being transferred later into some other option to get them off-balance sheet. We feel the primary consideration is to get the houses built.



**Deputy Bernard J. Durkan:** I am delighted to welcome a re-emergence of local authority house-building programmes as a major contributor to alleviating the problems we have. Incidentally, I am delighted the representatives from the Housing Finance Agency are in attendance. I was instrumental in helping facilitate one of the first Housing Finance Agency loans ever approved. The person who got it is still living in the house they bought with it. That proves the point that the person who started off in that house was quite happy to buy it for a lifetime and remain in it.

I noticed the approved housing bodies are emerging once again. The committee heard from the credit unions several weeks ago who stated they are willing to lend through the approved housing bodies. However, to my mind, this would defeat the whole purpose of the exercise, as they would be then getting involved in the property business in the same way that the lending institutions did before the boom. We do not want to get on that treadmill again.

To what extent can the Housing Finance Agency facilitate local authorities by way of the local authority loans fund? This used to be a fundamental part of how local authorities met the housing needs of those on the housing list. Is it possible to provide funding, directly or indirectly, as opposed to just going through the voluntary housing bodies?

Does the agency agree there is far too high a dependency on private rented property? When the various interested bodies attended the committee over the past few days, reference was made to the fact that there is not much sense in inviting the private residential sector into the business and beating them up once they are in it.

As the Government can borrow from the European Investment Bank at a rate of 0.8%, I presume the Housing Finance Agency can do so too. It then lends that at a rate of 1.75%. Somebody is taking approximately 1% to 1.75% out of it by way of a handling fee, or whatever it is. I would like clarification of it.

I would also like to know about the structures on and off balance sheet. We have had much discussion on it and it is fundamental to what we are doing. To what extent can the Housing Finance Agency assist the local authorities in their programme by way of co-operatives or public private partnerships? I am specifically side-stepping the voluntary approved housing bodies. The combination of what the witnesses have spoken of would bring in approximately 13,500 houses into the marketplace. I believe the requirement is closer to 16,000. I have held this view for a long time and have brought forward various proposals, as has everybody else around the table, to various Ministers with responsibility for the environment, public expenditure and finance. Given that there are approximately 100,000 families on the local authority housing list, give or take 20,000 or 30,000 depending on who one talks to, it would take five years, at best, to overhaul the system entirely. This is presuming there will be no growth in the number on waiting lists in the meantime. We need to make a more significant impact.

I congratulate the witnesses on appearing before the committee. The way the Housing Finance Agency proceeds is very important. The Housing Finance Agency will determine in a large way the manner in which we will deal with the housing crisis. I suspect the agency is in a position to make a major contribution. However, if it is not in a position to do so, the situation will implode again and we will be back here in a year's time to discuss the same thing. If we depend on the private rented sector, we will be back in two years' time and five years' time talking about the same issue.

We are talking about reliance on the approved housing bodies. They are excellent and are

much better than the local authorities for the special needs, sheltered housing and niche market to the area. However, they are not capable of dealing with the main thrust and weight of the requirement of the public housing programme. How will the witnesses respond?

**Deputy Fergus O'Dowd:** I welcome the witnesses. It is great to have a body that has the capacity to borrow at the very low rate the Housing Finance Agency can, which is very beneficial to the State. The witnesses are saying they can get the money and that it is a question of passing it to the agencies that can spend it. The Housing Finance Agency can then do due diligence on them by local authority or association. What is missing in the equation to fast-track the agency's work? The programme for Government specifically talks about going to the EU to borrow an increased amount. While this is not a matter for the Housing Finance Agency today, the question is whether we can spend it. Why are we not spending it? What are the barriers?

The Housing Finance Agency must get the money back. How can the Housing Finance Agency use the money? One of the major issues is the infrastructure deficit. The programme for Government has allocated €100 million for infrastructure deficits. Would it theoretically be a plan to take, for example, 60 acres of the 200 acres of State-owned land in Gormanstown which has no infrastructure, such as sewerage and water, and install services with a local authority or an approved housing body as a partner? How can we fast-track what the Housing Finance Agency wants to do or is it already happening?

**Deputy Maurice Quinlivan:** I thank the witnesses for the presentation. I agree with Mr. O'Leary and with Dr. Michelle Norris, who was quoted in *The Irish Times* as saying we should seek permission to extend Government borrowing to finance social housing. I have already asked the Minister, Deputy Michael Noonan, at this committee whether he will push for greater flexibility at European level in EU fiscal rules to support long-term investment programmes, with social housing being a top priority. He informed me that he had already "pushed very hard" and that "we do not meet the criteria for applying, particularly in light of the economic cycle and other factors". Is Mr. O'Leary aware that the Government has pushed hard for this and what is his view on the assertion that we do not meet the criteria? Will he outline whether he believes we do meet the criteria and what exactly are they?

**Chairman:** There are a number of questions for Mr. O'Leary and Mr. Cremen.

**Mr. Barry O'Leary:** We will go back to the beginning. First, the HFA proposal is just a suggestion which has not yet been approved by the Department of Finance.

We will lend to the local authorities if they have two things: a council resolution and sanction from the Department of the Environment, Community and Local Government or the Department of Housing, Planning and Local Government, as it now is. Once they have these two elements, they will receive funding from us within one week. No further due diligence is required on the assumption that the State is not going to let local authorities go bust. Local authorities have no arrears and have never had any in our 30-year existence; therefore, we do not waste time in engaging in due diligence. We give them the money and they pay us back. We are very keen to get the money back, as Deputy Fergus O'Dowd suggested, and that is how it works. We engage in due diligence with AHBs, 15 of which we have approved, which we listed in our submission.

On the lending rate to local authorities, our margin typically is of the order of 25 basis points, or 0.25%. The indicative rate in our proposal is 1.75%. If we can do it at a lower rate, we will do so, but we have picked 1.75% as the potential rate. We are not getting money from

the EIB at the rate suggested by the Deputy. The State may get it at that rate, but we are getting it at a slightly more expensive rate. If we can get more money from the Council of Europe Development Bank and blend it in such a way that we will have no interest rate risk exposure, we will be delighted to lend it at a rate of less than 1.75%. We included 1.75% as a number with which to work.

I do not know if we have any particular comment to make on over-dependency on the private rental sector. On dealing with the local authorities, we could do more than a figure of 13,500, but that number ties in with the social housing strategy of the Department of Housing, Planning and Local Government. If it was decided that more needed to be done, it could be done. There would be no particular difficulty in doing so. AHBs certainly have a big part to play in the delivery of those 13,500 houses and the reality is they are providing general housing units also. Our suggestion is that local authorities need to contribute more and be asked to borrow to do so.

On money being available, a question which was raised by Deputy Fergus O'Dowd, it is certainly available. The EIB, in particular, has indicated to us that we could get more money from it at any point. The barrier to spending it is the financial constraints within the budgetary environment; therefore, the decision is in that domain rather than ours.

**Deputy Fergus O'Dowd:** Whether it is off balance sheet is a different issue. However, if the EIB was to agree to have it off balance sheet or if the HFA could find a vehicle to do this, theoretically, as an example, could NAMA do it, with the HFA acting as guarantor. Is there a way around this because, theoretically, there should be? It would make a huge difference.

**Mr. Barry O'Leary:** A lot of work has been done in the past two years by the Department's social housing strategy group in looking at new funding models. The reality is that we have seen other State entities struggle in the past two years to get off the balance sheet. It is a very difficult task, given that the European Union is making it more difficult by the month to get things off balance sheet. What we are saying is the State should, by all means, pursue the issue in the future and, if it is successful, that will be terrific. However, in the meantime, it should build the houses needed. If it wanted to sell local authority houses at some point, something some people might not like, or transfer them to some other vehicle, that would be terrific, but at that stage they would have been built.

**Deputy Bernard J. Durkan:** I asked about local authority loans, which used to exist but now are just a memory.

**Mr. Barry O'Leary:** The local authority loans fund evolved into the HFA and ceased to be in the late 1970s or early 1980s-----

**Deputy Bernard J. Durkan:** I know.

**Mr. Barry O'Leary:** -----and then the HFA started. However, the agency advanced mortgages. About one third of our book, as it stands, is in mortgages, whereby we lend to the local authority and it passes it on. We have the capacity even now to lend mortgages to local authorities which can lend the money on to people. We were discussing last week, with the heads of finance in local authorities, the attractiveness or otherwise of a 25-year fixed rate loan and what would be the position if local authorities being able to give out such a loan to creditworthy people within their areas. The local authorities' books are significantly in arrears, and one would like them to be conscious of the risk involved in such a proposal. However, the reality

is that if one gives out a fixed rate loan at, say, 2% or 2.25% to the consumer, that provides a level of affordability which means that owning a house and paying a mortgage is possibly more affordable than renting-----

**Deputy Bernard J. Durkan:** That would be good.

**Mr. Barry O'Leary:** There are a number of possibilities in that area.

**Chairman:** Deputy Quinlivan asked a question.

**Mr. Barry O'Leary:** There was a question - I forget who asked it - about infrastructure. The answer is that we can lend for housing and housing-related purposes, so we can certainly lend if the infrastructural work is being done in order to facilitate house creation, and the rates would be similar.

Regarding Deputy Quinlivan's question, I am not party to any discussions whereby people in the Department of Finance have been involved in making representations to Europe so I am afraid I cannot help him on that front.

**Chairman:** Officials from the Department of Finance will come before the committee before it concludes its work. It might be worth following some of those lines of questioning at that stage.

**Deputy Mick Wallace:** My question relates to the same issue. Mr. O'Leary said that Europe puts up barriers monthly to prevent off-balance-sheet borrowing, yet we see that Spain, France, Italy, Lithuania and Austria will all break that rule this year and it does not appear that they will suffer any penalties for doing so. It seems as if Europe will give France permission to borrow off-balance sheet without any of the penalties involved to deal with extra spend on security because of ISIS. Mr. O'Leary has just answered the question, but I was wondering how in God's name Ireland cannot be given some sort of flexibility in view of the fact that we have a housing emergency, our response to which surely has greater merit than what France is up to, given that it is probably still spending more money bombing the living daylights out of people in Iraq and Syria. My question to Mr. O'Leary would have been - but he has just answered it - whether he has had any part in the negotiations with the Department of Finance in this area. Sometimes we wonder whether the Department of Finance even asks if we can have the money off-balance sheet without incurring penalties or whether it takes the decision not to ask anyway because we are such good boys and do not want to challenge the rules. Does Mr. O'Leary have any input in this area?

**Deputy Ruth Coppinger:** It is a pity we are discussing this now rather than at the forthcoming session with the Department of Finance because it would be more appropriate to that. However, I also want to ask about the EU rules, which are a critical issue for the housing situation in this country. To clarify, is it the case that the EU rules are preventing the Housing Finance Agency from lending to local authorities? If so, is that the only reason? Can our guests clarify whether, for example, if the State were to spend more on social housing in circumstances where it raised more tax to fund that social housing, that would be in keeping with the EU rules? The wealth of the 250 richest people in this country rose by 3% last year. If one decided to bring in a 3% wealth tax, for example, or a corporation tax and used that to fund housing, if the State - the Government - took the decision to raise taxes, would that be in keeping with the rules? My understanding of the EU rules is not that they prevent spending, it is that the income must be found to justify that spending. The net profits of the top 1,000 companies in

Ireland increased by 25% in the past year, so a corporation tax increase could be considered for the homelessness emergency. I am interested in hearing the witnesses' views on this because it will be critical. I met the Minister with responsibility for housing, who told us NAMA cannot be directed to build social and affordable housing because it is a special purpose vehicle and it would be on balance sheet. With regard to the issue of on and off balance sheet, it seems that off balance sheet is becoming increasingly impossible to achieve. Irish Water and PPPs are being recategorised as being on balance sheet. For years, the Department has been looking for ways to be off balance sheet but it cannot be. If this is a straitjacket the EU has imposed we need to be able to tell the public.

In the past, Dublin City Council raised bonds to fund social housing. This was said at a meeting this morning by Dr. Michelle Norris of the Housing Finance Agency. The local authority was self-financing through rents, because in the past local authority housing estates had a diversity of people with low and middle income workers and not just low income workers. It was possible for the local authority to be self funding and get higher rents. Is it plausible that if the income threshold qualification for social and affordable housing was raised, and there is a need for both, we could do something like this again, rather than keeping the income limits for social housing very low with the result that the rents accruing to the housing agency or local authority would also be very low?

I wish to clarify something I said at a previous meeting. I said NABCO had not repaired windows but I understand it has done so since. I am very happy it has done so and I would not like to give it a bad name. There is a problem with the Housing Finance Agency simply funding housing agencies because not many people believe they have the scope and ability to provide social and affordable housing on the scale that is needed. It must involve local authorities.

**Chairman:** I ask Mr. O'Leary to address these issues, after which I will take the remaining Deputies.

**Mr. Barry O'Leary:** I will try to do so. I would not advance the Housing Finance Agency as being expert in the EU rules. They are extremely difficult to understand and they change all the time. My understanding of the situation is the existing budgetary constraints on deficit and expenditure prevent local authorities from being allowed to borrow. I am not in a position to state whether they are classified as EU rules or decisions within the existing fiscal space, but there is a distinction between choices made in the fiscal space and the EU rules. People in the Department of Finance know much more about this and the committee would be safer speaking to them about it.

From our point of view, the barrier is that the Department of Housing, Planning and Local Government will receive an allocation from which local authorities will be allowed to borrow in the course of the year and at present this is very tight. Local authorities are allowed to borrow if it can be financed and serviced within their own resources, but very few of them can achieve this. Within the current budgetary environment, choices will have to be made and priorities will have to be decided. Something we believe ought to be a priority is allowing local authorities to borrow up to a net sum of €620 million but a gross €1.3 billion, which would allow them build the 9,000 homes. We do not have the wherewithal to comment on the fine print in the EU rules and whether the question on this has been asked.

If other taxes were introduced it would create additional space, but this is not our area. We are an organisation of 12 people and are reasonably good at borrowing and lending money cheaply and getting it repaid before rolling it over again. That is what we are bringing to the



table with this proposal.

The Dublin bonds worked in the past, and there is nothing to stop them working in the future. An affordability model involving a certain mix is being worked on in the Department. We would be quite happy to lend money in that direction. There is a balance to be found. We have the benefit of a Government guarantee and no State aid questions arise, given the fact that we are providing for a social housing need, but as more private or affordable renting enters the mix, one must be cognisant of whether State aid issues arise. One could do a fair bit of activity before that became a problem, though, given the fact that the nature of the social housing requirement is approximately 35,000 houses. One would have a great deal of affordable housing provided before State aid issues arose. In principle, we would have no issue about lending into that environment to facilitate that work, because it facilitates housing, which is what we are here to do.

Have I missed any question?

**Mr. Seán Cremen:** I do not believe so.

**Chairman:** Officials from the Department of Finance will address for the committee the specific point requested, so we will continue the discussion.

**Deputy Brendan Ryan:** I have a quick question in a slight deviation from the witnesses' core submission. In the past in my part of the world in north County Dublin, small, local co-operatives successfully built between 20 and 25 houses for local groups. Is this something that the Housing Finance Agency could facilitate by lending directly or indirectly?

**Mr. Barry O'Leary:** In our main business with approved housing bodies, AHBs, they must qualify. They go through three-tiered assessments of their corporate structures, histories and future plans. It is rigorous, and 15 decent-sized AHBs have qualified. We have a secondary product that we call a tier 2 product. Anyone who is registered as an AHB and has signed up to the financial chapter that the housing regulator has brought into place can borrow up to €1.5 million from us on a reduced assessment basis. If an AHB gave us a set of accounts that proved it was solvent, we would consider giving it up to €1.5 million, but that would be the extent of our offering. This is targeted to spread the risk across the sector because there is quite a number of players therein.

Every AHB that approaches us must have a payment and availability agreement, PAA, in place. That is an arrangement with the local authority whereby the authority has nomination rights, in that it nominates people from its housing list to the houses. If all of that is in place and one has a solvent set of accounts, one will get approximately €1.5 million from us within approximately two weeks. I doubt whether one could get 25 units done for that, but the help is there on a small scale to encourage activity.

**Chairman:** We will take the remaining two members. I call Deputy Butler.

**Deputy Mary Butler:** The witnesses have brought sunshine today because we have had many bleak sessions and have been tearing our hair out wondering how to move forward with the housing and homelessness crisis. We have needed to get through much in the past month.

I welcome that the agency has funds and can fast-track them within a couple of weeks. Do the witnesses accept that local authorities have a large part to play going forward, to coin a phrase? The witnesses may not have the answer now - it is not a problem as they can forward

it to us - but how many local authorities applied to the agency for finance in the past five years, how many were successful and how many were unsuccessful or was it Government policy that local authorities would not build? Local authorities appeared before us at one of our early sessions. They told us that they did not have the finance and, even had they been allowed to build whatever they wanted, they could only have supplied between 10% and 15% of what was needed. They also pointed out that they were local authorities, not builders. The agency has given us a ray of hope, but there seem to be obstacles wherever we turn. What are the witnesses' thoughts on this matter?

**Deputy Maureen O'Sullivan:** Mr. O'Leary said that the Housing Finance Agency is committed to financing the local authorities and approved housing bodies and to targeting that funding at those who can respond quickest. What engagement is currently taking place between the agency and the local authorities and are any of them ready to avail of this funding and move on building?

**Mr. Barry O'Leary:** On the number of applications from local authorities, I do not have those figures with me but I can forward them to the committee. Anyone who applied from the local authority world got money. The agency has never refused a loan to a local authority.

In regard to lending to approved housing bodies, AHBs, approved housing bodies face many hurdles in terms of qualifying for funding from the agency. However, when they qualify we have a 100% record of application approval. We have never refused an application but we frequently do not qualify applicants because we might have concerns about their existing track records, corporate governance or future plans but we would work with them to improve in that regard. Once an applicant qualifies and has in place the famous payment and availability agreement that is fine. We have a 100% record in that regard.

In regard to our interaction to date with AHBs, our proposal is part of a strategy that is being produced for our own organisation. Naturally enough, we have had interaction with all our stakeholders, including the Departments of Finance and Public Expenditure and Reform and the Department responsible for housing. Within the past fortnight, we spoke to the CCMA's housing committee and last Thursday we spoke to the heads of finance of local authorities. They are interested but this is not a panacea. I am delighted to hear that what we are proposing has brought a bit of sunshine to the debate but we are not suggesting it is the solution to all ills. It is a reasonably well-thought out proposal that requires somebody else to move it on a step in terms of a political decision to go this route. This is not a proposal that will solve the problem on its own.

There are still barriers for local authorities, some of which I alluded to in my opening statement. There are issues around planning, procurement and land that need to be looked at. It is not the case that the Housing Finance Agency can simply turn up with the money and everything will be solved. The finance part of the equation is the only part we are representing we know something about. I am aware that there is work going on around what can be done in the planning area, what needs to be done on procurement and what needs to be done on land. Local authorities are interested in doing this. While, as stated, they are not builders, they are in a position to tender to procure builders. What is required at this stage is a signal to them that if they were to do this they will be supported financially. The local authorities must be certain that if they commission this work there will be a guaranteed stream of funding in place from central government to allow them repay these loans because at the end of the day we will want our money back.

## COMMITTEE ON HOUSING AND HOMELESSNESS

**Chairman:** I thank the witnesses for their presentation and answers to members' questions. This is a complex area. While the Housing Finance Agency has delivered on one side of the equation, the on and off-balance sheet debate is an issue that as a committee we will continue with the Department of Finance.

The committee adjourned at 4.10 p.m. until 10.30 a.m. on Thursday, 26 May 2016.